International Journal of Innovation, Creativity and Change. www.ijicc.net
Volume 13, Issue 7, 2020

Impact of Audit Quality in Reducing External Audit Profession Risks

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The study aims to measure the impact of the quality of auditing in reducing the risks of the external audit profession in the Iraqi environment, considering the risks faced by auditors, represented by the rise in cases of administrative and financial corruption and the absence of laws that govern the work of the audit profession. Moreover, there is a flexibility of the laws that allow the issuance of instructions restricting the origin of these laws, allowing the possibility of exploiting the legal gaps to achieve personal interests, whether at the level of the government or the private sector. The accounting profession derives its strength by reporting financial disclosures that are highly appropriate and honest in the representation of representations in order to provide users with high quality information, which is highly dependent on many economic decisions; also the auditing profession faces risks, and shows technical opinion in financial statements, which may expose many auditors to multiple risks, so the audit must be carried out with high quality. Our research provided a knowledge framework for the concept of the quality of auditing and the risks of external auditing based on the descriptive analytical approach, by preparing a questionnaire prepared for this matter. A random sample was selected, including a group of specialists in accounting and auditing aspects and university professors and auditors with higher degrees in this field, and the conclusion that was reached is that the quality of the audit has had an impact on reducing the risk of the external audit profession.

Key words: *Quality of the Audit, External Audit, Risks of Auditing.*

Introduction

As a result of the global financial crisis that began in the second half of 2008 and the collapse of large companies, the role of the audit profession and the performance of auditors became controversial among those involved and divided into two teams (Ernstberger, 2019). The first panel (team) considered that the role of the audit profession and auditors is to give confidence to financial statements and not to confirm the future of companies, and that there is a lack of understanding of the role of auditors. The second panel found that the auditors deliberately remained silent and unwarned, and that some of them colluded with companies to mislead the company's shareholders (Dierynck, Kadous Peters, 2019). In recent decades, pressure has increased on the audit profession to achieve better audit quality to reduce the risk to the financial community due to decisions based on misleading financial statements, despite the audits being made by auditors. Brivot et al (2018) argues that auditors' fear the risk of legal accountability and subsequent risks. Kranacher Riley (2019) argues that the auditors' fear of the risk of legal accountability and the risks of litigation have led the audit profession to move towards the risk of auditing when conducting audit work. The audit profession has given 'great' attention to the audit quality process by applying professional auditing standards, and has sometimes focused on the availability of good auditing components and on measuring audit outputs, which are represented by the auditor's report and opinion of the financial statements and the worksheets on which she\he relied on to check the audit targets that we're accessing (Smits et. al, 2019); (Pinello et. al, 2019).

Literature Review

Sun Liu's 2011 study aims to test the impact of customer litigation risks on the quality of an audit, and the sample of the study was represented by a group of companies listed on the U.S. Stock Exchange; the study found that the quality of auditing is higher in the audit companies than with the companies' small-scale audit when auditing the financial statements of high-risk clients with audit risks.

The study of Ahmed et al (2010) aims to evaluate the procedures for assessing the risk of auditing when auditing the accounts of the Bangladeshi company BEXTEX. The study found that the Bangladeshi company has a good control system, and that it follows some special rules which in turn mitigate material errors resulting from fraud or error in the company's financial statements.

The Che et al (2019) study aims to identify the availability of the four big-4 audit companies with higher quality audits than other companies, and the study found that the impact of the big-4 audit companies is present in the private sector, and the increased quality of auditing can be attributed to the strengthening of incentives. The Pittman et al 2019 study, aims to identify the extent to which U.S. audit firms are aware of the risks of auditing and the impact of those risks on the quality of the audit, and found that auditing companies that engage in risk-inherent behaviour say their audits are of lower quality, and audit company customers who take audit risks pay less for audits. Wong et al, 2018 aims to determine whether the quality of auditing varies depending on the size of the Chinese audit firm under audit risk and found that large audit firms are associated with higher audit quality when compared to smaller audit firms. The study (Rusman et al, 2018) aims to determine the impact of auditing and the quality of audit of the accounts on the opinion of the auditor, and the sample of the study was represented by several companies in Indonesia, 244 companies; the study found that both audit and quality audits had an impact on the auditor's opinion. The study (Narayanaswamy & Raghunandan, 2019) aims to identify the role of audit and audit independence in improving the quality of the audit, and the sample of the study was represented by a number of Indian companies for the period 2014-2017, and the study found that the low quality of audit was due to the lack of independent auditor accounts as well as because of the auditor's association with his clients for a long time.

The study (Gul, 2013) aims to identify the importance of individual auditors in determining the quality of the audit, and the sample of the study was represented by a number of 800 individual auditors. The study found a significant difference in the quality of the audit through individual auditors, and the effects of the auditors are considered individuals by the quality of audit reports and the quality of customer profits. The study of Niemi et al (Niemi et al, 2018) aims to identify the impact of audit risks on the auditing processes in Europe, and the study was conducted in Finland for the period 1996-2010. The study found that the four audit companies became more interested in audit risks, and it allocated the largest number of audit hours to companies' customers managed by their owners in 2010, compared to the year 1996, and fewer audit hours were allocated to low-risk customers in 2010 than in 1996.

Research Theoretical Framework

External Audit Risk Concept

The 1983 Audit and Materiality Statement of the American Institute of Chartered Accountants focused on the risk of auditing and identified it as the risk of the auditor inadvertently failing to give a positive opinion on financial statements with material errors (Ruhnke et al, 2018). The International Federation of Accountants defined risk of an audit as those risks that lead to an auditor's inappropriate opinion when the financial statements are fundamentally wrong (Niemi et al, 2018). Cindori (2018) defined the audit risks as "the possibility of expressing an incorrect opinion on the financial statements examined, due to the auditor's failure to discover the material errors that may exist in those statements where he expresses his opinion". The audit risks were defined as the external auditor's expressing an appropriate opinion on the financial statements of the company, and that these financial statements are materially distorted, or giving an inappropriate opinion when the financial statements are free of material misstatements (Muir, 2018). Commerford et al (2018) indicates that the risk of an audit is that 'the auditor gives an incorrect opinion' when the financial statements contain significant errors, and the audit risk may be viewed from two different perspectives (Kesimli, 2019):

- The first is the risk of improper rejection when the financial lists are sound and improperly rejected by the auditor.
- The second is the risk of misapprehension in the sense of accepting the customer's financial statements by giving a clean report, where these financial lists involve fundamental errors.

Cohen (Cohen Wright, 2017) believes that the risk of an audit is “the risk that an auditor gives an incorrect opinion on the direction of the financial statements of the company, so that the financial statements may not be a 'correct' expression of the company's business”. The auditor fails to find this out and then issues an 'unreserved (clean)' report. The American Institute of Certified Public Accountants identified the risk of auditing as that “the risk that the auditor fails without knowing and without reservation in his report when there is a material error in the financial statements'” (Fiolleau et al, 2018). Askary et al (2018) defined the audit risk as the risk that occurs when the auditor gives an inappropriate opinion on the direction of the financial statements as a result of the auditor obtaining conclusions during the audit process that is incorrect. Hence the expression of an incorrect opinion on these lists. The Iraqi audit manual, number (4), paragraph 5, clarified the risk of auditing as “the auditor giving an inappropriate opinion on the financial statements that are highly distorted” (Jabbar Jabbar, 2018).

External Audit Risk Components

International Standard No. (47) issued by the American Institute of Certified Public Accountants clarified that the elements of the audit risk are three types of risks which are: inherent risks, control risks, and discovery risks and these may be as follows(Bunjaku, 2019):

Risk Inherent

The inherent risk is one of the most important components of the audit risk because it affects the efficiency and effectiveness of the audit process, and the inherent risks are related to the nature of the company being audited and its environment before the start of the audit process; therefore these risks do not depend on the external auditor but rather depend on the auditing company (Van et al, 2017). Politis (Politis, 2018) defined inherent risks as “the susceptibility of account balance or transaction categories to material errors individually or when combined with misrepresentations in balances or other categories, regardless of the relevant internal control”. As for Krishnan Peytcheva, (2019) he defined this type of risk as “those risks that arise from the possibility of a physical deviation in a particular item or activity or the sum of deviations in certain items, so that if these deviations are combined with each other, they become material”. Singh et al(2019) believes that the size and amount of financial operations affect inherent risks, as the higher the value of financial operations and balances, the greater the risk of collateral, and the complexity of the calculations that affect account balances or group of financial operations increases inherent risks. Chen et al (2019) notes that the existence of massive and difficult-to-audit core processes increases the risk of collateral. Iraqi Audit Manual No. (4) defines inherent risks as “the extent to which account balances or a set of transactions are subject to a material error that causes the value of those account balances to be overstated, and these risks are related to the nature of the work and the nature of account balances” (Matrood Khilkhal, 2019).

Control Risks

Control risk is related to the possibility of an error in the recognition of a financial event that could be materially, either individually or when combined with errors and has not been prevented from being discovered and corrected in a timely manner by the company's internal control (Lawrence et al, 2017). The risk of control is a function of the effectiveness of internal control procedures, since the more effective the internal control structure, the more likely it is that there will be no errors or be detected by the internal control structure (Alzeban, 2019). The auditor's assessment of the risk of control depends on his carrying out familiarity tests and tests of compliance with the internal control system of the audited company, and in the absence of such an evaluation, the auditor should assume that the risk of oversight is high (Mubako O'Donnell, 2018) and see (Brasel, Brasel, 2016). That the international auditing standards defined the control risks as those risks which are that the error that may occur in the process of confirmation about a category of transactions or account balance or disclosure, which may be essential, will not be prevented, discovered or corrected at the time specified by the internal control to the company. The American Institute of Certified Public Accountants defined the risk of being discovered as that risk resulting from auditing procedures that lead to an auditor's finding that there was no error in one of the balances, or a specific type of transaction at a time when this error is present and is essential, if it is combined with another error in other balances or another type of operation; thus this risk results from the failure of the audit procedures and has not been prevented or discovered and corrected through internal control procedures (Schafer Schafer, 2019). (Bunjaku, 2019). Note that the oversight risk assessment indicates that the auditor expected the ability of the internal control system to prevent fundamental errors from occurring in the first place or its ability to detect and correct these errors if they occur.

Discovery Risks

The risk of discovery arises as a result of the auditor's possible failure to detect a material fault due to the use of a method of or incorrect application of auditing samples, or the auditor applies false or even reasonable audits but does not detect the error (Svanberg Öhman Neidermeyer, 2019). Paragraph (6) of International Standard Auditing No. 400 (ISA, No. 400) defines discovery risks as "the failure of the primary auditing procedures by the auditor to detect fraud and fraud in a balance or a group of transactions which can be individual material or when combined with fraud and counterfeiting in balances or other set of transactions" (Alkilani et al, 2019). Cassell et al (2019) believes that the risk of discovery is a 'measure' of the auditor's failure to discover substantial errors that already exist "in the customer's financial statements". What distinguishes the discovery risks is that they fall within the auditor's control and he/she can control and adjust them according to the results of assessing the risks of control, by intensifying or reducing the substantive tests (Appelbaum et al, 2018). Discovery risks consist of two main types:

1. The risk of analytical examination, which is the risk resulting from the failure of analytical procedures to discover fundamental errors in a particular balance or group of operations that have not been detected by the customer's internal control system (Huang et al, 2017).
2. The risk of detail testing, which is the risk resulting from the failure of detail tests to discover fundamental errors in the balance of a specific account or group of operations that analytical procedures have not been able to detect (Pike et al, 2016).

Quality of Audit

The Concept and Importance of Audit Quality

The concept of audit quality received wide attention from professional societies and researchers, and yet the concept was not clearly and specifically defined either in the standards issued by professional organisations or in studies conducted by researchers, and both the American Institute of Certified Public Accountants (AICPA) and the General Accounting Office (GAO). In 1987 the quality of auditing was an important and ongoing issue in the profession given its importance to all parties to the audit services market (Brivot, Roussy Mayer, 2018). There is a need to determine the factors affecting the quality of the audit because it leads to a difference in the quality levels between the audit offices, and the auditing profession does not interact continuously with rapid changes in the environment, so the factors that affect the quality of the audit must be constantly reviewed and taken into account when performing operations Auditing (Almasani, 2019). Although the American Institute of Certified Accountants (AICPA) has in the past few years established three specialised audit quality centres that aim to advance the quality of the audit service; the difficulty of developing a specific concept of audit quality is due to several reasons, including the following (Haak, Muraz, Zieseniß, 2018) (Asiriuwa, Aronmwan, Uwuigbe, 2018):

1. The services provided by the audit offices cannot be tested in advance, as is the case with tangible goods.
2. There is difficulty in measuring the quality of the audit after completing the auditing process, due to the lack of specific standards for it.
3. The lack of experience for the beneficiaries of this service.

The concept of audit quality is defined as 'adherence to professional auditing standards, professional codes and ethics, audit guidelines, as well as rules and procedures issued by professional bodies to regulate the auditing profession, and to maintain the independence and integrity of the auditor (Menezes Brás, 2018). Reid, Carcello, Li, Neal, Francis (2018) have defined audit quality as 'all metrics used by the audit office designed to assist in performing audits of a high degree of quality and goodness'. Nurjannah, (2019) believes that the quality of the audit is 'the performance of the audit process efficiently and effectively in accordance with the audit criteria, with disclosure of errors and irregularities discovered, and work to meet the wishes and needs of users of the financial statements'.

The interest in improving the quality of auditing has increased over the past years due to the increased lawsuits filed against auditing offices, especially in the United States of America, Britain and Australia (Hurley, Karjalainen, Sofla Zerni, 2019). Many external users rely on the auditor to make their decisions and there are always risks related to the inadequacy of the opinion presented to the circumstances in which he/she gave incorrect views, which increases the risk of exposure to lawsuits; increasing the quality of the audit is a common interest of all parties benefiting from it (Hall, Hoffman Liu, 2018). The auditor aims to complete the audit process of the highest possible quality to disclaim his responsibility before the other authorities firstly, and to increase his/her profits and maintain the customer secondly. The quality of the audit is one of the most important factors affecting the auditor’s change in many companies (Wagdi, Hasaneen Metwally, 2019). In this regard Lee, Nagy Zimmerman (2018) believes that what matters to customers is to complete the audit process of the highest quality, in order to give confidence to the issued financial statements, and external beneficiaries who are interested in that their economic decisions which are based on reliable sources and free from any errors of material impact. The development of audit quality increases the public's confidence in the reliability and fairness of the financial statements. Esplin, Jamal Sunder (2018) believes that creditors are interested in the audited financial statements to give customers credit facilities based on those financial statements, and that the quality of the audit will greatly affect their decisions in granting the required credit. The development of an audit quality leads to an increase in public confidence in the reliability and fairness of financial statements (Smits et al, 2019).

Elements of Auditing Quality

The quality of the audit includes the policies and procedures that the auditor should implement, whether in relation to private audit offices or audit firms in general, in order to ensure that the audit offices serve the related parties appropriately and in accordance with the auditing standards (Simnett Trotman, 2018). The nature and extent of audit quality policies and procedures may vary according to the size of the audit office, the nature of the business that it performs, the geographical location, and the extent of the branching of the business, and are also affected by the costs and benefits expected to be achieved from them, and include the following elements (Pinello et al, 2019) (Svanberg & Öhman, 2019):

1. Independence, honesty and objectivity: Must be available in all individuals who carry out the audit process, with real and apparent independence when conducting the audit and impartiality of any party; they must perform all responsibilities in all objectivity and dignity where the extent of its availability is confirmed by answering the auditor or any member in the audit process to the Annual Survey List, and this list includes several questions including the ownership of the auditor shares in the audited company, or the auditor is a member of the company's board of directors (Houston, 2018).
2. Personnel management are the policies and procedures that must be put in place to provide an appropriate confirmation of the availability of appropriate qualification for each auditor to perform the work well, allocate work to individuals who have appropriate technical skill and have received an appropriate amount of training; they must involve all individuals in continuing education programs and the development activities of professionals to be able to accomplish the work specified for them, and to upgrade individuals based on the qualification and competence to complete their work, where the auditors are evaluated through the evaluation report for each audit (Aguolu et al, 2018).
3. Acceptance and continuation of customer relationships and specific operations. The audit offices must establish policies and procedures for accepting and continuing customer relationships and specific operations designed to provide them with reasonable assurance that they will assess or continue only in their relationship and operations in terms of customer integrity, and can comply with the requirements of professional ethics; also they must be competent to perform the audit process, and have capabilities and the time and resources to do so, and the audit offices must obtain the necessary information in the event of acceptance of the audit process and when deciding to continue with the customer (Hundal, 2019).

4. Performing the audit process on the audit offices. Establishing policies and procedures to ensure that the work done by the auditors is in accordance with the professional standards, regulatory requirements and quality standards in the audit offices.
5. Follow-up or monitoring, setting policies and procedures to ensure that all elements of audit quality are applied.
6. Consultations: the consultations should be inside or outside the audit offices by persons possessing practical experience related to the subject of the consultation (Agyei Yeboah, 2019).

Research Methodology

The accounting profession derives its power through the strength and integrity of the financial statements. An audit faces the risks of expressing an artistic opinion on the financial statements, which may expose many of them to multiple risks, so the audit process must be carried out with high quality, in order to reduce manipulation practices by the economic management unit; a questionnaire was prepared and distributed to a number of specialists in the field of accounting and auditing, as the questionnaire is one of the tools for gathering information about phenomena and facts related to a specific reality, and the questionnaire depends on the numbers of a group.

Research Hypothesis

The research is based on a major hypothesis:
"There is a significant relationship of statistical significance in implementing the quality of the audit in reducing the risks of the external audit profession".

Research Sample

A sample of 52 individuals was chosen to conduct the field study. Table (1) shows the research sample.

Table 1: Research Samples.

Research Samples		Frequency	Percent
Scientific Qualification	B.Sc	24	46.2%
	Master	21	40.4%
	Ph.D.	7	13.5%
	Total	52	100%
Work Location	Ministry	2	3.8%
	Federal Board of Supreme Audit	5	9.6%
	University	34	65.4%
	Accounts monitoring bureau	10	19.2%
	Others	1	1.9%
	Total	52	100%
Experience years	Less than 5 years	7	13.5%
	5-10	10	19.2%
	11-15	21	40.4%
	More than 16 years	14	26.9%
	Total	52	100%

Testing the Validity of the Questionnaire Content

For the purpose of ensuring the correctness and stability of the resolution, it is necessary to build tests and scales, in order to adopt their results, as honesty represents the ability of the measure of what is really intended to be measured; but stability means the degree of confidence that the measure can be adopted and trusted. For content authenticity measurement, internal consistency and resolution stability have been validated using Alpha Cronbach's coefficient, as it was found that the stability coefficient of the resolution is high, as it reached 75%. This indicates that the questionnaire in all its aspects has a high and acceptable degree of stability and therefore can be adopted in conducting the analysis and approving the results, and that the truth is equal to the root of the stability factor, where the value of the truth of the questionnaire reached 0.87 which is a good value indicating the truth of the scale.

Results

Sample Survey Results View and Descriptive Analysis

This research aims to present the results of the field study of the results of the survey and descriptive analysis of the questionnaire keystones conducted by the researchers, and analyse them using descriptive statistics' tools represented by the arithmetic mean and standard deviation; it also aims to estimate the absolute dispersion of the responses of the sample members from its medium to estimate the relative dispersion, with the aim of drawing a picture or general framework to favour respondents and their general attitudes regarding research variables. This is done through the five-way Likert scale for options, which is an ordinal scale, and the numbers enter into the statistical program (SPSS).

1. Presentation and analysis of the results of the audit quality questionnaire Table (2) shows the mean and the standard deviations for the first variable of the questionnaire distributed among the individuals of the sample. This table, Table (2), illustrates frequencies, ratios, arithmetic mean, and standard deviations for the first variable (audit quality):

Table 2: Shows the computational circles and standard deviations of the first variable of the resolution distributed among sample members.

No.	First variable	Mean	Std. Deviation	Deference coefficient
1.	Unlike private audit firms, the determination of assistants in the audit process in the government sector does not depend on how weak or strong the quality of internal audit is.	3.6	1.24	0.34
2.	Although the internal auditors are not independent of management, the audit process is in no doubt that it can be implemented with high quality.	3.85	1.06	0.28
3.	The more internal auditors possess the necessary knowledge, skill, and competency required to fulfil their responsibilities, the more they understand the factors that drive management bias in manipulating the financial reporting process.	4.31	0.58	0.13
4.	The audit in the government sector is less good than in the private sector, as they face less risk than their counterparts in the private sector.	3.54	1.16	0.33

5.	The most important factors in judging the quality of the audit are experience with the customer, and knowledge in the field of activity.	3.96	0.71	0.18
6.	That audit firms specialising in the audit field do not require that the audit process perform a higher quality than other non-specialised audit firms in the field of activity.	3.02	1.18	0.39
7.	Auditors who work in audit firms that specialise in the field of activity, in fact, have more opportunities to develop their expertise compared to those who work in non-specialised companies.	4.15	0.8	0.19
8.	The size of the audit firm does not affect the quality of the audit, and therefore should not be taken into consideration when selecting an auditor.	3.13	1.21	0.39
9.	The quality of the audit is not independent of the size of an audit firm, even if auditors have the same experience and technology, in particular.	3.23	1.06	0.33

10.	When auditors have a large number of Clients will lose a lot when they fail to report the violations discovered in the customer records, and this increases the quality assurance of the audit carried out by large audit firms.	3.88	0.98	0.25
11.	The audit firm's reputation is associated with the quality of the audit.	4.25	0.81	0.19
12.	The wealth of auditors is a bond to ensure high-quality auditing.	3.35	1.05	0.31
	Total mean and standard deviation.	3.4	0.85	0.25

Table (2) Repetitions, ratios, computational circles and standard deviations of the first variable (audit quality). From the table above, it is clear from the results that the arithmetic average was 3.4, which is higher than the arithmetic average of 3 and is consistently the answer, through the result of the standard deviation of 0.85 and the 0.25 difference factor indicate a low dispersion in the answer at the variable level as a whole.

External Audit Risk Questionnaire Viewing and Analysing

Table (3) shows the computational circles and standard deviations of the second variable of the questionnaire distributed to the sample members.

From the table below, it is clear from the results that the arithmetic average is 3.9, which is higher than the arithmetic average of 3 and consistent with the answer. From the result of the standard deviation of 0.56 and the 0.14, the difference factor indicates a low dispersion in the answer at the variable level.

Table 3: Repetitions, ratios, computational circles and standard deviations of the second variable (external audit risk)

No.	First variable	Mean	Std. Deviation	Difference coefficient
1.	Unlike private audit firms, the determination of assistants in the audit process in the government sector does not depend on how weak or strong the quality of internal audit is.	3.6	1.24	0.34
2.	Although the internal auditors are not independent of management, the audit process is in no doubt that it can be implemented with high quality.	3.85	1.06	0.28
3.	The more internal auditors possess the necessary knowledge, skill, and competency required to fulfill their responsibilities, the more they understand the factors that drive management bias in manipulating the financial reporting process.	4.31	0.58	0.13
4.	The audit in the government sector is less good than in the private sector, as they face less risk than their counterparts in the private sector.	3.54	1.16	0.33

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9.	The quality of the audit is not independent of the size of an audit firm, even if auditors have the same experience and technology, in particular.	3.23	1.06	0.33
10.	When auditors have a large number of clients, they will lose a lot when they fail to report the violations discovered The customer records increase the	3.88	0.98	0.25

	quality assurance of the audit carried out by large audit firms.			
11.	The audit firm's reputation is associated with the quality of the audit.	4.25	0.81	0.19
12.	The wealth of auditors is a bond to ensure high-quality auditing.	3.35	1.05	0.31
	Total mean and standard deviation.	3.4	0.85	0.25

Standardised Tests - the Results

The first step in the process of analysing statistical results is to determine the relationship between the basic variables and the dimensions of these variables and the nature of the relationship between them. The first variable is determined by the person who conducted the study and it is an independent variable, and the independent variable is accompanied by another variable called the variable. Search variables are the first variable (audit quality), which is an independent variable, and the second variable that is tagged (external audit risk) is a dependent variable. This research aims to test the research assumptions assumed by the researchers, which include a key hypothesis:

“There is a significant moral relationship in the implementation of the quality of audit in reducing the risk of the external audit profession.”

The correlation relationship between the effect of the first variable tagged (quality of the audit) and the variable (external audit risk) has been investigated according to the simple regression equation for the relationship between the main variables of the first hypothesis;

table (4) shows the results of the correlation coefficient values and the regression for research variables that were assumed in the first hypothesis of the research.

Table 4: Correlation and regression coefficients' values' results for research variables

Variables	Auditing quality					
	Statistical indicators					
	Correlation		Regression			
	R	P value	F	R^2	β	P value
External auditing risks	0.408	0.003	9.964	0.16	0.272	0.003

From Table (4), the following is clear evidence:

Statistical Indicators of Correlation: The correlation coefficient reached 0.408, which is a positive value with a significance relationship of 0.003, because it is less than the significance level of 0.05, to confirm the existence of a correlation relationship between the first variable (audit quality) and the variable (external audit risks).

Statistical Indicators of the Regression: The calculated value of F reached 9.964, which is greater than the tabular value of F of 4.19 at the level of significance 0.05, and accordingly, we accept the hypothesis; this means a statistically significant effect was found for audit quality at the level of significance (5%) with a degree of confidence (95%) in external audit risks. It is clear from the determination factor (R^2) which was 0.16 that it means that the explanatory variable (audit quality) explained what percentage (16%) of the changes that occur in the adopted variable (the risk of external audit), while the remaining percentage (84%) is attributed to the contribution of other variables not included in the regression model not covered by the researchers. The P Value, whose value was 0.003, indicates the significance of the regression model parameter being less than the significance level (0.05), and indicates the influence of the independent variable on the dependent variable. As shown by the marginal slope coefficient of the slope angle of 0.272, this means that any increase in the level of the independent variable by one unit will lead to an increase in the level of the dependent variable by 27%. From the above results, the main thesis is accepted.

Conclusion

The research aimed to measure the impact of audit quality in reducing the risks of the external audit profession in the Iraqi environment, in order to report financial statements that are characterised by a high degree of relevance and honesty in the representation of units, and to measure the process of the quality of audit in reducing the risks of the external audit profession. A questionnaire has been prepared based on the previous literature that was studied, in addition to conducting more special tests to ensure the suitability of the scale. In the light of the results of the distributed questionnaire, it was concluded that there is an effect of the quality of the audit in reducing the risks of the external audit profession. Where is management in manipulating the financial reporting process? It can also be considered that the risks faced by auditors in the government sector are less than those they faced by auditors working for the private sector, as they face less risk. Also, the most important factors in judging the quality of the audit are experience with the customer, knowledge in the field of activity, and the auditors who work in audit firms that specialise in the field of activity, in fact, have more opportunities to develop their expertise compared to those who work in non-specialised companies, Consequently, they may face lower risks from auditors in non-specialised companies.

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