

The Role of International Auditing Standards in Reducing Audit Risk

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Abstract

In light of international auditing standards, the internal audit function has evolved into an internal audit function based on risk management. Thus, internal audit has played an effective role in the risk management process at the level of companies of various types and activities, through its preventive role represented in supporting and aiding the risk management function and assisting in the development of their strategies. As well as the compilation of various reports on risks. The aim of this study is to prove the role of the international auditing standards in reducing audit risks in the Iraqi auditing offices deployed in all governorates of Iraq, by selecting a sample study from the Iraqi auditing offices, where the descriptive approach was followed in the theoretical aspect and statistical analysis in the practical aspect. The data was collected through a questionnaire form the electronic distribution that was distributed to the directors of the Iraqi auditing offices and by (30) different offices in Baghdad and some provinces that were selected through its publication by the auditors who are certified to work for the year 2021 and the use of the SPSS software. The research hypothesis related to the role of international auditing standards in reducing audit risk. The research found a significant relationship and correlation between international auditing standards and audit risk. It is the responsibility of the auditor to recommend researchers that the auditors should make their goal of providing services in order to improve the quality of the information contained in the financial statements and to enhance the degree of confidence in them as much as possible. Moreover, the auditor has to recommend the professional regulators of the work to set of technical standards related to the expansion of services in line with the work environment. The auditor can also refer to it when s/he encounters any problem in the field of service provision. The theoretical side of the study dealt with the concept of standards, audit risks, audit quality. As for the practical side, a questionnaire was adopted as a means of obtaining and analyzing data and reaching conclusions.

Keywords: International Auditing Standards, Audit Risk, Audit Quality.

Introduction

The audit profession is one of the service professions that aims to serve the

community by providing its members and various organizations with the information

they need in order to give reliability and confidence to the information published for the various business establishments. Global interest is growing in the role of audit committees as a control mechanism of corporate government mechanisms aimed at strengthening the effectiveness of internal control systems, and the effectiveness and independence of external audit.

It aims to provide an appropriate level of assurance on the reliability of that information and its suitability for decision-making purposes. International auditing standards within audit profession are considered as a means of control and follow-up to the institution's workflow. Moreover, a group of accountants, accounting experts, and financial analysts formulated standards related to international auditing, so that commercial and service institutions adhere to them when preparing the accounting financial statements,

Auditors must show independence of mind as the independence of auditors became increasingly difficult at the end of the twentieth century as the potential for conflicts of interest made it increasingly necessary for the auditor to clarify the nature of the work performed and the degree of his or her responsibility. In the United States of America, auditing standards require the auditor to determine whether financial reports are presented in accordance with generally accepted accounting principles GAAP. Many other countries have adopted standards supported by the International Accounting Standards Board (IASB) in London. GAAS generally accepted auditing standards are a set of methodological and guiding principles for auditors and also for conducting an audit of corporate finance to ensure accuracy and to verify auditors' procedures and reports.

Research Problem

Given the importance and seriousness of the audit work in economic and social life and its impact on the decisions of many parties dealing with economic units, whether they are owned by the public sector or the private sector, identifying these risks and avoiding them as much as possible in a more effective manner will lead to satisfactory results for users of financial statements that the audit standards have a major role in the audit profession as it is a practical guide for auditors who rely on and refer to in their audit work.

Objectives

The aim of the research is the contribution of international auditing standards by raising the users of financial statements and audit beneficiaries' abilities in reducing audit risks in the Iraqi auditing offices. Throughout this, the auditor's duties and responsibilities can be determined and the audit risks addressed by auditing standards and academic and professional studies in this field. Moreover, it is to identify the services they provide Iraqi auditing offices and the role of the auditor in reducing risks.

Theoretical Framework

The Concept of International Auditing Standards

International auditing standards occupies great importance due to the importance of the auditor's report and its role in the financial community, where many parties read this report. If this report was not sound and based on well-established standards, the interests of many shareholders and other parties to the financial community would be harmed. The fact indicates that setting standards was the result of liability claims brought by those affected to the auditors since the Great Depression that befell the global economy in the thirties of the twentieth century as accounting practices were the results of the accounting

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measurement differ as well (Mohaisen et al., 2021).

The international economic environment has witnessed great changes and developments in recent decades as a result of the emergence of what is known as international trade, globalization and technological developments, which cast a shadow on the expansion of the practice of the audit profession from its local scope at the level of one country to a profession of an international nature that provides similar services at the level of several countries. Thus, applying international auditing rules and standards in more than one country is for local and international organizations in light of a homogeneous and unified set of auditing rules on financial statements prepared by multinational companies (Mohammed et al., 2021).

This constituted the most important trends to increase the need to issue international auditing standards. The International Accounting Standards Committee was tasked with developing international accounting standards to develop international auditing standards. From the previous definitions of international auditing standards, it can be concluded that international auditing standards are:

1. An evidence of the reliability and credibility of the reports and financial statements.
2. A means of measurement and judgment, and an indicator that guides the auditor when performing the audit.
3. A framework for organizing the audit process according to its main steps and procedures.

The importance of international auditing standards and criticisms leveled at them:

International auditing standards have many benefits on the condition that they are

acceptable, recognized, appropriate and reliable in writing, and that they are notified to all members of the profession to remove any ambiguity in their minds. Reconsideration is required for the purpose of improving its newly developed process that appears through its application.

1. It is considered a complement to the national standards.
2. Encouraging cooperation between international and local auditing offices.
3. International auditing standards are more homogeneous between countries when compared to other national standards.
4. International auditing standards are a strong aspect of accounting standards that will help readers and users to compare them financially and internationally.

As for criticisms leveled at auditing standards, there are many criticisms directed at the subject of internationalizing accounting and auditing standards. It was argued in 1971, before the formation of the International Accounting Standards Board, that the process of setting international standards is a simple solution for a complex problem. These criticisms stated that international auditing standards would be flexible enough to address the great differences with national sovereignty.

Types of International Auditing Standards

Confirmation Standards: It is a set of standards adopted by the auditor to ensure the correctness of the accounting operations carried out by the accountant, and the confirmation here includes re-executing the account entries again, ensuring their validity, and comparing the results that have been reached with the previous results to know their accuracy, validity. Thus, if the work is completely correct, it indicates that the assurance criteria have been met.

Quality standards: Are a set of standards to be adopted by the auditor to measure the efficiency of what has been provided by the institution with the total financial returns obtained during the period of time: that is, whenever the goods or service provided by the institution comply with international quality standards, it would contribute to its success within the labor market in which it is located (Buisman & Gilmour, 2008: 482-3).

Lutfi (2009) believes that the application of the concept of international auditing requires the availability of the following ingredients:

1. There is consistency in auditing standards and rules in more than one country.
2. Apply unified auditing standards to the activities of companies that operate in more than one country.
3. The presence of branches of the audit office in more than one country (Lutfi, 2009: 505).

International auditing is a broader practice of the profession that goes beyond the borders of one country, therefore the objectives of auditing at the international level do not differ from the traditional audit, with an additional point, that auditing at the international level achieves additional objectives stemming from its nature and fields, including:

1. Supporting clients' confidence and assurance of the quality of audit services provided in various countries through adopting a consistent set of professional policies and procedures.
2. Increasing the efficiency and effectiveness of auditing around the world through consistency and harmony in the basic elements of the audit process.
3. Solve technical problems related to the audit profession.

4. Using international systems for quality control: The presence of international standards for quality control, within the major international accounting offices, represents a guarantee of high quality work.

5. Product development mechanisms: The international auditing offices have developed electronic programs for international use and established international work networks and methodologies to be able to participate in advising clients to register in the stock exchange as well as international mergers and acquisitions.

6. Applying methods of marketing and delivery to achieve the required level of awareness among potential clients regarding the existence and prestige of the audit office (Abu Zaid et. al, 2006: 32-3).

Relative Importance

It was defined by the International Accounting Standards Committee in the context of preparing and presenting financial statements. Where the information is of relative importance that its deletion or wrong presentation affects the economic decisions of users who uses the data taken from the financial statements. This relative importance depends on the size of the item or the estimated error in the circumstances of its deletion or its incorrect statement. Thus, the relative importance provides the starting or cutting instead of being a quality characteristic which the information must contain to be useful.

The Relationship Between Materiality and Audit Risk:

When planning the audit process, the auditor actually takes into account what are the things that make the financial statements fundamentally wrong. That is, the auditor's assessment of the relative importance related to the balances of certain accounts or a group of transactions helps the auditor to

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make a decision because it relied on the use of samples or the conduct of analyzes. This reduces audit risk to an acceptable level.

There is an inverse relationship between materiality and audit risk, the higher the materiality level, the lower the audit risk and vice versa. Thus, the auditor should take into account the timing of the audit. That is, if the auditor decides to conduct the audit after planning certain audit procedures, the acceptable level of relative importance is less, the audit risk will increase. Thus, the auditor must choose one of the two methods:

- Reducing the prescribed level of control risks when this is possible and supporting the low level by conducting extended or additional control checks.
- Reducing the risk of discovery by modifying the nature and timing of the specified range of material procedures.

Audit Quality

The concept of audit quality: Audit quality is one of the important topics in the auditing profession. Researchers in the audit profession have been trying since 1981 to define the quality of auditing, how to measure it, and study its different dimensions. De Angelo (1981) was one of the first researchers who developed a definition of audit quality. He defined it as: “the possibility of the auditor discovering material misstatements, errors and gaps in the financial statements of the entity subject to the audit and reporting and recording this in the report issued at the end of the audit process (auditor’s report).”

And Shapun (2016) confirms that audit quality is a service provided by auditing offices that is related to the quality of the audit outputs, and identification attempts are considered as the possibility that the auditor will discover errors and irregularities in the financial statements and report on them as well. It is essential as it is related to the

extent to which the standards and rules of professional conduct set by the American Institute of Accountants are fulfilled, whether they are fieldwork standards or reporting standards (Shapun, 2016: 96)

As for the audit profession, the issue of quality has received great attention by researchers in the field of auditing. The reason for this is that achieving a high level of audit quality is essential for the confidence of investors in financial and non-financial information, as it plays an integrative role in contributing to the economic growth of society and its financial stability (Teoh & Wong, 2004: 128)

The researchers agree that audit quality is a concept closely related to the audit service performer; who is an auditor (Saqr, 2018: 154). From this point of view, the focus is placed upon differentiating between the direct and indirect definition of the concept of audit quality. However, direct or explicit definitions are those definitions that link the concept of audit quality to the characteristics of the auditor such as efficiency, independence and reputation. The implicit or indirect definitions are those definitions that link the concept of audit quality to anything other than the characteristics of the auditor such as the quality of profits, the evaluation of the community market and the quality of information (Al-Abedi et al., 2021).

The quality of the audit varies from one writer to another, and this is due to several reasons, including:

- The difficulty of determining the value of the audit service, as it is intangible.
- The difficulty of finding a standardized measure of the quality of the audit service due to the asymmetry in the performance of the audit service among the auditors.
- The difficulty of making a comparison between the expectations of the beneficiaries

and the actual performance of the service provided.

- Absence of specific objective standards for the audit service.
- The confidential nature of the auditing profession's service towards its clients, which distinguishes it from other services.
- The auditor's interest in the service implementation procedures with no concern for its outputs (Herrbach, 2001: 787-800).

The Importance of Audit Quality

In general, the importance of quality can be achieved through the following:

1. Emphasizes on adherence to professional standards.
2. Contributes to narrowing the expectations in the audit.
3. Enhances the possibility of detecting violations and errors in the financial statements.
4. Reduces agency conflict.
5. A good competitive tool (Palmorse, 1988: 55-73).

Audit Quality Items

Quality controls are represented by a set of procedures and policies adopted by auditing offices to provide a conviction that the audit task has been completed. As for the procedures, are the steps and methods that are implemented in order to achieve the approved policy and the specific objectives. The International Standard on Auditing No. (220) defines the objectives and policies of quality control adopted by the economic unit with seven elements, namely:

1. **Professional Requirements:** The most important procedures that include commitment to this control item and informing office personnel at all levels of policies and procedures related to independence, objectivity, confidentiality

and professional behavior (Jerboa, 2004: 112).

2. **Personnel Management:** This item requires auditing offices to adhere to the guidelines related to recruitment and development policies for individuals working in auditing offices.

3. **Performing the Audit Process:** The auditing offices should set the policies and procedures that provide to ensure that the work carried out by the auditors was done in accordance with professional standards, regulatory requirements and quality standards in auditing offices (Al-Dweak, 2004: 28).

4. **Acceptance and Continuity of Customer Relations:** The auditing offices should establish procedures for assessing the new customer before accepting the assignment and following up the relations with existing customers on an ongoing basis (IFAC, 2006: 258).

5. **Follow-up and Supervision:** The item of control requires that there be direction, supervision and follow-up of work at all levels in order to provide adequate assurance that the work being accomplished meets the quality standards in auditing offices (Al-Tamimi, 2006: 71).

Factors Affecting the Quality of the Audit Associated with the Audit Office

- **The Size of the Auditing Office:** There is a direct relationship between the large size of the audit office and the quality of the audit, but there are those who see that the audit quality is not related to large offices, but also to small offices (Watkins et al, 2004: 23).

- **Reputation of the Auditing Office:** There is a direct relationship between the reputation of the audit office and the presence of audit, meaning that the greater

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the reputation of the audit office, the higher the quality of the audit (Radhi, 2011: 346).

- **Adherence to Recognized Standards:** The quality of audit requires the availability of a number of elements, the most important of which is the commitment of auditors to implement their operations in accordance with auditing standards and rules of professional conduct during all stages of the audit process (Al-Tuwaijri & Al-Naqabi, 2008: 219)

- **Auditing Wages:** There is no significant impact of low wages for the audit process on the quality, not performance as studies show that low wages lead to auditors' reluctance to quit the profession and increase competition, especially in large offices, but on the other hand, low wages may have a greater impact in small-sized offices (Carcello & Nagy, 2004: 55).

Factors Affecting Audit Quality Related to the Work Team

- **The Independence of the Auditor:** One of the reasons of auditing failure is the lack of independence of the auditor, and given the importance of this factor on the quality of the audit, the increase in the degree of independence of the auditor increases the quality of the audit (Al-Theneibat, 2002: 109-110).

- **The Experience of the Audit Team:** The experience of the team based on the audit process is one of the most important elements that affect the quality of the audit, as it contributes in raising competencies of completing the audit process (Ali & Shehata, 2009: 64).

Factors Affecting Audit Quality Related to The Unit Being Audited

- **The Size of the Establishment:** The greater the size of the company and the complexity of its operations, the greater the separation between ownership and

management and the higher the agency cost (Al-Theneibat, 2002: 119).

- **The Internal Control Structure:** Through the efficiency of the internal audit department in discovering material errors and irregularities in the financial statements and assisting the auditor in determining the extent of the necessary procedures (Meier & Fuglister, 1992: 22).

Audit Risks and What Are the Types of Audit Risks

What Are Audit Risks?

The following excerpts will support the statement that there is no low or risk free audit.

- The American Association of Certified Public Accountants (ALCPA) defined audit risks as the risks that the auditor expresses an inappropriate opinion on the financial statements when these statements are materially distorted (ALCPA, 2006).

- Others defined the audit risk as that when the auditor expresses an inappropriate opinion about the financial statements as a result of obtaining incorrect conclusions during the audit process. Thus, expressing his opinion about these statements is incorrect. Peter (2013) added that the audit risk can be explained as the auditor's failure to make an appropriate adjustment to his opinion on the financial statements that are tainted by errors.

- The researchers believe that audit risks are nothing but the auditor's expression of an incorrect or misleading opinion as a result of mistakes, material or essential misrepresentation in the financial statements, thus these risks effect on the auditor's opinion, and therefore the auditor cannot reduce or limit the audit risk completely; consequently the auditor does not obtain absolute assurance that the financial statements are free of any material

errors because these errors may occur in any facility either because of the nature of the work of the facility or the weakness of the internal control system. There are many reasons that lead to these errors, and the auditor remains unable to obtain absolute confirmation regarding the financial statements, but it is possible to obtain reasonable or limited confirmation.

Types of Audit Risk

There is a wide consensus among professional bodies and relevant authorities about the components or types of audit risks, as they have been stipulated by many international and local standards, as the International Auditing Standards Board (IAASB) emphasized in paragraph (3) and others. However, all of the mentioned standards and rules agree that risks in audit contain three main types:

1. Intended Risks .IN
2. Censorship Risks.CR
3. Detection Risks. DR (Jabbar, 2010:114)

Intended or Inherent Risk

It is the possibility of a material error affecting the balance of an account or a group of similar transactions individually or when combined with errors in other balances or groups, assuming that there is no related internal control. The inherent risks are the risks resulting from the occurrence of important material errors inherent in the activity of the economic unit and its environment and the nature of the account balance or the type of operations such as accounts that include a high degree and accuracy of personal judgment or those that are difficult to calculate or that are subject to change in consumer demand or whose value is affected by technology (Farhat, 1997:104)

Control Risk

Defined by the Iraqi Audit Manual No. (4) as the risk of fundamental errors in the accounts without the possibility of preventing or detecting them in time through the accounting system or the internal control system. (Accounting and Control Standards Board: 2005.)

It was also defined as the relatively important risk of misinformation that is not disclosed or protected through the internal control procedures in force in economic units. Control risks are an indication of the effectiveness of the internal control system. If this system is effective, it increases the prevention, occurrence, or discovery of mistakes when they occur or at the appropriate time. Thus, the risk factor would be small and can be determined, and vice versa. In view of this, and whatever the effectiveness and capabilities of the internal control system are, it can eliminate all possibilities of mistakes (Al-Qadi et al., 2014:273) (Jabbar, 2010: 116)

1. Control risks arise from the possibility that the material mistakes of the internal control elements will be overtaken to find their way into the financial statements.
2. Control risks depend on the effectiveness of the internal control elements. Therefore, effective internal control results in fewer control risks and vice versa.
3. Control risk can be viewed as a measure that the auditor uses to assess the likelihood of internal control failure in preventing, detecting and correcting material misstatements in the financial statements.
4. This type of risk is not subject to the control of the auditor, because he is not the cause of these risks like the inherited risks, but rather his responsibility is to assess the degree of those risks through studying and evaluating internal control and determining

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the possibility of its failure to prevent, discover and correct mistakes.

Risk Detection

These are the risks that appear that the investigative auditor's (substantive) procedures do not detect an error in an account balance or a group of similar transactions that may be individually significant or when combined with errors in balances or other groups of operations. It should be noted that the risks of discovery always exist, even if the audit is 100% done. In other words, even if the audit process is detailed, it is not possible to completely avoid these risks, because most of the evidence is convincing and not conclusive, as well as because there are limitations and aspects of a subjective perception of any audit process (International Federation of Accountants, 1998: 126).

The Audit Standards Board defined it as the risks resulting from a mistake in the data, and it cannot be discovered by the external auditor when carrying out the detailed procedures. These mistakes may be present in a particular account, process or group of operations, and may be with other mistakes of data or balances (Al-Metarna, 2006: 224) (Jabbar, 2010: 116-117).

The reasons for these risks are attributed to the following:

1. Failure to detect error or fraud due to improper sampling method or insufficient sample size.
2. Using inappropriate auditing procedures at a particular time.
3. Failure to reach the correct conclusion through auditing evidence and analytical examination.
4. Failure to explain the results that have been reached.
5. Incompetence of the auditor or his adequate qualification.

The Concept of Assurance Services and Its Importance

• **The concept of 'Assurance':** Assurance services are considered one of the modern concepts in the science of auditing, as they began to appear since the eighties of the last century. Below are some definitions of this service to clarify its purpose:

- The International Auditing and Assurance Standards Board defines the assurance process as: "A process in which the practitioner expresses a conclusion designed to raise the degree of confidence of the intended user, other than the party responsible, regarding the result of evaluating or measuring the subject on the basis of the metrics, and a result of an assessment or measurement of the subject matter is the information that results from applying the standards to the subject" (Juma'h, 2011: 34)

The accounting profession has been expanded through the work of a special committee (Eliot Committee) on assurance or assurance services, the functions of the auditor, and expressing an opinion to include what is referred to as assurance or assurance services. This committee defined assurance or assurance services as independent professional services that improve the quality of information or the context of these Information for decision makers. The previous definition includes a number of important concepts.

• **The second concept is related to 'improving the quality of information'** that the assurance service can improve the quality of information through confidence in its reliants.

• **The third concept is 'independence'.** It is the basis of the profession of 'auditor' and in assurance services, the service provider needs to be independent

only with regard to the quality of the information.

- **The fourth concept is ‘professional services’.** It includes the use of professional judgment, as the service provider applies

professional judgment to the information that is subject to the assurance service. In short, assurance services improve the quality of information and support its usefulness to decision makers (Alsaqa & Geisa, 2007).

The First Axis- Audit Risk

1. The procedures and systems used by the external auditor contribute to reducing risks.	Agree 83%	Neutral 15%	Disagree 2%
2. The nature of the work of the institution or institution being audited affects the reduction of audit risk.	50%	50%	0%
3. Ensuring the correctness, accuracy and reasonableness of accounting data reduces audit risks.	80%	17%	3%
4. The accuracy and clarity of accounting standards affect the level of audit risk.	85%	10%	5%
5. The rapid increase in technological developments has a significant impact on the level of audit risk.	65%	25%	10%
6. Audit risk is affected by efficient use of graphs.	41%	50%	9%
7. The presence of branches of foreign companies in Iraq that adhere to high quality practices may contribute to raising the quality of local auditing offices.	75%	20%	5%
8. The audit procedures applied in the examination process affect the level of audit risk.	80%	18%	2%
9. Maintaining a continuous system of training programs for employees leads to reducing the level of audit risk.	85%	14%	1%
10. A direct relationship between the discovery of errors in customer data with customer expectations (balances) can contribute to reducing the level of audit risk.	55%	33%	12%

The Second Axis- The Quality of the Audit

1. Auditors take the initiative to provide the best audit services on demand.	Agree 83%	Neutral 16%	Disagree 1%
2. Good performance of an auditor after the audit process represents providing the best service that contributes to increasing the quality of work in the local auditing offices.	75%	20%	5%
3. The ability to discover financial errors by the auditor contributes to providing services that affect the quality of local auditing offices.	50%	50%	0%
4. Reliance only on international standards by international auditing offices affects the work of local audit office.	85%	8%	7%
5. Adapting ethical rules in accordance with international publications helps to enhance the quality of local auditing offices.	80%	12%	8%

Third Axis- Quality Auditor

1. Good performance of the auditor after the audit process.	Agree 75%	Neutral 15%	Disagree 10%
2. The ability to detect financial irregularities during the audit.	85%	10%	5%
3. The auditors are polite and have good morals.	90%	10%	0%
4. The auditors are highly professional and experienced.	85%	10%	5%
5. Auditors provide help and assistance to clients.	90%	10%	0%

Statistical Analysis

Statistical analysis of the hypotheses in question (arithmetic mean, standard deviation, variance, correlation coefficient, chi-square, coefficient of determination, simple regression model, and other important statistical indicators).

Study Tool Field

The field study tool was represented in a questionnaire directed to In order to know their opinions about

The questionnaire lists were designed in this study to be the main means of collecting field data in order to achieve the objectives of the study, and to test the validity of the study hypothesis. To achieve this, the questionnaire was designed as follows:

The questionnaire form is designed in the form of written scientific and general questions related to the study of, where the respondent answers the questions by choosing one of the answers restricted in the questionnaire form.

The answers were formulated on the Likert triple scale, as three options were given (agree - neutral - disagree), and the scores of the triple scale used in the study were categorized as follows:

Scale for answering question items

Category	Agree	Disagree	Neutral
Degree	1	2	3

2. Measuring the Stability of the Survey Form

To ensure measuring the stability of the questionnaire (10) respondents were selected from the researched university through a random sample. A number of (10) experimental questionnaire forms were distributed to them, and after a week, other experimental questionnaire forms were distributed to the same number of respondents to measure the stability of the scale on the answers. After conducting the Spearman correlation coefficient between the answers of the sample respondents in the first and second distribution, it was found that the degree of correlation between them was 0.77, which is a strong correlation that indicates the homogeneity of the respondents' answers in the first and second questionnaire form and the stability of the scale.

Sample Size Before	Sample Size Before	Spearman's Correlation Coefficient	Level of Significance
10	10	0.77	0.0921

Table (1) Represents the measuring the stability of the survey form

The questionnaire consisted of (20) questions.

	Statements	Arithmetic Mean	Standard Deviation	Relative Importance	Order Of Relative Importance
Firstly	First Aix- Auditing Risk	1.5468	0.9994	79.67%	First
1.	The procedures and systems used by the external auditor contribute to reducing audit risks.	1.4357	0.6782	65.07%	8
2.	The nature of the work of the institution or institution subject to the audit affects the reduction of audit risk.	1.0234	0.95682	70.02%	3
3.	Ensuring the correctness, accuracy and reasonableness of accounting data reduces audit risks.	1.1357	0.89892	74.12%	2
4.	The accuracy and clarity of accounting standards affect the level of audit risk.	1.5015	0.50782	77.04%	1
5.	The rapid increase in technological developments has a significant impact on the level of audit risk.	1.3425	0.98074	66.67 %	6
6.	Audit risk is affected by the efficient use of graphs.	1.2987	0.68295	68.76%	4
7.	The presence of branches of foreign companies in Iraq that adhere to high quality practices may contribute to raising the quality of local auditing offices.	1.4569	0.89542	67.66%	5
8.	The audit procedures applied in the review process affect the level of audit risk.	1.5735	0.47139	58.76%	10
9.	Maintaining a continuous system of training programs for employees that leads to reducing the level of audit risk.	1.5346	0.90371	59.69 %	9
10.	A direct relationship between the discovery of mistakes in the customer's data with the customer's expectations (budgets) can contribute to reducing the level of audit risk.	1.5714	0.00362	65.67 %	7
Secondly	The second axis - the quality of the audit.	1.5769	0.87434	78.67%	Second
11.	Auditors take the initiative to provide the best audit services on demand.	1.0143	0.59736	65.23%	9
12.	The good performance of the auditor after the audit process represents providing the best service that contributes to increasing	1.5463	0.78716	69.99%	3

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	the quality of work in the local auditing offices.				
13.	The ability to discover financial mistakes by the auditor contributes to providing services that affect the quality of local auditing offices.	1.4681	0.04579	61.52%	10
14.	Reliance only on international standards by international auditing offices affects the work of local auditing offices.	1.4915	0.79986	68.87%	5
15.	Adopting ethical rules in accordance with international publications helps enhance the quality of local auditing offices.	1.3710	0.41935	67.71%	6
16.	Good performance of the auditor after the audit process.	1.0247	0.69024	70.02%	2
17.	The ability to detect financial irregularities during the audit.	1.3279	0.31053	74.12%	1
18.	The auditors are polite and have good morals.	1.0214	0.69126	66.67 %	8
19.	The auditors are highly professional and experienced.	1.5819	0.87929	67.66%	7
20.	Auditors provide help and assistance to clients.	1.0382	0.5956	69.64%	4

It is clear from the results of the statistical analysis shown in the previous table (1) that: Regarding the first axis (Audit Risks), the fourth item (accuracy and clarity of accounting standards affect the level of audit risk) ranked the first in terms of relative importance (77.04%), and that with mean answers (1.5015) and standard deviation (0.50782).

The third item showed (ensuring the accuracy, accuracy and reasonableness of accounting data reduces audit risks) ranked the second in terms of a relative importance (74.12%) and an answers average (1.1357) and standard deviation of (0.89892). The eighth item (the audit procedures applied in the examination process affect the level of Audit risk) ranked last in terms of relative

importance (58.76%), answers average (1.5735), and standard deviation (0.47139).

As for the second axis (Audit Quality), the seventh item (the ability to detect financial irregularities during the audit) ranked first in terms of relative importance (74.12%), with an average response of (1.3279) and a standard deviation (0.31053). The the sixth item (Good performance of the auditor after the audit process) ranked second with relative importance (70.02%) and average answers (1.0247) and standard deviation (0.69024). The third item (the ability to discover financial errors by the auditor contributes to providing services that affect the quality of local auditing offices) ranked the last in terms of relative importance (61.52%), average answers (1.4681) and standard deviation (0.04579).

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.107	.014		-7.663	.000
	International Auditing Standards	1.012-	.006	.993	165.439	.000

a. Dependent Variable: Auditing Risks

$$\hat{Y}_1 = 0.107 - 1.012 X_{i1}$$

Model Summary ^b			
Model	R	R Square	Adjusted R Square
1	.993 ^a	.987	.987
a. Predictors: (Constant), International Auditing Standards			
a. Dependent Variable: Auditing Risks			

Conclusions

The theoretical and applied study lead to the following results:

- The accounting audit came basing on a need and a development which was in parallel with the economic development
- The international scrutiny came as an inevitable result of the globalization of business activities and the erosion of geographical borders economically, like the emergence of multinational companies and their increasing role in economic relations.
- The scientific qualification and experience of the auditor and his familiarity with the accepted auditing standards are important frameworks in increasing the performance and efficiency of the audit process.
- There must be consensus on the level of scientific requirements of practitioners in line with international economic developments.
- It is indicated that the international auditing offices enjoy more confidence than the local offices among the users of the audit report,

because they provide high quality services.

- The objective of international auditing standards is to rationalize and standardize professional performance at the international level, which helps practitioners to overcome all difficulties and obstacles.

Recommendations

1. Coordination between the internal Iraqi auditing offices and the international offices operating in Iraq to benefit from their expertise by the competent professional authorities in Iraq in terms of training courses for employees of the internal auditing offices
2. The necessity of paying attention to the development of curriculums in the fields of accounting knowledge and in a manner that provides the labor market with qualified human resources.
3. Finding compatibility in the application of international accounting standards as much as possible to face the additional burdens on the audit profession in the audit environment.

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4. Activating the process of risk management and what is stipulated in the international auditing standards and taking care of the independence between them.
5. Working with international auditing standards can raise the level of the audit profession to the level of internal auditing offices.

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