



The impact of auditor independence on audit quality and the moderating effect of auditor ethics in Iraq

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Abstract

This research aims to study the impact of auditor independence (AI) on audit quality (AQ) and the moderating effect of auditor ethics (AE). In order to achieve the goals of this study, a field survey was carried out to gather the perspectives of auditors employed in both corporate and private settings. A questionnaire including questions pertaining to the variables of the study was utilised for the purpose of responding. The purpose of this study is to illustrate the effect of the variables and the strength of the correlation, association, and influence among them. This study utilised a descriptive analytical technique to collect and display data. The hypotheses were tested using the statistical tools SmartPLS and SPSS. The findings demonstrated that (AI) has a beneficial effect on the overall (AQ). Furthermore, (AE) serves as a mediator in the correlation between (AI) and (AQ). This study adds great value by improving the (AQ) and monitoring institutions' internal environment, In addition to preserving resources and assets and providing reliable reports.

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أثر استقلالية المدقق على جودة التدقيق والتأثير المعدل لأخلاقيات المدققين في العراق

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الملخص

يهدف هذا البحث إلى دراسة تأثير استقلالية المدقق (AI) على جودة التدقيق (AQ) والتأثير المعدل لأخلاقيات التدقيق (AE). ولتحقيق أهداف هذه الدراسة، تم إجراء مسح ميداني لجمع وجهات نظر المدققين العاملين في الشركات والمؤسسات الخاصة. وتم استخدام استبانة تتضمن أسئلة تتعلق بمتغيرات الدراسة لغرض الإجابة عليها. وتهدف هذه الدراسة إلى بيان تأثير المتغيرات وقوة الارتباط والارتباط والتأثير فيما بينها. استخدمت هذه الدراسة المنهج الوصفي التحليلي لجمع وعرض البيانات. وتم اختبار الفرضيات باستخدام الأدوات الإحصائية SmartPLS و SPSS. وأظهرت النتائج أن (AI) له تأثير مفيد على (AQ) الشامل. علاوة على ذلك، يعمل (AE) كمعدل في العلاقة بين (AI) و (AQ). وتضيف هذه الدراسة قيمة كبيرة من خلال تحسين جودة البيئة الداخلية للمؤسسات ومراقبتها، بالإضافة إلى الحفاظ على الموارد والأصول وتقديم تقارير موثوقة.

الكلمات المفتاحية: استقلالية المدقق (AI)، جودة التدقيق (AQ)، أخلاقيات المدققين (AE).

Introduction

Professional ethics is essential in auditing since it guarantees that auditors uphold their objectivity, honesty, and independence when carrying out their responsibilities. Given that auditors have the duty to scrutinise financial accounts and render a judgement on their veracity, it is imperative that they strictly adhere to a prescribed code of ethical norms (Drozd et al., 2020). Complying with professional ethics in the field of auditing is crucial for upholding the integrity of the auditing process. Auditors are

required to demonstrate independence, impartiality, and freedom from any conflicts of interest that might potentially influence their opinion (Tuan Mansor et al., 2020). The autonomy of auditors is crucial in guaranteeing their ability to deliver an impartial assessment of the financial accounts they examine (Abbas et al., 2021). The Auditing Standards Board has a crucial function in maintaining professional ethics in the field of auditing. The (ASB) is responsible for establishing and revising auditing standards that provide guidance for auditors in their ethical and professional behaviour. The standards outline the fundamental principles

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of auditing, encompassing honesty, impartiality, professionalism, confidentiality, and professional behaviour. Auditors can maintain the utmost level of professionalism and ethical integrity in their work by strictly adhering to these requirements (David & Abeysekera, 2021). Auditors can uphold professional ethics by preserving their independence from clients through the avoidance of conflicts of interest, consistently using professional scepticism, and safeguarding the confidentiality of client information. Furthermore, auditors are required to consistently enhance their knowledge and expertise through ongoing professional development. This ensures that they stay up-to-date with the latest auditing standards and laws. By acquiring knowledge and remaining up-to-date, auditors can improve their capacity to carry out their duties with integrity and efficiency (Ishaque, 2021).

Research problem

Within the field of auditing, there exist significant challenges that have the potential to impact the independence of auditors. Prior to engaging in the audit, it is imperative for every member of the audit team to thoroughly examine the potential risks that may compromise their independence. If the auditor faces a particular threat, they must either take steps to reduce the hazard to a reasonable level or resign from the audit process. The primary hazards are self-centeredness, self-assessment of individual acts, promotion of the client through advocacy, impact of personal connections, coercion, explicit warnings, and additional risks. To aid in answering and comprehending the scenario better, it was broken down into a sequence of questions.

- How much of an impact does (AI) have on (AQ)?
- Is there a moderating role for (AE) in the (AI) and (AQ) relationship?

Research Objectives

Finding out what drives the (AQ) in Iraq is the main goal of the research. The study aims to assess the impact of (AE) as moderating factors on auditor behaviour, gather empirical evidence on auditor characteristics, and fill a knowledge vacuum. It also seeks to determine the relationship between (AI) and (AQ). The research delves into these important factors in an effort to link (AQ) to them.

Research Importance

This topic is important in Iraq since it is a specialist field that develops and improves quality and affects company owners' decisions and the country's economy and society. This study addresses audit quality issues in Iraq by identifying factors influencing audit quality in the corporate environment. This study examines how auditor ethics has changed to influence auditor decisions and reports, show the reality of financial transactions and business, and present audit results professionally and impartially. Iraq's auditing profession and quality are important, requiring study and research. A chaotic corporate environment has corruption, issues, fraud, and theft. Despite many government and public oversight agencies.

Spatial and temporal limits and sample

This research study the determinants affecting Audit Quality. The study examines and gathers empirical data on the characteristics of auditors and tries to assess the influence of key criteria on the quality of audits, with auditors' ethics serving as moderating variables. The researcher administered examinations to ascertain the correlation between the characteristics of these auditors and the quality of their audits. The research included a combination of literature review and direct survey on auditors. The main data will be collected using questionnaires and subsequently analyzed. The spatial boundaries include the collection of auditors working in Iraq in the private sector and whose names and companies are included in the lists of the Council of the Auditing and Oversight Profession for the year 2024.

Research hypothesis

In light of the literature discussion and previous studies that were presented, the following hypotheses were identified:

- H1: Auditor Independence (AI) has a substantial impact on audit quality (AQ).
- H2: Auditor Ethics acts as a moderator in the connection that exists between (AI) and (AQ).

Literature Review

The study of Lamba et al., (2020), examines how (AI) and ethics affect (AQ) through professional scepticism. The research participants consisted only of auditors employed by the Inspectorate of Regional Government. Papua Province, Indonesia. This study was quantitative. Purposive sampling was used. SPSS 21 was used for route analysis. The study found that (AI) impacts professional scepticism. (AQ) and professional scepticism are positively and significantly affected by (AI) and ethics. Next, professional scepticism improves (AQ), but (AE) does not. In conclusion, independence and ethics affect (AQ) in Indonesia without professional skepticism.

The study of Castillo-Merino et al., (2020), Regulation (EU) No 537/2014 forbids the integration of audit with a wide range of non-audit services throughout the European Union. Regulators hold the belief that NAS fees have a negative impact on both (AI) and quality. Since European research does not support this position, the new law may not improve (AI). The research separate between tax, audit-related, and other services to analyse future (NAS) fees and (AQ). Based on a sample of Spanish listed firms from 2005 to 2016, The analysis discovered a consistent and enduring inverse relationship between forthcoming supplementary NAS fees and the (AQ). The potential for further acquisitions of this type of NAS might undermine (AI). Nevertheless, tax and audit services do not provide significant outcomes. Findings indicate that European authorities should gather further information before banning NAS, as certain types may enhance the quality of audits.

According to Handoko & Pamungkas, (2020), the investors and creditors utilise audited financial statements to make decisions, thus (AQ) is crucial. Audits are services whose quality depends on the auditors. This research examines (AQ) criteria. Independence, time budget

constraint, and audit ethics are independent factors. The quantitative study uses questionnaire data. The responders are Jakarta public accounting company auditors. the findings show that (AI) and ethics affect (AQ), but time budget constraint does not .

According to Prabowo & Suhartini, (2021), financial statements must possess credibility and function as a benchmark for audit determinations. Auditing necessitates the presence of both independence and integrity in order to carry out the task effectively. E-Audit mitigates fraudulent activities and addresses challenges arising from the fourth industrial revolution. This study investigates the moderating role of e-audit on the impact of (AI) and integrity on (AQ). The data was obtained from auditors at a public accounting company in Surabaya through the use of a questionnaire. The number of respondents is 36. The data were analysed via SmartPLS. The findings indicate that both (AI) and integrity have a positive impact on (AQ). However, it was observed that the use of e-audit did not diminish these impacts. This study proposes that independent auditors should enhance their autonomy and honesty in order to deliver audit reports of superior quality that may be utilised by decision makers.

According to Su'un & Sari, (2021), The study examines how (AI) affect South Sulawesi Province Inspectorate Office audit findings. In this study, South Sulawesi Province Inspectorate Office auditors willing to participate provided data. Data is gathered directly from 48 participants in the field with the use of questionnaires or statement sheets. The chosen method for data analysis is multiple linear regression. The findings indicated that the proficiency, autonomy, and critical thinking of auditors had a substantial positive impact on the results of audits.

In other study Istutik, (2023), Auditors are responsible for enhancing (AQ) through independence, competency, and ethical guidance. This study examines how (AI), competency, and ethics impact (AQ). A sample of 40 auditors from a Malang public accounting company was included in the study. This research tests variable hypotheses. The data was collected through a questionnaire survey. The data analysis employs descriptive statistics, validity, reliability, and assumption tests. Multiple regression, partial T-test, and moderation test hypothesis testing. The study originate that independence and competence positively influence (AQ), whereas (AE) moderate this association.

Auditor Independence (AI)

Preserving objectivity is of utmost significance. Objectivity is crucial for maintaining independence. It is essential that we preserve an impartial and unbiased approach in our work, ensuring that our assessments and choices are entirely grounded in the available evidence and facts (Daoust & Malsch, 2020). An effective method to preserve objectivity is to steer clear of any conflicts of interest. Auditors must exercise careful watchfulness in detecting and openly revealing any personal or financial interests that have the potential to undermine their impartiality (Aidi et al., 2022). Another crucial element in

upholding objectivity is to preserve both the appearance and truth of independence. Appearance independence pertains to the perception of autonomy by other entities, such as the general public and those with a vested interest. Auditors are required to ensure that their activities and interactions do not give rise to any sense of bias or hinder their capacity to exercise professional judgement in an objective manner (West & Buckby, 2023). Enforce protocols and guidelines that promote autonomy and offer direction to auditors on managing any conflicts of interest. Consistent training and education can also assist auditors in being current on ethical norms and strengthening the significance of objectivity in their job (Gelter & Gurrea-Martínez, 2020). Auditors must maintain neutrality in order to protect professional ethics and provide dependable audit findings. Auditors can safeguard the impartiality and reliability of their work by avoiding conflicts of interest, upholding the appearance and truthfulness of their independence, using quality control procedures, and drawing lessons from past case studies. The key to independence is in maintaining objectivity (Logie & Maroun, 2021). Auditors frequently encounter many challenges to their independence, which might potentially compromise the integrity of their job (Ilemona & Nwite, 2021). The intimidation danger occurs when auditors experience pressure or intimidation from clients or other parties, leading to a compromise in their independence. This situation might arise when auditors experience apprehension about losing a significant customer or encountering legal consequences for expressing their concerns (Carlisle et al., 2023). The continuous process of identifying and dealing with possible risks to independence necessitates constant alertness and commitment to ethical values, together with comprehending these risks and applying suitable protective measures (Mifsud, 2023).

Auditor Ethics (AE)

Professional ethics serve to safeguard the public interest by establishing a structure that fosters openness and responsibility in the realm of financial reporting. Consequently, we strictly abide by the Code of Professional Conduct (Payne et al., 2020). Professional ethics play a crucial role in the auditing industry. Auditors must adhere to ethical norms to preserve their independence, objectivity, and integrity during the execution of their responsibilities. By abiding by the Code of Conduct, auditors actively contribute to the clarity and reliability of financial reporting, safeguard the welfare of the public, and strengthen confidence among all involved (Ardillah & Chandra, 2022). Auditors are required to adhere to elevated levels of ethical behaviour, guaranteeing that they behave in the utmost interests of the stakeholders who depend on their audit views. This include shareholders, investors, creditors, and the general public. In the absence of professional ethics, the dependability and trustworthiness of financial information would be undermined, perhaps resulting in incorrect corporate choices and financial instability (Pimentel et al., 2023). The significance of establishing ethical standards to govern the conduct of auditors becomes apparent since these standards are essential for upholding the integrity and credibility of the

auditing profession (Alsughayer, 2021). Auditors are obligated to exhibit honesty, truthfulness, and directness in all professional and corporate interactions as part of their ethical responsibilities. It guarantees that auditors behave in a manner that aligns with their professional obligations and the welfare of the public (Fatemi et al., 2020). Professional conduct refers to the anticipated ethical conduct of auditors. This include adherence to applicable rules and regulations, meticulousness in carrying out tasks, and retaining a critical mindset throughout the audit procedure. Professional conduct necessitates refraining from any activities that might damage the reputation of the profession or jeopardise the public interest (Wijaya et al., 2021). The ASB offers interpretative help and case studies to improve comprehension and implementation of ethical standards. These materials assist auditors in navigating intricate ethical challenges and making well-informed conclusions (Weirich et al., 2020). The foundation of the auditing profession is on the establishment of ethical norms. The guidelines provided by it assist auditors in upholding integrity, objectivity, competence, confidentiality, and professional behaviour. By upholding these ethical norms, auditors bolster the ongoing trust in the auditing profession, guaranteeing its status as a cornerstone of accountability in the corporate realm (Nasution & Östermark, 2020).

Audit Quality (AQ)

One of the most crucial steps any professional body conducting audit work must take to guarantee the efficacy and accuracy of its work is to review the quality of professional performance, also known as oversight of audit work (Muydinov & Mamazonov, 2021). (AQ) is a recent concept that requires attention from scientific and professional organisations involved in auditing. It is important to consider quality as a contemporary trend in auditing (Ciger, 2020). The auditor's interest in his work and striving to improve it are features touching the quality of the profession (Salehi et al., 2020). Independence is a crucial cornerstone of the auditing profession, guaranteeing that auditors uphold objectivity and honesty in their work. Independence in auditing pertains to the auditor's capacity to maintain objectivity and avoid any conflicts of interest that may impact the integrity of the audit methods and the credibility of their conclusions. The significance of independence cannot be exaggerated, since it directly influences the quality of audits and the level of public trust in financial reporting (La Ode et al., 2020). Many issues effect the excellence of internal audit activities, with work environment factors being the most significant, particularly the auditor's independence. Therefore, it is reflected in its performance by preparing good financial reports and adhering to applicable rules and regulations, detecting errors, fraud, and theft, evaluating the effectiveness and efficiency of the use of resources, and making recommendations on improving operating processes, which leads to increased confidence among stakeholders (Ali et al., 2023). There is a growing need for procedures to guarantee the (AQ) work. This is to ensure that both the auditor and the parties involved can have reasonable conviction in the results, as

users of financial statements are increasingly relying on audited financial statements as a source of appropriate information for making various decisions (Akther & Xu, 2020). The shared objective of practitioners is to attain optimal (AQ) and uphold the standard of professional performance. This includes enhancing and safeguarding the auditor's performance to instill more trust in the results of their job (Chiarini et al., 2021). There are many thoughts of (AQ) according to the multiplicity of interested parties in the audit environment. Essential the audit idea helps to decrease the difference in all concerned parties' perceptions of (AQ). Each party in the audit environment has a special concept of quality (Jabbar, 2022). (AQ) refers to the delivery of high (AQ) facilities that adhere to auditing standards and guidelines, as well as the rules of conduct and professional customs. This involves performing the work at a specified level in accordance with various professional rules and standards (Tapang et al., 2020). (AQ) refers to the level of assurance that the auditor gives to the users of the financial statements, reflecting the excellence of the audit process itself (Oladejo et al., 2020). (AQ) is regarded as a valuable strategic instrument for attaining a competitive edge in the service industry. It serves as a method to enhance market share, increase profitability, and gain customer happiness and loyalty (Nyamweya & Osieko, 2022). Based on the previous studies and various sources, we conclude from them two hypotheses. The first is consistent with a group of studies, including (Lamba et al., 2020; Ardillah & Chandra, 2022; Prabowo & Suhartini, 2021; Putria & Mardijuwonob, 2020; Bassey et al., 2020; Calocha & Herwiyanti, 2020). While we extract the second hypothesis from various previous studies, which agrees with another group of studies, including (Pattiasina et al., 2021; Seliamang & Tapatfeto, 2022, Yixin, 2021; Damanik et al., 2021; Oktari et al., 2020).

Methodology

This research focuses on auditors who work in the field. People who own their own businesses and work as auditors are among them. All of the accounting experts, auditors, managers, principals, and assistant auditors who operate in these offices have current licences to practise accounting. The same goes for financial auditors. The subject of this research is the Iraqi auditing community, including both novices and seasoned professionals. the methods agree with previous studies (Mohammed et al., 2021; Kadim et al., 2021; Ghadhab et al., 2019), We compiled a list of accounting and auditing businesses in Iraq using the Iraq auditor database. Subsequently, we employed a systematic probabilistic technique to randomly choose 91 auditors. A survey was constructed using previous studies as a foundation (magrument, 2021; warsame, 2015; kertarajasa et al., 2019; morgana & Sabrina, 2017), In the next year, 2023, the companies of auditing in Iraq received their questionnaires over normal mail. The data was retrieved in two stages. Approximately 40%, or 37 out of 91 questionnaires, were returned in the initial round. As a result of the low rate of response, a subsequent round of data collecting was carried out. We sent out a second survey and a follow-up letter to auditors who were not able to complete the initial survey. An additional 54 responses brought the

total to 91. The final result did not include six questionnaires, though, since respondents either did not fill them out completely or repeated themselves. Furthermore, even though we only got 85 usable responses, the effective response rate was 93%. On a scale from "strongly disagree" to "strongly agree," the Likert-Scale measures the degree to which respondents agree or disagree with a given statement.

Data analysis

Men made up 46.7% of the sample, while women accounted for 53.3%. Almost three quarters of those who took the survey had been in management for at least five years, and most of those people had bachelor's degrees. The available experience, more than 5 years is the most common, appearing 62 times (72.67%), while (less than 5) is the least common, appearing 23 times (27.33%). the highest level of education achieved is a bachelor's degree, with 44 occurrences (51.33%), followed by 36 occurrences (41.2%) of a master's degree.

First: Evaluating the resolution's viability. Verifying the accuracy of the outcomes is part of this process as they depend on the following:

1. Verify that the questionnaire is easy to read before sending it out to participants. This is a qualitative test that will reveal how effectively the research tool measures the variables that were intended. Based on the answers of the previous studies, the questionnaire was designed and developed. To determine if it was ready for development and dissemination, it was then shared with a group of subject-matter experts. Furthermore, there are a few of experts.
2. Perform a quantitative test once the questionnaires have been distributed to verify their accuracy. That way, we can see if the study tool worked as expected and if the differences in answers really represent the phenomenon we're trying to understand. Furthermore, it is essential to demonstrate that the components of the research instrument accurately represent the quantifiable subject matter.

Using a peripheral comparison, we can determine if the material is legitimate or not. That is, the totals of the scale expression answers are sorted from lowest to highest and then divided in half by subtracting 27% from each score. Then, we check if the discrepancy is large enough to establish the scale's reliability by comparing the two datasets. After taking the averages of the two groups and using the T-TEST test to see if there were statistically significant differences, the calculated T value for the entire questionnaire was 16,761. It is interesting that this figure is more than the theoretical value of 2.262.

Table (1): T-TEST to measure content validity and axes representation of variables.

| variables | T-Test | P-value |
|-----------|--------|---------|
| (AI) | 21.658 | 0.000 |

Table (3): Results of Measurements Model Convergent Validity

| | Composite reliability rho_a | Composite reliability rho_c | Average variance extracted AVE | R ² | R ² adj |
|------|-----------------------------|-----------------------------|--------------------------------|----------------|--------------------|
| (AQ) | 0.817 | 0.829 | 0.642 | ○ | ○ |

| | | |
|------|--------|-------|
| (AE) | 26.643 | 0.000 |
| (AQ) | 27.768 | 0.000 |

Source: researcher, based on the results of the questionnaire analysis.

Second: The stability of the resolution is being measured. Consistency in data collection and processing is an important part of this. Two checks were performed on the questionnaire after it was sent to the study population to make sure it was stable:

1. The initial quantitative test that follows distribution is the internal consistency test. We employed Cronbach's alpha to assess the internal consistency of the questionnaire questions in relation to the variables being studied. Table 2 indicates that the stability coefficients for all axes are lower than the total variable value but more than 70%. This means that the size of the research remains relatively constant over time, at around 90%.

Table (2): the stability value of the study variables

| Variables | Cronbach Alpha | No. of Items |
|-----------|----------------|--------------|
| (AI) | 0.736 | 5 |
| (AE) | 0.704 | 5 |
| (AQ) | 0.730 | 10 |
| (ALL) | 0.917 | 20 |

Source: researcher, based on the results of the questionnaire analysis.

2. Part two of this paragraph delves into the exploratory factor analysis that was used and the exploratory validity of the study's measurements. For exploratory factor analysis, structural equation modelling might be useful. Unmeasured variables that represent the supposed dimensions of the scale are called latent variables, and they are used to build the assumed model in this study. To access the second group of variables, follow the arrows. Assessed variables, dependent variables, or internal variables represent the paragraphs of each dimension or the dimensions of each overall component; latent variables are expected to be revealed by the assertions.

Table 3 shows that all composite complaints were represented by (AQ) that (AI) acted as a moderator, and that (AE) was the dependent variable. All the readings fell within the range of 0.730, while the Composite reliability measurement exceeded 0.70, according to the results of the general contracting analysis, which means that the measurements used were trustworthy. In order to look at the things that connect with both the theoretical and reality sides, we looked at the multilateral extent of the tables' convergent measurements. The fact that Table shows an average explained variance greater than 0.50 further attests to the model's robustness (7). It demonstrates the legitimacy of convergence.

1. The exploratory construct validity of the study scale

| | | | | | |
|------|-------|-------|-------|--|--|
| (AI) | 0.732 | 0.747 | 0.662 | | |
| (AE) | 0.715 | 0.793 | 0.755 | | |

Source: researcher, based on the questionnaire analysis.

1. Discriminate Validity: To find out if the model is discriminating, we look at the correlations between each extracted construct and all the others, as well as the square root of those rates of variation. The following is a presentation of the Fornell Larcker criterion that is used to conduct this comparison. Unsurprisingly, the components in Table (4) stand for the square root of the explained average variance (AVE). This indicated that the model's measurements could distinguish between the different structural components to a reasonable degree.

Table (4): Discriminate Validity Fornell Larcker Criterion

| | | |
|------|-------|-------|
| | (AQ) | (AE) |
| (AI) | 0.873 | 0.561 |
| (AE) | 1.004 | |

Source: researcher, based on the questionnaire analysis.

2. Making sure the data is normally distributed Section III. Using the Kolmogorov-Smirnov test, we made sure the data was accurate and devoid of any erroneous correlations. Statistical study also revealed that the data had a regular distribution, and it was determined that the data for all variables had a normal distribution. A significant result greater than 0.05 in the Kolmogorov-Smirnov test provides support for the hypothesis that the data follow a normal distribution. This proves that the explanatory variable provides sufficient information to explain the dependent variable. The information in the table suggests:

Table (5): The test of normal distribution of the study variables.

| Variables | Kolmogorov Smirnov | P-value < 0.05 | Significance |
|-----------|--------------------|----------------|-----------------|
| (AI) | .089 | .055 | Not Significant |

Table (8): coefficients of (AI)

| | Unstandardized coefficients | Standardized coefficients | SE | T value | P value | R ² | R ² adj | Durbin-Watson test |
|-----------|-----------------------------|---------------------------|-------|---------|---------|----------------|--------------------|--------------------|
| (AI) | 0.234 | 0.447 | 0.051 | 4.554 | 0.000 | 0.200 | 0.190 | 1.919 |
| Intercept | 2.786 | 0.000 | 0.170 | 16.408 | 0.000 | | | |

Source: researcher, based on spss 28 software output.

Table (8) demonstrates the notable positive impact of Artificial Intelligence (AI) because to the considerable value of Sig. The value is 0.000, which is smaller than 0.05. The effect size is B = 0.234, indicating that a one-unit increase in the variable (AI) would result in a 23.4% rise in the variable (AQ). The coefficient of determination, R2, is

| | | | |
|------|------|------|-----------------|
| (AE) | .095 | .058 | Not Significant |
| (AQ) | .080 | .200 | Not Significant |

Source: researcher, based on the results of the questionnaire analysis.

Table (6) shows correlation between (AQ) and other variables

| | | | |
|--|---------|---------|---------|
| | | (AI) | (AE) |
| (AQ) | 0.677** | 0.448** | 0.495** |
| | 0.000 | 0.000 | 0.000 |
| | 85 | 85 | 85 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | |
| *. Correlation is significant at the 0.05 level (2-tailed). | | | |

Source: researcher, based on the results of the questionnaire analysis.

Table (6) demonstrates a significant correlation between (AQ) and all of the parameters. Given that the significance level is below 0.01, it is crucial to prioritise (AI) and integrity.

H1: Auditor Independence has a substantial impact on audit quality.

Table (7): influence of (AI) on (AQ)

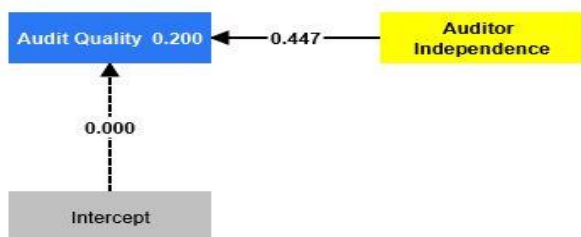
| | Sum square | df | Mean square | F | P value |
|------------|------------|----|-------------|--------|---------|
| Total | 10.876 | 84 | - | 20.740 | 0.000 |
| Error | 8.702 | 83 | 0.105 | | |
| Regression | 2.174 | 1 | 2.174 | | |

Source: constructed by researcher, based on spss 28 software output.

Table (7) demonstrates the notable positive impact of Artificial Intelligence (AI) because to the considerable value of Sig. The value is 0.000, which is below the threshold of 0.05, indicating statistical significance. The F test has a value of 20.740.

0.200, indicating that the (AI) model explains about 20% of the variation in the (AQ) value. Based on the aforementioned data, it can be concluded that there is a discernible impact of Artificial Intelligence (AI) on the concept of Artificial Quotient (AQ).

Figure (1): shows influence of (AI) on (AQ)



Source: researcher, based on SmartPLS output.

Figure No. 1 above shows the effect of auditor independence (AI) on audit quality (AQ) with an effect of 0.447 Standardized coefficients. While the contribution R2 percentage was 0.200, the standard intercept level of 0.000, which is the limit below which no increase in the correlation coefficient occurs.

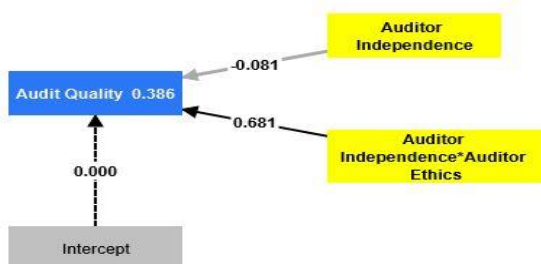
Table (14): coefficients of (AE) moderate the relationship between (AI) & (AQ)

| | Unstandardize d coefficients | Standardized coefficients | SE | T value | P value | R ² | R ² adj | Durbin-Watson test |
|------------|------------------------------|---------------------------|-------|---------|---------|----------------|--------------------|--------------------|
| (AI) *(AE) | 0.075 | 0.681 | 0.015 | 4.981 | 0.000 | 0.386 | 0,371 | 2.004 |
| (AI) | -0.042 | -0.081 | 0.072 | 0.589 | 0.557 | | | |
| Intercept | 2.882 | 0.000 | 0.151 | 19.098 | 0.000 | | | |

Source: researcher, based on spss output.

Table (14) indicates the significant positive influence of (AI)*(AE) because the value of Sig. It is equal to 0.000 which is less than 0.05, and the effect value is (B = 0.075) meaning that an increase in the variable (AI)*(AE) by one unit will lead to an increase of (AQ) by 7,5% unit. From coefficient of determination, R² is equal to (0.386) that is mean the (AI)*(AE) has explain about 38.6% from (AQ) value. From results above we can say, there is influence of (AE) moderate the relationship between (AI) & (AQ).

Figure (2): shows influence of (AE) moderate the relationship between (AI) & (AQ)



Source: researcher, based on SmartPLS output.

Figure No. 2 above shows the effect of (AI)*(AE) on audit quality (AQ) with an effect of 0.081 Standardized coefficients in direct relationship and 0.681 indirect relationship. While the contribution R2 percentage was 0.386, the standard intercept level of 0.000, which is the limit below which no increase in the correlation coefficient occurs. From results above we can say, there is influence of (AE) moderate the relationship between (AI) & (AQ).

H2: Auditor Ethics acts as a moderator in the connection between (AI) and (AQ).

Table (9): Auditor Ethics moderate the relationship between (AI) & (AQ)

| | Sum square | df | Mean square | F | P value |
|------------|------------|----|-------------|--------|---------|
| Total | 10.876 | 84 | - | 25.752 | 0.000 |
| Error | 6.680 | 82 | 0.081 | | |
| Regression | 4.196 | 2 | 2.098 | | |

Source: researcher, based on spss output.

Table (9) demonstrates that (AE) has a large beneficial impact on the link between (AI) and (AQ), as indicated by the value of Sig. The number is 0.000, which is less than 0.05, indicating that the F test value is 25.752.

Conclusions

1. The purpose of this study was to provide a response to the question, "What factors significantly impact (AQ)?" The participants in the study were auditors in Iraq. According to the findings of the study, (AI) considerably enhances (AQ).
2. AE rather aims to govern the link between (AI) and general (AQ) in order to achieve its goals. Based on the findings of a statistical investigation, the influence is quite favourable. A person's ethical standards can have an effect on the association between (AE) and both (AI) and (AQ). The statistical data indicate that there is a considerable favourable influence of (AI) and ethics.

Recommendations

1. Ensuring that the audit work is conducted in a suitable setting that considers scientific, practical, and ethical, with the aim of ensuring that the reports are accurate, unbiased, and based on factual evidence. It is important that financial data be presented in a manner that is accurate, transparent, and clear in order to assist managers in making better decisions. The succeeding researcher should prioritise expanding the scope of the inquiry and increasing the participation of individuals in future inquiries.
2. Because of the significant impact that (AI) has on (AQ), essential factors to take into account include enhancing the reputation and moral culture of the

auditing firm, being fully transparent about clients' mistakes while disregarding their warnings, maintaining independence and integrity without being influenced by audit fees, and impartially reassessing the integrity of management and the quality of internal control in accordance with standards.

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