



# THE ROLE OF THE EXTERNAL AUDITOR IN REDUCING THE RISKS OF ELECTRONIC DISCLOSURE OF FINANCIAL REPORTS IN IRAQI COMPANIES / AN APPLIED STUDY IN A SAMPLE OF AUDITING COMPANIES IN BAGHDAD

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<p><b>Received:</b> 7<sup>th</sup> August 2023 <b>Accepted:</b> 7<sup>th</sup> September 2023 <b>Published:</b> 10<sup>th</sup> October 2023</p>	<p>The electronic disclosure of financial reports and statements is a new challenge for the accounting and auditing professions, so the electronic disclosure of financial reports may be accompanied by many problems, including the credibility of these reports, and the confidence of users in what they contain and the accompanying disclosures, so the study addressed the role of the auditor in limiting or minimizing The risks of electronic disclosure of financial reports and by providing the auditor with many confirmatory services that will contribute to reducing the risks of electronic disclosure of electronically published data.Among the most important of these services is what is known as continuous auditing and web trust assurance services, and therefore the role of the auditor is no longer limited to checking reports and financial statements and expressing an opinion but rather provides services represented in confirming whether the information is guaranteed and its quality, in addition to being responsible for providing it to a new category other than contributors.</p>

**Keywords:** external auditor, disclosure, financial reports and statements, risks, electronic disclosure, reducing the risks.

## INTRODUCTION:

Information technology applications in the service of companies have witnessed many developments that keep pace with the continuous development of these technologies. Many companies publish financial and non-financial data and information through their websites. Companies that publish this data and information on the Internet achieve better relations with stakeholders related to the company such as investors, shareholders, suppliers and customers, and reduce the communication costs required to inquire about this information. information and data promptly. This was evident in its early stages through the publication of financial statements depending on limited means of disclosure such as the research program. The published data cannot be linked to other data related to it. However, developments in the means and tools of the global network have provided more advanced and acceptable means of presentation and disclosure to network users and companies at the same time, towards access to the direct financial report in real-time.

## FIRST: SCIENTIFIC RESEARCH METHODS:

**1- Research problem:** The research problem consisted of the main question to know the role of the auditor in reducing the risks of electronic disclosure of financial reports. The research problem also included the following sub-questions:

1. Is there a role for the external auditor through electronic auditing in limiting or minimizing the risks of electronically published financial reports?
2. Does the use of new professional assurance services contribute to limiting or minimizing the risks of electronic disclosure of financial reports?

**2- The importance of the research:** The importance of the research stems from the importance of understanding the challenges resulting from the developments that occur in the business environment in which the external auditor profession operates, which constitute the use of information technologies, including electronic commerce, the development of information technology, and the subject. Electronic disclosure of financial reports, the need to audit



electronic transactions effectively to reduce the trust gap and give high confidence in those transactions, and the importance of developing guidelines to transform the role of the external auditor profession in responding to technological developments and increasing its uses in the business sector by developing new assurance services to ensure information and its quality, which leads to To reduce the risks of electronic disclosure of financial reports.

### **3- Research objectives:**

1. Clarifying the concept of electronic disclosure of financial reports.
2. Statement of the role of the external auditor in reducing the risks of electronic disclosure of financial reports.
3. Identify the most important new assurance services in the field of the external auditor profession.
4. Improving the quality of publishing financial reports electronically.

### **4- Research Hypothesis:**

1. The auditor contributes through electronic auditing to limit or minimise the risks of electronic disclosure of financial reports.
2. The risks of electronic disclosure of financial reports can be reduced through the use of assurance services.

### **The first topic: the electronic disclosure of financial reports**

#### **Second: Electronic Disclosure:**

##### **1-The concept of electronic disclosure**

Electronic disclosure has revolutionized the field of financial transparency for both investors and companies listed in the financial markets compared to traditional media such as the paper annual report, as the Internet allows companies to collect and publish different types of information formats (video, audio, written text, etc.) on websites their web. Accordingly, electronic disclosure provides companies with the opportunity to improve the quality of communication, improve reputation, attract potential investors, and reduce information distribution costs. Gajewski, & LI: 2015:3) In addition, the emergence of the World Wide Web has led companies to reconsider their disclosure strategies because the Web provides much greater flexibility than traditional means of displaying reports, for example, the websites of many Companies have interactive facilities or provide access to video presentations, as well as the web allowing companies to disclose much more information than traditional means (Carmier et al, 2009:2), as electronic disclosure is the result of several technological, economic, political and cultural variables, and perhaps the most

important These variables represented in information and communication technology have greatly contributed to shaping the features of this disclosure, so many companies have realized the necessity of exploiting the technological capabilities of the Internet in the rapid spread of information. (Muhammad, 28:2022) Electronic disclosure is also defined as the electronic distribution, disclosure or disclosure of business report information, where the company establishes one or more websites on the international network of information as a means of rapid transport with the aim of direct and immediate distribution of financial and non-financial information to large sectors and users connected to the network. (conquest,78:2020)

##### **2-The importance of electronic disclosure:**

I think a few members ASAF that advances in technology can lead to more information becoming intrinsic to users, because in their view the ability to effectively consume and understand large amounts of detailed information can make such detailed information useful. Akinwale & Donkersley, 2018: 4)) The importance of electronic disclosure is as follows: (Abbar and Abdullah, 231: 2023)

1. Increasing the effectiveness of corporate disclosure in terms of the amount and ownership of pending information, leads to the need to increase the effectiveness of its decision-making role in these companies.
2. Making accounting information available to a large number of users of accounting information compared to traditional accounting disclosure.
3. Increasing the degree of reliance on financial reports by its users in the process of making financial decisions.
4. The possibility of producing and distributing electronic accounting information at lower costs quickly.
5. Consistency in the preparation of financial reports, is one of the main foundations upon which generally accepted accounting principles are based.

##### **3-Objectives of electronic disclosure:**

Electronic disclosure is characterized by a set of objectives, as follows: (Murdayanti et al, 2021: 2)

1. Providing accurate and timely information about the company's financial performance to various users through the company's website.
2. Accelerating scientific research and development processes in line with the technologies produced by modern technology in the financial field.
3. Deepening e-commerce opportunities.



4. Putting the intellectual production of some countries in the form of electronic containers.

5. Contribute to the design of knowledge and its delivery to any place in the world.

#### **4-Stages of electronic disclosure development:**

The electronic accounting disclosure has gone through several stages, each stage differs from the previous one because it provides a new mechanism to meet the new requirements to increase the understanding and assimilation of information by users and build relational relationships between them to evaluate the status of companies, as there are three stages for the development of electronic disclosure: (Bayoumi,54:2018).

1. The first stage: in which the establishment of websites for companies begins, and in it the use of Internet technologies as one of the means used to publish financial reports. (Despite the advantages enjoyed by this file of high quality in printing and the low cost of its production and display, some drawbacks accompany its use as it takes a long time to convert it and it also lacks the interactive links feature that allows navigation in parts of the report. (Mohsen et al., 2017: 141)

2. The second stage: It is characterized by an increase in the number of companies that have their websites, and this technology has been widely used to publish financial reports that are very similar to financial reports printed on paper. In this stage, the so-called Hypertext Markup programming language appears. "HTML" is the basis for designing websites and interactive texts in coding to display information about the financial positions of companies and this allows the use of interactive links, a feature that is not available in the PDF file, but its role is limited to providing information about how to display the page without providing any information about the content of the data and how Moreover, it does not address the problem of information analysis that the user faces (Benbouali&Berberi. 2018:43-44).

3. The third stage: The amount of financial and non-financial data published on the Internet increased more than the printed financial reports, in addition to the use of advanced methods in presenting this information, as the Extensible Markup Language (XML) appeared during this stage, and the exchange of information on the Internet was accompanied by the emergence of This language interest (Charles), a chartered accountant working in an American company, supported and funded by the American Institute of Certified Public Accountants, to study the possibility of using this language in designing a

program for preparing electronic financial statements, and after several attempts, the Extensible Business Reporting Language (XBRL) appeared, and it is intended for the computer program that It adds an identification card for each part of the information of the electronic financial statements designed using the language of extensible business reports. The user can perform analyzes of the information without returning the information of the financial statements, as is the case in the previous stages. (Wafaa and Hania, 7: 2019).

#### **5-Electronic disclosure risks:**

The development of the use of information technology in the field of electronic disclosure of financial reports involves many risks that affect the level of its effectiveness, which has led to increased interest in providing the means and methods necessary to protect and control them to ensure the quality of the information content disclosed in electronically published financial reports. These threats aim to try Access to confidential information published electronically, as the risks are as follows: (Hassan et al.,9:2018).

1. The existence of a link between the audited and unaudited financial statements through the use of hyperlinks creates loopholes that are used to mislead users of the financial statements.

2. The continuous updating of the company's information on the site at any time affects the user's confidence in the auditor's report.

3. Publishing the financial statements without attaching the auditor's report, as some companies publish their complete financial statements on the Internet, but without attaching the auditor's report.

4. Risks related to committing fraud or manipulation, which means exposing electronic accounting information systems to the risks of modifying, erasing, stealing, damaging or disrupting the work of information systems without leaving a tangible trace that can be traced.

5. The problem of Internet hackers, through the use of specialized programs to discover weaknesses and strengths in the device or the information network that we connect with to manipulate and distort information in line with their benefits.

#### **6-The role of the external auditor in reducing the risks of electronic disclosure:**

The main tasks of the electronic audit performed by the auditor concerning the process of reducing the risks of electronic disclosure of financial reports are as follows: (Brahimi and Buraq,789:2019)

**A.** Identify the nature of the customer's activity.



- B.** Knowing the customer's control environment.
- C.** Appoint auditors at the moment they review the risks.
- D.** Determine the level of qualification and competence of workers.
- E.** Familiarize yourself with the company's policies and objectives.
- F.** Identify the used electronic systems and their efficiency.

#### **7-Services to provide confidence in published financial statements:**

The development of technologies and information has led to an increase in the volume of information that must be processed and stored, and the system has progressed significantly, which shows obstacles in the process of controlling and controlling it, and information technology applications have spread in various fields and at all levels, therefore, companies want to acquire and implement the latest electronic systems and programs As a basic motive for using the computer and performing many accounting tasks and functions faster and more accurately, but on the other hand, this tremendous progress may carry, in many of its importance, risks related to the security and integration of electronic accounting systems. (Menna and et al, 2017: 239)In recent years, many companies have begun to publish their financial statements and statements on their websites on the World Wide Web, and the reason for this may be due to several reasons that the company believes are working to increase the confidence of users in the company, as the user of the financial statements does not guarantee that those lists published on the Internet sites It is the same as approved by the auditor, and since the company's management may display additional data, but it is unofficial and not attached, and has no credibility from the user's point of view because it is difficult for him to determine its validity, and therefore there are some problems about the credibility of the data on the Internet, perhaps the most important of which are: (Hana(.2022:37).

1. Some companies publish financial statements that are subject to examination and not prepared according to accounting standards.
2. Linking audited and unaudited financial statements, leads to confusion for the user of those lists.
3. Some companies display partial or summary data, which may lead to information users misunderstanding the company's financial position, and thus not informing them of the details of the financial statements.

4. Some companies reformulate their financial statements in a way that may change the message they want to deliver to investors and stakeholders.

5. Displaying optional data outside the scope of the financial statements prepared following generally accepted accounting principles.

Most of the time, this data is not truthful and biased in favour of the company, and attempts have been made by researchers and accounting bodies to overcome the problems of credibility of data published on the Internet. Among the most important of these proposed procedures to give credibility to the data are the following: (Unique,2022:445).

**a-**Companies place electronic banners to inform the user when moving from audited financial statements to unaudited financial statements and exiting the intersection of financial statements.

**b-**Putting phrases describing the format used in presenting information and indicating how to update it.

Some companies have added smart programs to the company website that enable the user to obtain accurate and appropriate information for him.

**d-**Some companies used control methods for information security, protecting the auditor's estimation, and monitoring the company's website periodically the auditor to ensure credibility.

**e-**Some companies used control methods for information security, protecting the auditor's estimation, and monitoring the company's website periodically the auditor to ensure credibility.

#### **8-Features and contents of the external auditor's report on the electronic audit work: (Al-Dalabih2018:10).**

1. If the auditor finds that the disclosed financial information and records of financial transactions are free from material errors, he will authorize the serviced company to show the certificate seal on the audited company's website and provide a sincere opinion.

2. If a material misrepresentation is found in the disclosed information and transaction history, it will modify its opinion by giving a qualified or negative opinion according to its professional judgment and material reasons for identification, and the Company will not be given the seal of approval on its website.

3. If the administration imposes restrictions on his work or loses his independence, he refrains from expressing his opinion, and of course, he has the right to put the seal of continuous approval on the company's websites.





4. The need for auditors to contribute to the development of principles and standards by participating in the establishment of a solid infrastructure for communications through electronic data interchange.

5. The need to develop external auditor methods in general and electronic auditing, in particular, to keep pace with the rapid developments in information and communication technology.

As one study concluded (Dan et al, 2016:264) indicated that the external auditor's report on electronic auditing and trust services leads to a fundamental improvement in the decision-making process, because the issuance of this report immediately after the occurrence of events or shortly after the occurrence of events is reflected in the relevance of information and the possibility of reliability She has to make decisions at the right time. Others add (Sebastian et al, 2018:901) that the value and quality of electronic audit arise in satisfying

the desires and expectations of users of electronically published financial and non-financial data, that the auditor discovers any errors, fraud, manipulation, misrepresentation, or financial. And administrative or technological deception, verifying the accuracy and integrity of published information, and minimizing the risks of electronically published information, in addition to the quality of the facility review.

**9-The auditor's role in giving confidence to the electronically published financial statements through electronic assurance services:**

**The concept of electronic confirmation:**

The "electronic confirmation" refers to the use, in the audit procedures carried out by the auditors, of the confirmation requests sent, or the responses to these requests that were obtained, through electronic means or electronic processes. The following are the advantages of electronic confirmation for the auditor and the companies according to the table 1 :

**Schedule (1) Advantages of using electronic confirmation services**

<b>T</b>	<b>Advantages of electronic confirmation for the auditor</b>	<b>Advantages of electronic confirmation for companies</b>
1	Increase efficiency and accuracy in work	Easier and faster completion of operational tasks remotely
2	Reduce completion time	Reducing time and effort in the process of submitting and receiving confirmation forms
3	Reducing human errors and the use of paper resources	Increasing the effectiveness of electronic disclosure through accurate completion of tasks

Source: (The Japanese Institute of Certified Public Accountants, 2021: 2)

**Electronic confirmation services:-**

**1. Website Confirmation Service:** The website trust assurance service is defined as an organized process for collecting and evaluating evidence of management claims regarding the company's website to test the compatibility of these claims with the web site's trust standards and reporting the results to the stakeholders of the website, especially the management and ministers of the website itself. The evidence collected by the auditor about the validity of the management's claims and the extent to which they meet the standards of confidence in the site is the basis on which the technician's opinion is built on the one hand and the seal of confidence is granted on the other hand. another hand. Accordingly, the test area in this service is the administration's claims about the confidence in what it reveals on its site, and most of

these claims focus mainly on: (Steven and Joan, 2016:70)

**A-**Providing appropriate and reliable information to serve the purchase decision-maker through the facility's website.

**B-**The standard used in evaluating and verifying the credibility of management claims is professional principles and standards.

**C-**The outputs of this service are represented in the auditor's report submitted to the facility management.

**D-**The subject of professional guarantee and confidence in the location of the facility and not the quality of goods and services.

**2. Electronic Information Systems Credibility Confirmation Service:** It is an independent professional service that collects and evaluates evidence of management claims regarding the credibility of its



electronic information system to verify the compatibility of these claims with professional standards and communicate the results to the beneficiaries. This service has the following characteristics: (John et al, 2019:52).

**A-**It aims to provide appropriate and reliable information about the reliability of the electronic information systems used in the facility to serve the beneficiary parties represented by the internal and external decision-makers who rely on that information in the decision-making process.

**B-**It is based on examining all or some of the electronic information systems used in the facility based on the assignment of the management.

**C-**The subject matter subject to professional assurance is management's claims regarding the reliability of its electronic information systems, and these claims are examined and evaluated following the principles and standards of trust and reliability of systems issued by professional organizations.

**3.** Confirmation of future financial information service: This service is defined following International Insurance Standards (3400) as a professional service based on examining future financial information and the assumptions on which it is based by collecting sufficient and appropriate evidence to assess the reasonableness of the assumptions and the adequacy of their disclosure, and the integrity of preparing and presenting the information prospects based on those assumptions, and using the same accounting principles used in the preparation of the financial statements, to increase the reliability of that information. This service has the following characteristics: (Riadh et al, 2020: 3).

**A-**It aims to increase the reliability of future financial information and enhance confidence in it by future recipients.

**B-**Completed by performing an audit, the auditor, in carrying out the procedures, shall collect sufficient and appropriate evidence.

Since the future financial information is linked to future events and situations, the evidence that the external auditor may obtain regarding the assumptions on which that information is based is in itself related to the future, which makes the external auditor's opinion limited to the appropriateness and reasonableness of the assumptions and the fairness of disclosure and financial information without including the opinion About whether the results will be reflected in future financial information that will be met.

**4.** Continuous audit: Continuous audit is defined as a method that enables the auditor to provide written

confirmation of opinion on the subject matter of the external auditor that falls under the responsibility of the company's management, and confirms various forms of external auditor's reports to shareholders, management and potential. clients, immediately or shortly after the occurrence of events relating to the subject matter of the external auditor. A group of external auditors reports issued simultaneously or within a short time after the occurrence of events related to these issues or allegations, and this means that the continuous external auditor is interested in confirming the financial and non-financial information of the client. A website in a contemporary time for the occurrence of operations and continuously (Dereck, 2019:45).

A continuous audit is also defined as "a methodology that enables independent auditors to assure management in the form of an audit report about matters as they occur, which are primarily the direct responsibility of management to take care of" and is described as the method used by the auditor to perform activities related to the external auditor's process on an ongoing basis, which It includes a series of activities to ensure continuous assessment of risk control. (Theodore and Rosaline, 2023: 2).

The following is a summary of the performance aspects that the auditor performs to prevent the assurance report: (Taslina and Fengju, 2020: 3).

1. The auditor shall not grant confidence seals or a report granting confidence in websites on the information network unless the validity period is at least two months before auditing the websites.

2. The auditor must make sure, through the performance of his profession, that the company that owns the website follows an effective and sound control system, and he can ensure that its dealings on its websites are carried out according to what was revealed on those websites.

3. Work on evaluating the control system and information protection and security.

4. The need to include the auditor's planning to manage his profession to ensure that the company that owns the sites meets all the standards and principles set by the professional bodies.

5. The auditor makes sure that the company announces to the users of its websites the aspects related to the seal of confidence.

#### **10-Auditor responsibilities under information technology**

**A-**The responsibility of the auditor in the use of the computer: The responsibility of the auditor in the light of the use of the computer in the accounting



processing of data includes all aspects related to this processing in terms of stages, programs and various parties that have a direct impact on the electronic processing of data. The audit responsibility can be addressed in the light of automated data processing: (Rita et al, 2020: 12).

1. The auditor shall be responsible for testing the electronic accounting data processing systems.
2. The auditor must inform the management of the facility of any major weaknesses in the internal control system during the examination of the financial reports, which were not addressed before examining them.
3. The auditor must analyze the internal control system by using the method of analyzing risks and potential losses, and the decision is taken regarding the necessity of establishing preventive control methods for each type of risk, which is represented in the following:

- Errors of staff and programmers (program creator, hardware operator, system user).
- Hardware and software malfunctions (software, maintenance, hardware).
- Fraud and manipulation (embezzlement, confiscation of files, espionage, software modification).
- Fire and approved vandalism.

As the auditor's responsibility towards computer programs and hardware is to verify the existence of appropriate procedures for approving and modifying programs, and to ensure that the accounting body's employees follow these procedures during the processing of accounting data according to the following steps: Yasser and Manaf, (2020:52)

- Be sure to confirm all program modifications on the program modification request form.
- Ensure that the cost of programs is calculated accurately and that high-cost modifications are approved by a specialized committee.
- Ensure that both software developers and users of the computer system adopt the Software Specification Model, which is a license to make or modify software.
- Comparison of modifications in the program with the program used in data processing and the computer software library.
- Ensure that the documentation for the program is consistent with the documentation for setting up or modifying the software.
- Reviewing the tasks of the person in charge of the computer library, especially those related to documentation of documents for program modification requests.

The external auditor's taking of these steps or procedures is considered a kind of preventive control to ensure appropriate control methods at this stage of processing the accounting data electronically.

- **Computer-aided external auditor methods**

2. Description of Computer-Aided External Auditor Methods: Two types of computer-aided external auditor methods will be discussed, as they are among the most common types of computer-aided external auditor methods: (Ahmad et al, 2019: 3)

- **Software Audit:** Software audits are automated programs that the auditor uses as part of his or her external auditor's procedures, to process data of particular interest to the audit within an organization's accounting system. In general, they can be classified into three types:

1- Integrated programs: They are computer programs with a general form designed to carry out data processing tasks as desired by the auditor, as many external auditor offices and large auditing offices prepare general programs to be used in the case of the client who uses the computer.

Among the most basic capabilities provided by these programs to assist the external auditor in the external auditor process are the following:

- Accessing information files, searching for and extracting data.
- Find solutions to mathematical problems.
- Perform logical tests.
- Produce specific reports requested by the auditor.
- Determine the random sample size and assist in the use of statistical samples by external auditors.

- Programs prepared for specific purposes: They are computer programs designed to carry out audit work in certain circumstances, and the auditor can prepare these programs, or the establishment may prepare them, or seek the assistance of an external programmer appointed by the auditor for that.

Utilities: The organization uses these programs to perform general data processing tasks such as sorting, events, and data printing.

- **Test data used for external auditor purposes:** Test data is used to perform the auditor's external procedures by entering data (such as a sample of operations) into a computer system, and comparing the results obtained with predetermined correct and incorrect results.



2. Considerations when using computer-assisted external auditor methods When planning the audit, the auditor should consider using an appropriate combination of manual techniques and computer-assisted external auditor methods, and when the external auditor decides whether to use computer-assisted external auditor methods, it must take into account the following factors: (Ibrahim, 250: 2016)

- Knowledge and experience of computer auditors.
- Availability of computer-assisted external auditor methods and appropriate computer peripherals.
- The practical ineffectiveness of manual tests.
- Effectiveness and efficiency.
- Timing.

**Third: the practical side:**

auditing companies are operating in Baghdad, according to the bulletin prepared by the Council of Profession and Monitoring Auditing for the year 2023. 11 of them were visited and the questionnaire was sent via e-mail to other offices. In addition, the Iraq Stock Exchange was visited and the laws and instructions that regulate its work and mechanisms were reviewed. required to register companies, and the standards, laws, and instructions that follow, and the meeting took place with professors of the College

of Administration and Economics at the University of Baghdad, Kufa, Al-Mustansiriya, Qadisiyah, Babel, Wasit University, and the Higher Institute for Financial and Accounting Studies at the University of Baghdad and the Arab Institute, and the questionnaire was delivered to the professors in these colleges via official e-mail or other means Other social communication.

**1-Analysis of the questionnaire axes :**

A questionnaire was distributed to a group of auditing companies in Baghdad, employees of the Iraq Stock Exchange, to professors of the accounting department in the aforementioned Iraqi universities, and (143) questionnaires were distributed, answers were obtained for (118) questionnaires, and (21) were excluded. Form, the distributed questionnaire included chairmen of the board of directors, members of the board, workers in Iraqi industrial companies, workers in auditors' offices in Baghdad, workers in the Iraq Stock Exchange, according to the responsibilities and powers assigned to them, and elite accounting professors in Iraqi universities.

The answers to the questionnaire axes were analyzed using the statistical program (SPSS), the mean and standard deviation were extracted, and the results shown in the table below were obtained.

**A table showing the arithmetic means and standard deviation of the questions directed to the study sample**

<b>The first axis:</b>		
question number	Arithmetic mean mean	standard deviations. Deviation
1	3,732	0.873
2	3,849	0.923
3	3,673	0.956
4	3,904	0.936
5	4,024	0.961
6	3,951	0.805
7	3,781	0.962
<b>The second axis:</b>		
question number	Arithmetic mean mean	standard deviations. Deviation
1	4,098	0.969
2	3,854	0.085
3	3,927	0.958
4	3,951	0.947
5	3,844	0.969
6	4,122	0.872
7	3,781	0.884





**Table (2) prepared by the researcher based on the outputs of the program (SPSS) on the computer**

**1-View search results:**

From the above table, we notice that the answers of the research sample are generally positive about all the research questions and for the two axes because most of its arithmetic averages are greater than the average of the measurement tool, which is (3). In the first axis, it formed the highest percentage (4.104). Electronic disclosure through the experiences it possesses, had an effective role in reducing the risks of financial reports for current and prospective users of information, while the lowest percentage was (3.673). He preached the financial reports., while the rest of the circles were graded according to their importance. As for the second axis, it constituted the highest percentage (4.122). The external auditor can gain the confidence of information users and overcome the

risks of electronic disclosure of information if it is characterized by a set of characteristics such as integrity, integrity, and the rest of the characteristics identified by professional organizations, while the lowest percentage came (3.781). The confidence of users of financial reports The electronic information published at present comes from their confidence in the auditing companies and the trained and qualified cadres they possess and have knowledge of information technology, while the rest of the circles are graded according to their importance.

**1-Hypothesis testing:**

**First hypothesis:** There is no statistically significant relationship between the role of the external auditor in reducing the risks of electronic disclosure of financial reports and the value of the company.

**Table of results of the first hypothesis test**

Calculated	t tabular	Sig (alpha)	hypothesis result
5.65	3.16	0.00	to reject

**Table (3) prepared by the researcher based on computer outputs**

The researcher used a testThe statistical t-Test on the set of questions related to the first hypothesis, represented by the questions (the first axis), after which the researcher found that the value of (calculated T = 5.65), which is greater than the tabular t-value, as well as the value of (Sig alpha), is less than (0.05).

Depending on these results and based on the decision rule, the null hypothesis adopted in the first hypothesis will be rejected and the alternative hypothesis

accepted, i.e. there is a statistically significant relationship between the role of the external auditor in reducing the risks of electronic disclosure of financial reports and the value of the company.

**The second hypothesis:**

There is no statistically significant relationship between the external auditor's procedures for auditing the risks of electronic disclosure of financial reports and the trust of external users of these reports.

**Table of results of the second hypothesis test**

T calculated	Tabular T	Sig (alpha)	hypothesis result
6.14	3.36	0.00	to reject

**Table (4) prepared by the researcher based on computer output**

And through the set of questions related to the second hypothesis, represented by the questions of (the second axis), we find that the value of (The calculated t = 6.14), which is greater than its tabular value (tabular t), and the value of (alpha) is less than (0.05). Depending on these results and based on the decision rule, the null hypothesis will be rejected and the alternative hypothesis will be accepted. This means that there is a statistically significant relationship between the risks of electronic disclosure of financial reports and the confidence of the users of these reports.

**FOURTH: FUNDING AND RECOMMENDATIONS**

**A - Funding:**

- 1- The electronic disclosure of financial reports is one of the methods of accounting disclosure that relies on the possibility of benefiting from the means of modern communication technologies in communicating the results of the work carried out by companies to meet the needs of accounting users. Lists and reports of data and accounting information.
2. The dissemination of accounting information via the Internet achieves many benefits, the most important



of which is a means of communicating with an infinite number of users of accounting information, reducing the costs of disseminating information, as well as facilitating the storage, preservation and retrieval process. Information and its analysis by decision-makers.

3. The use of the Internet in accounting information systems can lead to a set of benefits in the field of accounting disclosure, especially through the possibility of providing a set of qualitative characteristics that require availability in accounting information.

4. Confirmation by the auditor means confidence in the system for each of the management, customers, suppliers, owners, government agencies and other interested parties that the electronic information system is reliable and valid, and includes all control methods that ensure that each data is transmitted accurately and achieves comprehensiveness assurance, and is also subject to examination. It is modified to receive it in real-time, and includes all the methods that help in detecting errors in real-time.

5. Assurance services are an addition to the new services for auditors represented in ensuring information and its quality. Moreover, the auditor became responsible for providing this service to a new category other than shareholders.

6. New professional assurance services have been developed to reduce the trust gap in the e-commerce environment or the availability of services known as continuous auditing and trust assurance services in Web Trust sites or the Sys Trust system.

#### **B- Recommendations:**

1. Professional organizations and international accounting bodies and external auditors must reconsider the standards of accounting and external auditors and expedite the issuance of standards for accounting practices and external auditors in the light of electronic disclosure of financial reports and determine their suitability for technical developments facing the external auditor. Able to audit information in the light of the modern environment.

2. Paying attention to providing effective electronic control over financial reports published electronically.

3. Implementation of the regulations and laws regulating the process of electronic disclosure of electronic information published electronically.

4. The need to provide technical competence and the necessary knowledge for those in charge of the electronic external auditor, which helps reduce the risks of electronic disclosure.

5. The company that uses the international information network is required to redesign the internal control systems to increase the ability to narrow the scope and loopholes of financial fraud so that the internal control system becomes able to protect the company from external intrusions.

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Appendix

T	paragraphs	Strongly Agree	OK	neutral	not agree	Strongly Disagree
The first axis: is related to auditors' offices						
1	There are mechanisms and guidelines prepared by the regulatory authorities and other parties that contribute to assisting the external auditor in the process of identifying the risks of electronic disclosure.					
2	The risks of electronic disclosure facing the external auditor in light of the spread of information and communication technology and a large number of preparers and users can be reduced or preserved if the company has a good internal audit and through the keenness of the company's management to provide all the necessary information to the external auditor.					
3	One of the most important duties of the auditor in light of information and communication technology is to define access points for the people who are allowed to publish financial reports.					
4	The external auditor plays an important role in reducing the risks of electronic disclosure through the experiences he possesses, which have had an effective role in reducing the risks of financial reports for current and prospective users of information.					
5	The existence of a good internal control system contributes to reducing the risks of electronic disclosure and will help the external auditor in understanding the risks that the company faces when making electronic disclosure.					
6	The spread of information and communication technology and its widespread use of it has become for electronic reports an effective and necessary role for the company to ensure its continuity in the competitive market and access to capital, so understanding the audit risks, not only external but also internal risks, is important for the external auditor.					
7	Inherited risks are considered one of the most important risks facing electronic financial reporting disclosures at present.					
The second axis / and users of this information and the regulatory authorities operating in the Iraq Stock Exchange						
1	The auditor must have the skills and experience in the field of electronic programs and how to prepare, plan and work on them to be able to review reports and understand the risks facing users.					
2	Users' confidence in the published reports depends on the degree of their knowledge of the competence and experience possessed by the authors					



	of these reports, as well as on their confidence in the protection measures taken by companies to ensure the security of their information from theft, fraud and kidnapping.					
3	The existence of deterrent penalties imposed by regulators, financial markets and the state on perpetrators of electronic fraud errors, whether for users or preparers, limits the risks of fraud in electronic disclosure.					
4	The existence of an effective system of internal control depends on the support of the Board of Directors first, and adherence to the control guidelines set by the supreme control authorities second, and this can contribute to reducing the risks of electronic disclosure of the information provided.					
5	The participation of accountants and auditors in the preparation of electronic programs and good training on them, as well as their knowledge of good protection methods, will contribute effectively to reducing the risks of penetration of these programs, and thus reduce the risks of electronic disclosure.					
6	The external auditor can gain the confidence of information users and overcome the risks of electronic disclosure of information if he is characterized by a set of characteristics such as integrity, integrity and the rest of the characteristics identified by professional organizations.					
7	The confidence of users of electronic financial reports in information published at present stems from their confidence in auditing firms and their trained and qualified cadres and their knowledge of the risks of information and communication technology.					