EJMSS Eurasian Journal of Management & Social Sciences
ISSN 2708-177X (Print) ISSN 2708-034X (Online)

The Roles of External Auditors on Financial Information Quality

Chnar Abdullah Rashid[1] and Naji Afrasyaw Fatah[2]

[1]Sulaimani Polytechnic University, Technical College of Administration
Accounting Technique Department, Sulaymaniyah, Iraq

[2]Sulaimani Polytechnic University, Technical College of Administration,
Public Relations & Marketing Technique Department, Sulaymaniyah, Iraq
Correspondence: chnar.rashid@spu.edu.iq

DOI: 10.23918/ejmss.V3i2p1

Received: August 13, 2022 Revised: September 13, 2022 Published: September 20, 2022

Abstract

The aim of this study is to explain and assess the reasons why auditors devote time and resources to auditing a company's financial statements. In addition, attempts are made to explain the reasons for gathering further audit evidence in specific areas of the entity's reporting and operations. In addition, the roles of external auditors are critically assessed. Thus, the hypothesis has made in which external auditor has a significant effect on financial information quality. Moreover, we hypothesize that external auditors can reliance on the internal audit function but with further audit evidence. For testing the hypotheses, a questionnaire has distributed among internal and external auditors in public and private companies and organizations. The findings suggest that external auditors have significant effect on financial information quality. Furthermore, external auditors cannot rely only on the internal auditors, instead, he/she must gather audit evidence to give his/her opinion regarding true and fair view of the company's financial statement.

Keywords: external auditor (EA), internal auditor (IA), audit evidence, corporate governance (CG) and reasonable assurance.

1. Introduction

The harmonisation of internal and external audits has received a lot of attention, especially during the past decade (Rashid, 2017). Acknowledging the role of internal audit in improving the quality of financial reportage supports this view (Noori & Rashid, 2017). The Blue-Ribbon Committee Report (1999) identified board audit committees, internal auditing, and external auditing as tripartite tools of CG that aid confirm the financial reporting reliability (Saber, 2022). The financial data usage by directors (on behalf of owners) and the contribution of internal and external auditors increases the usefulness of information submitted by management (Rashid, 2018).

Citation

Rashid, C. A., & Fatah, N. A (2022). The Roles of External Auditors on Financial Information Quality. *Eurasian Journal of Management & Social Sciences*, 3(2), 1-13. https://doi.org/10.23918/ejmss.V3i2p1

Internal and external audits serve as a resource for the board and contribute to the effectiveness of the audit committee (Noori & Rashid, 2017). Internal Audit (IA) is a key source in the CG classification because it serves the other three mechanisms of corporate governance (Karim et al., 2020). There is limited research on audit mechanisms as part of corporate governance in emerging states (Glover et al., 2008). Demonstrate the role of external audit in CG in emerging markets based on observed evidence from East Asian countries. However, the connections between internal and external audit devices in emerging states and the impact of such connections on CG are often understudied (Ismael et al., 2020). Professional principles on auditing, International Standard on Auditing (ISA) 610 provides guidelines for external auditors to consider IA work when conducting statutory audits.

The literature also shows that using external auditors to perform internal audit work can result in cost savings significantly by reducing the time spent on external audits (Haron et al., 2004). To determine the dependence on the IA, the EA evaluates the work of the IA. This trust is similarly seen as an area where internal audit enhances value by reducing audit payments. It can be argued that this chance of cost reduction generates concern in the other two mechanisms of CG, namely the board and management, to encourage collaboration between IA and EA. The market for audit services has pushed external auditors to rely on internal auditors because of the intent to decrease the costs of external audit to decrease audit payments and maintain attractiveness. In addition, internal auditors better understand their organization can offer EX with opportunities in audit risk reduction.

Therefore, testing the link between IA and EX in different situations will provide beneficial perceptions into the practical and theoretical value of CG. For example, in a competitive EA market, external auditor might be more dependent on the work of internal auditors than in a less competitive market (Rashid, 2019). Most of the earlier empirical research on the relationship between IA and EX has occurred in the context of advanced economies (Jaf & hamid Ahmad, 2021). Consequently, these links and their social, economic, and cultural context, and the resulting consequences for the CG environment of emerging states are underexplored.

Managers have their own interests in making profits, and if the company replaces the external auditor with its own internal audit, this will affect the judgment. Thus, a third party such as an EX is required to approve and evaluate the business environment. Thus, this research purposes to investigate the role of external auditors as a third party of the company to deliver reasonable assurance about true and fair view of the financial statements. Since, relying on the internal auditors only will not be crucial for the shareholders, as they are working for the companies' director's benefit.

2. Literature Review

2.1 The Role of External Auditors

External audit is "an impartial, independent examination by an external auditor of a company's business and financial condition" (Porter et al., 2003). The external auditor's overall responsibility is to deliver reasonable assurance to the shareholders of the company and, in general, that the financial statements are free from material misstatement. In addition, they must assess whether the financial statements are true, fair, and compliant with international accounting standards. It must be acknowledged that external auditors are chosen by shareholders to help protect their capital. Choosing the right auditor helps ensure a thorough and transparent audit of the business (Rashid, 2017).

When different organizations apply reasonable assurance, the term will be very unclear. Accordingly, auditors must acquire adequate and suitable evidence that the organization's internal controls comply with precise accounting standards. Reasonable assurance is a very judgmental notion because it is the auditor's responsibility to decide what establishes reasonable assurance for different organizations based on the activities and business environment of the organization. If auditors believe that certain companies are at risk due to the nature of their activities, they may believe that reasonable assurance would be to perform a more thorough inspection of the business based on the model of audit risk. Thus, a substantial amount of auditor judgment must be applied, which is a subjective matter (Jaf & hamid Ahmad, 2021).

When financial statements are materially misstatement, auditors face the risk of expressing an inappropriate opinion. Materials now basically refer to errors or omissions that could affect a user's business decisions. A misstatement is a disagreement between a classification, amount, or disclosure essential to be informed and what an entity report. In this regard, auditors face some difficulties, such as determining what should be reported and how they handle certain transactions and how they consider various business matters (Rashid, 2017). Today, accounting standards themselves are very flexible, allowing companies to choose different accounting methods and make a variety of judgments Therefore, managers in different companies may deal with different areas of accounting, which presents another problem for auditors as they need to understand what they are doing and decide if it is appropriate. If there is an error, they must decide if it is material. However, the level of material varies when looking at different company sizes and industries. For instance, $4750 worth of print might be classified as material for small shops, while for a large company it might not be important (Porter et al., 2003).

The cost involved, time, or difficulty in an audit is not a good reason for the auditor to overlook an audit.

Apart from certain audit procedures, there may be no other options to satisfy directors and save costs. The auditor cannot ignore the audit procedure. However, auditors must plan audits appropriately so that they are conducted in the greatest effective manner, which saves the organization time and properties (Noori & Rashid, 2017). A balance must be found between information reliability and cost. This is recognized in various frameworks' reporting, for instance, the IASB's Financial Statement Preparation and Presentation Framework (Karim et al., 2020). Thus, expressing an audit opinion within a brief period will not be assumed. The time amount that managers must put in depends on the number of inspections and spot checks they must do. The extent of sampling and control is determined by the model of the audit risk. The number of resources they need to expend and the number of employees they need to hire also depends on the procedures to be performed and the scope of the review. The period by which they must submit reports also determines the number of staff, which in turn depends on the audit risk model (Haron et al., 2004).

Not all transactions can be verified by auditors; Therefore, audit risk will be central to the audit process. The riskier a business or line of business is, the more control they must have to proceed. ISA 315 establishes procedures for auditors to complete risk assessment procedures that offer a basis for identifying and assessing material misstatement risks and levels of allegations. Part of these procedures is to enable them to make inquiries to management regarding precise parts of the financial statements. Therefore, referring to the manager's comments, the auditor may believe that the sales pricing strategy is a risk area, and therefore more evidence is needed to demonstrate that this area of the financial statements gives a true and fair view.

Additionally, auditors might want to review the profitability of a particular client to understand how the company relates to a particular number in the financial statements, such as sales have arrived. However, auditors spend less time in less risky areas, known as a top-down approach (Rashid, 2017). Therefore, the time amount and resources that auditors spend on a financial statement audit is dependent on the number of procedures to be performed, and it would be inappropriate to try to reduce the time or number of procedures, as it would mean that they did not and therefore would Sufficient evidence and reasonable assurance can be gathered to ensure that the financial statements are truthfully and fairly represented (Glover et al., 2008).

2.2. Documentation and Audit Evidence

ISA 230 sets out audit documentation objectives, which collectively aim to provide auditors with adequate and appropriate documentation to support and demonstrate that the audit has been planned and performed in accordance with the International Standard on Auditing. Obtaining audit documents is essential, as the auditor first wants evidence to support them and demonstrate that they have conducted a proper audit. Second, make sure that experienced auditors who have never participated in an audit can understand what the auditor did and understand the results of the audit. Obviously, auditors do not need to document everything because it is neither practical nor required (Noori & Rashid, 2017).

However, enough documents must be obtained, which again is very judgmental. The audit document should contain the key issues that emerged during the audit. It is important to recognise that audit companies rely deeply on audit documents, not to make decisions, but that they perform the audit professionally and defend subsequent claims of negligent conduct by the audit firm. When considering "adequate" and "reasonable", the circumstances of the company must be considered (Karim et al., 2020).

Therefore, with respect to a sales manager's comment, audit evidence may not come from certain areas of the financial statements that are material to managers, and may have little similarity. Those areas of the financial statements that may involve material misstatements and significant risks will be of greater interest to auditors. The roles of directors and auditors are diametrically opposed (Desai et al., 2011). Directors can improve the company's image by sales maximization; therefore, sales are an incredibly significant performance indicator. Accordingly, although auditors may focus more on areas of risk such as purchasing systems to ensure that the purchase is fit for the purpose of the company, it is important for them to ascertain the cost of sales.

In the end, directors are not meant to improve the company's performance, but to verify the information provided reliability, so their information needs are different, and the way they report and document is different from the directors' wishes (Ismael et al., 2020). Managers are not there to enhance business performance but to check the reliability of the information provided so that their information needs are different and the way the report and the document will differ from what managers might like.

ISA 500 specifies requirements for gathering relevant audit evidence in support of an auditor's audit opinion. Audit evidence is any information that an auditor collects to aid the auditor arrive at an audit opinion. To draw a conclusion as a basis for audit opinion, the auditors must plan their audit in such a way that they can gather adequate audit evidence. Managers may now find that auditors collect evidence from areas that do not interest them but may be significant to auditors. For instance, auditors may wish to inspect the title deeds of assets that the organization claims to own and gather evidence that they own the assets (Porter et al., 2003).

The sales director is right, in real life, directors can explain to auditors and reassure auditors that some areas of their business are fine. The supervisor is likely to be able to explain his control system within a truly brief period, which will reduce the workload of the auditor. However, this is inconsistent with the fact that auditors exist to examine and find adequate evidence and to provide reasonable assurance that the financial statements are true and fair. The auditor cannot simply use the words of the directors as the basis for assurance as this is not ISA compliant. Auditors must be professionally sceptical, which means they should (Munro & Stewart, 2010).

Maintain as mentioned ISA 200 An attitude that includes an inquiry mindset, vigilance against situations of misstatement that may result from error or fraud, and critical evaluation of audit evidence (Mihret & Admassu, 2011). Professional scepticism requires accountants to maintain a mindset that enables them to understand circumstances that could lead to material misstatement of financial statements. Therefore, they are always vigilant and cautious (Fatah et al., 2021). However, being sceptical does not mean they need to investigate and find out if there is a fraud (Munro & Stewart, 2010). They should start the exam assuming everything is fine until the opposite happens. On the other hand, being a detective means being like a forensic accountant who must investigate what happens when something goes wrong and start his job by doubting everything. This means that any information provided to the examiner can be accepted until the examiner finds something that contradicts that information (Mihret & Admassu, 2011).

2.3. External Auditors Opposed to Internal Auditors

The role of the external auditor as compared to the internal auditor is opposite to each other. On the one hand, the function of the external auditor is only to verify that the financial statements are true and fair, not the internal auditor to conduct an internal audit for the directors of the company (Desai et al., 2011). Investors, on the other hand, believe that the crisis is limiting economic activity and earnings. (Abdullah & Fatah, 2020). Junior sales managers' arguments that companies can gain value and value for money by replacing external auditors with internal departments are incorrect (Bame-Aldred et al., 2013). The reason, as a junior executive does not understand why, external audit is done for company shareholders and external parties whereas internal audit is done for company directors. The company's internal departments may not have the funds or resources to fund the internal audit department. In addition, the active participation of business owners, and the lack of power and formal institutions in small businesses, often unnecessarily influence the internal audit department (Desai et al., 2011). Furthermore, companies have a legal obligation to conduct external audits, while there is no legal obligation to conduct internal audits or independence in the process of internal auditing (Bame-Aldred et al., 2013).

There is a clear legal condition that EA provide an opinion on the accuracy and adequacy of a financial statements of the company (Breger et al., 2020). Therefore, the annual report audited by the external auditor is especially important for the company. This makes it clear that the audit must be done by an external third party and not by an internal department within the company, as the junior sales executive suggested. Thus, the EA must audit the financial statements independently of the internal report, as the two are independent and cannot be replaced by the other as recommended by the junior sales executive, as the external audit function must always remain outside the company as required by law. Internal functions, on the other hand, are optional and not required by law, so are at the discretion of the company (Dezoort et al., 2001).

Thus, the role of the external auditor is essential even if a company's internal department performs internal auditing very well and funds the internal department. Therefore, the benefits and cost-benefit ratios of replacing external auditors with internal departments of the company will not be realized. In addition, directors have their own interests in making profits, and if the company replaces the external auditor with its own internal department, it will affect the judgment. Consequently, a third party: an external auditor is needed to confirm and review the company's control environment. Thus, the following hypotheses and the study framework have formulated:

H1: external auditor can reliance on internal audit with further audit evidence.

H2: external auditor has a significant effect on financial information quality.

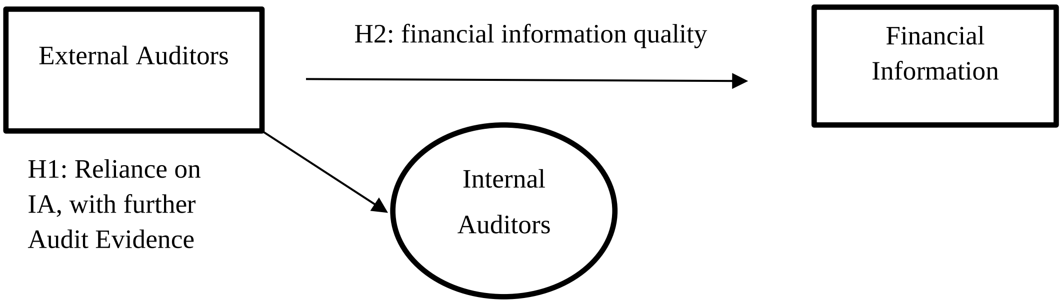

Figure 1: Study Model

3. Methodology

When using the inductive methodology, the researchers must adhere to the overarching theory when collecting and analysing data. In the deductive approach, the researchers construct hypotheses by relying on what has already been done and what is already known about the subject of the investigation, in addition to the fundamental ideas that have been applied to the matter. Research topics, as well as the model and the theory, were used to generate hypotheses (Saunders et. al; 2009). To putting the hypotheses to the test, a questionnaire has been developed.

3.1.Research methods

The questionnaire method was used to collect data as part of a research project on external audit in the Kurdistan Region of Iraq. Questionnaires were sent to internal audit departments' directors, corporate sector, and external auditors in public and private companies in KRG of Iraq, to collect data from participants (146 respondents). SPSS has used to test the hypothesis through correlation and regression analysis of the questionnaire.

3.2.Sample

For this study, primary data obtained through questionnaires were used as the answers obtained were objective (Wang et al., 2020 and Budur et al., 2018). The questionnaire was sent to 20 public and private companies in the Iraqi KRG. It contains 20 questions designed along 3 dimensions to test research hypotheses.

The researchers collected sample data from 146 full-time employees of public and private companies at KRG in Iraq. Therefore, the researchers chose each company as a separate class. The company's management committee endorsed the research in a timely manner and managed the process, which helped to ensure the quality and sensitivity of the feedback. Each company has 30 to 35 employees.

The companies surveyed by the authors have a total of about 300 employees. First, the researcher's hand-distributed the questionnaires in Kurdish, Arabic and English and briefly explained the questions to the participants.

At the time, researchers gathered answers by examining every participant in the company. But only 150 participants returned the questionnaire, 4 of them excluded from further analysis, since there was incomplete. Assuming valid responses, each company has a minimum of 10 and a maximum of 20 employees to complete the questionnaire.

3.3. Instruments

This survey has 3 dimensions that comprises external auditor, reliance on IA and financial information, divided into 20 questions. Researchers included external auditors from the work of Al-Twaijry et al. (2004). The researchers also taken reliance on IA from Bame-Aldred et al. (2013). Also, financial information is taken from the work of Pirc egger & Wagenhofer (1999).

The researchers revised all questions to be consistent with this study. The researchers used the five-point Likert scale. Answers to the questions range from 1 (totally disagree) to 5 (totally agree).

4. Data analysis

4.1.Reliability Test

The Cronbach Alpha was used to assess the instrument's reliability, and if the findings suggest that it is dependable, researchers will use it; if not, they will switch to a different instrument. Table 1 results show that all the variables had the excellent and desired reliability (C. Alpha >0.90). (Zaiţ & Bertea, 2011 and Budur, 2020).

Table 1: Cronbach's alpha

Reliability Statistics	
Cronbach's Alpha	N of Items
.928	3

4.2.Correlation test

Pearson's correlation is used as a statistical test to find out the relationships between variables. Table 2 shows the relationships between dependent and independent variables. The level of correlation to significance is 0.01 (2-tailed) and based on the shown result, there is a positive and strong correlation (r = 0.785) between the internal auditor and the external auditor. Thus, the coefficient of correlation between IA function and EA's reliance on the IA significant and positive correlation. However, the value of sig. supports the first hypothesis. Furthermore, the correlation between EA and financial information positive and significant due to result of p. value which is less than 0.01. Therefore, the correlation between the independent variables is positive and significant. However, there is high relation due to r. value = 0.843. As a result, the second hypothesis about approving financial information by external auditors is supported as well. Finally, the results indicate the correlation between financial information and internal auditor's functions, also positive and significant at level 0.01.

Table 2: Correlation coefficients

Correlations				
		IA function	Reliance of EA on the IA	approving financial information
IA function	Pearson Correlation	1	.785**	.811**
	Sig. (2-tailed)		.000	.000
	N	146	146	146
Reliance of EA on the IA	Pearson Correlation	.785**	1	.843**
	Sig. (2-tailed)	.000		.000
	N	146	146	146
approving financial information	Pearson Correlation	.811**	.843**	1
	Sig. (2-tailed)	.000	.000	
	N	146	146	146
**. Correlation is significant at the 0.01 level (2-tailed).				

4.3.Regression analysis

Linear regression analysis is one of the most important research tools, which aims to study and determine the relationship between dependent and independent variable. Table 3 shows that the R-squared measure of goodness of fit is approximately 0.77, which is sufficient to indicate that 77% of the variability in financial information can be explained by external and internal auditors. However, the model failed to capture 23% of the variability in financial information, explained by other factors.

However, according to table 4 the significant level (P-value) in the independent variables (internal and external auditor) is 0.000 and it means that the hypotheses of the study are accepted since the result is less than 0.01. however, it can be concluded that the external auditor's reliance on the internal auditor with further audit evidence has a significant effect on approving financial information.

Table 3: Regression analysis R Squared

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.876[a]	.768	.765	.42479
a. Predictors: (Constant), EA_on_IA, IA_function				

Table 4: Regression coefficients

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.168	.163		1.031	.304
	IA_function	.432	.072	.390	6.003	.000
	EA_on_IA	.532	.064	.537	8.262	.000
a. Dependent Variable: financial information						

5. Discussion

This research attempts to study the role of the EA in approving financial information by relying on the IA with gathering more audit evidence and documentation in the KRG. It is designed to determine the external auditor's level of confidence in internal audit work and to find the key aspects that determine this level of confidence. Investigating how to implement professional auditing standards proposed by international accounting bodies in an environment without national standards provides a more comprehensive reflection on the issues associated with the global application of auditing standards. The enhancement of auditing and corporate governance globalization requires a consideration in issues in developing countries such as KRG. The outcomes of this research show that there is a significant positive relationship between EA and the approval of financial information, where EA has a significant positive impact on financial information by relying on IA and collecting more audit evidence.

When IA focuses on providing management consulting services, EA may question the IA independency. In addition, consulting services may affect the objectivity of internal audit. However, when IA focuses on providing management consulting services, their independence may be affected. This provides little incentive for EA to rely on internal audit work for auditing and limits the ability of EA to assess the full range of activities completed by IA. This result differs significantly from that of Mihret & Admassu (2011), which showed that functionality is the most critical issue in EA's trust decisions. However, Čular et al. (2020), believed that perceived objectivity of IA was the next critical issue, and the consequence of this issue was not statistically significant in this research.

6. Conclusion

The roles and purposes of IA and EA are distinctly differing from each other. Thus, the external audit function cannot be replaced by the internal audit department by companies to generate financial value and benefit from EA, as suggested by junior sales managers. Based on the empirical background of KRG, this research studies the EA reliance on IA work. First, it examines whether EA in public and private companies rely more on internal audit work for external assurance. Second, this paper attempts to identify factors related to the degree of reliance of EA on IA work. Questionnaires have been distributed to KRG's external and internal examiners. This result suggests that the interaction between KRG and other developing countries' internal and external audits might not be determined by external audit proficiency motivations. The results of the analysis show that external auditors' perceptions of internal audit performance are significantly related to the external auditor's level of confidence in internal audit work to gather more audit evidence. This indicates that strengthening internal audit can aid improve internal and external audit links and thus enhance financial information.

7. Theoretical and practical implications

This study has practical and theoretical contributions. Initially, the outcomes reveal what external auditors think about KRG's internal audit practice. This informs the board of directors and organizational management when evaluating the performance of the internal audit function. The outcomes similarly offer visions for IA in other countries with comparable backgrounds to KRG. Next, EA can have an overall understanding of KRG's internal audit practices to complement their own thoughtful of making an audit opinion. In addition, international professional bodies whose members practice in emerging countries may recognize that the application of external audit standards depends on the economic and institutional environment in which the EA operate.

8. Limitations and further research development

It should be recognized that there may be inherent limitations of the sampling techniques used. This means that targeted sampling was used in the selection of respondents. Since the presence of a client's IA is a requirement for the selection of respondents, both internal and external auditors from public and private companies were included in the sample. This may limit the generalization of conclusions to the general population. However, this had negligible effect on the validity of the results, as the research was primarily a logic investigation designed to establish relationships between variables rather than describe the population statistically (Demir et al., 2021). More study can be conducted to inspect the interaction of IA with the other two components of corporate governance, such as management and the board, and the effect of this interaction on the linkages between internal and external audit in emerging countries. Replication of this research in other countries can similarly aid approve or extend the findings.

References

Al-Twaijry, A. A., Brierley, J. A., & Gwilliam, D. R. (2004). An examination of the relationship between internal and external audit in the Saudi Arabian corporate sector. *Managerial auditing journal*.

Bame-Aldred, C. W., Brandon, D. M., Messier Jr, W. F., Rittenberg, L. E., & Stefaniak, C. M. (2013). A summary of research on external auditor reliance on the internal audit function. *Auditing: A Journal of Practice & Theory*, *32*(Supplement 1), 251-286.

Breger, D., Edmonds, M., & Ortegren, M. (2020). Internal audit standard compliance, potentially competing duties, and external auditors' reliance decision. *Journal of Corporate Accounting & Finance*, *31*(1), 112-124.

Budur, T. (2020). The role of online teaching tools on the perception of the students during the lockdown of Covid-19. *International Journal of Social Sciences & Educational Studies*, *7*(3), 178-190.

Budur, T., Abdullah Rashid, C., & Poturak, M. (2018). Students' perceptions on university selection, decision making process: A case study in Kurdistan Region of Iraq. *International Journal of Social Sciences & Educational Studies*, *5*(1), 133-144.

Demir, A., Budur, T., Omer, H. M., & Heshmati, A. (2021). Links between knowledge management and organizational sustainability: does the ISO 9001 certification have an effect? *Knowledge Management Research & Practice*, 1-14.

Dezoort, F. T., Houston, R. W., & Peters, M. F. (2001). The impact of internal auditor compensation and role on external auditors' planning judgments and decisions. *Contemporary Accounting Research*, *18*(2), 257-281.

Čular, M., Slapničar, S., & Vuko, T. (2020). The effect of internal auditors' engagement in risk management consulting on external auditors' reliance decision. *European Accounting Review*, *29*(5), 999-1020.

Desai, N. K., Gerard, G. J., & Tripathy, A. (2011). Internal audit sourcing arrangements and reliance by external auditors. *Auditing: A Journal of Practice & Theory*, *30*(1), 149-171.

Fatah, N. A., Hamad, H. A., & Qader, K. S. (2021). The Role of Internal Audit on Financial Performance Under IIA Standards: A Survey Study of Selected Iraqi Banks. QALAAI ZANIST JOURNAL, 6(2), 1028-1048.

Fatah, N. A. J. I. (2018). Factors affecting customers' decision for taking out bank loans: A case of Sulaymaniyah city commercial banks (Doctoral dissertation, Master thesis of Middle East University).

Glover, S. M., Prawitt, D. F., & Wood, D. A. (2008). Internal audit sourcing arrangement and the external auditor's reliance decision. *Contemporary accounting research*, *25*(1), 193-213.

Haron, H., Chambers, A., Ramsi, R., & Ismail, I. (2004). The reliance of external auditors on internal auditors. *Managerial auditing journal*.

Ismael, B. A., Ahmed, R. A., Yaba, J. A., Hamawandy, N. M., Abdullah, R., Jamil, D. A., & Sulaiman, A. A. (2020). The Effects of Computerized Accounting System on Auditing Process: A Case Study from Northern Iraq. *Solid State Technology*, *63*(5), 8564-8578.

Jaf, R. A. S., & hamid Ahmad, K. A. (2021). The Role of Accounting Mechanisms for Bank Governance in Improving the Quality of the Information Content of the Interim Financial Reports: An Exploratory Study of The Opinions of a Sample of Workers in Private Iraqi Banks Operating in The Kurdistan Region/Iraq. *QALAAI ZANIST JOURNAL*, *6*(1), 279-305.

Karim, A. H. M., AL-Shatnawi, H. M., Jaf, R. A. S., Al-Kake, F., & Hamawandy, N. M. (2020). The role of adopting strategic audit to improve audit quality. *management*, *7*(11), 2020.

Mihret, D. G., & Admassu, M. A. (2011). Reliance of external auditors on internal audit work: A corporate governance perspective. *International business research*, *4*(2), 67-79.

Munro, L., & Stewart, J. (2010). External auditors' reliance on internal audit: the impact of sourcing arrangements and consulting activities. *Accounting & Finance*, *50*(2), 371-387.

Noori, T. M., & Rashid, C. A. External Auditor's Responsibility Regardying To Going Concern Assumption In His/Hers Report: Case of Kurdistan Region/Iraq.

Pirchegger, B., & Wagenhofer, A. (1999). Financial information on the Internet: a survey of the homepages of Austrian companies. *European Accounting Review*, *8*(2), 383-395.

Porter, B., Simon, J., & Hatherly, D. (2003). *Principles of external auditing*. John Wiley & Sons.

Rashid, C. A. (2017). The Importance of Audit Procedure in Collecting Audit Evidence/Case of Kurdistan Region/Iraq. *International Journal of Social Sciences & Educational Studies*, *4*(2), 15.

Rashid, C. A. (2018). Efficiency of financial ratios analysis for evaluating companies' liquidity. *International Journal of Social Sciences & Educational Studies*, *4*(4), 110.

Rashid, C. A. (2019). Pricing policy and its impact on the profitability. *International Journal of Finance & Banking Studies*, *8*(3), 101-108.

Sabir, R. A. (2022). the The Role of International Financial Reporting Standards (IFRS) to Encourage International Investments in the Kurdistan Region-Iraq: An applied study on a sample of banks listed in the Iraqi Stock Exchange. *Academic Journal of Nawroz University*, *11*(1), 30-46.

Saunders, W. M., Goldenberg, C. N., & Gallimore, R. (2009). Increasing achievement by focusing grade-level teams on improving classroom learning: A prospective, quasi-experimental study of Title I schools.

Zaiţ, A., & Bertea, P. S. P. E. (2011). Methods for testing discriminant validity. Management & Marketing Journal, 9(2), 217-224.