



## Measuring the efficiency of the external auditor's in improving the quality of financial reports (An analytical study of a sample of auditors in external audit offices)

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### Abstract

The research mainly aims to clarify the role of the auditor's professional specialization in improving the quality of financial reports. A questionnaire was directed to a group of accountants and external auditors working in audit offices to determine the role of auditors' professional specialization in the quality of financial reports. In order to link the questionnaire to practical reality, the questionnaire was distributed. To accountants and auditors working in audit offices, 130 questionnaires were distributed, 108 questionnaires were retrieved, 22 questionnaires were considered damaged and not returned. The necessary data were collected and analyzed using the (SPSS) program, and the results were drawn to test the hypotheses. The research reached a set of conclusions, the most important of which is: Results: There is a strong correlation between increasing the reliability of accounting information provided to external parties and increasing the reliance of Iraqi companies on external auditors who enjoy high professionalism. In addition, the research reached a set of recommendations, the most important of which was that auditors should work independently and unbiased when auditing and evaluating financial reports. This requires that he have the ability to evaluate financial information objectively and accurately, without any external influence that could affect his independence.

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### Introduction

The increasing intensity of competition, the openness of markets, technological developments, and the magnitude of companies' business have led organizations to pay more attention to auditing by adopting higher levels of professional specialization for auditors. Therefore, auditing institutions began searching for ways to make them distinct from their competitors in a way that enhances the competitive position of these companies so that they can conclude profitable contracts with their clients. Because the primary goal of the financial statements published by these companies is to provide accurate, reliable, and valuable information to help their users in making various decisions, users of these lists resort to external

auditing to demonstrate the extent of reliance on them, as the professional specialization of the auditor can be considered one of the means that enables maintaining quality. The audit process will directly reflect on the credibility and quality of financial reports by discovering distortions and manipulations in the financial statements and showing high-accuracy data that is more satisfactory to data users.

### Research problem:

In light of the political, economic, and social changes and developments, it has become obligatory for companies to have their financial reports audited by professional and specialized observers to increase the credibility and reliability of their financial reports and reduce the process of tampering with financial

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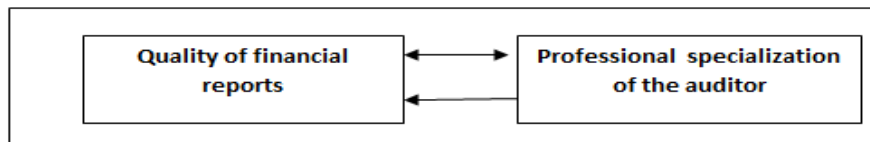
statements. Based on the above, the research problem can be formulated in the question the following:

- Is there a role for auditors' professional qualifications in improving the quality of financial reports?
- Is auditors' professional qualifications impacting the quality of financial reports?

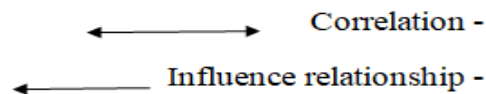
**The importance of the research:**

The importance of the study is evident from the importance of the auditor's professional specialization in improving the quality of financial reports because of the professional independence that the auditor enjoys in giving an impartial technical opinion about the validity, fairness, and accuracy of the financial statements for users of accounting information.

**Figure (1) shows the relationship between the research variables**



Source: Prepared by the researcher



**Research hypothesis:**

The research is based on a main hypothesis that professional specialization in the field of work will improve the quality of financial reports, and the following hypotheses branch out from it:

**The first hypothesis:** Professional specialization has a statistically significant effect on the quality of financial reports.

**The second hypothesis:** There is a significant relationship between the influence of professional specialization on the quality of financial reports.

**Research Methodology:**

In formulating the research, the researcher relied on the descriptive analytical method by referring to Arab and foreign sources (books, university dissertations, conferences, magazines, and peer-reviewed scientific periodicals) and reviewing websites to enrich the theoretical aspect.

**Research objectives:**

In light of the research problem and the question posed, the research objectives are to achieve the following:

- Explain the cognitive foundations of professional specialization (scientific and practical) in auditing and the extent of its reflection on the auditor's performance.
- Explaining the cognitive foundations of the quality of financial reports.
- Study and analyze the role of auditors' professional specialization in improving the quality of financial reports.

**Research model:**

The research model can be explained as follows:

**Limitations of the Research:**

- a. **Spatial boundaries:** The research sample included testing external audit offices. (130) questionnaires were distributed, and (108) questionnaires were relied upon, as they were distributed to a sample of accountants and auditors in external audit offices.
- b. **Time limits:** Questionnaire forms were distributed from 4/6/2024 to 6/10/2024.

**The first section: the professional specialization of the auditor/theoretical framework**

The audit process does not include all financial operations, as there is a possibility that some errors will not be discovered even in light of the best possible performance of the audit procedures required by professional standards. If the auditor tries to locate all mistakes, the cost and time of the audit process will become unacceptable, and therefore, he focuses his effort on activities and operations. In which there

is a high risk of fundamental violations and errors, the need has emerged for the auditor's professional specialization in a specific sector (industrial, agricultural, commercial, financial services, etc.) to reduce audit risks and increase its quality through which the auditor obtains the cumulative benefits of knowledge in the field of specialization. (Bakhit, 2004: 9).

**First, the concept of the auditor's professional specialization** means possessing a broad area of knowledge and scientific skills. The specialist's memory contains more complete images and a better and more accurate picture of the field of specialization. Therefore, the specialist can capture new information more efficiently and comprehensively and notice the differences more accurately. He also has an extensive collection of decision-making strategies and the most appropriate ways to implement those strategies. (Salib, 2003:379). Accordingly, the auditor who specializes in a specific sector of activity can be defined as a person who possesses the content of skill, knowledge, and familiarity in a particular sector of activity and acquires that content directly through auditing a specific sector or indirectly through obtaining training courses specific to this sector and this content is reinforced through the auditor's possession of information systems methods and tools.

**Second: Objectives and advantages of professional specialization for auditors (Muhammad, 2023: 7).**

- 1- The auditor's extensive and actual experience, knowledge, and know-how enables him to ensure efficiency and improve his ability to plan the process of discovering fraud and errors within the economic entity being audited well.
- 2- He achieves quality in the audit process because he has experience and knowledge of the professional and industrial sectors to which the client belongs.
- 3- Achieves excellence and continuous improvement in the services provided by the auditor.

**The second section: quality of financial reports**

The main goal of financial statements is to provide economic information to businessmen and different segments of society to help them in the process of making investment and financing decisions, as accounting customs and government

laws require that joint-stock companies submit financial statements at the end of the fiscal year that includes information about the results of activity and the financial position audited by The auditor ensures that all parties benefiting from it can be relied upon in the decision-making process. Therefore, the auditing profession represents the other side of the accounting profession, and the auditing function has developed in a parallel path to the career development of the accounting profession (Jawabreh 2015: 141). In order to increase the reliability of the accounting information provided by joint-stock companies through the financial statements, the International Accounting and Oversight Board Rules stipulate that the auditor's report is the primary means by which the auditor can communicate with investors and other users of the financial statements about information related to the audit of the financial statements. It also specifies The auditor's report on the financial statements that were audited, describing the nature of the audit and expressing an opinion on whether the financial statements fairly present, in all material respects, the financial position, results of operations, and cash flows of the company by the applicable financial reporting framework. (Friday 2017: 259).

**First: The auditor's professional specialization role in the quality of financial reports.**

The auditing profession is an organized and purposeful process that seeks to produce reasonable confirmation of the credibility and fairness of financial statements. Therefore, it serves many parties related to the financial statements, as there are three parties concerned with this profession: the service provider (the auditor), the service requester (the management of the economic entity or the customer), and the users of financial statements (the public of investors, creditors, tax and government agencies), as the auditing profession is considered a service and guarantee of the quality of information, so adding confidence to the financial statements is one of the most important goals that it seeks to achieve, especially in light of the challenges and economic, political and social developments that the world is experiencing today. Therefore, many have sought professional organizations and bodies that have issued many standards regulating this profession, with all

relevant parties seeking to improve their quality. (Al-Sabban et al.: 2012: 12).

Second: The role of the auditor's professional specialization in improving the quality of financial reports:

The management prepares financial statements and maintains regular accounting records. It is the responsibility of the auditor to express an opinion on the fairness of those statements and clearly express the facility's financial position.

Auditing standards indicate that industry factors must be considered when planning the audit (33) and its procedures. For example, American Auditing Standard No. (47 Iss SAS) indicates that the control system is designed to prevent or detect material errors or miscalculations in the financial statements. (Abdullah 2000: 13).

The auditor's responsibility to report the inability of the economic entity to continue has received much attention from professional organizations and users of financial reports, especially the American Institute of Certified Public Accountants (AICPA) and the International Federation of Accountants (IFAC) (Arens Luebke 2002: 24).

The demand for accounting information by investors, lenders, creditors, etc., creates the qualitative characteristics of accounting information. Accordingly, there are six qualitative characteristics of accounting information. Two of the six qualitative characteristics are basic characteristics, and three branches branch out from each, while two are secondary. The following is a statement of the characteristics of the main quality of the quality of financial reports, as follows: (Al-Toubi et al. (2022, 29-30)

**Firstly. Relevance:** This is when the information is relevant, meaning it can influence the economic decisions of those using it. The appropriateness characteristic consists of the following characteristics (Ibtihaj, 2020: 32-33)

A - Predictive value: This provides predictive power regarding future events, as financial information has predictive value if it has value as an input into the predictive processes used by investors to form their expectations about the future.

B - Confirmatory value: which provides information about past events. That is relevant information also helps users confirm or correct previous expectations.

C-Relative importance: Information is essential if its deletion or misunderstanding may affect the decisions made by users based on the reported financial information.

**Secondly. Honest representation "reliability":** The numbers and descriptions match what actually exists or the event. Honest representation is necessary because most users do not have the time or experience to evaluate the actual content of the information. Honest representation consists of three characteristics, which are as follows (Jomaa, 2017: 259)

A-Completeness: Providing all the information necessary for faithful representation, as omission could cause the information to be wrong or misleading and thus not helpful to users of the financial statements.

B-Neutrality: This means that information cannot be determined in favor of one group of interested parties over another.

T - Freedom from error: The element of error-free information will be a more accurate representation of the financial element. However, faithful representation does not mean complete freedom from error because most measures for preparing financial statements include estimates of various types that include management judgment.

As for the secondary qualitative characteristics of the quality of financial reports (Kiso, 2012: 75-76)

1-Comparability: Information that is measured and reported similarly for different banks is considered comparable, and comparison allows users to identify actual similarities and differences in economic events between banks.

2-Understandability: Decision makers differ significantly in their decisions, how they make decisions, the information they already have or can obtain from other sources, and their ability to process the data. For the information to be valid, there must be communication between these users. And the decisions they make. Therefore, understandability is the quality of information that allows users to be familiar with reasonable details and see their importance. Understanding is

enhanced when the information is classified and presented clearly and accurately.

3- Appropriate timing: This means having information available to decision-makers, so they lose their ability to influence decisions. Having relevant information available sooner can enhance their ability to influence decisions. (Al-Hubaiti, 2002: 13)

4- Verifiability: Verification occurs when independent measures are conducted using the same methods to obtain similar results.

**Third: The standards must be provided in the auditor's report to achieve the quality of financial reports.**

The primary responsibility of the impartial auditor is to indicate to external parties whether the financial statements have been presented objectively, truthfully, and fairly or not by including in the audit report the auditor's opinion about the truthfulness and fairness of the presentation of the financial statements. Reports represent an essential aspect in both the external audit and the rest of the operations. The other is authentication, as it informs the beneficiaries of what the auditor has done and the results he has reached (Al-Quraishi 2011: 362).

The report must clarify whether the financial statements were prepared per international standards: This standard requires the auditor to be familiar with all (but not some) of the generally accepted accounting principles, as well as the alternative methods that can be used. The principle includes the text, the rule, and the method of use. (Amin 2012: 90).

The generally accepted accounting principles that are important and influence the auditor's report from the point of view of the first standard for preparing the auditor's report can be classified into three groups, which are as follows:-

**1-General principles**, the most important of which are the principle of accounting entity, continuity, accounting period, and consistency of the measurement entity.

**2-The principles of profit statements**, the most important of which are (the principle of revenue recognition, the principle of matching revenues with expenses, and the principle of separating

extraordinary profits and losses from ordinary profits and losses).

**3-Principles of the statement of financial position** (general budget): (nature and values of assets, nature and values of liabilities and property rights) (Al-Sabban et al. 2012: 86).

**The report must clarify whether these standards were applied during the current period in the same way as they were applied during the previous period.**

The second standard of financial reporting standards indicates the need for the audit report to state whether accounting principles are applied consistently, to confirm that the comparison between financial statements for successive periods is not materially affected by changes in the application of principles or methods, even if this ability to compare is affected. Substantively, such changes would require an appropriate amendment to the audit report (Thomas et al. 2016: 63).

**Financial statements adequately and appropriately express the information they contain unless the report indicates otherwise:**

The third standard of reporting requires that the information contained in the financial statements be in a reasonable manner. The report must include appropriate disclosure of any financial information deemed necessary to ensure the truthfulness and fairness of the presentation if this information was omitted or deleted from the body of the statements or notes attached to them by their preparers. Then, when the reader of the financial statements sees an unqualified audit report, the auditor has reached the conviction that there is no need for more disclosure for the truthfulness and fairness of the presentation of the financial statements (Makhlouf 2007: 29).

The report must include the auditor's opinion on the financial statements. This standard requires the auditor to issue a report stating his neutral, independent technical opinion on the validity of the financial statements. This report shall be free of reservations (usually called a "clean certificate") if he finds that the submitted financial statements comply with all auditing rules. If there is a deficiency in Applying auditing rules, The auditor's report is considered adequate if it explicitly mentions the

shortcomings or the extent of deviation from those rules (Amin 2012: 62).

The researcher believes that, for many users of financial statements, the auditor's report is the only evidence of the audit process being carried out. Therefore, it is very important to prepare this report professionally. Hence, standards have been set for preparing the auditor's report that govern the preparation of his report and determine his responsibility when expressing his opinion about the truthfulness and fairness of the financial statements, as well as deciding The extent to which financial statement preparers adhere to generally accepted accounting principles, the consistency of the application of these principles from one period to another, how the required disclosure of financial statements is made to users, what is the role of the auditor regarding these disclosures and their implications for users, and the relative importance of the information disclosed in the financial statements that may affect users' decisions.

**Fourth: The importance of the auditor's report is based on its relative importance to users of financial reports.**

Relative importance is vital for determining the type of opinion report appropriate for each situation facing the auditor, as the degree of relative importance directly affects the type of opinion expressed in his report. The auditor's decisions related to materiality can be determined according to cases of (non-following accounting principles. The approved basis and the monetary value are compared to a basis based on the basis relied upon by the auditor to determine the monetary value, which is characterized by relative importance and the measurability of material misstatements and errors and the nature of the item. (Al-Quraishi 2011: 83-85).

**Fifth. Indicators of financial reporting quality:**

Financial reporting quality indicators are one of the most critical tools management adopts in analyzing its financial statements to determine the soundness of its financial position and the company's profitability. Among these indicators we find: (Al-Jarbou 2014: 105)

1.Liquidity ratio: means the liquidity present in the company through which it can meet its obligations in the short term.

2.Financial leverage ratio: This ratio indicates the use of debt funds by the company.

3.Activity ratio: measures the extent of efficiency in managing assets.

4.The profitability ratio indicates the company's ability to generate profits through its sales or investments.

5.Growth rate: These are indicators that measure the extent of the company's growth within the framework of the development of the national economy, represented by the growth of national income or the growth of the sector in which the company operates.

Accordingly, the researcher believes that the presence of standards to control the quality of financial reports will have a significant impact on developing and activating the role of regulatory bodies by establishing structures to organize the administrative process and enacting laws that regulate the work of companies and preserve shareholders' rights, as well as clarifying the importance of oversight and the role assigned to the external auditor, with the presence of a regulatory system that shows the need—accountability, which increases confidence.

**The third section:  
the analytical framework**

This section deals with the description and main dimensions of the research, represented by the dimension "The role of the auditor's professional specialization in improving the quality of financial reports:

**Firstly. Analysis of the characteristics of the research community:**

The questionnaire form was distributed electronically in the amount of 130 questionnaires. (122) questionnaires were retrieved if (8) damaged questionnaires were found (due to incomplete answers to all the questions of the questionnaire). The research sample included accountants and auditors working in Iraqi audit offices, which was estimated accordingly. There were 108 questionnaires eligible for analysis, meaning a response rate of (83.08%).

**1-(Gender):** We note from Table (1) that the sample consisted of (66) males, while the sample consisted of (42) females out of the total number of the sample, which was (108) individuals. Which means that audit

offices are keen to build a cadre of males. Because the nature of their work and tasks falls outside the circle by revealing the nature of the companies' work.

**Table (1) Distribution of sample members by (gender)**

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
male	66	61%	61%	61%
feminine	42	39%	39%	100%
the total	108	100%		

Source: Prepared by the researcher based on the results of SPSS statistical analysis

**2-Academic qualification:** Table (2) shows that most of the employees in audit offices are from the category of holders of a high diploma, with (48) individuals, equivalent to (42%) of the total number. This contributes to improving the performance of the audit offices in the research sample.

**Table (3) Distribution of sample members according to (academic qualification).**

Academic achievement	Frequency	Percent	Valid Percent	Cumulative Percent
Technical Diploma	3	3%	3%	3%
Bachelor's	42	39%	39%	42%
Higher Diploma	48	42%	42%	84%
Master's	15	14%	14%	89%
Ph.D	3	2%	2%	100%
the total	108	100%		

Source: Prepared by the researcher based on the results of SPSS statistical analysis

**3-Years of experience (service):** We notice from Table (3) that the employees of the audit offices have experienced greater than (10) years and ranged between (11-15 years), with (28) individuals, equivalent to (26%), and this contributes to Paving the way for this group to deal with crises as they occur.

**Table (3) Distribution of sample members according to (years of experience)**

Years of Experience	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 5 years	23	21%	21%	21%
From 6-10 years	25	23%	23%	44%
From 11-15 years	28	26%	26%	70%
From 16-20 years	19	18%	18%	88%
More than 20 years	13	12%	12%	100%
the total	108	100%		

Source: Prepared by the researcher based on the results of SPSS statistical analysis

**4-Age (in years):** We note from Table (4) that most of the employees in the audit offices are aged between (35 years and less than 45 years), with an amount of (43) individuals, equivalent to (40%) of the age group, which means that the audit offices have Youthful energies capable of performing the most challenging and complex tasks that require double effort.

**Table (4) Distribution of sample members by (age group)**

Age group	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 30 years old	36	33%	33%	33%
35 years and less than 45 years	43	40%	40%	73%
45 years and less than 50 years	22	20%	20%	93%
More than 50 years	7	7%	7%	100%
The total	108	100%	100%	

Source: Prepared by the researcher based on the results of SPSS statistical analysis

**5-Job description:** Table (5) shows the distribution of individuals in the research sample according to job description. Most of the employees in the audit offices are titled accounts manager, with (28) managers, equivalent to (26%). This contributes to improving the research's capabilities to explain aspects of the determinants. In the department in a big way.

**Table (5) Distribution of sample members according to (job description)**

Career Title	Frequency	Percent	Valid Percent	Cumulative Percent
accountant	47	44%	44%	44%
Account Manager	28	26%	26%	70%
Auditor Assistant	6	6%	6%	76%
Internal Auditor	27	24%	24%	100%
the total	108	100%		

Source: Prepared by the researcher based on the results of SPSS statistical analysis.

**Secondly, describe and diagnose the research variables:**

**Independent variable: the professional specialization of the auditor:**

**1- Table (6)** displays the general arithmetic mean, the standard deviation, and the relative importance of the

auditor's professional specialization variable. Through the responses of the research sample members, we note that the general arithmetic mean is (3.93), the standard deviation is (0.49), and the relative importance is (79%).

**Table (6): Description of the professional specialization of the auditor according to frequencies and percentages**

Seq	Professional specialization of the auditor	Arithmetic mean	standard deviation	Relative importance
1	The external auditor ensures that more than one employee is involved in completing a process.	4.18	0.8	84%
2	The external auditor ensures that the same information is obtained from two independent sources in the company.	4.06	0.88	81%
3	The external auditor studies the clarity and documentation of powers and responsibilities.	4.23	0.64	85%
4	The external auditor ensures that each employee is subject to an official who supervises and evaluates his performance.	3.31	1.09	66%
5	The external auditor is interested in understanding the scope and limits of authority and responsibility.	3.86	0.8	77%
6	The external auditor studies the turnover rate of	3.72	0.85	74%



	employees, especially accounting employees.			
7	The external auditor studies the procedures for appointing employees.	4	0.72	80%
8	The external auditor inquires about the honesty and integrity of employees.	3.98	0.67	80%
9	The external auditor studies the risks resulting from implementing the new systems.	3.75	0.91	75%
10	The external auditor studies the risks resulting from changing employees.	4.01	0.86	80%
11	The external auditor studies the risks related to the new business policies.	3.94	0.8	79%
12	The external auditor ensures that procedures are in place to prevent the recording of fictitious transactions.	4.08	0.8	82%
	Professional specialization of the auditor	3.93	0.49	79%

Source: Prepared by the researcher based on the outputs of the program (SPSS.V.27)

2-The dependent variable is the quality of financial reports. Through the responses of the research sample reports: Table (7) displays the general arithmetic mean, the standard deviation, and the relative importance of the variable, the quality of financial reports. Through the responses of the research sample members, we note that the general arithmetic mean is (4.00), the standard deviation is (0.42), and the importance is Relative (80%).

**Table (7): Description and diagnosis of financial reporting quality indicators according to frequencies and percentages**

Seq	Description of financial reporting quality indicators	Arithmetic mean	standard deviation	Relative importance
1	The auditor works to use some consulting expertise to increase the ability of his employees to detect fraud and error.	4.11	0.81	82%
2	Distributing work among the audit team according to their qualifications, previous experience, and personal ability is what enhances their ability to detect fraud and error.	4.19	0.57	84%
3	The availability of sufficient experience among the auditor in the type of sector in which he carries out his activity and the facility being audited helps in detecting cases of fraud and error.	4.2	0.68	84%
4	The auditor works to understand the nature of the facility's work before conducting the audit, which enhances the ability to monitor performance and detect fraud and error.	4.26	0.9	85%
5	Audit quality is represented by the efficient and effective performance of the audit and review process in accordance with auditing standards and the disclosure of errors and violations.	4.04	0.7	81%
6	The auditor or reviewer is committed to the professional standards of auditing and review with the aim of achieving a good level of quality professional performance.	3.79	0.87	76%

7	The financial information and data related to the audit of corporate accounts reflect the true financial conditions of the company.	3.9	0.75	78%
8	Audit quality provides sufficient information when auditing entity accounts to the relevant regulatory authorities.	4	0.75	80%
9	Applying the credibility and suitability of financial statements in companies works to strengthen the relationship and trust between the taxpayer and the financial authority.	3.41	1.11	68%
10	The usefulness of financial reports depends on the reliability of their information content.	4.05	0.54	81%
11	The usefulness of financial reports is affected by the level of accounting disclosure and clarifications included in the financial reports.	4.12	0.82	82%
12	The usefulness of financial reports is affected by the internal audit function performing its work correctly and independently	3.95	0.72	79%
	Indicators of financial reporting quality	4.00	0.42	80%

outputs of the program (SPSS.V.27) Source: Prepared by the researcher based on the

**Third: Testing the research hypotheses:**

1-Analyzing the correlations between the research variables: This axis focuses on testing the first hypothesis that aims to determine the nature and

strength of the correlations between the research variables, represented by the professional specialization of auditors and the quality of financial reports. Table (8) shows the following:

**Table (8) Regression equation: The effect of the auditor's professional specialization on the quality of financial reports**

variable	Quality of financial reports						
	Regression equation	T value	Sig.	F value	Sig.	Coefficient of determination R2	M. T debugger R2
Professional specialization of the auditor	.797	21.331	0.000	455.011	0.000	.811	.809

Source: Prepared by the researcher based on the outputs of the (SPSS.V.27) program.

By relying on the values of the correlation coefficient and testing the significance of the association between these two variables, the following can be analyzed:

**The first hypothesis:** To verify the first loan test to find a correlation between the research variables in Table (8), there is a significant effect of the professional specialization of the auditor on the quality of financial reports, which means that the contribution of employees (the research sample) in improving the skills of their auditor's professional specialization contributes to enhancing Their potential

in the quality of financial reports increased by (0.797), and this came as a result of the increase in the comparison value (T) by (21.331) and (F) by (455.011), which means rejecting the null hypothesis and accepting the alternative hypothesis.

**Conclusions:**

1. There is a strong correlation between increasing the reliability of accounting information provided to external parties and increasing the reliance of Iraqi companies on external auditors who enjoy high professionalism.

2. Professional specialization significantly affects the quality of financial reports.
  3. Iraqi industrial companies focus on improving financial risk management in a way that encourages the professional auditor to provide essential signals regarding financial risk management in Iraqi industrial companies. The auditor also evaluates the effectiveness of the internal control system, analyzes potential risks, and makes recommendations to improve risk management.
  4. The study results showed that workers in Iraqi industrial companies contribute to improving the skills of their auditors' professional specialization, which enhances their capabilities in the quality of financial reports.
  5. The results show that the presence of an effect of the auditor's professional specialization in detecting fraudulent and fraudulent methods contributed to improving the skills of their auditor's professional specialization, which contributes to enhancing their capabilities in detecting fraudulent and fraudulent methods.
4. 3-It is necessary for the auditor to have a deep understanding of the local laws and regulations related to financial reports in Iraq, which requires that he adhere to those laws and regulations in his work and ensure that the financial reports comply with legal requirements.
  5. 4-The auditor must follow and enhance the principles of self-monitoring in his work, which requires evaluating and improving his performance, adhering to quality standards and professional ethics, and developing proactive measures to avoid errors and improve future performance.
  6. 5-The auditor must cooperate with the auditing company and management to achieve best practices and improve the quality of financial reports and financial information provided to investors and other stakeholders.

#### **Recommendations:**

Based on the results of the study, it is recommended to take the following measures to enhance the professional specialization of the auditor by international auditing standards in the quality of financial reports, my agencies:

1. Professional organizations should issue guidelines and standards specific to professional specialization that help organize auditors' work in Iraqi companies and audit offices.
2. 2-The auditor must work independently and unbiased when evaluating and auditing the financial reports of Iraqi industrial companies. This requires that he have the ability to evaluate financial information objectively and accurately, without any external influence that could affect his independence.
3. 2-The auditor must have a deep understanding of international auditing standards and his ability to apply them correctly and effectively in his work. This requires adherence to the directives and requirements specified in these standards to ensure the quality of financial reports.

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