



REFLECTION OF THE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS IN THE AUDIT EVIDENCE METHODOLOGY

Amna laith hazim

amnalaith96@gmail.com

College of Administration and Economics, Al-Iraqia University

Asst. Prof.dr. Iman Shakir mohammed

iman.alridha@aliraqia.edu.iq

College of Administration and Economics, Al-Iraqia University

Article history:	Abstract:
<p>Received: January 2nd 2022 Accepted: February 2nd 2022 Published: March 8th 2022</p>	<p>This research aims to demonstrate the reflection of the adoption of international financial reporting standards on the methodology of evidence in external auditing and to clarify the role played by the external auditor by collecting and evaluating evidence in terms of quantity and quality in accordance with international financial reporting standards to express a technical and neutral opinion on the financial statements. The adoption of international financial reporting standards in the methodology of proof in auditing, through an exploratory study of the opinions of a sample of academics and professionals, and the research problem represents what is the impact of the adoption of financial reporting standards IFRS on the evidence methodology in external audit, and does the evidence differ in light of the adoption of international financial reporting standards IFRS . Where the research was based on the following basic hypothesis: There is no significant relationship between the adoption of international financial reporting standards and the methodology of evidence in the external audit. From which the following sub-hypothesis: First sub-hypothesis: there is no significant relationship between the adoption of international financial reporting standards and the evidence methodology. In the external audit. And the second sub-hypothesis: There is no significant effect relationship between the adoption of international financial reporting standards and the methodology of evidence in the external audit.</p>

Keywords: international financial reporting standards, Evidence methodology.

INTRODUCTION

There is no doubt that the development of auditing has developed remarkably and has transcended the perimeter of one country to reach the international and global environment, and the financial services provided by auditors have become multinational and on the same level, as the audit profession has been affected by the globalization of the economy and capital markets and the accession of states to The World Trade Organization and the International Monetary Fund, so it was necessary to search for ways to improve the professional services provided by the auditors, and this will only come by adopting standards of a high degree of quality. Therefore, the entire audit process is primarily a search for evidence to enable the auditor to formulate A certain opinion, and in the framework of the external audit, the opinion is formed from a whole series of conclusions that are reached by seeking to achieve the main audit objectives in verifying the accuracy and reliability of accounting records and

compliance with accounting standards and financial reporting standards, and then arriving at an opinion on the fairness of the statements Therefore, the collapse of companies and the subsequent financial crises at the level of countries and the world led to the question about the appropriateness of And the possibility of relying on the current reporting forms, in particular the annual financial reports that contain accounting information that reflects the company's activity that can be relied upon, and to protect the various stakeholders, auditors are required to rely on financial statements prepared in accordance with international accounting and reporting standards when determining the validity of the audited financial statements.

Where the importance of this study stems from the importance of adopting international financial reporting standards and their implications for the evidence methodology in auditing and working to evaluate and develop the audit profession in Iraq by raising the efficiency and skill of the auditor in obtaining evidence



for evaluation and use in expressing an opinion in light of the adoption of international financial reporting standards

LITERATURE REVIEW

The emergence and development of international accounting standards:

Accounting - as a language for business - has been affected by developments in the surrounding environmental conditions, so its methods, principles and benefits have evolved in response to those developments that resulted in the multiplicity of alternatives to accounting treatments, and no agreement was reached on the preference of a specific alternative for each accounting treatment, and this in turn led to inaccurate comparison between financial results. For companies, as well as the possibility of providing data that may not give an accurate picture of the financial position and the result accounts as a result of this multiplicity on the one hand, and the discrepancy in the capabilities of accountants and the conflict of interests of the beneficiaries of accounting information on the other hand. The local (Manea, 41: 2009). What will be followed by a change in the information needs of users, that the information is sound, useful and transparent must be reflected in the expansion of the framework of the objectives of financial reporting and the characteristics of the information it contains, which must be reflected in the end in the form of a change in accounting principles. The generally accepted accounting principles, despite their comprehensiveness, do not represent fixed laws, but rather they change and evolve in response to changes in the economic environment and changes in the needs of users (Hadi, 341: 2017).

The first attempts to develop accounting standards at the international level date back to the beginning of the twentieth century, when the first accounting conference was held under the auspices of the Federation of Chartered Accountants Societies in 1904 in St. Louis, Missouri, in the United States of America. In that conference about the possibility of unifying accounting laws between countries, then conferences were held in each of: Amsterdam in 1926, New York in 1929, London in 1933, Berlin in 1938, London in 1952, Amsterdam in 1957, New York in 1962, and Paris in 1967 and 1972, Federal Germany in 1977, Mexico in 1982, Tokyo in 1987, the United States in 1992, Paris in 1997, Hong Kong in 2002, Istanbul in 2006. Trade unions, associations, international organizations and government agencies announced the formation of several organizations aimed at setting international standards and creating the necessary climate for the application of these standards, and the most important

of these organizations is the International Federation of Accountants. Then, the International Auditing Practice Committee and the International Accounting Standards Committee that evolved into the International Financial Reporting Standards Foundation (Al-Qadi and Hamdan, 2011: 104-111).

International Financial Reporting Standards (IFRSs):

Many accounting writers have developed a definition of the accounting standard, some of them define it as: a set of generally accepted laws, rules and principles issued by a specialized accounting body or a governmental organization that contributes to explaining the aspects of recognition, processing and disclosure of financial transactions in order to provide financial information for the preparation of financial statements, and annual reports (Phang, 2015:10). The International Financial Reporting Standards (IFRS) is defined as an integrated set of standards that guide companies when measuring, recognizing and reporting financial transactions carried out by those companies. Efforts have begun to harmonize accounting standards in order to reach To an integrated set of standards that can be applied on an international scale in 1973 with the establishment of the International Accounting Standards Committee (Zakri, Maarouf, 328: 2018). Pacter mentioned the International Financial Reporting Standards, which are a set of globally recognized standards for the preparation of financial statements by commercial companies. Those standards stipulate: the items that should be recognized as assets, liabilities, income and expense, how those items are measured, how they are presented in a set of financial statements, and disclosures. The relevant articles on those items (Pacter, 2014: 16). As the adoption and adoption of international financial reporting standards is important because it is the global reporting format, the term IFRS is taken in its narrow and broad sense, as a narrow or precise concept is a numbering. The international accounting standards are new to distinguish them from each other, and the broad comprehensive concept is considered an evolution and an extension of the content and content of what has been issued and issued by international accounting standards (Al-Shujairi, 2020: 234/235). Alibhai defines them as Accounting Rules (Standards) issued by the International Accounting Standards Board (IASB) which is an independent organization based in London, United Kingdom to carry out a global mission, and it claims to be a set of rules ideally applicable to financial reporting by public companies around the world. Which is the basis for expressing the opinion of the professional auditor (Alibhai, et al, 2019:12).



THE NEED FOR IFRS

There are a range of reasons why countries have adopted IFRS. For some, demand has been driven primarily by the needs of large corporations seeking access to international public equity markets, and major financial intermediaries seeking global investment opportunities (Brown, 2011:271). And that the main reason for the need for international financial reporting standards is the openness of international financial markets to investors from foreign countries, followed by diversification of their investment portfolios and their need for financial reports of an international nature that help them understand those reports when investing, another reason is the development of global communication systems and information technology that created New investment opportunities outside the local domain (Gupta, et.al, 2017:324).

The interest of countries, including developing countries, including Arab countries, with accounting standards has become great, as there are motives for countries to keep pace with the world, and respond to effective international changes: (Shehata, 25: 2019/28).

1. The spread of multinational companies.
2. The different countries in the accounting methods and the preparation of financial statements.
3. Contemporary accounting problems.
4. Globalization of capital markets.
5. The interest of economic organizations in international accounting standards.
6. The endeavor of developing countries towards openness to world markets.

All of this required the presence of some kind of standards that help narrow the areas of diversity and differences in the accounting treatments used that help in achieving comparison between the financial reports of local and international companies in a way that leads to investors' confidence in the credibility of those reports. Applying it to the international store (Al-Shammari, Al-Muaini, 60: 2014).

The relationship between International Auditing Standards (ISA) and International Financial Reporting Standards (IFRS).

There is a close relationship between accounting and auditing. The procedures are analytical, while accounting is structural, as the accountant extracts financial data from all the objective documents available to him, then records them in the primary books and records (diaries) and then classifies them in the final entry records (the ledger). He verifies the correctness of what he has done - by preparing a trial balance, for example - he presents the accounting information in accounts and lists that are prepared in order to achieve different purposes (the final account and the budget for

example), and in this he starts work from its foundation that no one has preceded it, which made us describe the accounting as structural (Abu Haiba, 14:2011). While the auditor examines and studies what the accountant has done, he does not create anything new, but rather analyzes and examines what he has done. The work of the auditor begins when the accountant's work is finished, but both of them are concerned with the economic event. By examining these financial statements and verifying their accounting accuracy in order to express a neutral technical opinion, reversing the truthfulness and fairness of these financial statements, and accordingly, the auditor must have good knowledge of accounting standards because they are one of the requirements for practicing the profession (Al-Tai, 2020: 7).

The interrelationship between international accounting standards and international auditing standards is crystallized in multiple axes, we mention, for example, the following (Bahaa El-Din, 2015: 62_63)

- International Auditing Standard No. 570 related to continuity is linked to IAS 01 for disclosing accounting policies, as it states that going concern is one of the basic assumptions upon which the financial statements are built, and continuity is defined in this standard "the institution is usually seen as continuing in its activity In the future, and therefore it is assumed that there is no intention to liquidate or reduce the size of its operations basically." This is related to the third paragraph of International Auditing Standard No. 200, the objective and scope of the audit of financial statements, which states "While the auditor's opinion gives confidence to the financial statements, the auditor must Users of these lists should not assume that this opinion is a confirmation of the continuity of the institution.
- International Auditing Standard 700, which requires that the auditor expressly express his opinion in a separate paragraph in which he indicates whether the financial statements as a whole show fairly the financial position of the institution as well as the results and uses of funds during a certain period. This standard is linked to two international accounting standards, the first of which The thirteenth criterion related to the method of presenting current assets and liabilities, and the second, the fifth criterion, which relates to the information to be disclosed in the financial statements and the statement of the minimum necessary and included in the balance sheet, the income statement, notes, other data and



explanatory information that is an integral part of the financial statements.

- International Auditing Standard 560 relating to possible and subsequent events at the balance sheet date is linked to IAS 10, where this standard states the necessity of disclosing the events subsequent to the balance sheet date that relate to situations and conditions that arose after that date, if their omission affects the preparation of a decision or a decision. The audit standard clarifies the auditor's responsibilities towards events that occur after the budget date and the procedures he must perform.

Therefore, it can be said that there is a strong interconnected relationship between auditing and accounting, since the main objective of each of them is to provide support and assistance to users of accounting information through audit reports and financial statements submitted to users in order to make sound and appropriate decisions.

EVIDENCE METHODOLOGY

Provides the auditor with a roadmap or detailed blueprint for carrying out the process carefully in order to achieve the desired outcome. Although any process will lead to a result, a process with a detailed methodology that supports it will produce a valuable result. All too often, more time is wasted correcting problems and filling in gaps in a process that was not thought through from the start (Mainardi:2011, 27). There is a framework within which auditors can exercise their own judgment, and there are professional standards that they must consider when arriving To their opinions, there must be a basis for examining the evidence against some criteria, evaluating them, and deciding the conclusions that can be drawn from them.

The effect of the evidence on the auditor's mind is what is important, and whether this evidence takes the auditor to a sufficient state of confidence about the issues that must be taken into account so that the report conveys the benefit that the audit aims to achieve. Therefore, anything that has an impact on the evidentiary issue that can have an impact on the auditor's mind in terms of its evidentiary quality must be considered (Flint, 1988:107).

Mautz and Sharaf (1961) recognized the important role of philosophy in shaping the methodology of proof and introducing the concept of assertions by establishing definitions of auditing, auditing beliefs, and justified assertions. The authors (Mautz, Sharaf) developed the audit methodology to deal with real problems and issues with the following steps: (Mautz, Saraf, 1961:27)

1. Defining (accepting) the problem (the need to audit)
2. Note the facts related to the problem
3. Detailing the complex problem into partial problems
4. Determine the evidence related to each partial problem
5. Selecting the audit method that can be used and developing appropriate procedures
6. Implementation of the audacity to obtain evidence.
7. Evidence evaluation
 - a. In terms of relevance and health
 - b. B. In terms of the impact
 - c. of additional problems
 - d. T. In terms of making judgments

The authors (Mautz and Sharaf) also tried to make a comparison of the process of proof in a group of branches of knowledge (pure sciences, law, natural sciences, history) with verification (Al-Qaisi, 10:1998).

Flint developed a fairly clear sequence of the audit investigation process and a list of rules of evidence indicating how the investigation process should be carried out. The process of planning the investigation, collecting and evaluating evidence in the case of repeated audits with consistent terms of reference, such as the annual audit of the company's accounts, may be more organized and standardized than some other audits, but in principle all audits are the same and the process requires the following sequence (Flint, 1988:109):

1. Determine the objective of the audit.
2. Planning the investigation and determining the evidence that must be obtained.
3. Conducting an investigation and collecting evidence.
4. Evaluation of relevant, competent, sufficient and convincing evidence.
5. Draw conclusions from the evidence (rational deduction, arithmetic, comparison)
6. Judging the information obtained.
7. Drafting the report or opinion.

Since the evidence methodology is directed directly to collecting appropriate and reliable audit evidence to enhance the presentation of an opinion on the accounts and financial statements, in order for the evidence to be carried out rationally and guidingly, and for the validity of the link between the evidence and the purpose required to be proven, the proof process must be established on a systematic basis to raise and increase the objectivity of the evidence. Al-Qaisi is an approach that is considered a way to raise and increase the objectivity of the evidence, which includes the following steps: (Muhammad, 2015: 259/269)



1. Defining the objective of the audit and describing this objective.
2. Determining the size of the medium subject to the audit.
3. Determining the degree or extent of evidence needed for each hypothesis to reach the desired opinion for the purpose of proving or denying the hypothesis.
4. Choosing the type of evidence and determining the amount of evidence that is needed to the degree of accuracy and level of confidence.
5. Determining the audit procedures necessary to provide the types and quantities of evidence required.
6. Implementing audit procedures and collecting evidence
7. Evaluating the collected evidence, comparing and linking them, and then arriving at a conviction regarding its sufficiency and strength in proof. If conviction is not reached, the proof process is reconsidered by obtaining new evidence.

The two researchers believe that if all these things are confirmed and considered, then the auditor has evidence that the realistic data in the financial statements are reliable. This will enable the auditor to express an opinion about the credibility and fairness of such statements.

Therefore, the evidentiary issue is the things through which facts or assertions are formed or visualized: that is, they are (a wall of facts or affirmations). From this point of view, general ledgers, vouchers, accounting tables, and even explanations from client officials and employees are just things before they are evaluated by auditors and become a matter of proof after evaluation (Toba,2014:8_9), so the philosophy of proof is based on the rule The well-known jurisprudence (doubt is the path of certainty) on the basis that there are statements and lists that in reality represent a picture of the financial situation or a product of operations, and that there is an existing possibility that these statements and results are incorrect based on the administration's interest in distorting them. Putting it in a place of testing and auditing based on collecting, evaluating and linking the evidence. Accordingly, a number of factors and principles should be available in the process of proof and the development of the necessary hypotheses and general and procedural rules.

Principles of the evidence methodology

Those interested in auditing and professional organizations sought to identify a set of evidence principles that must be observed by the auditor and in order for it to be a correct and sound process, namely (Muhammad: 19:2014):.

1. The principle of the auditor's impartiality, which means that the auditor should be independent of the entity subject to auditing and not subject to its authority, and that he has no material or moral interest in it, and that his prior opinion of that entity does not have any effect on the results of his work.
2. The principle of objectivity of evidence, ie, the possibility of verifying and measuring the evidence. The evidence provides the means that can be used to verify the measurement, such as purchase lists, shipping lists, and so on.
3. The principle of integration of evidence, as the available evidence must be reinforced with other evidence that exists or is deduced by the auditor from its internal or external sources.
4. The principle of the auditor's freedom of evidence, which means the auditor's freedom to access all documents, records, and data, and submit any inquiry to the unit's management and employees.
5. The principle of relative importance in determining the places of proof to which the auditor's effort is directed based on their relative importance in order to save effort, time and cost.
6. The principle of sufficiency of evidence.
7. The principle of efficacy of evidence.

General rules of evidence methodology.

In the evidence process, a set of rules related to the quantity and quality of evidence to be obtained, the strength and appropriateness of such evidence, or with regard to evaluating the collected evidence to reach final results regarding the impartial technical opinion, are taken into account. The most important of these rules are:

1. **Independence of the directory source:** When obtaining evidence from independent external sources such as (certifications), it provides a greater degree of confidence and reasonableness for the purposes of proof than those that are secured within the unit such as (documents prepared by the client). Careful in determining the external source of the evidence and the extent of its independence (Rifa'a, 2017: 70).
2. **How to obtain evidence:** The evidence obtained by the auditor through direct personal knowledge (such as the physical inventory or observation) is more convincing than that obtained indirectly, such as (inquiry or questionnaire) (Shiha, 174: 2015).
3. **Circumstances in which the evidence was obtained:** Where we find that the sales invoice



prepared in satisfactory conditions of internal control enjoys greater safety than that prepared in weak internal control conditions (Sulaiman, 2014:149).

4. **The nature of the paragraph subject of the audit:** Whenever the audit methodology involves complex accounting treatments, or it involves unusual administrative or technical procedures, or it is of an emergency or incidental nature, care must be taken to audit and prove it more than other paragraphs (Said, Ahmed, 106: 2013).
5. **Thanks to the internal control system:** There is no doubt that the preparation of financial statements in the presence of a strong and effective internal control system, this provides an appropriate level of confidence in the accounting data and financial statements and vice versa (Saraya, 274: 2007).
6. **Economic cost:** Usually, collecting a large amount of evidence is an expensive process. When determining the amount of evidence needed in a particular situation, the auditor must take into account the cost of collecting this evidence. As a rule, there must be a logical relationship between the cost of obtaining evidence and the usefulness of the information obtained. , If two or more indicators are of equal importance, the decisive factor for choosing one night over another is the low cost of obtaining it (Al-Alusi, 266: 2007).
7. **Physical evidence:** Evidence that takes a physical form, such as documents, documents, or written assurances, is stronger than non-material evidence such as oral inquiries and comparisons (Zuca, 2015:703).

The basic assumptions of the evidence methodology

These assumptions mean the main axes that the auditor seeks to prove or deny, and on the basis of which the auditor sets his procedures, then collects evidence and through evaluating them, he arrives at the results, and from these assumptions (Said and Ahmed, 107: 2013):

- a. The specific accounting procedures used by the unit management are approved procedures.
- b. The procedures used are appropriate in the circumstances.
- c. That the accounting policies are used in a homogeneous manner, or that the results of a change in any policy have been disclosed in accordance with generally accepted accounting principles.
- d. The financial statements include all the necessary information that does not make them misleading.
- e. The absence of any material uncertainties affecting the development of any of the elements under audit.

Evidence and its relationship to International Financial Reporting Standards (IFRS)

To support his final opinion, the auditor needs many procedures in order to prove the validity of his opinion on the audited financial statements, which he may reach through analyzes , documents, confirmations from third parties, through interviews or by clarifying the impact of the institution's association with other parties with interests in it...etc , and other things. Evidence issued by the International Audit Committee in a series of standards of evidence (500) for evidence according to the order shown in the following table

Table (1)
International Standards for Evidence

International Standard No	Objective of the standard
500	Setting standards and providing guidance on the quantity and quality of evidence and the procedures for obtaining it.
501	Setting standards and providing additional guidance related to some amounts and other disclosures in the financial statements.
505	Establish standards and provide guidance on the auditor's use of external confirmations as a method of obtaining evidence.
510	Setting standards and providing guidance related to opening balances in case the financial statements are audited for the first time, or when the previous year's statements are audited by another auditor.
520	Develop standards and provide guidance on the application of analytical procedures during the audit process.
530	Establish standards and provide guidance on the use of samples in the collection of evidence.



540	Establish standards and provide guidance for auditing accounting estimates in financial statements
545	Setting standards and providing guidance related to fair value measurement and disclosure in the financial statements.
550	Establish standards and provide guidance on the auditor's responsibility, audit procedures for related parties to the entity and transactions with those parties.
560	Setting standards and providing guidance on the auditor's responsibility for auditing events subsequent to the balance sheet date.
570	Establish standards and provide guidance on the auditor's responsibility for auditing the adequacy of going concern enforcement.
580	Establish standards and provide guidance on the use of management representations and procedures for their evaluation and documentation.

Source: The two researchers relied on (Al-Hayali: 34:2011)

In reference to the basis on which the framework of the International Financial Reporting Standards Foundation was built with its new structure, which was based on a new view based on the fact that accounting has become not limited to being a system for collecting, storing and processing data and then displaying it, but rather the modern trend of accounting has become a system of financial reporting Oriented towards the investor, through which accounting information is produced and interpreted and analyzed. This information is characterized by the qualitative characteristics of useful accounting information. It is known that the audit process mainly aims to examine, analyze and match the accounting outputs, which are originally represented by the accounting information on which the financial statements have been prepared, in order to Giving sufficient assurance of the validity and reliability of this information. Therefore, any enhancement of the quality of that information will be reflected in the result on the audit process, and therefore the application of international financial reporting standards in the preparation and presentation of financial statements, which focused mainly in its procedures and requirements on increasing transparency and disclosure in the presentation, that application will enhance the quality of accounting information and is reflected in the result in strengthening the evidence In the audit process, and based on the foregoing, the relationship between international financial reporting standards and evidence is represented by the accounting information that is disclosed in the financial statements.

Considerations to be taken into account in the evidentiary processes in accordance with International Financial Reporting Standards:

The process of auditing financial statements prepared in accordance with the International Financial Reporting Standard into audit procedures that may differ from those procedures followed by the auditor when auditing

financial statements prepared in accordance with local accounting rules and regulations (Al-Hamashi, 64: 2012). The primary objective of auditing the financial statements is to enable the auditor to express his opinion on whether the financial statements have been prepared in material respects in accordance with the specific financial reporting framework (approved standards). The financial statements represented in the concept of historical cost to the concept of fair value, which made the financial statements more appropriate, but the wide spread of the work of experts, which generally seeks to comply with the requirements of measuring the fair value of all investments, primarily for financial derivatives, goodwill and intangible assets, in addition to the complexity of instruments The financial risks used for measurement and the high financial risks related to it on the one hand and the auditors' lack of experience in the techniques and methods of measuring fair value on the other hand made audit risks related to fair value measurement create new challenges for the auditor (Salah, Atika, 64: 2012).

Challenges of reviewing fair value estimates:

The auditor faces many challenges when reviewing accounting estimates for fair value, including: (Youssef, Qatal, 799:2021)

1. The shortcomings in auditing standards related to fair value, as they are limited to general guidelines without providing detailed instructions to the auditor to judge the adequacy and appropriateness of the evidence and help him fulfill his obligations regarding the fairness of the financial statements.
2. The auditor's lack of sufficient technical knowledge to measure fair value, which necessitates the necessity of acquiring these skills, including determining the appropriateness of valuation models and the



reasonableness of factors, assumptions and significant risks associated with valuation.

3. The basis for estimating the fair value, which is based on current and changing prices from time to time in active markets, or announced formulas, or similar or similar prices in inactive markets, or based on estimates based on complex models sometimes and based on assumptions affected in Part of it is the evaluator's personality and management's direction in many cases, which increases the chances of managing profits
4. Challenges related to collecting evidence related to the fairness of fair value estimates, the reasonableness of assumptions, the appropriateness of measurement models, and the appropriateness of the data used under the prevailing circumstances in preparing the financial statements, which requires the collection of a sufficient and appropriate amount of evidence
5. The auditor verified the fairness of the disclosure of fair value information, including the disclosure of the important methods and assumptions used to determine the fair value of assets and liabilities and how to estimate, whether in the active market or by relying on mathematical models and methods in the case of inactive markets.

The basic requirement of the auditor is to obtain sufficient evidence (reasonable confirmation) that the fair value measurement and its disclosures are in accordance with the generally accepted accounting principles (the approved standards), as the auditor's responsibility is limited to obtaining appropriate and sufficient evidence that confirms the consistency of the fair value measurements and disclosures. Here the challenge arises for the auditor in understanding the requirements for estimating fair value in accordance with generally accepted accounting principles, because the generally accepted accounting principles no longer represent the methods or processes for measuring fair value only, but rather that these principles indicated that fair value must be based on market prices and if market prices are Not available The methods that management uses to measure fair value valuations must include those assumptions that would be used by market participants.

AUDITING UNDER IFRSS

Auditing is an important mechanism for deciding whether accounting standards have been complied with when preparing the financial statements of the

company under audit, and determining the extent of compliance with the control systems and legal regulations in order to provide reassurances to the parties using the financial statements for the purpose of making decisions they deem appropriate.

The adoption of International Financial Reporting Standards (IFRS) by companies worldwide and the companies' commitment to preparing and presenting their financial statements in accordance with those standards, and the role of professional auditors by emphasizing their application by those companies will inevitably have advantages that are reflected in the accuracy and reliability of the financial statements and these The advantages are: The published and audited financial statements according to those standards achieve a set of positive elements, the most important of which are credibility, comparability and general acceptance. . Etc., and this will deepen the confidence that users attach to those financial statements, and encourage the investment flow process. This leads to the commitment of accountants and auditors in the countries affiliated with the International Federation of Accountants (IFAC) to the international accounting and auditing standards among those countries, which makes the information presented in the financial statements fairly reflect the business results and the financial conditions of companies (Ayash, 100:2021).

A field study of the reflection of the adoption of international financial reporting standards in the evidence methodology in external auditing.

Description of the research sample

In order to identify the evidence methodology and its importance in supporting the opinion of the external auditor from the point of view of auditors, chartered accountants and practitioners who represent the research sample, the necessary information was collected from them by designing a questionnaire in the form of research questions. The questionnaire was distributed on the research sample working within the government sector, represented by the Financial Supervision Bureau, working in the private sector, represented by private auditing offices and companies.

Descriptive statistics for the questionnaire form

The research questionnaire was based on the five-point Likert scale in the answer options, as each paragraph of the form has (five options from the answer) with weights that are (Fully Agree = 5, Agree = 4, Neutral = 3, Do Not Agree = 2, Totally disagree = 1) The fact that the paragraphs of the questionnaire were designed in a positive form and in light of the weights, the mean weighted for the answers of the survey sample is calculated, and then the degree of agreement and direction is determined according to the following table



Table (2)
Weighted average intervals for response trends

Approval degree (direction of answers)	Weighted average periods
I don't totally agree	1.00 - 1.79
I do not agree	1.80 - 2.59
Neutral	2.60 - 3.39
Agreed	3.40 - 4.19
Totally agree	4.20 - 5.00

And for the ease of dealing with the paragraphs of the first axis in the questionnaire (adopting international financial reporting standards) when conducting descriptive statistics and the rest of the statistical analysis of the questionnaire form will be encoded with the symbol X, which is the explanatory variable (independent) in the research and its paragraphs take the sequence from (1-15) with the number of its

paragraphs, and the same is the case With the second axis (methodology of evidence in external audit) it will be encoded with the symbol Y, which is the response variable (adopted) in the research and its paragraphs take infiltration from (1-15) as well, and tables (3) and (4) explain what you explain above in detail, and my agencies:

Table (3)
Paragraphs of the questionnaire form for the methodology of evidence in external auditing

symbol	phrases (paragraphs)	symbol	phrases (paragraphs)
X1	Provides transparency in accounting information in the financial statements with high reliability.	X8	Provides accounting information for the purpose of making temporal and spatial comparisons in order to evaluate performance.
X2	It provides accounting information of high predictive value.	X9	The financial information checks the timeliness of the accounting information, as it reflects the last fair evaluation of the items of the financial statements.
X3	It provides accounting information that helps correct future expectations.	X10	More accounting disclosure than the Iraqi accounting rules to enhance the evidence.
X4	Helps reduce the accounting alternatives used in measurement and disclosure.	X11	Contributes to increasing the auditor's confidence in accounting information.
X5	Provides a comprehensive description and information that reflects the financial event honestly and objectively.	X12	Increases the language of understanding between the local auditor and the international auditor.
X6	It helps in finding a unified format for the financial statements of the subsidiary companies of the parent company.	X13	It helps the auditor to apply international auditing standards
X7	It helps to provide accounting information that is impartial and unbiased.	X14	Provide the auditor with rules and guidelines based on performing his work professionally and independently, and testing the validity of the information received to express his opinion.
		X15	The process of auditing the financial statements requires audit procedures that differ from those procedures followed by the external auditor in accordance with the Iraqi accounting rules.



Table (4) Shows the paragraphs of the questionnaire about the external audit methodology (response variable)

symbol	phrases (paragraphs)	symbol	phrases (paragraphs)
Y1	Evidence is the essence of the audit process.	Y8	The experience and competence of the external auditor affects the number of proofs that can be obtained.
Y2	The method of proof differs from evidentiary evidence.	Y9	The impartiality and independence of the external auditor is related to the evidence process.
Y3	Proof methodology increases the characteristic of observation about important and valuable evidence.	Y10	To obtain the evidence, the external auditor shall take into account the economic cost of the evidence
Y4	Planning before starting the evidence process contributes to obtaining efficient and sufficient evidence	Y11	Relative importance has a role in obtaining evidence.
Y5	Evidence varies for different audit objectives.	Y12	Direct evidence obtained by the external auditor through personal knowledge is more convincing than those obtained indirectly.
Y6	The experience and competence of the external auditor affects the evidence process in terms of determining the procedures and means of proof.	Y13	Evidence from external sources is more reliable than the evidence obtained by the auditor by the client.
Y7	The experience and efficiency of the external auditor affects obtaining strong and efficient evidence.	Y14	Evidence under conditions Strong internal control is more sound than that prepared in weak internal control conditions.
		Y15	Written and documentary evidence is stronger than oral evidence and comparisons.

Extracting the reliability coefficient and the validity of the questionnaire

In order to verify the stability and effectiveness of the tool for statistical analysis, the Krumbach alpha

coefficient was calculated to ensure the stability of the measurement tool to determine the consistency of each of the statements related to the subject of the study, and the results were as follows:

Table (5)

It shows the values of Cronbach's alpha coefficient for the paragraphs of all the axes of the questionnaire jointly and separately

Axles	Axle name	number of paragraphs	stability coefficient
the first	Adoption of international financial reporting standards	15 paragraphs	0.832
The second	Evidence methodology for external auditing	15 paragraphs	0.838
(first + second)	survey form	30 paragraphs	0.863

Source: Prepared by the two researchers based on the results of the SPSS program

It is noted from Table (5) that the values of the Cronbach stability coefficient are greater than 0.70 for the paragraphs of the questionnaire as a whole, as well as for the paragraphs of the axes that have a separate, as the value of the Alpha Cronbach coefficient for the paragraphs of the questionnaire was 0.863, which is a very acceptable value, which indicates the presence of stability in the form.

Descriptive statistics for the axes of the questionnaire (research variables)

After verifying the validity and reliability of the form and distributing the forms to the members of the research sample for the purpose of collecting the answers, the descriptive statistics of the two axes of the form can be conducted as follows:



1. The first axis data (adopting international financial reporting standards)
Table (6)

It shows the frequencies of the sample vocabulary answers, arithmetic means, standard deviations, and degree of agreement Paragraphs of the first axis (adopting international financial reporting standards)

N	S	the answers										Arithmetic mean	standard deviation	degree of approval
		I don't totally agree		I do not agree		neutral		agree		Agreed Totally				
		1		2		3		4		5				
		s	%	S	%	S	%	s	%	s	%			
1	X1	0	0.0	0	0.0	2	1.5	69	53.5	58	45.1	4.43	0.528	Agreed Totally
2	X2	0	0.0	0	0.0	3	2.3	74	57.4	52	40.3	4.38	0.533	Agreed Totally
3	X3	0	0.0	0	0.0	4	3.1	68	52.7	57	44.2	4.41	0.554	Agreed Totally
4	X4	0	0.0	2	1.6	7	5.4	68	52.7	52	40.3	4.32	0.649	Agreed Totally
5	X5	0	0.0	0	0.0	7	5.4	63	48.9	59	45.7	4.40	0.539	Agreed Totally
6	X6	0	0.0	0	0.0	2	1.6	72	55.8	55	42.6	4.41	0.525	Agreed Totally
7	X7	0	0.0	1	0.8	4	3.0	74	58.9	50	38.8	4.34	0.580	Agreed Totally
8	X8	0	0.0	1	0.8	4	3.0	60	57.4	64	49.7	4.45	0.599	Agreed Totally
9	X9	1	0.8	0	0.0	1	0.8	65	46.5	62	48.0	4.45	0.599	Agreed Totally
10	X10	0	0.0	3	0.3	14	10.9	70	50.4	42	32.5	4.17	0.708	Agreed
11	X11	1	0.8	1	0.8	14	10.9	58	45.0	55	42.6	4.28	0.750	Agreed Totally
12	X12	0	0.0	0	0.0	14	10.9	65	50.4	50	38.8	4.28	0.649	Agreed Totally
13	X13	1	0.8	0	0.0	13	10.1	65	50.4	50	38.8	4.26	0.702	Agreed Totally
14	X14	1	0.8	3	2.3	16	12.4	66	51.2	43	33.3	4.14	0.778	Agreed
15	X15	1	0.8	0	0.0	11	8.5	55	42.1	62	48.1	4.37	0.708	Agreed Totally
Arithmetic mean and standard deviation												4.34	0.340	Agreed Totally

Source: Prepared by the two researchers based on the results of the spss program.

It is noted from the table that the answers of the research sample were mostly distributed between two options (agree, completely agreed) with large numbers and percentages that tended in most of the paragraphs to the answer option agreed compared to the rest of the other answer options. The paragraphs of the first axis as a whole (adopting international financial

reporting standards) obtained Arithmetic mean (4.34) indicates the degree of agreement of the research sample with (totally agreed) on the paragraphs of the axis as a whole and its importance for measuring the axis (adopting international financial reporting standards)

2. The data of the second axis (methodology of evidence, external audit), and the results were as follows:
Table (7)



It shows the frequencies of the sample vocabulary answers, arithmetic means, standard deviations, and the degree of agreement for the paragraphs of the second axel (methodology of evidence of proof in external audit)

N	S	the answers										Arithmetic mean	standard deviation	degree of approval
		I don't totally agree		I do not agree		neutral		agree		Agreed Totally				
		1		2		3		4		5				
		s	%	s	%	s	%	s	%	s	%			
1	X1	0	0.0	0	0.0	4	3.1	55	42.6	70	54.3	4.51	0.561	Agreed Totally
2	Y2	0	0.0	1	0.8	5	3.9	56	43.4	67	51.9	4.47	0.613	Agreed Totally
3	Y3	0	0.0	1	0.8	5	3.9	52	40.3	71	55.0	4.50	0.614	Agreed Totally
4	Y4	0	0.0	0	0.0	2	1.6	58	45.0	69	53.5	4.52	0.532	Agreed Totally
5	Y5	0	0.0	1	0.8	1	0.8	52	40.3	75	58.1	4.56	0.558	Agreed Totally
6	Y6	1	0.8	0	0.0	8	6.2	64	49.6	56	43.4	4.35	0.669	Agreed Totally
7	Y7	1	0.8	0	0.0	3	2.3	76	58.9	49	38.0	4.34	0.566	Agreed Totally
8	Y8	1	0.8	0	0.0	5	3.9	67	51.9	56	43.4	4.37	0.638	Agreed Totally
9	Y9	1	0.8	0	0.0	5	3.9	62	48.1	61	47.3	4.41	0.645	Agreed Totally
10	Y10	0	0.0	1	0.8	3	2.3	56	43.4	69	53.5	4.50	0.588	Agreed Totally
11	Y11	1	0.8	0	0.0	1	0.8	60	46.5	67	51.9	4.49	0.601	Agreed Totally
12	Y12	0	0.0	0	0.0	4	3.1	64	49.6	61	47.3	4.44	0.558	Agreed Totally
13	Y13	0	0.0	0	0.0	1	0.8	61	47.3	67	51.9	4.51	0.517	Agreed Totally
14	Y14	0	0.0	0	0.0	1	0.8	57	44.2	71	55.0	4.54	0.516	Agreed Totally
15	Y15	1	0.8	0	0.0	1	0.8	54	41.9	73	56.6	4.53	0.600	Agreed Totally
Arithmetic mean and standard deviation												4.47	0.324	Agreed Totally

Source: Prepared by the two researchers based on the results of the spss program.

It is noted from the table that the answers of the research sample for the paragraphs of the second axis were mostly distributed between two options (agree, completely agreed) with large numbers and percentages that tended in most of the paragraphs to the answer option completely agreed compared to the rest of the other answer options and the paragraphs of the second axis were obtained as a whole (evidence methodology In the external audit) on an arithmetic mean (4.47) and indicates the degree of agreement of the research sample with (fully agreed) on the paragraphs of the axis as a whole and their importance for measuring the axis (methodology evidence in the audit).

Research hypothesis testing

The main hypothesis: There is no significant relationship between the adoption of international financial reporting standards and the methodology of proof in external auditing, from which the following branches are derived:

1. The first sub-hypothesis: There is no significant correlation between the adoption of international financial reporting standards and the methodology of evidence in the external audit.

2. The second sub-hypothesis: There is no significant effect relationship between the adoption of international financial reporting standards and the methodology of evidence in external auditing.

To test the first sub-hypothesis of the first main hypothesis, the simple correlation coefficient (Pearson's coefficient) is used, as follows:



Table (8)
Correlation coefficient (adopting international financial reporting standards) and (methodology of evidence in external auditing)

Study variables		adopting international financial reporting standards
Evidence methodology in external audit	Pearson correlation coefficient	0.311**
	Sig.	0.000

Source: Prepared by the two researchers, based on the results of the SPSS program

From Table (8), it is evident that there is a significant correlation between the first sub-axis (adopting international financial reporting standards and the second main axis, the methodology of proof in external audit, with a correlation value of 0.311**, a value that indicates the existence of the relationship between them and in a direct direction with significant significance 0.000 at the level of Significance of 0.05 and 0.01, which means rejecting the first sub-hypothesis of the first main hypothesis of the research, meaning that (there is a significant correlation between

the adoption of international financial reporting standards and the methodology of evidence in external audit).

As for the test of the second sub-hypothesis of the first main hypothesis, it is done using the simple linear regression analysis method according to the following model:

$$Y_i = \beta_0 + \beta_1 X_i + u_i, \quad i = 1, 2, \dots, 129X$$

By performing the regression analysis, the following results were obtained

Table (9)
The analysis of variance shows ANOVA

Source of variance	Sum of squares	degree of freedom	mean squares	Value of f	Sig.
Regression (X)	1.270	1	1.270	13.606	0.000
Error	11.855	127	.093		
Total	13.125	128			

Source: Prepared by the two researchers, based on the results of the SPSS program

It is clear from the table that the calculated F value (13.606) is a significant value when comparing sig = 0.000, which is the smallest 0.05, 0.01 and this means that there is an influence relationship between the axis of adoption of international financial reporting standards and the axis of the evidence methodology in external audit, and this means the rejection of the second sub-hypothesis of The first main hypothesis is

that (there is a significant impact relationship between the adoption of international financial reporting standards and the methodology of evidence in external auditing).

Estimates and t-tests for the parameters of the regression model can be presented, based on international financial reporting standards, on the evidence methodology in external auditing as follows

Table (10)
It clarifies the estimates and t-tests for the parameters of the regression model, the evidence method in the external audit (the response variable - the dependent variable) on the adoption of international financial reporting standards (the explanatory variable - the independent variable)

Parameters	Estimate parameter	standard deviation	value of t	Sig.
β_0	3.222	0.338	9.518	0.000
β_1	0.287	0.078	3.689	0.000



It is noted from the table that the parameters of the fixed term β_0 and the marginal slope β_1 associated with the explanatory variable (the independent) are significant with the values of the t-test (9.518) and (3.689), respectively, and have significant significance that can be inferred by comparing the sig values for both of them with the value of the level of significance 0.05, as we find that it is the lowest and this You know The importance of their presence in the model, and accordingly, the estimation equation for the regression model is as follows:

$$\hat{Y}_i = 3.222 + 0.287X_2$$

The estimated equation above means that any direct change in the level of adoption of international financial reporting standards by one step will lead to an increase of 0.287 in the increase in the level of the evidence methodology in the external audit.

As a result of accepting the research sub-hypotheses, the main hypothesis of the research can be accepted, meaning that (there is a significant relationship between the adoption of international financial reporting standards and the methodology of evidence in external auditing).

CONCLUSION

One of the important reasons that prompted most countries to move towards the application of international standards is the important developments in the financial markets in the last two decades. Both companies and investors went outside the regional borders in search of better investment opportunities. Where the results of the field study showed the different methods of presentation and disclosure in the unified accounting system and the Iraqi accounting rules than in the international financial reporting standards and significantly, where the methods of disclosure according to international financial reporting standards are more accurate and detailed, which helped a lot to improve the level of transparency and accuracy of presentation and understanding among users of financial statements Financial reporting standards provide auditors with a set of rules and guidelines that increase the credibility of the financial reporting process, and thus enable the external auditor to express an impartial technical opinion in accordance with the requirements of financial reporting. Therefore, the process of auditing financial statements prepared in accordance with international financial reporting standards requires proof procedures that may differ About those procedures followed by the auditor when auditing the financial statements prepared in accordance with the local accounting rules and systems because the international financial reporting

standards departed from the traditional concept of measuring the elements of financial statements represented in the concept of historical cost to the concept of fair value, which made this to the difference of evidence as for the reliability and appropriateness of evidence The results of the study confirmed that the measurements of The fair value used in the audit is considered less reliable because it relies on personal and professional judgment to a high degree in most cases, and it is also subject to measurement errors, as fair values are considered guiding values, especially in the absence of active markets and in light of different measurement models, in addition to making the data It is possible to recommend that the auditor determines the required level of obtaining evidence and then expresses a neutral technical opinion on the fairness and truthfulness of the financial statements. The auditor must determine a general methodology for evidence, specifying the means and procedures for evidence in light of the adoption of international financial reporting standards. The use of valuation experts in the absence of active markets or in light of his inability to measure fair value according to international accounting standards. The need to work on the qualification of accountants and auditors Scientifically and practically, to be able to have a sound understanding of how to apply international financial reporting standards and standards for auditing fair value estimates.

REFERENCE

1. Abboud, Khalaf, Salem Muhammad, Salah Nouri, (2011), Methods and Methods of Environmental Control and Auditing between Theory and Practice, first edition.
2. Abu Haiba, Hamed Tolba, (2011) Origins of Review, First Edition, Amman, Zamzam Publishers and Distributors.
3. Al-Alusi Hazem Hashem, (2007) The Method to the Science of Revision and Auditing, first edition, Tripoli, The Open University.
4. Al-Barwari, Amira Qassem Najeeb (2008) Theory of Evidence and its importance in supporting the auditor's opinion. A letter to the Board of Trustees of the Arab Institute of Certified Public Accountants, which is part of the requirements for obtaining a legal accounting certificate.
5. Al-Hamashi, Imad Abdul-Hassan Jiyad, (2012) The impact of the application of the International Financial Reporting Standard No. (1) in the audit process, an applied research submitted to the Higher Institute of Accounting



- and Financial Studies to obtain a legal accounting certificate, University of Baghdad.
6. Al-Hayali, Qahtan Abdullah Hassan, (2011) The Effect of the Efficiency of the Internal Control System in Choosing the Auditor for Evidence (Applied Research in the Electronic Industries Company) submitted to obtain a Chartered Accountant Certificate - Higher Institute of Accounting and Financial Studies.
 7. Alibhai, S. (2019). Interpretation and Application of IFRS Standards. John Wiley and Sons, Incorporated.
 8. Al-Qadi, Hussein, and Hamdan, Al-Mamoun (2011) International Accounting and its Standards, Damascus University Publications, Faculty of Administration and Economics.
 9. Al-Qaisi, Khaled Yassin, (1988) Methodology of Proof in Financial Control and Auditing, PhD thesis in Accounting, College of Administration and Economics, Al-Mustansiriya University, unpublished.
 10. Al-Sayeh, Abdul Hamid Manea (2009) International Accounting Theoretical Framework and Practical Application, second edition, Sana'a, Al-Ameen for Publishing and Distribution.
 11. Al-Shammari, Hussein Jassim Falah, Al-Muaini, Saad Salman Awad (2014) International Accounting, first edition, Baghdad, Dr. House of Administrative and Economic Sciences.
 12. Al-Shifa, Razaf Abu Zaid (2015), Auditing a Contemporary Introduction according to International Auditing Standards (theoretical framework), first edition, Amman, Wael Publishing and Distribution House.
 13. Al-Shugairi, Muhammad Huwais Alawi (2020) International Accounting and International Financial Reporting Standards, Baghdad, Al-Hashimi House for Printing and Publishing.
 14. Al-Taie, Raghad Bashir Bejay (2020) Auditing bank credit risks according to the International Financial Reporting Standard IFRS9, applied research at Al-Rafidain Bank, Public Administration_Baghdad, a letter to the Board of Trustees of the Arab Institute of Certified Public Accountants, which is part of the requirements for obtaining a legal accounting certificate.
 15. Ayyash, Muhannad Abbas (2021) The Impact of Adopting International Financial Reporting Standards (IFRS) on Audit Quality, Al-Dinayer Journal, Issue (21).
 16. Bahaa El-Din, Faraj, (2015), the extent to which international standards of accounting auditing can be applied in Algeria, a memorandum submitted as part of the requirements for obtaining a master's degree in commercial sciences, specializing in: Accounting and audit studies at the Faculty of Economics, Commercial and Management Sciences, Department of Commercial Sciences.
 17. Brown, P. (2011). International Financial Reporting Standards: what are the benefits?. Accounting and business research, 41(3), 269-285.
 18. Flint, D. (1988), The Philosophy and Principles of Auditing, Macmillan Education, London, UK.
 19. Gupta, P., Akhter, J., & Chaklader, B. (2017). The Impact of IFRS Adoption on Key Financial Ratios-An Analysis of Wipro. Imperial Journal of Interdisciplinary Research, 3(4).
 20. Hadi, Ahmed Mahdi (2017). The Possibility of Adopting International Accounting and Financial Reporting Standards in the Iraqi Environment: A Comparative Exploratory Study, Al-Turath University College Journal, Issue (21).
 21. Mainardi, R. L. (2011). Harnessing the Power of continuous auditing Developing and implementing a practical methodology. John Wiley & Sons.
 22. mautz, R. and Sharaf, H, (1961), The Philosophy of Auditing, American Accounting Association, Monograph No, 6, USA.
 23. Muhammad, Mahdi Abdel-Hussein, (2014) The responsibility of the auditor in assessing the evidence in accordance with international auditing standards, a letter to the Board of Trustees of the Arab Institute of Certified Public Accountants, which is part of the requirements for obtaining a certified accounting certificate.
 24. Muhammad, Nasr Saleh, (2015) revision theory, first edition, Amman, Dar Al Masirah for Publishing and Distribution.
 25. Pacter, P. (2014). IFRS as global standards: a pocket guide. London: IFRS Foundation.
 26. Phang, D. J. W., Kwan, S. A., Lua, H. S., Sim, Y. R., & Tan, S. N. (2015). The impact on audit fees after IFRS Convergence: An investigation in trading and services industry (Doctoral dissertation, UTAR
 27. Rifa'a, Tamer Mazyad, (2017), The Origins of Account Auditing and its Applications to Operations Departments in the Establishment, Amman, Dar Al-Mahajid for Publishing and Distribution.



28. Saeed, Aras Muhammad, Ahmed, Othman Amin, (2013) Financial Control and Auditing between Theory and Practice, first edition.
29. Salah, Hawass, Atika, Tarfani (2012) The audit profession under financial reporting and fair value standards, Journal of Economics, Facilitation and Trade, Issue 26.
30. Saraya, Mohamed El-Sayed (2007) Principles and Rules of Review and Comprehensive Audit, First Edition, Alexandria, Modern University Office.
31. Shehata, Ali Abdel Wahab Nasr. (2019) Principles of Financial Accounting in accordance with International Accounting Standards c. 1.
32. Soliman, Muhammad Mustafa, (2014) The Scientific and Practical Basis of Auditing, Alexandria, University House.
33. Toba, Yoshihide.(2014) A general theory of evidence as the conceptual foundation in auditing theory: American Accounting Association, ISSN 0001-4826.
34. Yousefi, Rafeeq, Qatal, Abdel Aziz, (2021) The Impact of Fair Value Review on the Quality of Financial Reports, Journal of Human Sciences, Vol. 21, No. 1.
35. Zakri, Muhammad Abu Laqasem, Maarouf, Salad Qiyash Ali (2018) The impact of the application of international financial reporting standards on enhancing the characteristics of accounting information, an applied study of the Libyan Oil Company, Accountability Journal, No. 1.
36. Zuca, S. (2015). Audit evidence–necessity to qualify a pertinent opinion. Procedia Economics and Finance, 20, 700-704.