



Arab American University

Faculty of Graduate Studies

**Investigating Using Audit Risk Model: Evidence from
the View of Palestinian Auditors**

By

Maram Salah

Supervisor

Dr. Majdi Wael Alkababji

**This thesis was submitted in partial fulfilment of the
requirements for the Master's degree
in Accounting**

July/2024

© Arab American University – 2024. All rights reserved.

Thesis Approval

“Investigating Using Audit Risk Model: Evidence from the View of Palestinian Auditors”

By
Maram Salah

This thesis was defended successfully on 09/07/2024 and approved by:

Committee members

Signature

1. Dr. Majdi Wael Alkababji: Supervisor
2. Dr. Mohamad. Abusharbh: Internal Examiner
3. Dr. Akram Rahhal: External Examiner



Declaration

I declare that the content of this thesis is my own research work, unless otherwise referenced. I certify that this thesis does not contain any material published before by another person or has been submitted elsewhere for any degree or qualification.

The Name of The Student: Maram Salah

ID No.: 202112881

Signature:



Date: 22/01/2025

Dedication

To him who was created and fashioned...so honor with knowledge whoever is pious...to the honorable face of God

To the best deserving of dedication...to the greatest Messenger, and to the most honorable teacher...who was sent as a mercy to the worlds...Muhammad (may God bless him and grant him peace)

To those who work day and night... give themselves up for us... and their hope is my happiness... my dear father and my dear mother

To the one who harvested the thorns on my path to pave for me the path of knowledge and the light of life... He opened for me the doors of happiness with determination and faith. He helped me and was my best support in my family and academic life... You have all my thanks and respect... My husband and my companion (Feras)

To the light of darkness... and the garden of life... our support and help in hardship and prosperity... my brothers and sisters

To my heartbeat that refreshes me every day... in their smiles, all innocence... in their dealings, all simplicity... my children (Hala, Mohammad, Ameer, Qusi)

To my honorable professors who provided us with all knowledge and did not limit themselves to us even in a word during our scientific career.....

To the educator of generations... who lit the lamps of science and knowledge... taught me my language and its high glory... you enlightened my heart for me and charted my path... with advice and phrases (Dr. Majdi Wael Alkababji)

Acknowledgement

This thesis is the final requirement to complete the Master's program in Accounting and Auditing at the Arab American University. I thank God Almighty first for every blessing in this life and for granting me good health, strength, and the ability to complete this thesis. Praise be to God for all these blessings.

I would like to express all my gratitude, especially to the supervisor and Dr. Majdi Wael Alkababji , who provided all valuable criticism, guidance, and sincere support during the completion of this research, and for his patience throughout the process to obtain a message of great value and meaning that is important to the researchers. You have our deepest gratitude and appreciation. Without your presence, we would not have reached this point. For what we have achieved, you have all my thanks and appreciation.

I would also like to thank my esteemed professors who taught me, empowered me, and gave us a lot by making great efforts to complete my master's degree, and who greatly enhanced my knowledge and abilities to complete this research.

Last but not least, I extend my thanks and appreciation to my family, my husband, and my children for their care, moral support, and understanding during my academic studies.

Abstract

This study explored how well external auditors in Palestine apply the audit risk model and the factors influencing its implementation. Using a quantitative approach with a descriptive design, data were collected from 129 auditors registered with the Association of Certified Public Accountants and those from the four largest auditing firms in Palestine. The findings revealed a strong commitment among auditors to applying the audit risk model, particularly focusing on detection, inherent, control, and acceptable risks. This commitment stems from the model's role in enhancing audit quality, efficiency, and resource allocation. Common responses to audit risks included increasing the timing and quantity of samples, greater auditor involvement in planning, and modifying evidence types. Minor differences in auditors' views on implementing the model were noted, influenced by factors like experience, certifications, academic background, audit team size, and firm size. However, opinions varied significantly based on the auditors' individual perspectives. The study recommends that Palestinian auditing firms increase their focus on adhering to the audit risk model due to its benefits and alignment with international standards. Additionally, it suggests that the Palestinian Association of Certified Public Accountants and related organizations should offer training for inexperienced auditors to better understand and manage audit risks.

Keywords: Inherent Risk, Control Risk, Acceptable Risk, Detection Risk, Audit Expectation Model. Quality of Audit, Audit Risk, Palestinian Association of Certified Public Accountants.

Table of Contents

Thesis Approval.....	I
Declaration.....	II
Dedication.....	III
Acknowledgement.....	IV
Abstract.....	V
Table of Contents	V
List of Tables	IX
List of Figures.....	XIII
List of Appendices.....	XIV
Chapter One: Introduction	1
1.1 Introduction	1
1.2 Problem of the Study	4
1.3 Questions of the Study	5
1.4 Objectives of the Study	6
1.5 Thesis Significance.....	7
1.5.1 Scientific Significance	7
1.5.2 Profession Significance.....	8
1.6 Thesis Hypotheses	9
1.7 Framework of the Study	10
1.8 Tentative Thesis Outline	12
Chapter Two: Literature Review	14

2.1	Introduction	14
2.2	Theoretical Framework	14
2.2.1	Definition of Audit Risk Model.....	14
2.2.2	Acceptable Audit Risk	16
2.2.3	Inherent Risk.....	20
2.2.4	Control Risks	23
2.2.5	Internal Control Definition and Components	25
2.2.6	Detection Risk.....	28
2.2.7	Relationship Between the Types of Risks	30
2.2.8	ISA Related to Audit Risk Model.....	31
2.2.8.1	ISA 200 “Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing”	31
2.2.8.2	ISA 240 “The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements”	33
2.2.8.3	IAS 300 "Planning for Audits of Financial Statements"	35
2.2.8.4	ISA 315 “Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment”	36
2.2.8.5	ISA 320 "Materiality in Planning and Performing an Audit"	37
2.2.8.6	ISA 330 “The Auditor’s Responses to Assessed Risks”	38
2.2.8.7	ISA 402 "Audit Considerations Relating to An Entity Using a Service Organization"	39
2.2.8.8	ISA 450 "Evaluation of Misstatements Identified During the Audit"	39
2.2.8.9	ISA 500 “Audit Evidence”	40
2.2.8.10	ISA 520 “Analytical Procedures”	41

2.2.8.11	ISA 530 “Audit Sampling”	41
2.3.	Previous Studies	43
2.3.1	Dimensions of Previous Studies	51
2.4	Discussion of Previous Studies Results.....	66
2.4.1	Similarities and Differences between Current Study and Other Previous Studies	66
2.4.2	Contribution of the Current Study	68
	Chapter Three: Research Methodology	69
3.1	Introduction	69
3.2	Research Approach.....	69
3.3	Research Design	70
3.4	Data Collection Methods.....	71
3.4.1	Primary Data.....	72
3.4.2	Secondary Data.....	72
3.5	Population.....	72
3.6	Sample	73
3.7	Data Collection Methods.....	75
3.8	Validity of the Questionnaire	78
3.9	Reliability of the Questionnaire	89
3.10	Normal Distribution Test.....	90
3.11	Statistical Analysis Methods	98
	Chapter Four: Findings of the Study	100
	Hypotheses Testing:	120
	Chapter Five: Results and Recommendations	130

5.1 Introduction	130
5.2 Results	130
5.3 Conclusion.....	132
5.4 Recommendations	133
References	135
Appendices	147
Appendix (1) Questionnaire	147
Appendix (2) Questionnaire Revision	145
Appendix (3) The Study Sample	145
المخلص.....	151

List of Tables

No.	Table name	Page number
2.1	Summary of previous studies	56
3.1	Distribution of the studied sample based on personal and demographic variables	73
3.2	Likert Scale	77
3.3	Likert-type value and agreement descriptor	78
3.4	Correlation between each statement of acceptable risk dimension and the mean of all the dimension statements	79
3.5	Correlation between the statement of the factors influencing the implementation of acceptable risk dimension and the mean of all the dimension statements	81
3.6	Correlation between each statement of inherent risk dimension and the mean of all the dimension statements	82
3.7	Correlation between the statement of the factors influencing the implementation of inherent risk dimension and the mean of all the dimension statements	83
3.8	Correlation between each statement of control risk dimension and the mean of all the dimension statements	84
3.9	Correlation between the statement of the factors influencing the implementation of control risk dimension and the mean of all the dimension statements	85

3.10	Correlation between each statement of detection risk dimension and the mean of all the dimension statements.	86
3.11	Correlation between the statement of the factors influencing the implementation of detection risk dimension and the mean of all the dimension statements	88
3.12	Cronbach Coefficient alpha	89
3.13	Sample K-S test	90
4.1	The means, standard deviation, the percentages of agreement, ranking of the dimensions, and the extent of agreement of each dimension.	100
4.2	The means, standard deviation, percentages of agreement, ranking of the statements, and the extent of agreement of each statement and the entire dimension of acceptable risk.	102
4.3	The means, standard deviation, percentages of agreement, ranking of the statements, and the extent of agreement of each statement influencing the implementation of acceptable risk.	105
4.4	The means, standard deviation, percentages of agreement, ranking of the statements, and the extent of agreement of each statement and the entire dimension of inherent risk.	106
4.5	The means, standard deviation, percentages of agreement, ranking of the statements, and the extent of agreement of each statement influencing the implementation of inherent risk.	111

4.6	The means, standard deviation, percentages of agreement, ranking of the statements, and the extent of agreement of each statement and the entire dimension of control risk.	112
47	The means, standard deviation, percentages of agreement, ranking of the statements, and the extent of agreement of each statement influencing the implementation of control risk.	114
4.8	The means, standard deviation, percentages of agreement, ranking of the statements, and the extent of agreement of each statement and the entire dimension of detection risk.	116
4.9	The means, standard deviation, the percentages of agreement, ranking of the statements, and the extent of agreement of each statement influencing the implementation of detection risk.	119
4.10	Analysis of (One sample T test) to verify the extent of external auditors in Palestine in determining the acceptable risk	121
4.11	Analysis of (One sample T test) to verify the extent of external auditors in Palestine in determining the inherent risk	122
4.12	Analysis of (One sample T test) to verify the extent of external auditors in Palestine in determining the control risk	123
4.13	Analysis of (One sample T test) to verify the extent of external auditors in Palestine in determining the detection audit risk	124
4.14	ANOVA analysis of the differences in the means of the external auditors' views and perceptions of external auditors' implementation of the audit risk model attributed to academic achievement.	125

4.15	ANOVA analysis of the differences in the means of the external auditors' views and perceptions of external auditors' implementation of the audit risk model attributed to the duration of experience.	127
4.16	ANOVA analysis of the differences in the means of the external auditors' views and perceptions of external auditors' implementation of the audit risk model attributed to the size of the audit firm.	128
4.17	t- test analysis of the differences in the means of the external auditors' views and perceptions of external auditors' implementation of the audit risk model attributed to having a certificate.	130

List of Figures

No.	Subject	Page No.
Figure (1.1)	Model of the Study (Source: By the researcher)	12

List of Appendices

No.	Subject	Page No.
Appendix 1	Questionnaire of the Study	139
Appendix 2	Arbitrators of the Questionnaire	144
Appendix 3	The Study Sample	151

Chapter One

Introduction

1.1 Introduction

The dynamic development in technological transformation and economic development have increased business complexity in the last few decades, which has led to the separation of management and ownership. Thus, there is an increasing interest and development in the audit profession and activities to protect the interests of shareholders, especially small investors and other stakeholders in the listed companies (Abidin, 2017). Thus, the audit profession is an interesting profession that requires the existence of highly professional personnel, a high reputation and creditability in all countries and firms (Tuan & Dung, 2023).

The existence of high-quality audit engagement and practices are essential requirements for increasing the dependency, usefulness and creditability of the disclosed audited information. Thus, this decreases the controlling and monitoring costs and transaction costs. Besides, increasing the accountability, enhancement of operational efficiency and better utilization of existing resources (Hay & Cordery, 2018).

The notion of the risk audit model is that auditors ought to take into consideration inherent, control and detection risks as the risks and threats have become fundamental to business activities. Thus, this recently developed model plays an interesting role in increasing the efficiency and effectiveness of audit practices in listed firms. Besides, it helps businesses identify which evidence to obtain and specify whether the obtained evidence is adequate to support a particular audit report (Arifianto & Putra, 2019).

Auditors who are committed to the audit risk model have to evaluate the extent of risk detection. Furthermore, those auditors ought to specify the extent of risk detection in the

plans and the anticipated obtaining of audit evidence through acceptable audit risk, inherent risks, and control risks. Thus, deciding the appropriate and acceptable detection risk would affect the quality and results of the audit activities (Chang et al., 2019).

Auditing risk takes place first in the environment in which auditors have attempted to utilize statistical sampling techniques in the audit profession. Utilizing these techniques to specify the sample size, it was revealed that the samples were usually far greater than those that were decided by the judgments of the auditors (Chang et al., 2019). Thus, under the risk audit model, some persuasive explanations have been established to react to the question of why auditors can depend on a smaller sample size instead of the large sample size that was prescribed by the statistical techniques. Thus, these plans have to be decided based on audit risk management, which supports auditors in specifying sample size concerning the planned material and the acceptable degree of risk (Arzhenovskiy et al., 2019).

Based on the audit risk model, the auditors have to identify the areas with high risk that require extensive investigation and detection. Then, they have to concentrate on areas with a lower degree of risk (Helles & Mutair, 2020). This model has three components: inherent risk, control risk and detection risk. Thus, this model assumes that auditors have to specify at first the acceptable audit risk, then they should evaluate the inherent risk at the senior management level and the board of directors and the entire business unit. Then, the evaluation of the control risk and eventually, the integration of the detection risk into the model. Thus, the integration of these types of risks can decrease the audit risk significantly to the acceptable level that should be predicted and specified first (Chang et al., 2019).

According to the extent of the implementation of the audit risk model in Palestine, the auditors use a larger sample size and they obtain more audit evidence and perform further tests and investigations for the obtained data when they find that the audit size will increase with the increase in the size of the audit sample. Besides, Palestinian auditors tend to use more descriptive tools and percentages to document audit risk assessments. Moreover, they also use both their professional judgment and software tools to integrate risk assessment and valuation (Helles and Mutair, 2020). Likewise, Arzhenovskiy et al. (2019) found that firms can use an audit risk model to evaluate the different types of risks that businesses expose to them.

There are a number of factors influencing the audit risks that include: the professional judgment of the auditor, judging the declaration degree of the auditee, the awareness and familiarity of the auditor with the business environment of the client, However, the main factors influencing both inherent risk and control risk are the processes that are used by the auditors to prevent, detect and correct the different expected errors, and the separation of duties and responsibilities of the auditors in the business. Rashedi (2018). In the Arab world, El-Said, (2017) for instance, demonstrated that the external auditors in Egypt depend on nonfinancial information and data when they assess audit risk in unstable economic environments and conditions. Furthermore, under unstable economic conditions, firms depend on expert and professional external auditors to perform audit activities, such as those performed by senior auditors and partners. Likewise, Zainal Abidin (2017) found that the most interesting factors influencing risk-based auditing in Malaysia are “audit committee review and concern and the risk management system”. Furthermore, the study results confirmed that an increased formalized risk environment would positively affect an audit and business culture that foster awareness of the risk

thus increasing the potential of implementing risk-based auditing. Furthermore, there is an insignificant effect on auditors' experience, the qualification of the audit committee, and the efficiency of the internal control system on the implementation of risk-based auditing.

This study investigates to what extent auditors are committed to using the audit risk model in their audit practices and activities from the viewpoint of the external auditors in Palestine. Furthermore, investigate the significant risks that are either inherent or control risks that affect the audit engagement and planning.

1.2 Problem of the Study

The problem of this study is to examine the commitment of external auditors to using the audit risk model in Palestine. As the audit offices and firms in Palestine confront several risks and impediments in using this model and in identifying the factors influencing the implementation of the audit risk model in Palestine, this model emphasizes four types of risks: acceptable risk, inherent risk, control risk, and detection risk. International Audit Standard 315 concerning risk assessment procedures and related activities stated that "the auditor shall design and perform risk assessment procedures to obtain audit evidence that provides an appropriate basis for the identification and assessment of risks of material misstatements and the design of auditor procedures in accordance with ISA 330; that is, the auditor shall design and perform risk assessment procedures in a manner that is not biased towards obtaining audit evidence that may be corruptive or towards excluding audit evidence that may be contradictory". Likewise, ISA 300 states that the auditors shall develop an audit plan to decrease audit risk levels to an acceptable level. Furthermore, ISA 315 states that the auditors shall have adequate awareness and recognition of the

client's industry, the scope and nature of the client's business, and associated risks that may result in material misstatements in the financial statements.

There are a number of effects of using the audit risk model in the Palestinian context, such as increasing the sample size, changing the required and nature of the audit traces, the time of audit investigation. Besides, investigating the requirements of using the audit risk model in these firms basically depends on the response of the auditors to the implementation of this mode, the required experience and knowledge of auditors and the academic achievement of auditors.

The listed firms in Palestine confront several risks and threats, either general risks that affect the Palestinian economy entirely, such as an unstable political and economic environment and conditions, or specific industry or firm characteristics. **Thus, the Problem of this Study is Embedded in this Question:**

To What Extent External Auditors in Palestine Committed to Implementing the Audit Risk Model in Their Work? And What are the Factors Influencing its Implementation?

1.3 Questions of the Study

This study will find **answers to** the following questions:

1. To what extent are external auditors in Palestine committed to implementing the acceptable risk in their work? And what are the factors influencing its implementation?
2. To what extent are external auditors in Palestine committed to implementing the inherent risks in their work? And what are the factors influencing its implementation?
3. To what extent are external auditors in Palestine committed to implementing the control risks in their work? And what are the factors influencing its implementation?

4. To what extent are external auditors in Palestine committed to implementing the detection risks in their work. Besides, explore the factors influencing its implementation.
5. Is there a difference in external auditors` opinions in the implementation of the audit risk model regarding the duration of experience in the audit profession, certification, level of academic achievement, and size of the audit team?

1.4 Objectives of the Study

This study will achieve the following objective: to explore to what extent are external auditors in Palestine committed to implementing the audit risk model in their work. Besides, examine the factors influencing its implementation. To achieve the main objective, the researcher developed the following minor objectives:

1. Exploring to what extent are external auditors in Palestine committed to implementing the acceptable risk in their work. Furthermore, identify the factors influencing its implementation.
2. Exploring to what extent are external auditors in Palestine committed to implementing the inherent risk in their work. Moreover, examine the factors influencing its implementation.
3. Investigating to what extent are external auditors in Palestine committed to implementing the control risk in their work. Besides, identifying the factors influencing its implementation
4. Examining to what extent are external auditors in Palestine committed to implementing the detection risk in their work. Besides, exploring the factors influencing its implementation.

5. Examining if there are differences in external auditors' views and perceptions of external auditors' implementation of the audit risk model attributed to the duration of experience in the audit profession, certification, level of academic achievement, and size of the audit team.

1.5 Thesis Significance

1.5.1 Scientific Significance

As a response to the increasing extent of risks for audit firms' clients, especially with the global financial crisis, a detailed analysis of the risks and the precise response to each of them, including that in the audit program, becomes very important. International auditing standards require assessment of audit risks by audit firms, and the importance of this study lies in identifying the extent and how audit offices in Palestine deal with International Auditing Standard No. (315), which requires assessing audit risks by applying the audit risk model. The opinion of an impartial professional auditor affects many parties. In the event that the auditor expresses an inappropriate opinion on the financial statements, this inappropriate opinion negatively affects the decisions of the users of the financial statements. It also affects the auditor's reputation and may expose him to legal accountability. The importance of this study lies in identifying the way that audit offices behave when analyzing acceptable risks, inherent risks, control risks, and detection risks.

This study explores to what extent the external auditors in Palestine are in compliance with implementing and adhering to audit risk levels. Furthermore, the implementation of an audit risk model plays an essential role in the cost reduction of the audit engagement, and it will affect the sampling, audit timing, nature, obtained evidence, and

procedures, especially due to the increasing number of audit failures in large firms internationally. From another perspective, this study will focus on the main factors associated with acceptable audit risk levels, inherent risk, and control risk in listed firms on the Palestinian exchange. Thus, this may trigger researchers, scholars, and students to perform further studies in this interesting field.

1.5.2 Profession Significance

1. This study adds value to the audit profession as it will decrease the risks that auditors may expose themselves to and lead them to concentrate on critical aspects of the audit. Thus, this plays an essential role in improving the quality of the audit profession.
2. The emergence of the audit risk model is highly significant to the development and increasing efficiency and effectiveness of the audit profession and the role of auditors, as this model has changed the way of performing audit tasks and activities, and the accuracy of this model is able to increase audits in high-risk areas.
3. Efficient and proper adoption and implementation of the audit risk model can lead to increased efficiency and an adequate distribution of auditing resources. This plays an essential role in increasing the efficiency and effectiveness of audit practices and procedures in the business.
4. The significance of this study is related to its objective, which is to examine to what extent auditors in Palestine are in compliance with audit risk model implementation, as this study claims that efficient risk assessment plays an essential role in cost reduction of audit practices and audit missions as this model helps the auditors decide the level of tests to be carried out.

5. The implementation of the audit risk model in the companies' subject to audit, according to Decree Law No. (42) of 2021 regarding companies in Palestine, helps to increase the efficiency of audit engagement and the quality of the audit profession in Palestinian listed firms. Besides, it helps to decrease legal risks for auditors.

1.6 Thesis Hypotheses

The main hypothesis of this study is

The external auditors in Palestine are not committed to implement the audit risk model in their work.

1. The external auditors in Palestine are not committed to implementing the acceptable risk in their work.
2. The external auditors in Palestine are not committed to implementing the inherent risk in their work.
3. The external auditors in Palestine are not committed to implementing the control risk in their work.
4. The external auditors in Palestine are not committed to implementing the detection risk in their work.
5. There are insignificant differences in external auditors' views and perceptions of external auditors' implementation of the audit risk model attributed to the duration of experience in the audit profession, certification, level of academic achievement, and size of the audit team.

1.7 Framework of the Study

Dependent Variable

The extent of implementation and commitment to the audit risk model in listed firms in the Palestinian exchange by external auditors. This indicates and measures to what level the auditors of listed firms in the Palestinian exchange are committed to implementing an audit risk model in their evaluation and setting of the planned detection risk by external auditors. The Audit Risk Model is a function of the risks of material misstatement and detection risk.

Independent Variables

AAR: Acceptable Audit Risk refers to "how assured the auditor desires to be; if, for instance, they desire to be assured by 90% of their audit work, then the acceptable audit risk is 10%". If it is impossible for auditors to be assured of 100% of their work, then the acceptable audit risk indicator is inevitable in the audit field" (Mutair, 2018).

IR: Inherent Risk: "characteristics of events or conditions that affect susceptibility to misstatement, whether due to fraud or error, of an assertion about a class of transactions, account balance, or disclosure, before consideration of controls; such factors may be qualitative or quantitative and include complexity, subjectivity, change, uncertainty, or susceptibility to misstatement due to management bias or other fraud risk factors insofar as they affect inherent risk" (International Standard on Auditing 315, 2019).

CRE: Control Risk: control risk is "The risk that a misstatement that could occur in an assertion about a class of transaction, account balance, or disclosure and that could be material, either individually or when aggregated with other misstatements, will not be

prevented, detected, and corrected on a timely basis by the entity`s internal control" (International Standard on Auditing 200, 2009).

DR: Detection Risk: According to IAS 200, the detection risk is “the risk that the audit procedures will not materially disclose a misstatement of the account balance (or class of transactions) that may be material, alone or in aggregation with the misstatement of the balances in the other accounts.

Level of academic achievement: Diploma or less, Bachelor degree, High Diploma, Master degree, and PhD.

The duration of experience in the audit profession: Less than five years, 5 to less than 10 years, 10 to less than 15 years, and 15 years or more.

Size of the audit team, or size of the audit firm: Less than 5 auditors, 5 to less than 10 auditors, 10 to less than 15 auditors, and more than 15 auditors.

Certification: CPA. ACPA. CMA, Etc.

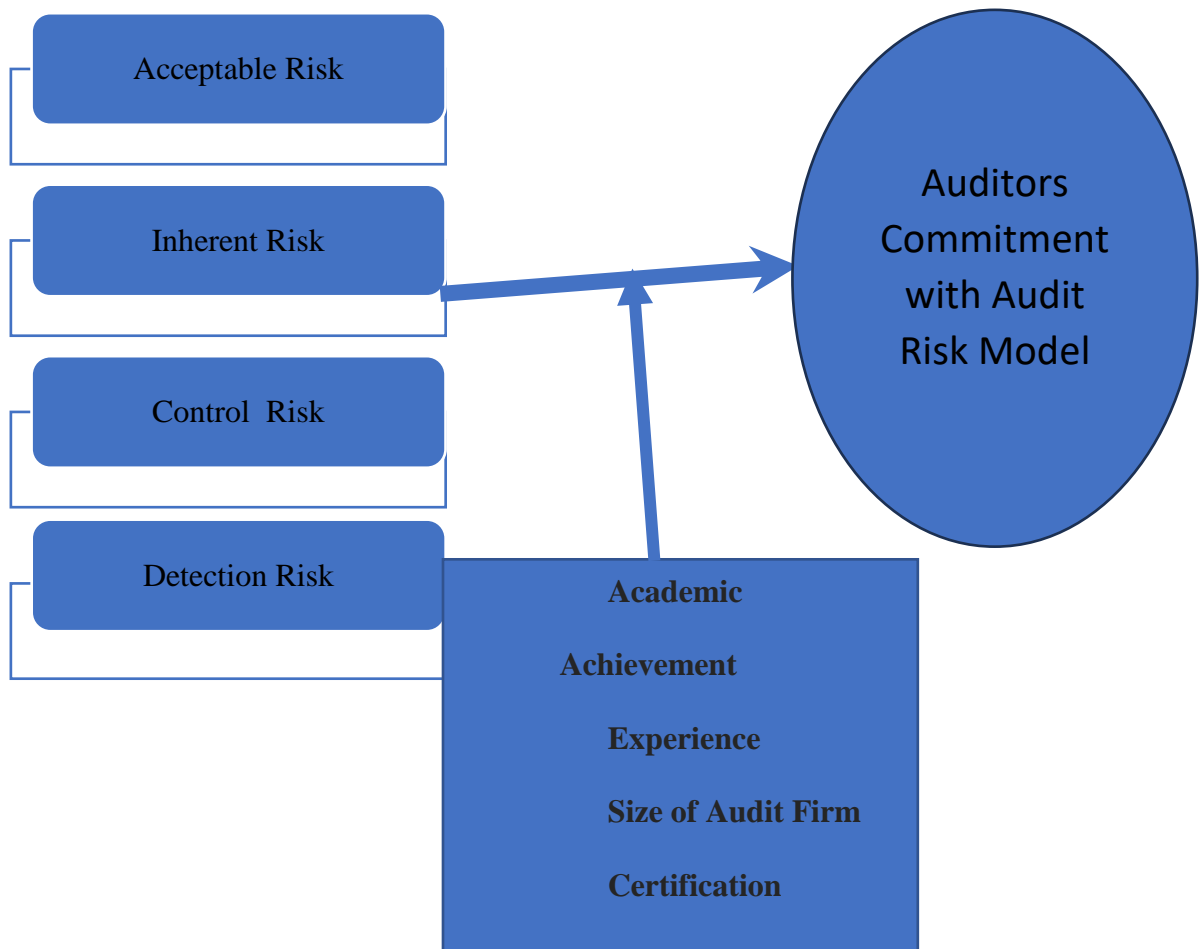


Figure (1.1): Model of the Study (Source: By the researcher)

1.8 Tentative Thesis Outline

This study consists of five chapters. The First Chapter is the introductory chapter that includes general background, problem identification, importance and objectives of the thesis, hypotheses development, and limitations and delimitations of the study. This thesis purpose is to investigate to what extent auditors in Palestine are committed to implementing the audit risk model in their work and to explore the factors influencing the application of this model in the Palestinian context, as several audit and accounting institutions require auditors to have adequate awareness of the auditee and its environment, taking into consideration the internal control environment, to specify the risks that businesses may suffer from and expose themselves to.

The Second Chapter is the literature review and the practical studies that explored this topic in Arab and foreign contexts. The literature review includes a definition of audit, the objectives and importance of the audit profession, a definition of the risk concept, and the relationship between risk and audit. Besides, the researcher will discuss the differences between classical and new business risk evaluation strategies. Furthermore, the researcher will define and specify the components of the audit risk model.

The Third Chapter is the research approach and methodology, as the researcher in that chapter will present and explain the research approach, which is the quantitative research approach; the research design will be the descriptive research design; the cross-sectional design; and the survey design. Then the researcher will define the population and sample of the study, which are the auditors in Palestine who are licensed by the Palestinian Association of Certified Public Accountants. Then, the researcher will define the data collection methods, which are the primary data collection methods through survey design and the secondary data collection methods through articles, books, journals, and publications, to write the literature review, develop the hypotheses of the study, and write the questionnaire for the study. Then, estimate the validity and reliability of the study. Eventually, present the data analysis methods.

The Fourth Chapter is the findings of the study, which consist of two sections. The first section presents the findings of the questions and answers, and the second section is the hypothesis testing. The last chapter is the fifth chapter, which is the conclusion and recommendation, and it consists of the following sections: a summary of the findings, discussion of the findings, recommendations of the study that include both theoretical and practical recommendations and suggestions, and limitations of the study. Then, presenting a list of references and the appendices of the study, such as the questionnaire.

Chapter Two

Literature Review

2.1 Introduction

This chapter presents the literature review and previous study. At first, this section presents the definition of an audit risk model. Besides, to differentiate the different risks explored in this model, Eventually, presenting the main ISAs that are related to the audit risk model.

2.2 Theoretical Framework

2.2.1 Definition of Audit Risk Model

Elliot and Rogers (1972) presented the audit risk model. This model relies on using statistical tools for hypothesis testing. The audit risk model integrates the judgments of auditors concerning audit risk, materiality, and internal control.

According to Cindori (2018), the audit risk model is the opportunity of disclosing an incorrect opinion on the investigated clients` financial statements as the failure of the auditor to detect any material errors that may exist in those financial statements where the auditor presents his opinion.

Muir (2018) stated that the audit risk model is the disclosure by the external auditors an accurate and correct opinion on the financial statements of the clients, and these financial statements are materially inaccurate or give a misstatement opinion when the financial statements are free of material misstatements.

ISA 330, which is entitled “the auditors` response to the assessing risks” states that the major objective of the external auditors is to provide sufficient evidence related to the assessed risks of material misstatement by creating, setting, and performing accurate and

definite practices in reaction to the different risks that the business may expose to them (International Auditing and Assurance Standards Board, 2022).

There are several external factors that influence the volume of the required audit procedures, such as changes in the laws and regulations of the government and the political and economic environment. Likewise, there are several internal factors that influence the audit procedures, such as the honesty of the client management, the size of business activities, the nature of the economic activities of the client, and the complexity of the client`s transactions (Allaham et al., 2017).

From another perspective, ISA 200 states that audit risk is “the risk that the auditor expresses an improper audit opinion when the financial statements are materially misstated” (International Auditing and Assurance Standards Board, 2022)

Thus, according to this definition, audit risk is a function of both detection risks and material misstatements. It includes risk control, inherent risk, and control risk (Yazdaniyan and Dastgir, 2019).

The audit risk model is an interesting model that has gained interesting importance from researchers and experts in the audit field during the last few years, especially after the occurrence of several economic and financial crises, such as the global financial crisis in 2008. Thus, there was a massive development and transformation in auditing standards and practices, and one of them is the audit risk model, which seeks auditors to consider the major risks that the client may expose to them, such as the inherent risk, control risk, and detection risk. This model affects audit planning, audit performance, and the different aspects of the audit cycle and audit practices.

2.2.2 Acceptable Audit Risk

When the auditor assesses the acceptable audit risk as low, this means that he wants to be more certain that the client's financial statements do not contain material errors; in other words, when determining the value of the acceptable audit risk as zero, the auditor performs full verification, which is possible in practice because the auditor's responsibility is to obtain reasonable, not conclusive, assurances (Helles and Mutair, 2020).

This is because most audit evidence is convincing rather than conclusive and relies on a statistical sampling system. Likewise, many accounts contain personal estimates and judgments (Shahverdi et al., 2023).

If the acceptable audit risk is determined at 100%, this means a case of complete uncertainty, meaning that the auditor did not conduct the audit at all. Thus, the acceptable risk value can be interpreted as assuming that the auditor evaluates these risks at a value equal to 3%; this means that the assumed assurance from the audit process is 97% (Arens, 2017). Meanwhile, AICPA (1983) stated that audit risk is a function of three components that are:

$\text{inherent risk} * \text{control risk} * \text{detection risk. That is } AR = IR \times CR \times DR.$

When the auditor evaluates the acceptable level of risks at low value, it will perform the audit process more broadly in terms of the volume of evidence as well as the number of tests and procedures, and this enables him to discover many of the fundamental errors present. Accordingly, the probability of detecting material errors is close to the actual material misstatements present in the financial statements. (Soltani, 2007)

To accurately assess acceptable audit risk, the auditor must evaluate the factors affecting this risk. According to the theoretical literature in the auditing profession, the value of

acceptable audit risks is affected by an increase or decrease due to three related factors: the extent of external users' dependence on the financial statements, the possibility that the client will confront financial difficulties and disorders, and the extent of honesty in the client's management (Arens, 2017).

Acceptable audit risk is the extent to which the auditor is willing to accept the possibility of material errors in the client's financial statements after the end of the audit process and arrive at an unqualified opinion. The value of acceptable audit risks depends on the auditor's personal opinion regarding his willingness to accept financial statements that lack fair representation after completing the audit process and issuing an unqualified opinion, and the lower the value of the acceptable audit risk, the procedures and tests that the auditor will perform will increase (Ibrahim et al., 2019).

The auditor's liability is to provide a general opinion that the financial statements of the client are free from material misstatements rather than to provide full assurance that these statements are completely free of errors, as the auditor selects a sample of observations to investigate rather than investigating all the observations, documents, and procedures in the business. Thus, there is a definite margin of error in the judgment of the auditor, and this is called the acceptable audit risk. However, this risk should be very low, or the statements will lose their trustworthiness and validity if used as an interesting source for stakeholders' decisions, especially investment decisions.

There Are a Number of Factors That Influence the Acceptable Audit Risk Which Are:

1. **The Reliance of Users on the Clients' Financial Statements:** The reliance of external users on the client's financial statements to a large extent requires the auditor to be more certain that the financial statements under audit do not contain any material errors or misstatements (Naibei et al., 2014). In order for the auditor to be more certain that there are no fundamental errors, he must reduce the value of the acceptable risk percentage to an acceptable level (Pike et al., 2016).

If the auditor fails to discover the fundamental errors present in the financial statements and a large number of external users rely heavily on these financial statements, many of those users will incur losses, and thus the auditor will be exposed to legal accountability as a result of negligence. In order to avoid this, the auditor must be more certain that the financial statements are free of material errors or misstatements and that the acceptable audit risk is low (Porter et al., 2008).

The most interesting aspect of the extent of users' dependence on the clients' financial statements is the volume of the client's operations, as there is a positive correlation between the clients' operations measured by total sales or total asset volume and the public and stakeholders' reliance on the financial statements. Another interesting measure is the ownership structure of the client, especially when the client is a large corporation with a diversified ownership structure.

2. **The Potential of Financial Difficulties:** One of the important factors that affect the auditor's determination of the acceptable audit risk is the possibility that the client will confront financial disorders and difficulties, and the high potential of bankruptcy and illiquidity. When the auditor expects that the client will confront financial difficulties

in the future, he should decrease the acceptable risk value (Porter et al. 2008). In the event that the client becomes bankrupt or is exposed to huge losses after the end of the audit process, the auditor becomes liable.

3. **The Honesty of Client Management:** The honesty of management is one of the vital factors that affect acceptable audit risks. The presence of honest management and high moral values will help the auditor overcome the risks he faces during the auditing process. On the contrary, a lack of management honesty leads to increased audit risks, thus decreasing the value of acceptable audit risks and increasing the number of tests and procedures that the auditor will perform. The honesty of management affects all accounts and operations carried out by the client.

Thus, the determination of acceptable audit risk relies on three interesting factors: the reliance of the public and users on the financial statements of the business. Besides, the potential financial disorders and difficulties that the client may confront in the future, and the honesty of client management. When there is a high reliance on the financial statements of the client, the acceptable audit risk should be very low. Furthermore, there is a negative correlation between the potential for some financial difficulties, the potential for solvency and liquidity, and the acceptable audit risk. Eventually, the honesty of the senior management and employees is a critical factor that influences the acceptable audit risk, as the auditor may increase the acceptance of audit risk when he knows that they are honest people.

2.2.3 Inherent Risk

According to ISA 200, inherent risk is “the susceptibility of an assertion about a class of transaction, account balance, or disclosure to a misstatement that could be material, either individually or when aggregated with other misstatements, before consideration of any related controls” (International Auditing and Assurance Standards Board, 2022).

To calculate inherent risk using this formula:

$\text{Inherent Risk} = \text{Acceptable Risk} / \text{Control Risk} * \text{Detection Risk}$

Inherent risk is the “exposure of a claim about a transaction account balance or disclosure to a misstatement either individually or in total with other misstatements that can be material, assuming no associated internal control” (Van et al., 2017).

Politis (2018) stated that inherent risk is “the susceptibility of account balance or transaction categories to material errors individually or when integrated with misrepresentations in balances or other categories without regard to the relevant internal control.” Whereas, Krishnan and Peytcheva (2019) stated that inherent risk is “the risk that takes place from the likelihood of a physical variation in a specific item or activity or the sum of variations in specific items; thus, if these deviations are integrated, they become material”.

According to Singh et al. (2019), inherent risk argues that the size and volume of financial activities and operations influence the volume of inherent risk; the larger the financial operations size and amount, the greater the risk of collateral, and the complexity of the calculations that influence account balances or groups of financial operations increases inherent risk.

Chen et al. (2019) argued that the difficulty of auditing the massive and core processes of the client will increase the collateral risk. Whereas, the risk audit model is an interesting methodology that focuses on the inherent risks involved in business activities and systems, and it provides assurance that senior management has the ability and tools to manage these risks with what is called the defined risk appetite level.

Matrood and Khilkhail (2019) defined inherent risk as the extent to which account balances or a set of transactions are exposed to material error that leads to overstating the value of the account balances significantly, and these risks are associated with the nature of the work and the nature of the account balances.

This means that the auditor evaluates the probability of material misstatement before taking into consideration the efficiency and effect of the internal control of the client.

Inherent risks are those that are represented by the occurrence of an error in an accounting element or a specific type of activity or operation. For this error to be material, it must not have occurred as a result of a weakness in the control system of the client. Several factors affect this risk that include: the nature of the client's work. The existence of relationships between the clients' activities and operations and parties related to the client, as well as an increase in personal judgments and estimates for client accounts, the presence of non-routine operations, and the possibility of fraud indicators in the financial statements (Lotfi, 2007),

Inherent risks are among the most important types of risks that affect the efficiency and effectiveness of the audit process. Thus, the auditor must accurately assess the inherent risks. If the auditor assesses this risk as greater than the actual level, this requires increasing the volume of evidence and conducting more tests. This needs more effort to perform the audit function efficiently.

Several Factors Influence Inherent Risk, Including:

- 1 **The Nature of the Client's Work:** the nature of the client's economic sector and business activities affect the extent of inherent risk, as some industries are characterized by a higher degree of risk than other industries or economic sectors. For instance, to calculate inventory for a customer who practices the electronics industry, due to the inherent possibility, the value of inventory decreases as a result of technological developments, while the value of the inherent risks may not be high. in the inventory account for a client who practices the furniture industry.
- 2 **Parties Related to the Client:** IAS 240 explains related parties as both managers and companies, institutions, and all those who control and have a fundamental influence on the decisions of companies and institutions. International accounting standards require auditors and companies to disclose in the financial statements all material transactions that occurred with those related parties to the client. Thus. If there is a high volume of transactions between the client and other related parties, this indicates that the auditor should increase his consideration and involvement in the assessment of inherent risk (International Auditing and Assurance Standards Board, 2022).
- 3 **Personal Judgments and Estimates of Client Accounts:** Some types of accounts are characterized by the use of personal estimates and judgments by client management, such as the measurement of fair value vs. historical cost method and the allowance for doubtful debts account. In these cases, there is a high potential for errors in estimations and personal judgment. Thus, this increases the volume of inherent risk for the client (Gray and Manson, 2008).

- 4 Indicators of the Possibility of Fraud in the Client's Financial Statements:** Fraud is an intentional error or omission of amounts or disclosures with the aim to deceive users of financial statements. In some cases, pressure is exerted on the client's management from outside the facility or from within to achieve high profits. Sometimes the client's management has the opportunity to commit fraud, so the client's management prepares fraudulent financial statements, especially when there is weak internal control, a weak accounting information system, or a lack of ethical organizational culture. Thus, the external auditor should emphasize these indicators when setting the audit plan and performing the audit function for the client.

2.2.4 Control Risks

According to IAS 200, Control risk "the risk that a misstatement that could take place in a statement about a class of transaction, account balance, or disclosure and that could be material, either individually or when aggregated with other misstatements, will not be prevented, or detected and corrected, on a timely basis by the entity's internal control. This is the auditor's assessment of the internal control of the enterprise in terms of the ability to prevent and correct errors" (International Auditing and Assurance Standards Board, 2022).

According to Lawrence et al. (2017), control risk is associated with the likelihood of an error in the recognition of a financial event that could be material, either individually or when combined with errors, and has not been prevented from being detected, discovered, and corrected at the correct time by the internal control system of the client. Alzeban (2019) claimed that the risk of control is a function of the internal control system, as

increasing the efficiency and effectiveness of the client's internal control system will decrease the volume of control risks.

Mubako and O'Donnell (2018) argued that the auditor's assessment of the control risks relies on his performing familiarity tests and tests of compliance with the clients' internal control system, and in the absence of such an assessment, the external auditor ought to assume that the control risks are high.

Control risk is the risk resulting from the possibility that the organization's current internal control system is not able to detect or prevent the occurrence of material errors in the financial statements. Thus, there is a negative correlation between the existence of an efficient internal control system and the existence of control risks. The possibility that the client's internal control systems will not be able to prevent or detect errors and material misstatements results in internal control risks, which are the risks resulting from the possibility of a fundamental deviation in a specific item, a specific activity, or a group of deviations in specific items and the failure of the internal control system to prevent it or discover it in a timely manner (Al-Thaniibat 2006).

After the auditor understands the client's internal control system, he begins to evaluate the control risks, and as they increase in strength, effectiveness, and reliability, the auditor evaluates the control risks at a low value. If the auditor evaluates the control risks at a high value, which means that the auditor will not rely on the internal control system of the client to reduce audit risks, it will therefore carry out extensive tests and procedures due to the low value of audit risk discovery. If the value of control risks is low, the auditor relies heavily on the quality of the internal control system of the client to reduce the value of audit risks, and therefore it will perform fewer tests and procedures (Hadil et al., 2023).

Control risk is the risk that a misstatement that could take place in an assertion and that could be material either individually or totally when aggregated with other misstatements will not be prohibited or erased and adjusted on an appropriate basis by the internal control auditor taking into consideration the control environment of a business together with detailed control activities and system objectives in evaluating the control risk as an interesting risk for a specified area of the financial statements (Alzabari et al., 2019)

The assessment of control risk is interesting to assess to what extent the auditor has no control over either inherent risk or control risk. These risks are borne by the business subject to audit. On the other hand, the auditor must evaluate them when determining the level of the detailed substantive procedures to be performed.

The formula to calculate control risk is:

$\text{Control Risk} = \text{Acceptable Risk} / \text{Detection Risk} * \text{Inherent Risk}$

2.2.5 Internal Control Definition and Components

The concept of internal control has developed significantly as a consequence of the rapid and dynamic changes and developments in administrative concepts, as its role has transformed from just discovering errors and faults to becoming an interesting tool in immunizing human resources, detecting errors and faults, and treating them before they take place (Pickett, 2010).

According to Alzabari et al. (2019), internal control is “a set of systems, instructions, decisions, and regulations that regulate firms in the administrative unit, control methods, and existing tools to safeguard public money, and it is the administrative divisions and units that divide the work system in a manner that prevents loss, collusion, or embezzlement”.

According to Al-Rifay et al. (2022), internal control refers to the activities and processes that are carried out by the board of directors or individuals and are established to provide proper assurance concerning the achievement of organization or business objectives of operational control relating to the effectiveness and efficiency of activities and operations, controlling and supervising financial reporting, and compliance with the control.

Basically, the internal control based on Committee of Sponsoring Organizations (COSO) framework has five essential components that are: control environment, risk assessment, control activities, information and communication, monitoring (Krivtsov and Tarasova, 2022).

Control Environment: It refers to the procedures, policies, and behaviors that show the involvement and interest of business management in the role and importance of internal control (Flayyih et al., 2022). Basically, there are several factors influencing the control environment such as integrity and morale values, philosophy of board of directors and senior executive management, organization structure (Armstrong & Taylor, 2020), efficiency and effectiveness of the board of directors, manners and approaches of delegating power and assignment of duties and responsibilities, existence of an efficient human resource management policies and procedures, and external influences that is the existence of follow up to the financial control body's recommendations and the top management emphasize to be in line with the laws, regulations, recommendations, of different stakeholders (Van Greuning & Bratanovic, 2020).

Risk Assessment: Businesses confront several internal and external risks regardless of their size, nature of their activities and operations (Alslihat et al., 2018). The internal control components have to be subject to an evaluation of the risks they comprise, and the senior management ought to assess the risks as constitute of the design and operation

of the internal control system to decrease faults, errors and violations (Lestari & Sudrajat, 2023). The core of the control process is to specify the risks that confront the accomplishment of business objectives and set properties for managing all various types of risks that the business may expose to them. Thus, the goal setting is the heart of the internal control work (Abass et al., 2022).

Control Activities: control activities refer to the general policies and procedures that help confirm that the instructions of the management are executed efficiently (Nashwan & Ashour, 2023). Besides, the control activities help confirm that the required actions are carried out to meet the risks associated with achieving the objectives and goals of the business (Abdulfattah, 2023). Basically, there are several types of control activities that the business may undertake, such as segregation of duties and responsibilities, proper delegation of authorities to perform definite activities and operations, efficient documentation and records, physical control of assets, and appropriate verification of the efficiency and effectiveness of control activities. (Hall, 2015)

Information and Communication: The information and communication component refer to the efficiency and effectiveness of the information system to ensure trustworthiness and confirmation of the quality of financial reporting. Information and communications include interesting tools of information systems, methods, and records for the specification, analysis, categorization, and recording of accounting transactions of the business (Al-Tameemi, 2023). Besides, disclosure and maintaining the firms' assets and liabilities associated with communication consisting of taking an obvious understanding of employees' roles, duties, and responsibilities for internal control and its effect on financial reporting of the business, the business regulations and policies, and the

financial and accounting reports manual are components of information and communication (AL-Timemi & Flayyih, 2015).

Monitoring: It refers to the activities associated with the continuous appreciation and periodic evaluation of the performance of internal control in the business (Albarraq et al, 2023). The internal control department or unit usually performs monitoring tasks to identify the effectiveness and efficiency of the internal control system and specify the potential for adjustments in compliance with developments and changes in the ambient environment and conditions. This is carried out by investigating the internal control and reports of regulatory organizations (Kritov & Tarasova, 2022).

Thus, in my opinion, internal control is an interesting instrument in the hands of senior management and the board of directors as it helps to guide the management of the organization and its human resources to weaknesses with the aim of avoiding them, and internal control acts an essential role in identifying points of success and strength to take the correct actions, as well as providing a psychological deterrent that helps detect and prevent weak souls from exploiting weaknesses for the practice of administrative and financial corruption.

2.2.6 Detection Risk

According to IAS 200 the detection risk is “the risk that the audit procedures will not materially disclose a misstatement of the account balance (or class of transactions) that may be material, alone or in aggregation with the misstatement of the balances in the other accounts. The risk of non-detection of material misstatement due to fraud is higher than material misstatement due to error, as fraud may involve conspiracy, distortion, deliberate confiscation, misinterpretation, or neglect of internal control. It is the risk that

the procedures carried out by the auditor to decrease audit risk to an acceptably low level will not detect a misstatement that exists and that could be material, either individually or when aggregated with other misstatements” (International Auditing and Assurance Standards Board, 2022).

According to auditing techniques the detection risk is the percentage of audit risk divided by the sum of inherent and controls risks

Svanberg et al. (2019) stated that detection or discovery risks take place due to the potential failure of the auditor to detect and discover a material fault or error in the use of a method or improper or inaccurate implementation of auditing samples, or using false or improper audits but not detecting errors or faults.

Cassell et al. (2019) claimed that the discovery or detection risk is an assessment of the failure of auditors to detect substantive errors and faults that already exist”.

The main characteristic of detection or discovery risks is that these faults and risks fall within the control of the auditors, and they can control and adjust them based on the results of assessing and evaluating the risks of control by decreasing or increasing the substantive tests and investigations (Appelbaum et al. 2018).

Basically, there are two categories of detection risks:

1. The analytical examination risk: The risks that arise from the analytical procedures` failure to detect substantial errors or faults in a specific balance or group of activities and operations that have not been discovered by the internal control system of the client (Huang et al., 2017).
2. The risk of detailed investigation that emerges due to the failure of detailed examinations to detect substantial errors in the balance of a specific account or group

of activities and operations that analytical procedures have not been able to detect and discover (Pike et al. 2016).

Detection risk refers to the risk that the auditor procedures will not detect a misstatement that occurs in an assertion that could be material either individually or when aggregated with other misstatements, given that auditors depend on their personal judgment and skepticism in determining the level of applicable inherent risk and control risk (Politis, 2018).

Thus, in my opinion the detection risk is the risk that the external as well as internal auditors will not notice or detect a material misstatement that exists in a statement. It has two types that are substantive tests of details risk and analytical procedures. That is, the detection risk may take place due to failure of substantive analytical procedures to find a material misstatement or due to failure of internal controls to detect a material misstatement.

The Formula to Calculate Control Risk is:

$\text{Detection Risk} = \text{Acceptable Risk} / \text{Control Risk} * \text{Inherent Risk}$

2.2.7 Relationship Between the Types of Risks

When using the audit risk model, the external as well as internal auditors ought to **first** identify the extent of audit risk that they consider acceptable and are willing to take. Then, they have to evaluate and measure the likelihood of inherent riskiness in the client's activities and operations. Besides, to assess the inherent risk of clients' cycles or financial statement assertions. Then, they have to document and assess the quality of the internal control system. Eventually, they integrate control risk and inherent risk to identify the

amount of detection risk that can be exposed, given the targeted audit risk level (Soltani, 2007).

When the audit decides to use the audit risk model, he should quantify, either as percentages, the inherent risk, the control risk, and detection risk elements. It is self-evident that auditors in making these evaluations will use their professional skepticism and judgment based on previous experience, knowledge and attitudes both generically or specifically in terms of the specific client (Huang et al., 2017).

When the auditor assesses the inherent risk and control risk, acceptable detection risk should be low to decrease audit risk to an acceptably low level. For instance, if the internal control system is efficient and effective in detecting and preventing errors, the auditor is able to carry out less efficient substantive tests. However, if the account balance is more vulnerable to misstatement, the auditor should use more efficient substantive testing procedures (Appelbaum et al. 2018).

Thus, in simple words the greater level of the evaluation of inherent risk and control risk, the more required audit evidence that the auditor ought to get from the performance of substantive procedures.

2.2.8 ISA Related to Audit Risk Model

There are several International Standards of Auditing related to the audit risk model. The researcher will present and emphasize some of these interesting standards.

2.2.8.1 ISA 200 “Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing”

This standard deals with the overall responsibility of an independent auditor when performing an audit of the financial statement of the client. This standard shows and explains the nature and scope of an independent auditor's objectives to give him the opportunity to achieve these goals and objectives (International Auditing and Assurance Standards Board, 2022).

This standard aims to support and increase the trust and confidence of the public and stakeholders in the financial statements. This objective is achieved by the auditor's expression of his opinion on the quality of the disclosed financial statements according to all material aspects. that is, to disclose his opinion if the financial statements are presented fairly and show and express a true and fair presentation in accordance with the framework. The auditing performed in line with ISAs and associated ethical standards and requirements will give the auditor the opportunity to form his opinion (International Auditing and Assurance Standards Board, 2022).

ISAs mandate that the independent auditor must obtain reasonable assurance that the financial statements of the client are free from material misstatement, either due to fraudulent practices or misstatement errors and faults. According to this standard, reasonable assurance is perceived as a high level of assurance. The researcher achieves this when he gets adequate audit evidence to decrease audit risk. The audit risk in this standard is “the risk that the auditor presents an unfitting opinion when the financial statements are materially misstated to an acceptably low level”. On the other hand, “reasonable assurance is not an absolute level of assurance because there are inherent limitations of an audit that result in most of the audit evidence on which the auditor draws conclusions and bases the auditor’s opinion being persuasive rather than conclusive”. (Ref: Para. A31–A57) (International Auditing and Assurance Standards Board, 2022).

ISA 200 classifies material misstatement risk as the risk that the financial statement of the client is materially misstated prior to audit, and it has two essential components that are: “Inherent risk that is the weakness of a claim about a class of transaction, account balance, or disclosure to a misstatement that could be material individually or when aggregated, before emphasizing any associated controls. However, the control risk refers to the risk that a misstatement that could take place in an assertion about a class of transactions, account balance, or disclosure and that could be material, either individually or when aggregated with other misstatements, will not be prevented, detected, or corrected on a timely basis by the entity’s controls” (International Auditing and Assurance Standards Board, 2022).

2.2.8.2 ISA 240 “The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements”

ISA 240 is an effective international audit standard of financial statements that was set in practice after December 15, 2009. This ISA was enacted to specify and assess the risks of material misstatement of the financial statements due to fraud and fraudulent practices. Besides, this standard requires auditors to obtain adequate proper audit evidence concerning the assessed risks of material misstatement because of the fraud, through planning and implementation of proper responses and reacting properly to these practices or suspected fraud detected and identified in the audit function and practices ((International Auditing and Assurance Standards Board, 2022).

ISA 240 defined error as “Unexpected misstatements in the financial statements, including the omission of an amount or its data such as the process of collecting or processing data, or estimating the information obtained directly or indirectly, as a result

of the data or its interpretation to enforce or stop applying accounting principles related to measurement, classification, presentation or separation (International Auditing and Assurance Standards Board, 2022).

ISA 240 deals with the responsibilities of the auditors associated with fraudulent practices in an audit of financial statements. ISA 240 mandates that the auditor is responsible for fraud that causes a material misstatement in the client's financial statements. There are two types of intentional misstatements that are related to the auditor that are: misstatements due to fraudulent financial reporting and misstatement that arises due to misappropriation of assets. According to ISA 240, auditors must conduct an audit function in line with ISAs and they are responsible for obtaining reasonable assurance that the financial statements in general are free from material misstatements either due to fraud or errors. Thus, there are inherent limitations that are the unavoidable risk that could be detected or prevented in the clients' financial statements, despite the audit function and assignment are appropriately planned and conducted in line with the ISAs (International Auditing and Assurance Standards Board, 2022).

ISA 240 also mandates that auditors must obtain a clear recognition and understanding of client's environment and its internal control, when they perform risk assessment procedures and related activities. There are several requirements that the auditors should carry out to assess the client risk, especially understanding the frequency, nature and extent that the clients' management assess of the risks relevant to the financial statements. Likewise, they have to recognize if there are previous fraud practices that have practices previously in the firms and how the management responses to those practices. Besides, they have to recognize the nature and openness of the management with employees' views

and support moral and ethical practices in the business (International Auditing and Assurance Standards Board, 2022).

2.2.8.3 IAS 300 "Planning for Audits of Financial Statements"

This standard deals with the responsibility of the auditor to plan the audit function of the client. It emphasized the role and timing of planning, as the standard mandates that sufficient planning takes advantage of the audit of financial statements to devote proper consideration to significant areas of audit. Besides, to help the auditor specify and resolve any problems that may take place on a timely basis. Likewise, to help the auditor appropriately organize and manage the audit engagement. Thus, it is carried out in an efficient way. Furthermore, it helps in the selection of the team members who have the adequate experience and competencies to respond to an expected risk and the appropriate assignment of work to them. Eventually, it facilitates the supervision and leading of the audit team members and the review of the audit work.

IAS 300 mandates that the auditor ought to develop an audit plan that entails the nature, timing, and degree of planned risk assessment procedures and that the auditor should update and change the audit strategy and plan as required throughout the course of the audit. Likewise, the audit team should consider the analytical procedures to be applied as risk assessment procedures. The necessity to obtain a clear awareness and understanding of the legal and regulatory framework applicable to the entity and the manner in which the client is in line with that framework. Besides, the determination of materiality. The involvement of experts and the procedures to perform other risk assessment issues.

2.2.8.4 ISA 315 “Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment”

ISA 315 aims to support and strengthen the responsibilities of the auditors in assessing and identifying the risks of material misstatement in clients` financial statements. This standard mandates that auditors have to exercise professional skepticism and to get adequate proper audit evidence to enhance the conclusions disclosed in the financial statements. Besides, this standard emphasizes that auditors must understand the client environment and the efficiency of the internal control system (International Auditing and Assurance Standards Board, 2022).

According to ISA 315 the business risk is “a risk emerges due to significant conditions, events, circumstances, actions or inactions that could negatively influence the abilities of the business to perform its objectives and carry out its strategies, or from the setting of improper objectives and strategies” (International Auditing and Assurance Standards Board, 2022). Whereas, the risk assessment procedures concept was defined as “the audit procedures carried out to obtain a recognition of the client and its environment, including the internal control of the environment to identify and assess the risks of material misstatement, whether due to fraud or error at the financial statements and assertion levels” (International Auditing and Assurance Standards Board, 2022).

ISA 315 requires the auditors to carry out risk assessment procedures to provide a basis for the risk misstatement identification and assessment at the financial statement and assertion levels. Risk assessment procedures by themselves. On the other hand, do not provide adequate proper audit evidence on which to base the audit opinion” (International Auditing and Assurance Standards Board, 2022).

2.2.8.5 ISA 320 "Materiality in Planning and Performing an Audit"

This standard objective is to deal with the responsibility of the auditors to implement the concept of materiality in planning and carrying out an audit of the financial statements of clients. It shows the way that materiality is used in assessing the effect of specified misstatements on the audited and of uncorrected misstatements, if any, on the financial statements.

According to this standard the materiality is judgment that is taken based on several surroundings, conditions and circumstances and are influenced by the size and nature of a misstatement or an integration of both and the expected impact of misstatements on particular individual users who have various considerations and interests.

Thus, the specification and determination of materiality are associated with professional judgment, and is affected by the perception of the auditor of financial information needs of the financial statements' users. Thus, the auditor should have a reasonable knowledge of economic and business functions and activities and accounting system and a desire to investigate the information in the financial statements with appropriate diligence. Besides, the recognition that the financial statements are prepared, presented and audited to level of materiality.

ISA 320 defines materiality as the amount determined by the auditor at less than materiality for the financial statements as a entire to decrease to a proper low level the probability that the aggregate of unrecorded and undetected misstatements is greater than the materiality of the financial statements as a whole. If applicable, performance materiality refers to the amount or amounts set by the auditor at less than the materiality level or levels for specific classes of transactions, account balances or disclosures.

According to ISA 320, an audit team should consider both materiality and audit risk when performing audits of financial statements. They have to identify and assess the risks of material misstatement. Besides, they have to determine the nature, timing and degree of further audit procedures and to evaluate the impact of uncorrected misstatements, if any, on the financial statements of the client and in forming the opinion in the reports of auditors.

2.2.8.6 ISA 330 “The Auditor’s Responses to Assessed Risks”

The objective of this standard is “to obtain adequate proper audit evidence concerning the assessed risks of material misstatements through designing and implementing proper responses to those risks”. Furthermore, according to ISA 330 “the objective of the auditor is to get adequate audit evidence concerning the assessed risks of material misstatements by establishing, designing, and carrying out proper and efficient practices and actions in response to such these risks” (International Auditing and Assurance Standards Board, 2022).

According to ISA 330 the auditor ought to design and carry out further audit procedures whose nature, timing and degree are based on and are responsive to the assessed risks of material misstatement at the assertion level ((International Auditing and Assurance Standards Board, 2022). This standard requires that taking into consideration the justifications for the assessment given to the risk of material misstatement at the assertion level for each class of transactions, account balances and disclosure” (International Auditing and Assurance Standards Board, 2022).

2.2.8.7 ISA 402 "Audit Considerations Relating to An Entity Using a Service Organization"

ISA 402 argued that auditors must obtain a clear awareness and understanding of the client entity, including the nature and quality of the internal audit related to audit. Adequate to specify and evaluate the risks of material misstatements and in planning and conducting further audit procedures responsive to those risks.

The auditors under ISA 402 have to get a clear understanding of the nature of services provided by the service firm and the importance of those services to the users, the nature and materiality of the transactions processes or accounts or financial reporting processes influenced by service firms. The extent of interaction between the service firms' activities and those of the user entity, and the nature of the relationship between the user entity and the service firms including the relevant contractual terms for the activities performed by the service firms.

According to the response of the auditor to the assessed risks of material misstatement, IAS 402 confirmed that the user auditor will specify if an adequate audit evidence concerning the relevant financial statement assertions is existence from records held at the user firm and if not perform further audit procedures to get adequate proper audit evidence or use another auditor to carry out those procedures at the service firm on behalf of the auditor.

2.2.8.8 ISA 450 "Evaluation of Misstatements Identified During the Audit"

This standard deals with the responsibility of auditors to assess the impact of specified misstatements on the audit and of uncorrected misstatements on financial statements. This standard states that the misstatement may be a result of an inaccuracy in the collection

or processing of the data from which the financial statements are obtained. Besides, an omission of an amount or disclosure including insufficient or incomplete disclosures and those disclosures need to meet disclosure objectives of specific financial reporting frameworks as applicable. Besides, incorrect account estimates are taking place due to overlooking or clear misinterpretations of realities and facts, or due to misjudgments about accounting estimates that the auditor or perceives unreasonable or the selection and implementation of accounting policies that the auditor perceives improper. Or an incorrectness in classification, aggregation or disaggregation of information.

2.2.8.9 ISA 500 “Audit Evidence”

ISA 500 clarifies what establishes audit evidence in an audit of financial statements of the client as well as it deals with the duties and responsibilities of the auditor to design and carry out audit procedures to get adequate proper audit evidence to be able to draw reasonable conclusions on which to base the opinion of the auditor. The objective of this standard is to create and carry out audit procedures in a such a manner as to be able to obtain adequate proper audit evidence to be able to establish conclusions on which to be the opinion of the auditor (International Auditing and Assurance Standards Board, 2022). According to ISA 500, audit evidence is the information obtained by the auditor to arrive at the conclusions on which the opinion of the auditor is based. It includes information contained in the accounting records underlying the financial statements and information taken from other sources (International Auditing and Assurance Standards Board, 2022). These standard mandates that the auditor ought to emphasize the reliability and relevance of the information to be utilized as audit evidence, including information taken from

external information sources such as experts in management, service organizations or experts of audit (International Auditing and Assurance Standards Board, 2022).

2.2.8.10 ISA 520 “Analytical Procedures”

ISA 520 deals with the use of the analytical procedures by the auditor as practical procedures. Besides, it deals with the duties and responsibilities of the auditor to carry out analytical procedures near the end of the audit to help the auditor when establishing a general opinion about the financial statements of the client. This ISA 520 aims to “get relevant and reliable audit evidence when using substantive analytical procedures and to design and carry out analytical procedures near the end of the audit that help the auditor when forming an overall conclusion as to whether the financial statements of the client are consistent with the recognition of the auditor of the entity” (International Auditing and Assurance Standards Board, 2022).

2.2.8.11 ISA 530 “Audit Sampling”

This standard is interesting when auditors decide to use audit sampling when conducting audit profession and duties. This standard deals with both non probability and probability sampling selection methods. Thus, the objective of ISA 530 to provide a proper and reasonable foundation for the audit to draw right conclusions concerning the population from which the sample was selected (International Auditing and Assurance Standards Board, 2022).

According to ISA 530 the sampling risk refers to the risk that the conclusion of auditors based on a sample may be various from the conclusion if the whole population were

investigated to the same audit procedure. This type of risk may lead to two categories of inaccurate conclusions (International Auditing and Assurance Standards Board, 2022).

1. In the case of a test of controls, the controls are more efficient than they really are, or in the case of a test of details, that a material misstatement does not exist when in reality it does. The auditor is basically involved in this category of inaccurate conclusion, as it influences audit efficiency and is more expected to lead to an incorrect audit opinion.
2. In the case of a test control, that controls are inefficient or less effective than they in reality are, or in the case of a test of details, that a material misstatement exists when in reality it does not. This category of erroneous conclusion influences audit effectiveness, as it would often lead to further work to establish that initial conclusions were erroneous.

The other interesting type of risks is the non-sampling risk that takes place when the auditor reaches an incorrect or erroneous conclusion for any reason not associated to sampling risk. Examples of non-sampling risk are use of improper audit procedures, or explanation of audit evidence and failure to understand a misstatement or deviation (International Auditing and Assurance Standards Board, 2022).

There are several standards related to the audit risk model. This indicates that the risk audit is one of highly interested topic in audit field and it has gained the interest of regulators such as the International Standards of audit Board. As, these standards have explained the role of the auditors to identify and assess the different risks of material misstatement and how to conduct audit duties and responsibilities.

2.3. Previous Studies

There are a few studies that have examined the extent and determinants of the application of the audit risk model in different countries around the world with especial focus on Palestine. Shahverdi et al. (2023) explored the fundamental barriers to implementing a risk-based audit system in Iran using the qualitative research approach. The population was the registered with the Association of Certified Auditors. The study confirmed that the critical barriers to risk-based audit implementation are the complexity of business operations and practices and the lack of professors and experts in audit firms. Likewise, Dwyer et al. (2023) examined the extent of auditor risk assessment disclosure in an expanded audit report to measure to what extent audit firms disclose critical and key audit matters in a sample of 350 firms listed in London. The study followed the quantitative approach. The study results found that audit committees specify a greater extent of risks compared to what auditors identify. However, the external auditors and the audit committee disclose the same types of risks.

According to Esmail and Haque (2022) who examined the effect of the business risk-based auditing implementation on the audit process in listed firms in Yemen. The study found that the effect of cost of audit risk model implementation, based risk audit application, analytical procedures, internal controls and audit evidence as major determinants of audit risk implementation. Furthermore, there is significant positive effect on the quality of the audit function and the way of performing the audit function. Moreover, Le et al. (2022) explored the critical factors influencing the implementation of an audit risk approach to improve the quality of audit functions in Vietnam. The study followed a mixed research approach. The data was taken from a sample of 355 professional, qualified experts. The study findings demonstrated that there is a positive

correlation between the audit risk model and the quality of external audits. Furthermore, the critical factors influencing audit risk implementation are: auditors' knowledge and experience, auditors' capacity, job pressure on auditors, the support of IT, and the competitiveness of the audit firm. However, the most critical factors are the extent of the risk to the client and the availability of the required IT infrastructure.

Similarly, Fakhfakh and Jarboui (2022) examined the effect of the efficiency of the board of directors, audit quality, and ownership structure on audit risk application in non-financial firms in Tunis during 2005–2010 and 2011–2017, that is, post- and pre-revolution. The study found that efficient corporate governance through an effective board of directors, a proper ownership structure, and the existence of high-quality audits positively affect the application of the audit risk model in listed firms in Tunis. Besides, the application of the audit risk model decreases agency problems.

Abudy and Shust (2022) examined the variations in auditing practices between both family and non-family firms in Israel from the perspective of both internal and external auditors. The sample consists of (1707) observations in family-owned enterprises and (1865) observations in not family-owned enterprises. The study results demonstrated that external auditors exercise more effort and charge greater hourly rates for non-family firm engagement compared to family enterprises. Besides, the efforts of internal auditors in non-family firms are greater than in family firms. This means that external and internal auditors confront higher control and detection risks in family businesses compared to non-family businesses.

Meanwhile, Almaialy and Alawaad (2020) explained the definition of the audit risk model and its role in the verification of auditors in Iraq. The study followed the quantitative research approach and the questionnaire design. The study was taken from a sample of

(60) external auditors and academics. The variables of the study consisted of inherent risk, control risk and detection risk. The study findings demonstrated that confirmation and assurance services are audit services that are offered independently to enhance the quality of audit activities and increase the trustworthiness of the financial statements. Besides, the study emphasized that the external auditors should comply with audit standards and rules with a special commitment to independence, objectivity, disclosure, and integrity.

Helles and Mutair (2020) examined the level of external auditors' adoption and implementation of audit risk models in Palestine using a quantitative research design and an exploratory approach. The study results confirmed that there is a high level of external auditors' compliance with ARM. The investigated sample confirmed that their response when there is a high level of audit risk is to increase the sample size, obtain more audit evidence, and perform further tests and investigations on the obtained data. They also use descriptive tools and percentages to document audit risk assessment. They also use both their professional judgment and software tools to integrate risk assessment and valuation. Niemi et al. (2018) examined the effect of audit risk model application on the processes of auditing in Europe, with special emphasis on Finland during 1996–2010. The researchers used the comparative analysis of a sample of audits performed between 1996–2010. The data was taken from a sample of (81) audit engagements in 1996 and 59 audit engagements in 2010. The study results confirmed that there is an increasing interest in using the audit risk model by the Big 4 audit firms when implementing audit functions for clients, as they allocate more effort and time to risky areas. The study also confirmed that the audit efforts are a function of client risk, changes in auditing environment and

clients` sales volume and complexity of operations, client size, quality of internal control, and existence of internal audit department or unit.

Likewise, Arzhenovskiy et al. (2019) developed a specific audit risk model based on the breakdown of conventional audit risk models with the addition of other interesting variables to evaluate the different risks attributed to different aspects of the audit task in Russia. The researcher used the risk of substantial misrepresentation and the risk of non-detection. The risk of material misstatement is disaggregated into inherent risk and control risk. The study results confirmed that this model could be used to assess the different types of risks that businesses are exposed to them.

Yazdaniyan and Dastgir (2019) examined the problems and obstacles associated with the implementation of risk-based auditing in Iran. Mainly, the study examined the effect of the structure and function of auditors and audit firms, incomplete rules and regulations, non-universal instructions and principles, and related factors with the employer. The study followed the quantitative research approach using a survey design. The data was taken from (227) external auditors and audit directors in Iran. The study results confirmed that the critical obstacles to risk-based audit implementation are the structure and function of auditors and audit firms, a lack of auditors' experience and knowledge of using IT in audit practices and functions, and poor educational resources.

Abd-Elghaffar (2018) examined the effect of the risk-based audit entry implementation under the COSO Framework on enhancing the quality of the audit function in listed firms in Egypt. Besides examining the impact of the audit risk model on enhancing audit functions and responsibilities, assessing and identifying risks Furthermore, investigate the effect of audit quality on corporate financial performance. The study followed the quantitative research approach using the questionnaire design that was distributed to a

sample of (215) auditors. The independent variable is the implementation of audit risk model, the dependent variable is efficiency of financial performance and the moderating variable is the quality of the audit function. The study results demonstrated that audits play an essential role in improving risk management in the investigated firms, as auditors have the potential to provide interesting advisory advice and services to draw on general policies and risk management strategies. Besides, the audit risk model has an essential role in assessing and evaluating the efficiency and effectiveness of monitoring systems and identifying the different risks that businesses may expose to them.

Rashedi (2018) examined the determinants influencing audit risk and investigated the relationships among these variables in Iran. The researcher used a two rounded process of the questionnaire thus the researcher followed the quantitative research approach. The data was taken from a sample of (89) Iranian CPAs who were selected randomly. The research results confirmed that there are several factors influencing the audit risks, which include: the professional judgment of the auditor; judging the declaration degree of the auditee; the awareness and familiarity of the auditor's with the business environment of the client; However, the main factors influencing both inherent risk and control risk are the processes that are utilized by the internal auditors in order to prevent, detect, and correct the different expected errors and the separation of duties and responsibilities of the internal auditors in the business.

Likewise, Amahalu et al. (2017) examined the effect of risk-based audits on the internal quality of listed banks in Nigeria. The researchers followed a quantitative research approach using a survey design that was distributed randomly to a sample of (44) employees at (10) commercial banks in Awka Metropolis in Nigeria. The researcher measure audit risk by using inherent risk, detection risk, and control risk. The study results

demonstrated that there is a positive and significant effect of risk-based audits on the quality of the internal control systems at the investigated banks. The study results demonstrated that external auditors should use a risk audit model to increase the efficiency and quality of internal control in listed banks in Nigeria.

El-Said (2017) examined the effect of macroeconomic changes in Egypt on the assessment of auditors for the extent of audit risk, as the International Audit Standards require external auditors to create a clear understanding of the client's micro- as well as macroeconomic environment to be able to assess the conditions and events that may affect the risk assessment and audit risk acceptance extent and to detect any material misstatement throughout the audit process. The researchers used the survey design to obtain the required data and information. The sample consists of (40) auditors working at the branches of the big four firms in Egypt. The researchers examined the effect of times of economic difficulties, declining economic conditions, and audit staff. The study results revealed that external auditors rely on nonfinancial information and data when assessing audit risk in unstable economic environments and conditions. Furthermore, under unstable economic conditions, firms depend on expert and professional external auditors to perform audit activities, such as those performed by senior auditors and partners.

In line with the previous study, Allaham et al. (2017) explored the critical factors influencing the implementation of the audit risk model in commercial banks in Jordan. The researchers examined the effect of bank size, the extent of technological development, and the auditors' characteristics on the audit risk model's implementation. The data was taken from both internal audit managers and internal auditors at a sample of thirteen banks. The data was taken from a sample of 833 auditors who were selected randomly. The study findings revealed that there is a positive and significant effect of

bank size, the extent of audit firms' technological development, and the characteristics of auditors on the application of the audit risk model.

Abidin (2017) explored the major factors influencing the adoption and use of risk-based auditing in Malaysia. The study followed the quantitative research approach by using a survey design. The data was taken from more than 117 heads of internal audit departments. The study results confirmed that the most interesting factors influencing risk-based auditing are "audit committee review and concern and the risk management system". Furthermore, the study results confirmed that an increased formalized risk environment would positively affect an audit and business culture that fosters awareness of the risk, increasing the potential of implementing risk-based auditing. Furthermore, there is an insignificant effect of internal auditors' experience, the qualification of the audit committee, and the efficiency of the internal control system on the implementation of risk-based auditing.

Alssabagh (2016) examined the effect of quantifying the risks of material misstatements on improving the accuracy of audit risk assessment as well as the identification of significant variations in the degree of practical procedures due to the use of both the qualitative and the quantitative to assess the risks of material misstatements. The data was taken from a sample of 151 external auditors in Syria throughout the period 2011–2013. The study results confirmed that the utilization of quantitative instruments improves the quality of audit risk approaches, increasing the efficiency and effectiveness of audit functions. Besides, it helps to increase the efficiency and effectiveness of audit quality while decreasing the level of substantive procedures.

Al-Shaheen (2015) examined the effect of audit risk evaluation on the quality of audits in Syria. The researcher followed a quantitative and correlational research design. The data

was taken from fifty audit processes of twenty-five clients who were audited by one of the big four audit firms in the country throughout the period 2011–2012. The findings demonstrated that there is a positive and significant effect of audit risk assessment on audit quality. Furthermore, the study demonstrated that risk detection and the risk of material misstatements due to fraud have a significant effect on audit quality. These two types of risks have a greater impact on the timing, nature, and level of audit procedures than the other types of audit risks.

Similarly, Blebleh and Al-Laith (2015) examined the effect of control risk on external audit procedures in a sample of listed firms in Jordan. The study followed a quantitative research approach. The data was taken from a sample of 22 listed firms. The study results demonstrated that external auditors ought to identify the various risks that corporations confront to identify the proper audit process. Besides, they ought to recognize the policies and procedures used by these corporations to identify the risks and the possibility of confronting them. Besides, the auditors should evaluate and assess the activities of the internal auditors' firm. Thus, external auditors should use the audit risk model to improve the quality of audit functions.

Dahdouh and Al-Shaheen (2014) examined the extent of risk approach model implementation for the auditing profession in Syria. The study followed a quantitative research approach and a descriptive design using a questionnaire design. The data was taken from a sample of 51 external auditors. The study results confirmed that the external auditors in Syria do not depend on the audit risk model for risk assessment. Besides, Van Buuren et al. (2014) explored the extent of business risk perspectives in SME audits. This study examined the extent of auditors' knowledge, awareness, and practices of the audit risk model and their perceptions towards the necessity of setting a specific audit standard

for these auditors. The study followed a qualitative research approach using an interview design. The data was taken from 38 auditors in Germany. The study results demonstrated that the critical factors influencing the extent of audit risk model implementation are the complexity of the business activities of the client, the authority's enforcement of the audit risk model, and the availability of technological tools and information technology at audit risk firms.

Naibei et al. (2014) explored the extent of the audit risk model in the Western region of Kenya. The study followed a quantitative research approach and a cross-sectional design. The data was taken from a sample of 48 audit firms and offices. The sample consists of senior auditors, audit experts, and managers. The study results confirmed that there is a moderate level of audit risk model implementation in the studied audit firms. The main implication of this study is that audit firms have to use audit risk models to increase audit quality.

2.3.1 Dimensions of Previous Studies

The previous studies have the following dimensions:

First Dimension: Barriers of Audit Risk Model Implementation

Some of the previous studies have explored the barriers of audit risk implementation. Shahverdi et al (2023) found that the critical barriers to risk-based audit implementation are the complexity of business operations and practices and the lack of professors and experts in audit firms. Whereas, Esmail and Haque (2022) found that the most prevalent barriers of using audit risk model are the high costs of risk-based approach implementation are the critical barrier to using this model in audit functions. Moreover, Abudy & Shust (2022) demonstrated that external auditors exercise more effort and

charge greater hourly rates for non-family firm engagement compared to family enterprises. Besides, the efforts of internal auditors in non-family firms are greater than in family firms. This means that external and internal auditors confront higher control and detection risks in family businesses compared to non-family businesses. The implication of the study is that audit firms have to implement an audit risk model. Eventually, Yazdaniyan and Dastgir (2019) revealed that the critical obstacles to risk-based audit implementation are the structure and function of auditors and audit firms, a lack of auditors' experience and knowledge of using IT in audit practices and functions, and poor educational resources.

Second Dimension: Factors Influencing the Implementation of Audit Risk Model

The second interesting dimension of the previous studies is the factors influencing the implementation of audit risk model. According to Dwyer et al (2023) the most interesting factor influencing the implementation of audit risk model is the existence of efficient audit committees as they specify a greater extent of risks compared to what auditors identify. Besides, the amount of risk discloses by the client. Other interesting factors are the existence of regulations and law that encourage the implementation of this model. Similarly, Le et al. (2022) who examined the effect of risk-based approach and quality of independent audit in Vietnam. The study results found the critical factors influencing audit risk implementation are: auditors' knowledge and experience, auditors' capacity, job pressure on auditors, the support of IT, and the competitiveness of the audit firm. However, the most critical factors are the extent of the risk to the client and the availability of the required IT infrastructure.

Meanwhile, Fakhfakh and Jarboui (2022) who examined the effect of the board of director's effectiveness, audit quality and ownership structure on audit risk in Tunis. The

study findings demonstrated that efficient corporate governance through an effective board of directors, a proper ownership structure, and the existence of high-quality audits positively affect the application of the audit risk model in listed firms in Tunis. Besides, the application of the audit risk model decreases agency problems. Moreover, Sardasht & Rashedi (2018) found that there are several factors influencing the audit risks, which include: the professional judgment of the auditor; judging the declaration degree of the auditee; the awareness and familiarity of the auditor's with the business environment of the client; However, the main factors influencing both inherent risk and control risk are the processes that are utilized by the internal auditors in order to prevent, detect, and correct the different expected errors and the separation of duties and responsibilities of the internal auditors in the business. Similarly, Abidin (2017) explored the factors influencing the implementation of risk-based auditing in Malaysia. The study results demonstrated that the most interesting factors influencing risk-based auditing are: audit committee review and concern and the risk management system. Furthermore, the study results confirmed that an increased formalized risk environment would positively affect an audit and business culture that fosters awareness of the risk, increasing the potential of implementing risk-based auditing. Furthermore, there is an insignificant effect of internal auditors' experience, the qualification of the audit committee, and the efficiency of the internal control system on the implementation of risk-based auditing.

Eventually, Van Buuren et al (2017). Explored the evaluating the change process for business risk auditing: legitimacy experiences of non-big 4 auditors in Germany. The study findings found that the critical factors influencing the extent of audit risk model implementation are the complexity of the business activities of the client, the authority's

enforcement of the audit risk model, and the availability of technological tools and information technology at audit risk firms.

Third Dimension: The Importance and Advantages of Audit Risk Model Implementation

The third dimension of previous studies is the importance and advantages of audit risk model implementation. According to Le et al. (2022) who examined the effect of risk-based approach and quality of independent audit in Vietnam. The study results confirmed that there is positive correlation between the audit risk model and the quality of external audits. Besides, Almaialy and Alawaad (2020) examined the effect of auditing risks on verification auditor in Iraq. The study results demonstrated that the audit risk model has positive effect on audit confirmation and assurance services that are offered independently to enhance the quality of audit activities and increase the trustworthiness of the financial statements. Besides, the study emphasized that the external auditors should be in comply with audit standards and rules with especial commitment to independence, objectivity, disclosure, and integrity. Likewise, Abd-Elghaffar (2018) who examined the impact of using the risk-based audit entry under the COSO Framework to improve the quality of audit and its impact on the efficiency of financial performance in Egyptian shareholding companies. The study results demonstrated that audit risk model has positive effect on providing interesting advisory advice and services to draw on general policies and risk management strategies. Besides, the audit risk model has an essential role in assessing and evaluating the efficiency and effectiveness of monitoring systems and identifying the different risks that businesses may expose to them. Likewise, Amahalu et al (2016) examined the effect of risk-based audit on quality internal control

of selected deposit money banks in Nigeria. The study results found that there is a positive and significant effect of risk-based audits on the quality of the internal control systems at the investigated banks. Moreover, Allaham et al (2017) who examined the factors affecting the application of business risk audit methodology in Jordanian commercial banks. The study results found that there is a positive and significant effect of bank size, the extent of audit firms' technological development, and the characteristics of auditors on the application of the audit risk model. Furthermore, Alssabagh (2016) examined the effect of quantification risks of material misstatements in improving the accuracy of audit risk assessment in Syria. The study results found that the utilization of quantitative instruments improves the quality of audit risk approaches, increasing the efficiency and effectiveness of audit functions. Besides, it helps to increase the efficiency and effectiveness of audit quality while decreasing the level of substantive procedures. Similarly, Al-Shaheen (2015) found that there is a positive and significant effect of audit risk assessment on audit quality in Syria. The study demonstrated that risk detection and the risk of material misstatements due to fraud have a significant effect on audit quality. These two types of risks have a greater impact on the timing, nature, and level of audit procedures than the other types of audit risks.

Table (2.1) :Summary of Previous Studies

Source: Prepared by the researcher Based on Revision of Previous Studies Revision.

Author, year, title, country	Objective	method	variables	Results
Shahverdi et al (2023) “Investigating the Barriers of Implementation of the Risk-Based Audit System in Iran”. Iran	exploring the fundamental barriers to implementing a risk-based audit system	qualitative and content analysis approach	Inherent risk. Control risk and Detection risk	the critical barriers to risk- based audit implementation are the complexity of business operations and practices and the lack of professors and experts in audit firms.
Dwyer et al (2023) “Disclosure of auditor risk assessments in expanded audit reports”. United Kingdom	examining the extent of auditor risk assessment disclosure in an expanded audit report to measure to what extent audit firms disclose critical and key audit matters	quantitative content analysis method	Inherent risk. Control risk and Detection risk	audit committees specify a greater extent of risks compared to what auditors identify. However, the external auditors and the audit committee disclose the same types of risks. This study has practical implications for auditors, users of financial statements, the public, regulations, and law setters, with special emphasis on the importance of the application of the audit risk model.

Esmail & Haque (2022). “The Influence of the Business Risk-Based Auditing Application on the Audit Process: An Empirical Investigation in the Yemeni Context”. Yemen.	To examine the effect of the business risk-based auditing implementation on the audit process in listed firms in Yemen	quantitative research approach using a survey design	Analytical procedures, internal controls, and audit evidence	The high costs of risk-based approach implementation are the critical barrier to using this model in audit functions. However, there is a high level of auditors' perception that the audit risk model has a significant positive effect on the quality of the audit function and the way of performing the audit function.
Le et al. (2022). “Risk-Based Approach and Quality of Independent Audit Using Structure Equation Modeling—Evidence from Vietnam”. Vietnam.	Exploring the critical factors influencing the implementation of an audit risk approach to improve the quality of audit functions in Vietnam	mixed research approach, using a quantitative and qualitative research approach and a descriptive design	Inherent risk. Control risk and Detection risk	there is a positive correlation between the audit risk model and the quality of external audits. Furthermore, the study results find that the critical factors influencing audit risk implementation are: auditors' knowledge and experience, auditors' capacity, job pressure on auditors, the support of IT, and the competitiveness of the audit firm. However, the most critical factors are the extent of the risk to the client and the availability of the required IT infrastructure

Fakhfakh & Jarboui (2022). "Board of Director's Effectiveness, Audit Quality and Ownership Structure: Impact on Audit Risk-Tunisian Evidence". Tunis.	To examine the effect of the efficiency of the board of directors, audit quality, and ownership structure on audit risk application in non-financial firms in Tunis	Quantitative research method	Inherent risk. Control risk and Detection risk	efficient corporate governance through an effective board of directors, a proper ownership structure, and the existence of high-quality audits positively affect the application of the audit risk model in listed firms in Tunis. Besides, the application of the audit risk model decreases agency problems
Abudy & Shust (2022). "The Audit Risk Model and Family Firms: An Analysis of Internal and External Audit Hours". Israel	To examine the variations in auditing practices between both family and non-family firms in Israel	Quantitative research method	Inherent risk. Control risk and Detection risk	external auditors exercise more effort and charge greater hourly rates for non-family firm engagement compared to family enterprises. Besides, the efforts of internal auditors in non-family firms are greater than in family firms. This means that external and internal auditors confront higher control and detection risks in family businesses compared to non-family businesses. The implication of the study is that audit firms have to implement an audit risk mode

Almaialy & Alawaad (2020). "The Effect of Auditing Risks on Verification Auditor". Iraq	Explaining the definition of the audit risk model and its role in the verification of auditors in Iraq	quantitative research approach and the questionnaire design	inherent risk, control risk and detection risk	confirmation and assurance services are audit services that are offered independently to enhance the quality of audit activities and increase the trustworthiness of the financial statements. Besides, the study emphasized that the external auditors should be in comply with audit standards and rules with especial commitment to independence, objectivity, disclosure, and integrity
Helles & Mutair (2020). "Extent of External Auditors Compliance with Audit Risk Model: Evidence from Palestine". Palestine.	To examine the level of external auditors` adoption and implementation of audit risk models in Palestine. Besides, to identify the acceptable audit risk level from those auditors	quantitative research design and an exploratory approach	inherent risk, control risk and detection risk	There is a high level of external auditors` compliance with ARM. The investigated sample confirmed that their response when there is a high level of audit risk is to increase the sample size, obtain more audit evidence, and perform further tests and investigations for the obtained data. They also use descriptive tools and percentages to document audit risk assessment.
Niemi et al (2018). "Responsiveness of auditors to the audit	To examine the effect of audit risk model application	comparative analysis of a sample of	inherent risk, control risk and detection risk	There is an increasing interest in using the audit risk model by the Big 4 audit firms when

risk standards: Unique evidence from Big 4 audit firms”. Finland	on the processes of auditing in Europe, with special emphasis on Finland	audits performed between 1996-2010		implementing audit functions for clients, as they allocate more effort and time to risky areas. The study also confirmed that the audit efforts is a function of client risk, changes in auditing environment and clients` sales volume and complexity of operations, client size, quality of internal control, and existence of internal audit department or unit.
Arzhenovskiy et al (2019). “Audit risk assessment model”. Russia.	To develop a specific audit risk model based on the breakdown of conventional audit risk models with the addition of other interesting variables to evaluate the different risks attributed to different aspects of the audit task in Russia .	quantitative research design	inherent risk, control risk and detection risk	The audit risk model could be used to assess the different types of risks that businesses are exposed to them.

Yazdaniyan & Dastgir (2019). "Investigating problems and obstacles of the risk-based auditing in Iran and prioritizing them" Iran.	To examine the problems and obstacles associated with the implementation of risk-based auditing in Iran	the quantitative research approach using a survey design.	structure and function of auditors and audit firms, incomplete rules and regulations, non-universal instructions and principles, and related factors with the employer	the critical obstacles to risk-based audit implementation are the structure and function of auditors and audit firms, a lack of auditors' experience and knowledge of using IT in audit practices and functions, and poor educational resources.
Abd-Elghaffar (2018). "The Impact of Use the Risk-Based Audit Entry Under the COSO Framework to Improve the Quality of Audit and Its Impact on the Efficiency of Financial Performance in Egyptian Shareholding Companies". Egypt.	To examine the effect of the risk-based audit entry implementation under the COSO Framework on enhancing the quality of the audit function in listed firms in Egypt	the quantitative research approach using the questionnaire design	audit quality, corporate financial performance, inherent risk, control risk and detection risk	Audits play an essential role in improving risk management in the investigated firms, as auditors have the potential to provide interesting advisory advice and services to draw on general policies and risk management strategies. Besides, the audit risk model has an essential role in assessing and evaluating the efficiency and effectiveness of monitoring systems and identifying the different risks that businesses may expose to them.

Sardasht & Rashedi (2018). "Identifying influencing factors of audit risk model: A combined fuzzy ANP-DEMATEL approach". Iran	To examine the determinants influencing audit risk and investigated the relationships among these variables in Iran.	quantitative research approach	professional judgment of the auditor; judging the declaration degree of the auditee; the awareness and familiarity of the auditor's with the business environment of the client	There are several factors influencing the audit risks, which include: the professional judgment of the auditor; judging the declaration degree of the auditee; the awareness and familiarity of the auditor's with the business environment of the client; However, the main factors influencing both inherent risk and control risk are the processes that are utilized by the internal auditors in order to prevent, detect, and correct the different expected errors and the separation of duties and responsibilities of the internal auditors in the business.
Amahalu et al (2016). "Effect Of Risk-Based Audit on Quality Internal Control of Selected Deposit Money Banks in Nigeria". Nigeria.	To examine the effect of risk-based audits on the internal quality of listed banks in Nigeria	quantitative research approach using a survey design	inherent risk, detection risk, and control risk	there is a positive and significant effect of risk-based audits on the quality of the internal control systems at the investigated banks.
El-Said (2017) "Investigating Impact	To examine the effect of	quantitative research	times of economic difficulties,	External auditors rely on nonfinancial information and

of Egyptian Marco-Economic Changes on Auditors' Assessments of Audit Risk: An Empirical Study". Egypt	macroeconomic changes in Egypt on the assessment of auditors for the extent of audit risk	approach using a survey design	declining economic conditions, and audit staff.	data when assessing audit risk in unstable economic environments and conditions. Furthermore, under unstable economic conditions, firms depend on expert and professional external auditors to perform audit activities, such as those performed by senior auditors and partners.
Allaham et al (2017). "Factors Affecting the Application of Business Risk Audit Methodology in Jordanian Commercial Banks". Jordan.	To explore the critical factors influencing the implementation of the audit risk model in commercial banks in Jordan	quantitative research approach using a survey design	bank size, the extent of technological development, and the auditors' characteristics on the audit risk model's implementation	there is a positive and significant effect of bank size, the extent of audit firms' technological development, and the characteristics of auditors on the application of the audit risk model.
Zainal Abidin (2017). "Factors Influencing the Implementation of Risk-Based Auditing". Malaysia.	To explore the major factors influencing the adoption and use of risk-based auditing in Malaysia	quantitative research approach by using a survey design	inherent risk, detection risk, and control risk	The most interesting factors influencing risk-based auditing are "audit committee review and concern and the risk management system". Furthermore, the study results confirmed that an increased formalized risk environment would positively affect an audit and business culture that

				fosters awareness of the risk, increasing the potential of implementing risk-based auditing. Furthermore, there is an insignificant effect of internal auditors' experience, the qualification of the audit committee, and the efficiency of the internal control system on the implementation of risk-based auditing
Alssabagh (2016). “The Effect of Quantification Risks of Material Misstatements in Improving the Accuracy of Audit Risk Assessment (An Applied Study)”. Syria.	To examine the effect of quantifying the risks of material misstatements on improving the accuracy of audit risk assessment as well as the identification of significant variations in the degree of practical procedures due to the use of both the qualitative and the quantitative to assess the risks of	quantitative research approach by using a survey design	inherent risk, detection risk, and control risk	the utilization of quantitative instruments improves the quality of audit risk approaches, increasing the efficiency and effectiveness of audit functions. Besides, it helps to increase the efficiency and effectiveness of audit quality while decreasing the level of substantive procedures.

	material misstatements			
Al-Shaheen (2015), “The Impact of Audit Evaluation on Audit Quality - An Applied Study”. Syria.	To examine the effect of audit risk evaluation on the quality of audits in Syria	quantitative and correlational research design	inherent risk, detection risk, and control risk	There is a positive and significant effect of audit risk assessment on audit quality. Furthermore, the study demonstrated that risk detection and the risk of material misstatements due to fraud have a significant effect on audit quality. These two types of risks have a greater impact on the timing, nature, and level of audit procedures than the other types of audit risks.
Blebleh N. Al-Laith A. (2015)	To examine the effect of control risk on external audit procedures in a sample of listed firms in Jordan	quantitative research approach	inherent risk, detection risk, and control risk	External auditors ought to identify the various risks that corporations confront to identify the proper audit process. Besides, they ought to recognize the policies and procedures used by these corporations to identify the risks and the possibility of confronting them
Dahdouh & AL-Shaheen (2014). “The implications of the	To examine the extent of risk approach model	quantitative and correlational research design		The external auditors in Syria do not depend on the audit risk model for risk assessment.

Risk Approach for the Auditing Profession in Syria". Syria.	implementation for the auditing profession in Syria			
Van Buuren et al (2017). "Evaluating the Change Process for Business Risk Auditing: Legitimacy Experiences of Non-Big 4 Auditors". Germany.	To explore the extent of business risk perspectives in SME audits.	quantitative research approach and a cross-sectional design	auditors' knowledge, awareness, and practices of the audit risk model	The critical factors influencing the extent of audit risk model implementation are the complexity of the business activities of the client, the authority's enforcement of the audit risk model, and the availability of technological tools and information technology at audit risk firms.
Naibei et al (2014). Application of Business Risk Auditing Among Audit Firms in Western Region, Kenya". Kenya.	To explore the extent of the audit risk model in the Western region of Kenya	quantitative research approach and a cross-sectional design	inherent risk, detection risk, and control risk	. There is a moderate level of audit risk model implementation in the studied audit firms. The main implication of this study is that audit firms have to use audit risk models to increase audit quality.

2.4 Discussion of Previous Studies Results

2.4.1 Similarities and Differences between Current Study and Other Previous Studies

- 1 There are several previous studies that have examined the extent of audit risk model implementation and its advantages for providing auditors and audit offices with

practical implications to help them in planning and conducting audit function. However, there are several interesting aspects that differentiate this study from previous studies.

- 2 This study used four types of risks that are acceptable risk, control risk, detection risk, and inherent risk. However, the previous studies focused on three types of risks that are: inherent risk, control risk, and detection risk. Thus, the findings of this study may differ of previous studies.
- 3 The previous studies have used various research approaches and designs such qualitative and content analysis approach, mixed research approach, comparative analysis, and correlational research design. Meanwhile, this study followed the quantitative and descriptive research approach through using questionnaire design.
- 4 The objectives of the previous studies have diversified, as some of them aimed to explore the fundamental barriers to implementing a risk-based audit system. Meanwhile, others interested to explore the extent of auditor risk assessment disclosure in an expanded audit report to measure to what extent audit firms disclose critical and key audit matters. Besides, to examine the effect of the business risk-based auditing implementation on the audit process in listed firms or to explore the critical factors influencing the implementation of an audit risk approach to improve the quality of audit functions. However, this study aims to explore the extent of the auditors` adoption and implementation of audit risk models in Palestine.
- 5 Most of the previous studies were conducted in foreign countries. However, the researcher performs this study in a Palestinian context.

2.4.2 Contribution of the Current Study

The significance of this study is related to its objective, which is to examine to what extent auditors in Palestine are in compliance with audit risk model implementation, as this study claims that efficient risk assessment plays an essential role in cost reduction of audit practices and audit missions as this model helps the auditors decide the level of tests to be carried out. Thus, the implementation of the audit risk model in listed firms on the Palestinian exchange helps to increase the efficiency of the audit engagement and the quality of the audit profession in Palestinian listed firms. Besides, it helps to decrease legal risks for auditors.

The value added of this study **is** that it explores to what extent the external auditors in Palestine are in compliance with ISA, with a special focus on their implementation and adherence to international standards of auditing which mandates that the auditors have to develop an audit plan to decrease audit risk levels as the researcher found that there are limited studies that discussed this topic in Palestinian context.

Chapter Three

Research Methodology

3.1 Introduction

The purpose of this study is to investigate to what extent external auditors in Palestine implement the audit risk model in their work and to explore the factors influencing the application of this model in the Palestinian context as the implementation of audit risk models will affect the planning of the audit process, the amount of testing and sample size of evidence, change in the timing of audit tests and evidence gathering and the type of audit evidence, the use of a more experienced and senior audit team, and the use of experts from outside the audit office.

This section presents the research approach and techniques that were followed to perform this study. This chapter consists of the following sections: research approach and design; population and sample of the study; data collection instruments; validity and reliability estimation; data analysis methodology; and ethical considerations of this study.

3.2 Research Approach

Basically, there are two research approaches to collect data when performing field studies, where it is possible to distinguish mainly between the two methods of quantitative and qualitative research (Saunders et al, 2019). In most cases, numbers describe "Quantitative data," while words and ideas describe "Qualitative data (Illowsky & Dean, 2018). While qualitative research tends to be broadly detailed, that is, data is often viewed as facts," quantitative research is concerned with collecting and analyzing information in its various forms, so the focus is on exploring the details that provide more accuracy. The quantitative approach is one of the most important methods that can be to study social

and human problems because of the characteristics of this approach related to the good expression of the features and characteristics that characterize the group of individuals under study.

The use of quantitative research includes the use of tables, charts, graphs, and calculations to present the findings of the study through the use of frequencies, percentages, and variations (Illowsky & Dean, 2017).

This study follows the quantitative research approach, the descriptive design, and the questionnaire instrument to obtain the study's data as this study approach is interesting to boast the objectivity and verifiability of the study findings to decrease the researchers' subjectivity and biases (Amoako et al., 2023).

3.3 Research Design

According to Collis and Hussey (2021) research design is the framework and the guideline that guide the way of doing the study based on the assumptions and philosophies of the human concerning the nature of knowledge. Thus, the research design is the way of examining the study questions and it's the foundation of the study, concerning the data collection methods and determination of anchored on its objective (Bloomfield & Fisher, 2019).

Hai and Quy (2019) distinguished between three types of scientific research: exploratory, descriptive, and explanatory research. Exploratory research is usually applied when the research problem is difficult and there is little knowledge about the subject being studied. Exploratory studies are experimental or pilot studies where the researcher creates a methodology through which he can answer his research question by formulating more detailed questions as well as building his measurable hypothesis. This type of research is

appropriate as an interesting reference when formulating meaningful questions for more in-depth research on the subject of study.

On the other hand, descriptive research is used when the aim of the research is to reach an accurate description of the different patterns that were observed during the exploratory phase, so that the study tends to describe how "something" happens without focusing on explaining the reason; that is, descriptive studies focus on clarifying the characteristics of the research subject and usually consist of collecting and organizing existing data, where the description is compared with predictions and hypotheses, which in turn give us the possibility of conclusions and recommendations about the issue or phenomenon under study (Siedlecki, 2020).

Explanatory research can be used when studying the relationship between cause and effect and is able to construct a theory that can be used to explain empirical generalizations (Krichene & Baklouti, 2021).

Discussing the aforementioned study problem and formulating our research questions, along with the research designs mentioned above, will help us determine the appropriate content and methodology structure to conduct the current study. Thus, the conclusion here is that this study can be classified as descriptive and to some extent exploratory as it seeks to answer the study questions by using the questionnaire to build a clear perception and understanding of the extent of the commitment of external auditors to implement the audit risk model in listed firms in the Palestinian Exchange.

3.4 Data Collection Methods

To achieve the objective of this study, two data collection methods were used: the primary data collection methods and the secondary data collection methods.

3.4.1 Primary Data

An applied questionnaire that was intentionally developed for this study was used to obtain the responses of the investigated sample about their attitudes and perceptions towards using the audit risk model in audit practices when auditing companies listed on the Palestinian exchange.

3.4.2 Secondary Data

The secondary data was obtained from previously held studies such as articles, publications, journals, books, magazines, reports, and publicly disclosed statistics (Kothari, 2014). When using secondary data, it is interesting to focus on several issues, such as the objectives of the study, the availability of studies, the nature and scope of previous studies, and the level of precision, such as focusing on cited and peer-reviewed studies.

An intensive revision of several studies and research projects was conducted that explored the adoption and implementation of audit risk models in different countries. The secondary data helps to identify the study gap by writing the literature review and previous studies, and it also helps to write the questionnaire for the study.

3.5 Population

The population refers to all the units of the study that could be measured (Smith, 2018). The population of this study is the external auditors in Palestine as the external auditors who are registered in the Palestinian Association of Certified Public Accountants (<https://www.pacpa.ps/ar>) and the auditors in the Big four audit firms in Palestine were the focus of this study. The number of external auditors in Palestine is approximately

(245), with (215) auditors in the West Bank and (30) auditors in Gaza. The external auditors in the Gaza were excluded due to political and geographical limitations.

3.6 Sample

The questionnaire was administered to all the external auditors who are registered in the PACPA and the external auditors in the “Big Four” audit firms in Palestine who are (215) auditors. Thus, the study followed the census approach and she was able to collect (129) filled and valid questionnaire for analysis. Thus, the response rate was (60%) that is an acceptable response rate.

Table (3.1): Distribution of the Studied Sample Based on Personal and Demographic Variables

Variables	Choices	Frequency	Percent
Academic Achievement	BA	56	43.4
	high diploma	3	2.3
	Master	60	46.5
	PhD	10	7.8
	Total	129	100.0
Experience years	Less than 5 years	29	22.5
	5 - 10 years	30	23.3
	10 - 15 years	22	17.1
	More than 15 years	48	37.2
	Total	129	100.0
Number of auditors at audit office	Less than 5 auditors	72	55.8
	5 - 10 auditors	32	24.8
	10 -15 auditors	12	9.3

	More than 15 Auditors	13	10.1
	Total	129	100.0
Position	Senior Auditor	64	49.6
	Supervisor	15	11.6
	Junior Auditor	15	11.6
	Semi Senior	16	12.4
	Others	19	14.7
	Total	129	100.0
Do you have a professional certificate	Yes	109	84.5
	No	20	15.5
	Total	129	100.0
Do you work at one of the Big 4	Yes	16	12.4
	No	113	87.6
	Total	129	100.0

Table (3.1) shows the distribution of the studied sample based on demographic variables.

It shows that 43.4% they have bachelor degree, 46.5% master degree, 7.8% PhD., and 2.3% have a high diploma. Thus, it is expected that the studied sample have good awareness about the audit risk model implementation in audit practices. According to the experience years' auditors, the table shows that 22.5% have less than five years of experience, 23.3% have 5 – 10 years of experience, 17.1% have 10 -15 years of experience, and 37.2% have more than 15 years of experience. Whereas. according to the number of auditors at the audit office, there are four categories that are less than 5 auditors, 5 – 10 auditors, 10 -15 auditors, and more than 15 auditors. The analysis shows that the highest percentage of audit firms have less than 5 auditors as their percentage is

55.8% whereas, 24.8% they have 5-10 auditors, 9.3% they have 10 -15 years, and 10.1% they have more than 15 auditors.

The analysis shows that 49.6% of the studied sample auditors are senior auditors, 11.6% they are audit supervisors or junior auditors, 12.4% they are semi-senior auditors, and 14.7% other positions. Most of the studied auditors they have professional certificates as their percentage is (84.5%) compared to 15.5% who do not have professional certificates. This is a good indicator of the knowledge and experience of the auditors and their ability to provide precise information and data. Moreover, 12.4% they work at one of the Big 4.

3.7 Data Collection Methods

The questionnaire was used to obtain the primary data, which consists of two sections:

Section (1) asks questions about the auditor and the audit firms, such as the experience of the auditors, the audit certificate that the auditor has, the size of the audit firm, and if the audit firm is one of the big four audit firms.

Section (2) consists of four scopes related to the implementation of the factors influencing the implementation of audit risk model and the most critical consideration when the auditors use audit risk model that are the planning of the audit process, amount of testing and sample size of evidence, change in the timing of audit tests and evidence gathering and the type of audit evidence, the use of a more experienced and senior audit team, and the use of experts from outside the audit office, as follows:

Scope (1) is Related to the Measurement of the External Auditors` Compliance with Acceptable Risk Assessments and it Consists of (11) Statements

Also, there are six factors influencing the implementation of acceptable risk that are:

1. It greatly affects the planning of the audit process
2. Requires an increase in the amount of testing and sample size of evidence
3. Requires a change in the timing of audit tests and evidence gathering
4. Requires a change in the type of audit evidence
5. Requires the use of a more experienced and senior audit team
6. It requires the use of experts from outside the audit office.

Scope (2) is Related to the Measurement of the External Auditors` Compliance with the Inherent Risk Assessment and it Consists of (13) Statements

Also, there are six factors influencing the implementation of inherent risk that are:

1. It greatly affects the planning of the audit process
2. Requires an increase in the amount of testing and sample size of evidence
3. Requires a change in the timing of audit tests and evidence gathering
4. Requires a change in the type of audit evidence
5. Requires the use of a more experienced and senior audit team
6. It requires the use of experts from outside the audit office

Scope (3) is Related to the Measurement of the External Auditors` Compliance with the Control Risk Assessment and it Consists of (8) Statements.

Also, there are six factors influencing the implementation of control risk that are:

1. It greatly affects the planning of the audit process
2. Requires an increase in the amount of testing and sample size of evidence
3. Requires a change in the timing of audit tests and evidence gathering

4. Requires a change in the type of audit evidence
5. Requires the use of a more experienced and senior audit team
6. It requires the use of experts from outside the audit office

Scope (4) is Related to the Measurement of the External Auditors` Compliance with the Detection Risk Assessment and it Consists of (11) Statements.

Also, there are six factors influencing the implementation of detection risk that are:

1. It greatly affects the planning of the audit process
2. Requires an increase in the amount of testing and sample size of evidence
3. Requires a change in the timing of audit tests and evidence gathering
4. Requires a change in the type of audit evidence
5. Requires the use of a more experienced and senior audit team
6. It requires the use of experts from outside the audit office

The questionnaire is the main instrument designed to obtain the data and information needed to achieve the objectives of the study and answer its questions. The questionnaire was used to present the attitudes and perceptions of external auditors toward their implementation and compliance with the audit risk model.

The Likert scale was followed to design the questionnaire for the study, which consists of five degrees (strongly disagree, disagree, no opinion, agree, and strongly agree).

Table (3.2): Likert Scale

Strongly Agree	Agre e	Neutra l	Disagre e	Strongly Disagree
5	4	3	2	1

Table (3.3) the Mean Likert-Type Value and Agreement Descriptor

Mean Likert-type Value	Agreement descriptor
1-1.80	Very Low
1.81 -2.60	Low
2.61 -3.40	Moderate
3.412-4.20	High
4.21-5	Very high

3.8 Validity of the Questionnaire

The validity of the questionnaire refers to the extent to which any instrument is able to measure precisely what it intends to measure (Sürücü & Maslakci, 2020). There are several ways to estimate and measure the validity of the instrument.

The content validity: The questionnaire was developed based on the revision of several studies that explored the topic of the study. Then, it was presented to a set of experts in academic research and auditing to review the quality of the instrument and its ability to achieve the objectives of the study and answer its questions (Appendix 2). The aim of content validity is to ensure consistency between the content of the instrument and the objectives and questions of the study (Almanasreh, et al, 2019).

Criterion validity is another interesting measure of questionnaire validity to examine the relationship between two concepts where there is a correlation between them (Almanasreh, et al, 2019).

The Pearson correlation was used to examine the internal validity of the statements by finding the Pearson correlation between each statement and the domain it belongs to.

Table (3.4): Correlation Between Each Statement of Acceptable Risk Dimension and the Mean of All the Dimension Statements

	Statement		
		Pearson Correlation	Sig. (2-tailed)
1.	I am keen to evaluate and analyze the company's internal economic environment.	.643**	0.000
2.	I am keen to evaluate and analyze the company's external economic environment.	.600**	0.000
3.	I make sure to evaluate and analyze the qualifications, knowledge and experience of the internal auditors in the company being audited.	.613**	0.000
4.	I am keen to evaluate and analyze the level of integrity and efficiency of the Internal Audit Department by reviewing and reviewing the results of previous internal audit reports.	.749**	0.000
5.	I am keen to evaluate and analyze the extent to which the Internal Audit Department enjoys independence in preparing internal audit reports.	.654**	0.000
6.	Make sure to evaluate and analyze the extent to which the Internal Audit Department enjoys objectivity in preparing internal audit reports.	.740**	0.000
7.	I am keen to evaluate and analyze the management methodology of the company under audit in making	.741**	0.000

	administrative decisions that affect its financial performance.		
8.	I am keen to evaluate and analyze the risks associated with the direct client activity being audited and its operational processes.	.523**	0.000
9.	Make sure to evaluate and analyze the extent of the independence of the audit committee in the company being audited.	.750**	0.000
10.	I analyze the operations carried out between the company being audited and its related parties.	.631**	0.000
11.	The external auditor is keen to collect sufficient and appropriate evidence for the purpose of determining the level of acceptable audit risk.	.585**	0.000

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Table (3.4) shows that all the values of Pearson correlation between each statement of acceptable risk dimension and the mean of all the dimension statements are high and the value of the significance is less than (0.05) for all the statements. Thus, they are significant at the 0.01 level (2-tailed). Thus, there is a high level of validity in the set statements.

Table (3.5): Correlation Between the Statement of the Factors Influencing the Implementation of Acceptable Risk Dimension and the Mean of All The Dimension Statements

	Statement		
		Pearson Correlation	Sig. (2-tailed)
1.	It greatly affects the planning of the audit process	.533**	0
2.	Requires an increase in the amount of testing and sample size of evidence	.797**	0
3.	Requires a change in the timing of audit tests and evidence gathering	.805**	0
4.	Requires a change in the type of audit evidence	.889**	0
5.	Requires the use of a more experienced and senior audit team	.860**	0
6.	It requires the use of experts from outside the audit office	.674**	0

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Table (3.5) shows that all the values of Pearson correlation between each statement of the statement of the factors influencing the implementation of acceptable risk dimension and the mean of all the dimension statements are high and the value of the significance is less than (0.05) for all the statements. Thus, they are significant at the 0.01 level (2-tailed).

Thus, there is a high level of validity in the set statements.

Table (3.6): Correlation Between Each Statement of Inherent Risk Dimension and the Mean of All the Dimension Statements

	Statement		
		Pearson Correlation	Sig. (2-tailed)
1.	The external auditor is obligated to evaluate and analyze the extent to which there are indicators that raise doubt about the continuity of the company's work	.546**	0.000
2.	The external auditor is committed to analyzing and evaluating the turnover rate of the company's senior executive management	.662**	0.000
3.	The external auditor is obligated to analyze and evaluate the extent to which the Board of Directors or the Audit Committee of the company being audited changes the partner auditor every 5 years	.509**	0.000
4.	The external auditor is obligated to analyze and evaluate the extent to which the senior management's estimates of the company being audited are realistic regarding its financial performance.	.713**	0.000
5.	The external auditor is obligated to audit the extent of changes in the accounting policies followed by the company being audited.	.714**	0.000
6.	The external auditor is obligated to analyze and evaluate the size of the outstanding, uncollected receivable balances in the company being audited.	.712**	0.000
7.	The external auditor is obligated to analyze and evaluate the size of the outstanding unpaid credit balances in the company being audited.	.690**	0.000
8.	The external auditor is obligated to verify the extent of the presence of related parties in the company being audited (related parties).	.686**	0.000

9.	The external auditor is keen to ascertain the extent to which there are factors that affect the occurrence of fraud in the company being audited.	.625**	0.000
10.	The external auditor is keen to determine whether there are complex non-routine operations in the company being audited.	.631**	0.000
11.	The external auditor is keen to analyze and evaluate the extent of interest and directions of the management of the company being audited in following up on operational operations and the risks associated with them.	.677**	0.000
12.	The external auditor is keen to analyze and evaluate the risks of adopting and applying information technology and information systems.	.510**	0.000
13.	The external auditor is keen to assess the extent of future financial difficulties for the client being audited.	.621**	0.000

Table (3.6) shows that all the values of Pearson correlation between each statement of inherent risk dimension and the mean of all the dimension statements are high and the value of the significance is less than (0.05) for all the statements. Thus, they are significant at the 0.01 level (2-tailed). Thus, there is a high level of validity in the set statements.

Table (3.7): Correlation Between the Statement of the Factors Influencing the Implementation of Inherent Risk Dimension and the Mean of All the Dimension Statements

	Statement		
		Pearson Correlation	Sig. (2-tailed)
1.	It greatly affects the planning of the audit process	.640**	0
2.	Requires an increase in the amount of testing and sample size of evidence	.786**	0
3.	Requires a change in the timing of audit tests and evidence gathering	.816**	0
4.	Requires a change in the type of audit evidence	.839**	0
5.	Requires the use of a more experienced and senior audit team	.813**	0
6.	It requires the use of experts from outside the audit office	.728**	0

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Table (3.7) shows that all the values of Pearson correlation between each statement of the statement of the factors influencing the implementation of inherent risk dimension and the mean of all the dimension statements are high and the value of the significance is less than (0.05) for all the statements. Thus, they are significant at the 0.01 level (2-tailed). Thus, there is a high level of validity in the set statements.

Table (3.8): Correlation Between Each Statement of Control Risk Dimension and the Mean of All the Dimension Statements

	Statement	Pearson	Sig. (2-
		Correlation	tailed)
1.	The external auditor understands the internal control system of the company being audited when planning the audit process.	.758**	0.000
2.	The external auditor conducts compliance tests for the internal control methods applied in the company being audited.	.782**	0.000
3.	Based on the auditor's assessment of control risks, he determines the timing of the audit procedures to be used.	.763**	0.000
4.	The external auditor determines the necessary audit procedures in the company being audited based on the results of the company's control risk study.	.693**	0.000
5.	The external auditor is keen to discover whether the client being audited suffers from ambiguity and defects in delegating authority to carry out work.	.605**	0.000
6.	The external auditor is keen to analyze and evaluate the employees' compliance with the rules of professional conduct.	.743**	0.000
7.	The external auditor is keen to study and analyze the extent of compliance with the existence of separation in the performance of various tasks in the company being audited.	.760**	0.000
8.	I am keen to study and evaluate the efficiency of the internal control system in the company being audited.	.755**	0.000

Table (3.8) shows that all the values of Pearson correlation between each statement of control risk dimension and the mean of all the dimension statements are high and the value of the significance is less than (0.05) for all the statements. Thus, they are significant at the 0.01 level (2-tailed). Thus, there is a high level of validity in the set statements.

Table (3.9): Correlation Between the Statement of the Factors Influencing the Implementation of Control Risk Dimension and the Mean of All the Dimension Statements

	Statement		
		Pearson Correlation	Sig. (2-tailed)
1.	It greatly affects the planning of the audit process	.777**	0
2.	Requires an increase in the amount of testing and sample size of evidence	.851**	0
3.	Requires a change in the timing of audit tests and evidence gathering	.828**	0
4.	Requires a change in the type of audit evidence	.885**	0
5.	Requires the use of a more experienced and senior audit team	.787**	0
6.	It requires the use of experts from outside the audit office	.691**	0

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Table (3.9) shows that all the values of Pearson correlation between each statement of the statement of the factors influencing the implementation of control risk dimension and the mean of all the dimension statements are high and the value of the significance is less than (0.05) for all the statements. Thus, they are significant at the 0.01 level (2-tailed). Thus, there is a high level of validity in the set statements.

Table (3.10): Correlation Between Each Statement of Detection Risk Dimension and the Mean of All the Dimension Statements.

	Statement		
		Pearson Correlation	Sig. (2-tailed)
1.	The external auditor is keen to evaluate the extent to which personal judgments and estimates are used in the client's operations and accounts in the auditing area.	.634**	0.000
2.	The external auditor is keen to study and analyze indicators of the possibility of fraud in the financial statements of the client being audited.	.652**	0.000
3.	The external auditor is keen to ensure that there are no doubts about the honesty of the management of the client being audited.	.690**	0.000
4.	The external auditor is keen to ensure the accuracy of the analytical procedures in discovering fundamental errors in the balances and operations of the client being audited.	.664**	0.000
5.	There are clear hiring policies in the auditing office or company in which I work that ensure the proper selection of employees with the competencies and skills.	.684**	0.000
6.	Audit managers in the office or company where I work are keen to directly supervise the audit work of the company being audited.	.713**	0.000
7.	The external auditor is keen to apply professional skepticism in the audit procedures of the company being audited.	.709**	0.000
8.	The external auditor is keen to focus on the suitability of the procedures adopted in the audit process of the company being audited.	.700**	0.000
9.	The external auditor is keen to focus on the adequacy of the procedures adopted in the audit process of the company being audited.	.681**	0.000

10.	The external auditor is keen to focus on the extent to which the sample represents the population under examination in the audit process of the company being audited.	.693**	0.000
11.	The external auditor is keen to focus on the reliability of the procedures adopted in the audit process of the company being audited.	.618**	0.000

Table (3.10) shows that all the values of Pearson correlation between each statement of detection risk dimension and the mean of all the dimension statements are high and the value of the significance is less than (0.05) for all the statements. Thus, they are significant at the 0.01 level (2-tailed). Thus, there is a high level of validity in the set statements.

Table (3.11): Correlation Between the Statement of the Factors Influencing the Implementation of Detection Risk Dimension and the Mean of All the Dimension Statements

	Statement		
		Pearson Correlation	Sig. (2-tailed)
1.	It greatly affects the planning of the audit process	.642**	0
2.	Requires an increase in the amount of testing and sample size of evidence	.734**	0
3.	Requires a change in the timing of audit tests and evidence gathering	.770**	0
4.	Requires a change in the type of audit evidence	.848**	0
5.	Requires the use of a more experienced and senior audit team	.813**	0
6.	It requires the use of experts from outside the audit office	.744**	0

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Table (3.11) shows that all the values of Pearson correlation between each statement of the statement of the factors influencing the implementation of detection risk dimension and the mean of all the dimension statements are high and the value of the significance is less than (0.05) for all the statements. Thus, they are significant at the 0.01 level (2-tailed). Thus, there is a high level of validity in the set statements.

3.9 Reliability of the Questionnaire

The term reliability refers to the consistency of the responses and findings of the study if they have been examined in different contexts. Cronbach Coefficient alpha technique researcher was used as an interesting technique to measure the internal consistency of the instrument. That is, ensure that all the statements within the questionnaire measure the same thing. The value of the Cronbach alpha is in the range of 0 and 1. And the higher values of the Cronbach coefficient alpha mean a high degree of internal consistency. Cronbach's alpha for each field of the questionnaire was measured. According to Jakada et al, (2020) there is high consistency in the studied sample responses if the Cronbach alpha is greater than 0.60. Table (8) shows the analysis of Cronbach coefficient alpha and there was a high level of consistency among the responses of the studied sample.

Table (3.12): Cronbach Coefficient alpha

	N of Items	Cronbach's Alpha
Acceptable risk	11	.863
Factors influencing acceptable risk	6	0.877
Inherent risk	13	.877
Factors influencing inherent risk	6	0.862

Control risk	8	.877
Factors influencing acceptable risk	6	0.887
Detection risk	11	.880
Factors influencing detection risk	6	0.853

3.10 Normal Distribution Test

The study used the Kolmogorov Semirnov Test (K-S) to examine if the data follows normal distribution or not, and this test is necessary to test the hypotheses of the study as most of the parametric test requires that data to follow the normal distribution for each variable. Table (3.13) shows the result of this test. As sig is less than 0.05. Thus, the data follows the normal distribution.

Table (3.13): Sample K-S Test

Statement	Test Statistic	Asymp. Sig. (2-tailed)
I am keen to evaluate and analyze the company's internal economic environment.	0.324	.000 ^c
I am keen to evaluate and analyze the company's external economic environment.	0.353	.000 ^c
I make sure to evaluate and analyze the qualifications, knowledge and experience of the internal auditors in the company being audited.	0.344	.000 ^c

Statement	Test Statistic	Asymp. Sig. (2- tailed)
I am keen to evaluate and analyze the level of integrity and efficiency of the Internal Audit Department by reviewing and reviewing the results of previous internal audit reports.	0.328	.000 ^c
I am keen to evaluate and analyze the extent to which the Internal Audit Department enjoys independence in preparing internal audit reports.	0.317	.000 ^c
Make sure to evaluate and analyze the extent to which the Internal Audit Department enjoys objectivity in preparing internal audit reports.	0.283	.000 ^c
I am keen to evaluate and analyze the management methodology of the company under audit in making administrative decisions that affect its financial performance.	0.303	.000 ^c
I am keen to evaluate and analyze the risks associated with the direct client activity being audited and its operational processes.	0.170	.000 ^c
Make sure to evaluate and analyze the extent of the independence of the audit committee in the company being audited.	0.242	.000 ^c

Statement	Test Statistic	Asymp. Sig. (2- tailed)
I analyze the operations carried out between the company being audited and its related parties.	0.285	.000 ^c
The external auditor is keen to collect sufficient and appropriate evidence for the purpose of determining the level of acceptable audit risk.	0.274	.000 ^c
It greatly affects the planning of the audit process	0.298	.000 ^c
Requires an increase in the amount of testing and sample size of evidence	0.303	.000 ^c
Requires a change in the timing of audit tests and evidence gathering	0.305	.000 ^c
Requires a change in the type of audit evidence	0.329	.000 ^c
Requires the use of a more experienced and senior audit team	0.290	.000 ^c
It requires the use of experts from outside the audit office	0.226	.000 ^c
The external auditor is obligated to evaluate and analyze the extent to which there are indicators that raise doubt about the continuity of the company's work	0.313	.000 ^c
The external auditor is committed to analyzing and evaluating the turnover rate of the company's senior executive management	0.330	.000 ^c

Statement	Test Statistic	Asymp. Sig. (2- tailed)
The external auditor is obligated to analyze and evaluate the extent to which the Board of Directors or the Audit Committee of the company being audited changes the partner auditor every 5 years	0.288	.000 ^c
The external auditor is obligated to analyze and evaluate the extent to which the senior management's estimates of the company being audited are realistic regarding its financial performance.	0.343	.000 ^c
The external auditor is obligated to audit the extent of changes in the accounting policies followed by the company being audited.	0.305	.000 ^c
The external auditor is obligated to analyze and evaluate the size of the outstanding, uncollected receivable balances in the company being audited.	0.306	.000 ^c
The external auditor is obligated to analyze and evaluate the size of the outstanding unpaid credit balances in the company being audited.	0.282	.000 ^c
The external auditor is obligated to verify the extent of the presence of related parties in the company being audited (related parties).	0.256	.000 ^c

Statement	Test Statistic	Asymp. Sig. (2- tailed)
The external auditor is keen to ascertain the extent to which there are factors that affect the occurrence of fraud in the company being audited.	0.297	.000 ^c
The external auditor is keen to determine whether there are complex non-routine operations in the company being audited.	0.297	.000 ^c
The external auditor is keen to analyze and evaluate the extent of interest and directions of the management of the company being audited in following up on operational operations and the risks associated with them.	0.270	.000 ^c
The external auditor is keen to analyze and evaluate the risks of adopting and applying information technology and information systems.	0.305	.000 ^c
The external auditor is keen to assess the extent of future financial difficulties for the client being audited.	0.322	.000 ^c
It greatly affects the planning of the audit process	0.356	.000 ^c
Requires an increase in the amount of testing and sample size of evidence	0.382	.000 ^c
Requires a change in the timing of audit tests and evidence gathering	0.319	.000 ^c
Requires a change in the type of audit evidence	0.301	.000 ^c

Statement	Test Statistic	Asymp. Sig. (2- tailed)
Requires the use of a more experienced and senior audit team	0.321	.000 ^c
It requires the use of experts from outside the audit office	0.259	.000 ^c
The external auditor understands the internal control system of the company being audited when planning the audit process.	0.301	.000 ^c
The external auditor conducts compliance tests for the internal control methods applied in the company being audited.	0.351	.000 ^c
Based on the auditor's assessment of control risks, he determines the timing of the audit procedures to be used.	0.363	.000 ^c
The external auditor determines the necessary audit procedures in the company being audited based on the results of the company's control risk study.	0.349	.000 ^c
The external auditor is keen to discover whether the client being audited suffers from ambiguity and defects in delegating authority to carry out work.	0.318	.000 ^c
The external auditor is keen to analyze and evaluate the employees' compliance with the rules of professional conduct.	0.294	.000 ^c

Statement	Test Statistic	Asymp. Sig. (2- tailed)
The external auditor is keen to study and analyze the extent of compliance with the existence of separation in the performance of various tasks in the company being audited.	0.287	.000 ^c
I am keen to study and evaluate the efficiency of the internal control system in the company being audited.	0.268	.000 ^c
It greatly affects the planning of the audit process	0.328	.000 ^c
Requires an increase in the amount of testing and sample size of evidence	0.322	.000 ^c
Requires a change in the timing of audit tests and evidence gathering	0.319	.000 ^c
Requires a change in the type of audit evidence	0.336	.000 ^c
Requires the use of a more experienced and senior audit team	0.298	.000 ^c
It requires the use of experts from outside the audit office	0.272	.000 ^c
The external auditor is keen to evaluate the extent to which personal judgments and estimates are used in the client's operations and accounts in the auditing area.	0.332	.000 ^c
The external auditor is keen to study and analyze indicators of the possibility of fraud in the financial statements of the client being audited.	0.340	.000 ^c
Statement		

	Test Statistic	Asymp. Sig. (2- tailed)
The external auditor is keen to ensure that there are no doubts about the honesty of the management of the client being audited.	0.333	.000 ^c
The external auditor is keen to ensure the accuracy of the analytical procedures in discovering fundamental errors in the balances and operations of the client being audited.	0.325	.000 ^c
There are clear hiring policies in the auditing office or company in which I work that ensure the proper selection of employees with the competencies and skills.	0.308	.000 ^c
Audit managers in the office or company where I work are keen to directly supervise the audit work of the company being audited.	0.299	.000 ^c
The external auditor is keen to apply professional skepticism in the audit procedures of the company being audited.	0.313	.000 ^c
The external auditor is keen to focus on the suitability of the procedures adopted in the audit process of the company being audited.	0.311	.000 ^c
The external auditor is keen to focus on the adequacy of the procedures adopted in the audit process of the company being audited.	0.352	.000 ^c

Statement	Test Statistic	Asymp. Sig. (2- tailed)
The external auditor is keen to focus on the extent to which the sample represents the population under examination in the audit process of the company being audited.	0.296	.000 ^c
The external auditor is keen to focus on the reliability of the procedures adopted in the audit process of the company being audited.	0.321	.000 ^c
It greatly affects the planning of the audit process	0.364	.000 ^c
Requires an increase in the amount of testing and sample size of evidence	0.331	.000 ^c
Requires a change in the timing of audit tests and evidence gathering	0.307	.000 ^c
Requires a change in the type of audit evidence	0.305	.000 ^c
Requires the use of a more experienced and senior audit team	0.296	.000 ^c
It requires the use of experts from outside the audit office	0.245	.000 ^c

3.11 Statistical Analysis Methods

SPSS version 29 was used to analyze the studied sample responses using several descriptive techniques using frequencies, percentages, means, and standard deviation. Likewise, the correlation technique was used to examine the correlation among the dimensions of the questionnaire.

These techniques were used:

Pearson correlation coefficient to examine the internal validity of the instrument and the power of the correlation among the constructs of the audit risk model.

Cronbach's alpha model was used to estimate the reliability and consistency of the studied sample responses.

Frequencies and percentages to create a personal profile of the studied sample characteristics.

One sample T. test and an ANOVA to examine the validity of the hypotheses of the study.

Chapter Four

Findings of the Study

This chapter presents the analysis of the studied sample to achieve the objectives of the study, answer the questions of the study, and examine the validity of the specified hypotheses. The study utilized both descriptive and inferential statistics to perform the analysis efficiently. Besides, discuss these findings and compare the findings of this study with those of previous studies. This section consists basically of two sections:

Section (1) answer of the study questions according to the questions in chapter one.

Section (2): hypotheses testing of the specified hypotheses in chapter one.

To What Extent External Auditors in Palestine Are Committed to Implementing the Audit Risk Model in Their Work? And What Are the Factors Influencing its Implementation?

Table (4.1): The Means, Standard Deviation, The Percentages of Agreement, Ranking of The Dimensions, and the Extent of Agreement Of Each Dimension.

	Statement	Rank	N	Mean	STD	Percentage	Degree
1.	Acceptable risk	4	129	3.85	0.92	76.90%	High
2.	Inherent risk	2	129	3.92	0.85	78.38%	High
3.	Control risk	3	129	3.89	0.86	77.75%	High
4.	Detection risk	1	129	3.96	0.77	79.12%	High
Total			129	3.91	0.85	78.04%	High

Table (4.1) shows an analysis of the investigated sample of the auditors towards the extent **to which** external auditors in Palestine are committed to implementing the audit risk in their work. The analysis shows that the mean is (3.91) and **the** STD (0.85) with the percentage of agreement is (78.04). This indicates that external auditors in Palestine are

highly committed to implement the audit risk model in their work. The highest dimension is “Detection risk”. Which has a mean of (3.96) and STD (0.77) with a percentage of agreement is (79.12%). However, the last one is “acceptable risk”, which has a mean of (3.85) and STD (0.92) with a percentage of agreement is (76.90%).

This indicates that there is a high level of audit risk model implementation in audit firms in Palestine due to its role in increasing the quality of audit profession and the quality of the internal control activities. Moreover, audit risk model improves the efficiency and quality of external audits. Furthermore, improving the quality of total audit process, increasing the quality of corporate governance practices, and decreasing agency cost. Besides, increasing the quality of audit services that are offered independently with enhance the quality of audit activities and increase the trustworthiness of the financial statements. Besides, increasing the external auditors` compliance with audit standards and rules with a special commitment to independence, objectivity, disclosure, and integrity.

The implementation of the audit risk model helps auditors to allocate more effort and time to risky areas. Similarly, it acts an essential role in improving risk management in the investigated firms, as auditors have the potential to provide interesting advisory advice and services to draw on general policies and risk management strategies. Besides, the audit risk model has an essential role in assessing and evaluating the efficiency and effectiveness of monitoring systems and identifying the different risks that businesses may expose to them.

There is a positive and significant effect of audit risk assessment on audit quality. Furthermore, the study demonstrated that risk detection and the risk of material misstatements due to fraud have a significant effect on audit quality. These two types of

risks have a greater impact on the timing, nature, and level of audit procedures than the other types of audit risks.

This result is in line with (Abd-Elghaffar, 2018; Almaialy & Alawaad, 2020; Fakhfakh & Jarboui, 2022; Helles & Mutair, 2020; Le et al., 2022; Niemi et al, 2018). This result is in line with Esmail and Haque (2022) who found that there is a positive and significant effect of audit risk model on the quality of the audit process in Yemeni firms.

1. To What Extent Do External Auditors in Palestine are Committed to Implementing the Acceptable Risk in Their Work? And What Are the Factors Influencing Its Implementation?

Table (4.2): The Means, Standard Deviation, Percentages of Agreement, Ranking of the Statements, and the Extent of Agreement of Each Statement and the Entire Dimension of Acceptable Risk.

	Statement	Rank	N	Mean	STD	Percentage	Degree
1.	I am keen to evaluate and analyze the company's internal economic environment.	8	129	3.84	0.90	76.74%	High
2.	I am keen to evaluate and analyze the company's external economic environment.	7	129	3.87	0.74	77.36%	High
3.	I make sure to evaluate and analyze the qualifications, knowledge and experience of the internal auditors in the company being audited.	6	129	3.88	0.86	77.67%	High
4.	I am keen to evaluate and analyze the level of integrity and efficiency of the Internal Audit Department by reviewing and reviewing the results of previous internal audit reports.	3	129	3.97	0.88	79.38%	High

	Statement	Rank	N	Mean	STD	Percentage	Degree
5.	I am keen to evaluate and analyze the extent to which the Internal Audit Department enjoys independence in preparing internal audit reports.	2	129	4.01	0.89	80.16%	High
6.	Make sure to evaluate and analyze the extent to which the Internal Audit Department enjoys objectivity in preparing internal audit reports.	4	129	3.91	0.87	78.29%	High
7.	I am keen to evaluate and analyze the management methodology of the company under audit in making administrative decisions that affect its financial performance.	9	129	3.84	0.86	76.74%	High
8.	I am keen to evaluate and analyze the risks associated with the direct client activity being audited and its operational processes.	11	129	3.24	1.20	64.80%	High
9.	Make sure to evaluate and analyze the extent of the independence of the audit committee in the company being audited.	10	129	3.81	0.97	76.28%	High
10.	I analyze the operations carried out between the company being audited and its related parties.	5	129	3.90	0.98	77.98%	High
11.	The external auditor is keen to collect sufficient and appropriate evidence	1	129	4.03	0.97	80.60%	High

	for the purpose of determining the level of acceptable audit risk.						
Mean			129	3.85	0.92	76.90%	High

Table (4.2) shows an analysis of the investigated sample of the auditors towards the extent external auditors in Palestine are committed to implementing the acceptable risk in their work. The analysis shows that the mean is (3.85) and STD (0.92) with the percentage of agreement is (76.91). This indicates that external auditors in Palestine are highly committed to implementing the acceptable risk in their work. The highest scored statement is “The external auditor is keen to collect sufficient and appropriate evidence for the purpose of determining the level of acceptable audit risk”, which has a mean of (4.03) and STD (0.97) with a percentage of agreement is (80.63%). However, the least statement is “I am keen to evaluate and analyze the risks associated with the direct client activity being audited and its operational processes”, which has a mean of (3.24) and STD (1.20) with a percentage of agreement (64.8%). Furthermore, the table shows that there is the low level of standard deviation as it is less than (2). Thus, the responses of the investigated auditors are not highly dispersed and this indicates that there is a general agreement among the auditors about the statements that are related to the audit risk model implementation in Palestine.

The explanation of the existence of high level of implementation of the acceptable risk in their work as the auditors are involved to evaluate and analyze the level of integrity and efficiency of the Internal Audit Department by reviewing the results of previous internal audit reports. Besides, they are interested in assessing the extent of the internal auditors' independence and objectivity in clients' firms, especially when they prepare the internal audit reports. (Al-Shaheen, 2015; Alssabagh, 2016; Amahalu et al., 2016).

What are the Factors Influencing its Implementation?

The researcher used the means and standard deviation to identify the factors influencing the implementation of acceptable risk in their audit.

Table (4.3): The Means, Standard Deviation, Percentages of Agreement, Ranking of the Statements, and the Extent of Agreement of Each Statement Influencing the Implementation of Acceptable Risk.

	Statement	Rank	N	Mean	STD	Percentage	Degree
1.	It greatly affects the planning of the audit process	3	129	3.80	0.96	76.1%	High
2.	Requires an increase in the amount of testing and sample size of evidence	4	129	3.78	0.96	75.7%	High
3.	Requires a change in the timing of audit tests and evidence gathering	5	129	3.66	0.90	73.1%	High
4.	Requires a change in the type of audit evidence	1	129	3.87	0.95	77.3%	High
5.	Requires the use of a more experienced and senior audit team	2	129	3.86	1.03	77.2%	High
6.	It requires the use of experts from outside the audit office	6	129	3.64	0.98	72.7%	High
Mean			129	3.77	0.96	75.4%	High

Table (4.3) shows analysis of the investigated sample of the auditors' perceptions and views regarding the factors influencing the implementation of acceptable risk. The analysis shows that the mean is (3.77) and STD (0.96) with percentage of agreement is (75.4%). The highest scored factor is "Requires a change in the type of audit evidence" that has a mean of (3.87) and STD (0.95) with a percentage of agreement is (77.3%). However, the least scored factor is "It requires the use of experts from outside the audit

office” which has a mean of (3.64) and STD (0.98) with a percentage of agreement is (72.7%).

The study revealed that the most utilized interventions to deal with acceptable risk concerns are changing the type of audit evidence, recruiting and hiring more experienced and educated senior managers. Likewise, increasing the **client’s** interest and involvement in the planning of the audit plan. **Decrease in the Acceptable Level of Audit Risk Will Increase the Quality**, accuracy and involvement of the external auditors especially when there are red flags about the activities of the senior managers and employees in the client firm as they external auditors will require more information, details and verifications for the transactions and performance of the audit firm. Besides, the external auditors will require more time and effort in planning and performing the audit function. This result is in line with (Arens et al, 2012; Porter et al., 2008; Soltani, 2007).

2. To What Extent Are External Auditors in Palestine Committed to Implementing the Inherent Risk in Their Work? And What Are the Factors Influencing Its Implementation?

Table (4.4): The Means, Standard Deviation, Percentages of Agreement, Ranking of the Statements, and the Extent of Agreement of Each Statement and the Entire Dimension of Inherent Risk.

	Statement	Rank	N	Mean	STD	Percentage	Degree
1.	The external auditor is obligated to evaluate and analyze the extent to which there are indicators that raise doubt about the continuity of the company’s work	8	129	3.92	0.97	78.44%	High
2.	The external auditor is committed to analyzing and evaluating the turnover rate of the company's senior executive management	13	129	3.66	0.95	73.18%	High

3.	The external auditor is obligated to analyze and evaluate the extent to which the Board of Directors or the Audit Committee of the company being audited changes the partner auditor every 5 years	12	129	3.71	0.93	74.26%	High
4.	The external auditor is obligated to analyze and evaluate the extent to which the senior management's estimates of the company being audited are realistic regarding its financial performance.	11	129	3.73	0.92	74.53%	High
5.	The external auditor is obligated to audit the extent of changes in the accounting policies followed by the company being audited.	4	129	4.00	0.86	80.00%	High
6.	The external auditor is obligated to analyze and evaluate the size of the outstanding, uncollected receivable balances in the company being audited.	3	129	4.00	0.86	80.00%	High
7.	The external auditor is obligated to analyze and evaluate the size of the outstanding unpaid credit balances in the company being audited.	2	129	4.03	0.77	80.62%	High
8.	The external auditor is obligated to verify the extent of the presence of related parties in the company being audited (related parties).	8	129	3.94	0.89	78.76%	High
9.	The external auditor is keen to ascertain the extent to which there are factors that affect the occurrence of fraud in the company being audited.	1	129	4.11	0.80	82.19%	High

10.	The external auditor is keen to determine whether there are complex, non-routine operations in the company being audited.	6	129	4.00	0.79	80.00%	High
	The external auditor is keen to analyze and evaluate the extent of interest and directions of the management of the company being audited in following up on operational operations and the risks associated with them.	7	129	3.95	0.83	78.91%	High
11.	The external auditor is keen to analyze and evaluate the risks of adopting and applying information technology and information systems.	10	129	3.90	0.76	77.98%	High
12.	The external auditor is keen to assess the extent of future financial difficulties for the client being audited.	5	129	4.00	0.79	80.00%	High
Mean			129	3.92	0.85	78.38%	High

Table (4.4) shows an analysis of the investigated sample of the auditors towards the extent to which external auditors in Palestine are committed to implementing the inherent risk in their work. The analysis shows that the mean is (3.92) and STD (0.85) with percentage of agreement is (78.38%). This indicates that external auditors in Palestine are highly committed to implement the inherent risk in their work.

The highest scored statement is “The external auditor is keen to ascertain the extent to which there are factors that affect the occurrence of fraud in the company being audited.” which has a mean of (4.11) and STD (0.80) with a percentage of agreement is (82.19%). Fraud is an intentional error and omission of amounts or disclosures with the aim of deceiving users of the financial statements. In some cases, pressure is exerted on the

client's management from outside the facility or from within This is to achieve high profits, and sometimes the client's management has the opportunity to commit fraud, so the client's management prepares fraudulent financial statements, as if there were Weaknesses in accounting information systems, or fraud resulting from a nature in management, such as a lack of ethics in client management Justifying the fraud, such as meeting optimistic expectations, the auditor must use professional skepticism to evaluate indicators of the presence of fraud in the client's financial statements. And that By not assuming that the client's management is dishonest and not assuming that the client's management is unquestionably honest, and if the auditor reaches As a result of the possibility of material errors in the client's financial statements due to fraud, he must increase the value of the inherent risks, in other words What increased? Indicators of the presence of fraud in the client's financial statements: The value of the inherent risks has increased.

The last statement is "The external auditor is committed to analyzing and evaluating the turnover rate of the company's senior executive management", which has a mean of (3.66) and STD (0.95) with a percentage of agreement is (73.18%).

This means when the external auditors tend to assess the extent of inherent risk in the client firm they use several indicators and measures such as the extent of changes in the accounting policies followed by the company being audited, the size of the outstanding, uncollected receivable balances in the firm, the size of the outstanding unpaid credit balances, the factors that may lead to fraud and fraudulent practices committed in the firm, and the future financial difficulties for the client being audited

Inherent risks are among the most important types of risks that affect the efficiency and effectiveness of the auditing process, so the auditor must accurately evaluate the inherent

risks. In the event that a greater assessment is made, the volume of evidence is increased, and more tests are carried out, this risk is higher than it should be, then this requires effort, which affects the efficiency of the audit process, and if the inherent risks are not accurately identified, this leads to the audit process losing its effectiveness, as the auditor will not perform the correct and appropriate tests.

The high value of inherent risks means the possibility of high errors or distortions in the financial statements, regardless of internal control. The inherent risks are directly proportional to the amount of financial audit tests and the amount of evidence, and the greater the value of the inherent risks. The auditor performs more procedures and tests. For example, the value of the risks increases. Inherent in accounts that rely on personal estimates and judgments, such as the allowance for doubtful debts account, while the value of inherent risks is reduced in the case of accounts Which are based on actual transactions.

This result is in line with (Arifianto & Putra, 2019; Matrood and Khilkhil, 2019; Peytcheva, 2019; Politis, 2018; Singh et al., 2019; Van et al., 2017).

What are the Factors Influencing its Implementation?

The study used the means and standard deviation to identify the factors influencing the implementation of inherent risk in their audit.

Table (4.5): The Means, Standard Deviation, Percentages of Agreement, Ranking of the Statements, and the Extent of Agreement Of Each Statement Influencing the Implementation of Inherent Risk.

	Statement	Rank	N	Mean	STD	Percentage	Degree
1.	It greatly affects the planning of the audit process	3	129	3.91	0.84	78.1%	High
2.	Requires an increase in the amount of testing and sample size of evidence	1	129	3.95	0.72	78.9%	High

	Requires a change in the timing of audit tests and evidence gathering	5	129	3.86	0.81	77.2%	High
3.	Requires a change in the type of audit evidence	2	129	3.94	0.89	78.8%	High
4.	Requires the use of a more experienced and senior audit team	4	129	3.91	0.91	78.1%	High
5.	It requires the use of experts from outside the audit office	6	129	3.69	0.86	73.8%	High
Mean			129	3.87	0.84	77.5%	High

Table (4.5) shows analysis of the investigated sample of the auditors' perceptions and views regarding the factors influencing the implementation of inherent risk. The analysis shows that the mean is (3.87) and STD (0.84) with percentage of agreement is (77.5%). The highest scored factor is "Requires an increase in the amount of testing and sample size of evidence", which has a mean of (3.95) and STD (0.72) with a percentage of agreement is (78.9%). However, the least scored factor is "It requires the use of experts from outside the audit office", which has a mean of (3.69) and STD (0.86) with a percentage of agreement is (73.8%).

The most common responses to the inherent risk are the requirement of an increase in the amount of testing and sample size of evidence, change of the type of audit evidence, and it greatly affects the planning of the audit process.

In the case of the existence of high extent of inherent risks, the audit offices in Palestine tend to use more experienced, qualified, and educated team. This type of risks requires the existence of a qualified audit team to detect and prevent fraud, the ability to reveal transactions with external parties that may contain fraudulent practices, and identifying the nature of the client's transactions. The audit team cannot deal with these risks unless

it has sufficient experience that enables them to deal with them. These risks may require the auditors to seek assistance and advice of experts from outside the audit office.

3. To What Extent are External Auditors in Palestine Committed to Implementing the Control Risk in Their Work? and What are the Factors Influencing its Implementation?

Table (4.6): The Means, Standard Deviation, Percentages of Agreement, Ranking of The Statements, And The Extent Of Agreement Of Each Statement And The Entire Dimension Of Control Risk.

	Statement	Rank	N	Mean	ST D	Percentage	Degree
1.	The external auditor understands the internal control system of the company being audited when planning the audit process.	7	129	3.82	0.90	76.32%	High
2.	The external auditor conducts compliance tests for the internal control methods applied in the company being audited.	8	129	3.81	0.85	76.19%	High
3.	Based on the auditor's assessment of control risks, he determines the timing of the audit procedures to be used.	6	129	3.82	0.85	76.35%	High
4.	The external auditor determines the necessary audit procedures in the company being audited based on the results of the company's control risk study.	4	129	3.90	0.80	78.10%	High
5.	The external auditor is keen to discover whether the client being audited suffers from ambiguity and defects in delegating authority to carry out work.	3	129	3.90	0.78	78.10%	High

6.	The external auditor is keen to analyze and evaluate the employees' compliance with the rules of professional conduct.	5	129	3.85	0.94	76.98%	High
7.	The external auditor is keen to study and analyze the extent of compliance with the existence of separation in the performance of various tasks in the company being audited.	2	129	3.96	0.90	79.21%	High
8.	I am keen to study and evaluate the efficiency of the internal control system in the company being audited.	1	129	4.04	0.89	80.79%	High
Mean			129	3.89	0.86	77.75%	High

Table (4.6) shows an analysis of the investigated sample of the auditors towards the extent to which external auditors in Palestine are committed to implementing the control risk in their work. The analysis shows that the mean is (3.89) and STD (0.86) with the percentage of agreement is (77.75%). This indicates that external auditors in Palestine are highly committed to implement the control risk in their work.

The highest scored statement is “I am keen to study and evaluate the efficiency of the internal control system in the company being audited.”, which has a mean of (4.04) and STD (0.89) with a percentage of agreement is (80.79%). However, the last statement is “The external auditor conducts compliance tests for the internal control methods applied in the company being audited”, which has a mean of (3.81) and STD (0.85) with a percentage of agreement (76.19%).

Thus, the most significant factors that influence the control risk are the extent of compliance with the existence of separation in the performance of various tasks in the company being audited and the examination and investigation of the efficiency of the

internal control system in the company. The lack of an effective control system at the client will lead to incorrect accounting operations and thus incorrect financial statements. As for the lack of separation between tasks, it leads to a loss of credibility for the financial statements and annual reports of the firm and the lack of proof of the validity of the balances and operations. Therefore, we find that these two factors achieved the highest mean.

What are the Factors Influencing its Implementation?

The researcher used the means, standard deviation to identify the factors influencing the implementation of control risk in their audit.

Table (4.7): The Means, Standard Deviation, Percentages of Agreement, Ranking of the Statements, and the Extent of Agreement of Each Statement Influencing the Implementation of Control Risk.

	Statement	Rank	N	Mean	STD	Percentage	Degree
1.	It greatly affects the planning of the audit process	1	129	3.88	0.93	77.6%	High
2.	Requires an increase in the amount of testing and sample size of evidence	2	129	3.79	0.93	75.7%	High
3.	Requires a change in the timing of audit tests and evidence gathering	3	129	3.73	0.88	74.6%	High
4.	Requires a change in the type of audit evidence	4	129	3.73	0.92	74.6%	High
	Requires the use of a more experienced and senior audit team	5	129	3.62	1.01	72.4%	High

5.	It requires the use of experts from outside the audit office	6	129	3.52	1.04	70.5%	High
Mean			129	3.71	0.95	74.2%	High

Table (4.7) shows analysis of the investigated sample of the auditors' perceptions and views regarding the factors influencing the implementation of control risk. The analysis shows that the mean is (3.71) and STD (0.95) with percentage of agreement is (74.2%). The highest scored factor is "It greatly affects the planning of the audit process", which has a mean of (3.88) and STD (0.93) with a percentage of agreement is (77.6%). However, the least scored factor is "It requires the use of experts from outside the audit office", which has a mean of (3.52) and STD (1.04) with a percentage of agreement is (70.5%).

The most documented responses according to the responses of the studied sample are affecting the planning of the audit process, increasing the amount of testing and sample size of the evidence, and changing the timing of audit tests and evidence gathering.

This is consistent with the most important control risk factor, according to the previous results, which is the lack of an effective internal control system at the client, as this requires an increase in the amount of tests Audit evidence due to not relying on the accounting system. As for the second most important response, which is a change in the type of audit evidence, we note that this response is consistent with the lack of protection of records and assets, as this requires obtaining more reliable audit evidence by changing the type of audit evidence.

4. To What Extent are External Auditors in Palestine Committed to Implementing the Detection Risk in Their Work? and What are the Factors Influencing its Implementation?

Table (4.8): The Means, Standard Deviation, Percentages of Agreement, Ranking of the Statements, and the Extent of Agreement of Each Statement and the Entire Dimension of Detection Risk.

	Statement	Rank	N	Mean	STD	Percentage	Degree
1.	The external auditor is keen to evaluate the extent to which personal judgments and estimates are used in the client's operations and accounts in the auditing area.	11	129	3.71	0.86	74.13%	High
2.	The external auditor is keen to study and analyze indicators of the possibility of fraud in the financial statements of the client being audited.	10	129	3.92	0.80	78.40%	High
3.	The external auditor is keen to ensure that there are no doubts about the honesty of the management of the client being audited.	9	129	3.92	0.80	78.41%	High
4.	The external auditor is keen to ensure the accuracy of the analytical procedures in discovering fundamental errors in the balances and operations of the client being audited.	4	129	4.00	0.75	80.00%	High

5.	There are clear hiring policies in the auditing office or company in which I work that ensure the proper selection of employees with the competencies and skills.	1	129	4.05	0.74	80.95%	High
6.	Audit managers in the office or company where I work are keen to directly supervise the audit work of the company being audited.	6	129	3.97	0.79	79.35%	High
	The external auditor is keen to apply professional skepticism in the audit procedures of the company being audited.	2	129	4.04	0.76	80.79%	High
7.	The external auditor is keen to focus on the suitability of the procedures adopted in the audit process of the company being audited.	3	129	4.04	0.71	80.79%	High
8.	The external auditor is keen to focus on the adequacy of the procedures adopted in the audit process of the company being audited.	7	129	3.95	0.73	79.05%	High
9.	The external auditor is keen to focus on the extent to which the sample represents the population under examination in the audit process of the company being audited.	5	129	3.99	0.74	79.84%	High

10.	The external auditor is keen to focus on the reliability of the procedures adopted in the audit process of the company being audited.	8	129	3.93	0.81	78.57%	High
Mean			129	3.96	0.77	79.12%	High

Table (4.8) shows an analysis of the investigated sample of the auditors towards the extent to which external auditors in Palestine are committed to implementing the detection risk in their work. The analysis shows that the mean is (3.96) and STD (0.77) with the percentage of agreement is (79.12%).

This indicates that external auditors in Palestine are highly committed to implementing the detection risk in their work. The highest scored statement is “There are clear hiring policies in the auditing office or company in which I work that ensure the proper selection of employees with the competencies and skills”, which has a mean of (4.05) and STD (0.74) with a percentage of agreement is (80.95%).

However, the least statement is “The external auditor is keen to evaluate the extent to which personal judgments and estimates are used in the client’s operations and accounts in the auditing area.”, which has a mean of (3.71) and STD (0.86) with a percentage of agreement is (74.13%).

According to the studied sample responses the most significant indicators and factors that influence detection risks are the external auditor is keen to ensure the accuracy of the analytical procedures in discovering fundamental errors in the balances and operations of the client, there are clear hiring policies in the auditing office or company in which I work that ensure the proper selection of employees with the competencies and skills, implementation of professional skepticism in the audit procedures of the company being

audited. Eventually, focusing on the suitability of the procedures adopted in the audit process of the company being audited. This result is in line with (Appelbaum, et al. 2018; Cassell et al., 2019; Huang et al., 2017; Pike et al. 2016; Svanberg et al., 2019).

What are the Factors Influencing Its Implementation?

The researcher used the means, standard deviation to identify the factor influencing the implementation of detection risk in their audit.

Table (4.9): The Means, Standard Deviation, the Percentages of Agreement, Ranking of the Statements, and The Extent Of Agreement Of Each Statement Influencing The Implementation Of Detection Risk.

	Statement	Rank	N	Mean	STD	Percentage	Degree
1.	It greatly affects the planning of the audit process	3	129	3.70	0.88	74.0%	High
2.	Requires an increase in the amount of testing and sample size of evidence	4	129	3.69	0.92	73.8%	High
3.	Requires a change in the timing of audit tests and evidence gathering	2	129	3.78	0.88	75.6%	High
4.	Requires a change in the type of audit evidence	1	129	3.82	0.95	76.3%	High
5.	Requires the use of a more experienced and senior audit team	5	129	3.65	0.93	73.0%	High
6.	It requires the use of experts from outside the audit office	6	129	3.51	0.95	70.2%	High
Mean			129	3.69	0.92	73.80	High

Table (4.9) shows analysis of the investigated sample of the auditors' perceptions and views regarding the factors influencing the implementation of detection risk. The analysis shows that the mean is (3.69) and STD (0.92) with percentage of agreement is (73.80%). The highest scored factor is "It greatly affects the planning of the audit process", which

has a mean of (3.70) and STD (0.88) with a percentage of agreement is (74%). However, the last scored factor is “It requires the use of experts from outside the audit office”, which has a mean of (3.51) and STD (0.95) with a percentage of agreement is (70.5%).

The most commonly used responses to the detection risk are influencing the planning of the audit process. Besides, it requires a change in the timing of audit tests and evidence gathering, and making a change in the type of audit evidence. These responses are in line with the factors that influence the detection of fraud in firms in Palestine. This result is in line with (Appelbaum et al. 2018; Cassell et al., 2019; Svanberg et al. (2019)

Hypotheses Testing:

1. The External Auditors in Palestine are Not Committed to Implementing the Acceptable Risk in Their Work.

Table (4.10): Analysis of (One sample T test) to Verify the Extent of External Auditors in Palestine in Determining the Acceptable Risk

Variable	Mean	STD	T Calculated	T tabulated	Sig.	result
acceptable risk	3.84	0.60	73.04	1.96	.000	Reject

The analysis in table (4.10) shows that the value of calculated (t- test) is (73.04) and it is greater than the tabulated T test (1.96). and the value of the significant is (0.00), which is less than (0.05) that is the level of the significant specified in the study ($\alpha \leq 0.05$). Thus, we reject the null hypotheses that states external auditors in Palestine are not committed to implementing the acceptable risk in their work. However, we accept the alternative hypothesis that states the external auditors in Palestine are committed to implementing acceptable risk in their work. This means that external auditors in Palestine are highly committed to implementing acceptable risk in their work.

The explanation of the existence of high level of implementation of the acceptable risk in their work is that the auditors are involved in evaluating and analyzing the level of integrity and efficiency of the Internal Audit Department by reviewing and reviewing the results of previous internal audit reports. Besides, they are interested in assessing the extent of the internal auditors' independence and objectivity in clients' firms, especially when they prepare the internal audit reports. (Al-Shaheen, 2015; Alssabagh, 2016; Amahalu et al., 2016).

2. The External Auditors in Palestine Are Not Committed to Implementing the Inherent Risk in Their Work.

Table (4.11): Analysis of (One Sample T Test) to Verify the Extent of External Auditors in Palestine in Determining the Inherent Risk

Variable	Mean	STD	T Calculated	T tabulated	Sig.	Result
inherent risk	3.94	.54	81.82	1.96	0.0	Reject

The analysis in table (4.11) shows that the value of calculated (t- test) is (81.82) and it is greater than the tabulated T test (1.96). and the value of the significant is (0.00), which is less than (0.05) that is the level of the significant specified in the study ($\alpha \leq 0.05$). thus, we reject the null hypotheses that states external auditors in Palestine are not committed to implementing the inherent risk in their work. However, we accept the alternative hypothesis that states the external auditors in Palestine are committed to implementing the inherent risk in their work. This means that external auditors in Palestine are highly committed to implementing the inherent risk in their work.

The high value of inherent risks means the possibility of high errors or distortions in the financial statements, regardless of internal control. The inherent risks are directly proportional to the amount of financial audit tests and the amount of evidence, and the greater the value of the inherent risks. The auditor performs more procedures and tests.

For example, the value of the risk increases. Inherent in accounts that rely on personal estimates and judgments, such as the allowance for doubtful debts account, while the value of inherent risks is reduced in the case of accounts Which are based on actual transactions.

This result is in line with (Arifianto & Putra, 2019; Matrood and Khilkhil, 2019; Peytcheva, 2019; Politis, 2018; Singh et al., 2019; Van et al., 2017).

3. The External Auditors in Palestine are Not Committed to Implementing the Control Risk in Their Work.

Table (4.12): Analysis of (One Sample T Test) to Verify the Extent of External Auditors in Palestine in Determining the Control Risk

Variable	Mean	STD	T Calculated	T tabulated	Sig.	result
Control risk	3.89	0.64	68.29	1.96	.000	Reject

The analysis in table (4.12) shows that the value of calculated (t- test) is (68.29) and it is greater than the tabulated T test (1.96). and the value of the significant is (0.00), which is less than (0.05) that is the level of the significant specified in the study ($\alpha \leq 0.05$). thus, we reject the null hypotheses that states external auditors in Palestine are not committed to implementing the control risk in their work. However, we accept the alternative hypothesis that states the external auditors in Palestine are committed to implementing the control risk in their work. This means that external auditors in Palestine are highly committed to implementing the control risk in their work.

Thus, the most significant factors that influence the control risk are the extent of compliance with the existence of separation in the performance of various tasks in the company being audited and the examination and investigation of the efficiency of the internal control system in the company. The lack of an effective control system at the client will lead to incorrect accounting operations and thus incorrect financial statements.

As for the lack of separation between tasks, it leads to a loss of credibility for the financial statements and annual reports of the firm and the lack of proof of the validity of the balances and operations. Therefore, we find that these two factors achieved the highest means.

4. The External Auditors in Palestine are Not Committed to Implementing the Detection Risk in Their Work.

Table (4.13): Analysis of (One Sample T Test) to Verify the Extent of External Auditors in Palestine in Determining the Detection Audit Risk

Variable	Mean	STD	T Calculated	T tabulated	Sig.	result
Detection risk	4.36	0.57	84.51	1.96	.000	Reject

The analysis in table (4.13) shows that the value of calculated (t- test) is (784.51) and it is greater than the tabulated T test (1.96). and the value of the significant is (0.00), which is less than (0.005) that is the level of the significant specified in the study ($\alpha \leq 0.05$). thus, we reject the null hypotheses that states external auditors in Palestine are not committed to implementing the detection risk in their work. However, we accept the alternative hypothesis that states the external auditors in Palestine are committed to implement the detection risk in their work. This means that external auditors in Palestine are highly committed to implementing the detection risk in their work.

According to the studied sample responses the most significant indicators and factors that influence detection risks are the external auditor is keen to ensure the accuracy of the analytical procedures in discovering fundamental errors in the balances and operations of the client, there are clear hiring policies in the auditing office or company in which I work that ensure the proper selection of employees with the competencies and skills, implementation of professional skepticism in the audit procedures of the company being audited. Eventually, focusing on the suitability of the procedures adopted in the audit

process of the company being audited. This result is in line with (Appelbaum, et al. 2018; Cassell et al., 2019; Huang et al., 2017; Pike et al. 2016; Svanberg et al., 2019).

5. There are Insignificant Differences in External Auditors' Views and Perceptions of External Auditors' Implementation of the Audit Risk Model Attributed to Academic Achievement, Experience, Size of Audit Firm, and Certification.

Academic Achievement

To examine this hypothesis, the study used ANOVA and calculated the mean, and STD, and the results were as follows:

Table (4.14): ANOVA Analysis of the Differences in the Means of the External Auditors' Views and Perceptions of External Auditors' Implementation of the Audit Risk Model Attributed to Academic Achievement,

Dimension		N	Mean	STD	F	Sig.
Acceptable Risk	BA	56	3.88	.66	1.314	.273
	high diploma	3	4.00	.40		
	Master	59	3.86	.50		
	PhD	9	3.46	.82		
	Total	127	3.84	.60		
Inherent Risk	BA	55	3.98	.61	.709	.548
	high diploma	3	4.03	.52		
	Master	57	3.92	.47		
	PhD	9	3.71	.54		
	Total	124	3.94	.54		
Control Risk	BA	54	3.93	.69	2.330	.078
	high diploma	3	3.71	.14		
	Master	58	3.94	.49		
	PhD	10	3.40	.95		

	Total	125	3.89	.64		
Dimension		N	Mean	STD	F	Sig.
Detection Risk	BA	52	4.04	.57	2.567	.058
	high diploma	3	3.88	.41		
	Master	57	3.97	.39		
	PhD	10	3.55	.72		
	Total	122	3.96	.52		
Audit risk model implementation	BA	50	4.00	.51	2.206	.091
	high diploma	3	3.92	.33		
	Master	53	3.96	.32		
	PhD	8	3.58	.61		
	Total	114	3.95	.44		

Table (4.14) shows there are insignificant differences in the means of the external auditors' views and perceptions of external auditors' implementation of the audit risk model attributed to academic achievement. Thus, there are insignificant differences among the auditors who have different academic achievement levels towards their views and perceptions of external auditors' implementation of the audit risk model attributed to academic achievement.

Duration of Experience

To examine this hypothesis, the researcher used ANOVA and she calculated the mean, and STD, and the results were as follows:

Table (4.15): ANOVA Analysis of the Differences in the Means of the External Auditors' Views and Perceptions of External Auditors' Implementation of the Audit Risk Model Attributed to the Duration of Experience.

Dimension		N	Mean	STD	F	Sig.
Acceptable Risk	Less than 5 years	29	3.93	.44	.86	.47
	5 - 10 years	29	3.77	.64		
	10 - 15 years	21	3.70	.71		
	More than 15 years	48	3.89	.61		
	Total	127	3.84	.60		
Inherent Risk	Less than 5 years	29	3.99	.55	.99	.40
	5 - 10 years	29	3.89	.34		
	10 - 15 years	21	3.78	.69		
	More than 15 years	45	4.01	.56		
	Total	124	3.94	.54		
Control Risk	Less than 5 years	29	3.93	.52	.83	.48
	5 - 10 years	29	3.82	.63		
	10 - 15 years	22	3.74	.70		
	More than 15 years	45	3.98	.68		
	Total	125	3.89	.64		
Detection Risk	Less than 5 years	29	4.06	.49	.49	.69
	5 - 10 years	29	3.92	.41		
	10 - 15 years	19	3.91	.49		
	More than 15 years	45	3.95	.61		
	Total	122	3.96	.52		
Audit risk model implementation	Less than 5 years	28	3.99	.39	2.04	.11
	5 - 10 years	28	3.85	.40		
	10 - 15 years	17	3.80	.51		
	More than 15 years	41	4.05	.46		
	Total	114	3.95	.44		

Table (4.15) shows there are insignificant differences in the means of the external auditors' views and perceptions of external auditors' implementation of the audit risk model attributed to the duration of auditors' experience. Thus, there are insignificant

differences among the auditors who have different academic achievement levels towards their views and perceptions of external auditors' implementation of the audit risk model attributed to the duration of experience. This means that all the categories of respondents regardless of their experience have a similar perceptions and attitudes towards the implementation of audit risk model.

Size of Audit Firm

To examine this hypothesis, the ANOVA was used and calculating the mean, and STD, and the results were as follows:

Table (4.16): ANOVA Analysis of the Differences in the Means of the External Auditors' Views and Perceptions of External Auditors' Implementation of the Audit Risk Model Attributed to the Size of the Audit Firm.

Dimension		N	Mean	STD	F	Sig.
Acceptable Risk	Less than 5 auditors	72	3.74	0.65	1.74	0.16
	5 - 10 auditors	31	3.91	0.46		
	10 -15 auditors	12	3.98	0.66		
	More than 15 Auditors	12	4.10	0.53		
	Total	127	3.84	0.60		
Inherent Risk	Less than 5 auditors	70	3.89	0.57	2.57	0.06
	5 - 10 auditors	30	3.95	0.43		
	10 -15 auditors	12	3.78	0.58		
	More than 15 Auditors	12	4.31	0.45		
	Total	124	3.94	0.54		
Control Risk	Less than 5 auditors	70	3.77	0.69	2.83	0.04
	5 - 10 auditors	31	3.94	0.55		
	10 -15 auditors	11	4.07	0.47		

	More than 15 Auditors	13	4.26	0.50		
	Total	125	3.89	0.64		
Detection Risk	Less than 5 auditors	67	3.89	0.55	2.95	0.04
	5 - 10 auditors	31	3.92	0.40		
	10 -15 auditors	11	4.17	0.57		
	More than 15 Auditors	13	4.29	0.41		
	Total	122	3.96	0.52		
Audit risk model implementation	Less than 5 auditors	63	3.89	0.45	2.31	0.08
	5 - 10 auditors	29	3.93	0.38		
	10 -15 auditors	11	4.02	0.50		
	More than 15 Auditors	11	4.26	0.42		
	Total	114	3.95	0.44		

Table (4.16) shows there are insignificant differences in the means of the external auditors' views and perceptions of external auditors' implementation of the audit risk model attributed to number of auditors at audit office, except the detection and control risk. Thus, there are insignificant differences among the auditors who have different academic achievement levels towards their views and perceptions of external auditors' implementation of the audit risk model attributed to duration of experience. Whereas, the differences in the detection and control risk were in the best interest of those with more than 15 auditors.

Certification

To examine this hypothesis, the t- test, means, and STD were used, and the results were as follows:

Table (4.17): T- Test Analysis of the Differences in the Means of the External Auditors' Views and Perceptions of External Auditors' Implementation of the Audit Risk Model Attributed to Having A Certificate.

Dimension	Having professional certificate	N	Mean	STD	t	Sig.
Acceptable Risk	Yes	108	3.83	.61	.073	.787
	No	19	3.89	.56		
Inherent Risk	Yes	105	3.93	.55	.008	.929
	No	19	3.98	.51		
control Risk	Yes	105	3.87	.65	.736	.392
	No	20	4.01	.53		
Detection Risk	Yes	102	3.92	.51	.386	.535
	No	20	4.16	.52		
Audit risk model	Yes	95	3.94	.44	.079	.780
	No	19	4.01	.48		

Table (4.17) shows there are insignificant differences in the means of the external auditors' views and perceptions of external auditors' implementation of the audit risk model attributed to having a professional certificate.

Chapter Five

Results and Recommendations

5.1 Introduction

This study explores to what extent external auditors in Palestine are committed to implementing the audit risk model in their work. Besides, examine the factors influencing its implementation. This section presents the findings and recommendations of the study:

5.2 Results

The study revealed the following results

- The external auditors in Palestine are highly committed to implementing the audit risk model as the mean is (3.91) with a STD of (0.85), the highest used are detection risk, inherent risk, control risk, and acceptable risk, respectively due to the advantages and importance of this model in increasing the quality and efficiency of audits, decreasing costs and required resources, and ensuring the efficient allocation of existing resources.
- There is a degree of commitment from external auditors in Palestine to implement acceptable risks in their work with a mean of (3.85) and a STD is (0.92), the most implemented factors are evaluating and analyzing the level of integrity and efficiency of the Internal Audit Department by reviewing the results of previous internal audit reports. Besides, evaluating and analyzing the extent to which the Internal Audit Department enjoys independence and objectivity in performing their duties and responsibilities, especially when they prepare the internal audit reports. The most external responses when they perceive a high level of risk are to change the type of audit evidence and to use more experienced and qualified external auditors.

- There is a high degree of commitment from external auditors in Palestine to implement the inherent risk calculation and analysis in their work with a mean of (3.92) and STD of (0.85), especially when there are high changes in the accounting policies followed by the company being audited. Besides, when there is a high amount of outstanding, uncollected receivable balances in the company being audited. Moreover, when the size of the outstanding unpaid credit balances in the company is being audited. Eventually, when there are some that affect the occurrence of fraud in the company. The most prevalent responses are to increase the amount of verification and sample of evidence, change the type of audit risk, and increase the involvement and interest in audit planning. Besides, the study revealed that external auditors in Palestine use all the required and proper responses to confront the existence of high level of inherent risk in the audited firm.
- The study found that there is a high level of external auditors in Palestine implementing control risk in their work, as the mean is (3.89) and the STD is (0.86). External auditors focus on identifying whether clients have issues or ambiguities in delegating authority for tasks. They also assess compliance with the separation of duties in various company operations and evaluate the efficiency and effectiveness of the internal control system being audited. Common responses include greater involvement in audit planning, increasing the amount of testing and sample size, and adjusting the timing of audit tests and evidence collection. However, they typically avoid seeking advice from external consultants and experts due to the high costs associated with this approach.
- The study found that there is a high level of external auditors' commitment to detection risk, as the mean is (3.96) and the STD is (0.77). The highest-scoring factors

are the existence of clear hiring policies in the auditing office or company that ensure the proper selection of employees with the competencies and skills. Besides, the external auditor is keen to apply professional skepticism to the audit procedures of the company being audited. Furthermore, the external auditor is keen to focus on the suitability of the procedures adopted in the audit process of the company being audited. The most common response when there is a high level of detection risk is to change the type of audit evidence, the timing of audit tests and the gathering of evidence.

- There are insignificant differences in external auditors' views and perceptions of external auditors' implementation of the audit risk model attributed to duration of experience, certification, level of academic achievement, size of audit team, and audit firm size. However, there are differences in the external auditors' views and perceptions of the external auditors' implementation of the audit risk model attributed to the position of the auditor.

5.3 Conclusion

This study aimed to investigate the use of the audit risk model from the perspective of Palestinian auditors. The study followed a quantitative research approach and a correlation design. The study found that there is a high level of implementation of the audit risk model in the Palestinian context, as the audit risk model helps auditors decrease the extent of risks if it is efficiently implemented. Thus, there is a necessity to increase the experience and knowledge of external auditors when using this interesting model.

5.4 Recommendations

Specific Recommendations:

1. Since detection risk is perceived as most critical (Mean= 3.96), Audit Offices in Palestine shall provide specific guidance and tools to help auditors effectively assess and mitigate detection risks. This could include case studies, checklists, or technology-based solutions.
2. Improve auditors' understanding of acceptable risk and its role in the audit process. This could involve clarifying the concept, providing practical examples, and discussing the implications of setting appropriate, acceptable risk levels.
3. While detection risk is important, Audit Offices in Palestine shall ensure that auditors give adequate attention to inherent and control risks. Developing training materials and resources that address all risk components comprehensively could be of great value.
4. Exploring how technology can be used to enhance the audit risk model implementation process is helpful. This could include risk assessment software, data analytics tools, and automation of routine tasks.

General Recommendations:

1. Given the overall high commitment, continue to emphasize the importance of the audit risk model in enhancing audit quality, risk management, and decision-making.
2. Explore the reasons behind the slight differences in perception among the risk components. Conduct further research or interviews to understand why detection risk is perceived as more critical than other components.

3. Encourage auditors to participate in Continuous Professional Development programs that focus on the audit risk model, its components, and best practices for implementation.
4. Create a culture within audit firms that prioritizes risk assessment and management. This can be achieved through training, performance evaluation, and incentives.

References

- Abass, Z. K., Flayyih, H. H., & Hasan, S. I. (2022). The Relationship Between Audit Services and Non-Audit Actuarial Services in the Auditor's Report. *International Journal of Professional Business Review*, 7(2), e0455.
- Abd-Elghaffar. N. (2018). The Impact of Use the Risk-Based Audit Entry Under the COSO Framework to Improve the Quality of Audit and Its Impact on the Efficiency of Financial Performance in Egyptian Shareholding Companies "An Empirical Study. *International Journal of Economics and Finance*. 2, 107-187.
- Abdulfattah, S. J. (2023). The Role of COSO Framework in Preventing Earning Management Practice an Analytical Study of the Opinions of A Sample of Auditors & Accountants In Banks-Erbil City. *Zanco Journal of Humanity Sciences*, 27(2), 377-393.
- Abidin, N. H. (2017). Factors Influencing the Implementation of Risk-Based Auditing. *Asian Review of Accounting*, 25(3), 361-375
- Abudy, M. M., & Shust, E. (2022). The Audit Risk Model and Family Firms: An Analysis of Internal and External Audit Hours. *Efrat, The Audit Risk Model and Family Firms: An Analysis of Internal and External Audit Hours* (March 20, 2022).

- Albarraq, A., Alkayyal, A., & Bawareth, R. (2023). Risk Management Framework Analysis. *International Journal of Engineering Technology & Information*, 4(1), 1-8.
- Allaham, T., Nassar, A. M., & Reesh, S. A. (2017). Factors Affecting the Application of Business Risk Audit Methodology in Jordanian Commercial Banks. *International Journal of Business and Social Science*, 8(7), 229-236.
- Almaialy, W. H., & Alawaad, A. M. A. W. (2020). The Effect of Auditing Risks on Verification Auditor. *Journal of Administration and Economics*, 9(34), 136-157
- Al-Refiay, H. A. N., Abdulhussein, A. S., & Al-Shaikh, S. S. K. (2022). The Impact of Financial Accounting in Decision Making Processes in Business. *International Journal of Professional Business Review*, 7(4), e0627-e0627. <https://doi.org/10.26668/businessreview/2022.v7i4.e627>
- Al-Shaheen, I. (2015), "The Impact of Audit Evaluation on Audit Quality - An Applied Study. Unpublished PhD Thesis. Faculty of Economics, Damascus University, Syria.
- Alslihat, N., Matarneh, A. J., Moneim, U. A., Alali, H., & Al-Rawashdeh, N. (2018). The Impact of ICS Components of The COSO Model in Reducing the Risk of Cloud Computing: The Case of Public Shareholding Companies. *Ciência E Técnica Vitivinícola*, 33(4), 188-202

Alssabagh S. (2016). The Effect of Quantification Risks of Material Misstatements in Improving the Accuracy of Audit Risk Assessment (An Applied Study). Unpublished thesis. Damascus University

Al-Tameemi, B. Y. S. (2023). Assessing The Level of Compatibility of Internal Control in Private Iraqi Banks with The Requirements of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). *American Journal of Business Management, Economics and Banking*, 17, 108-126.

Al-Thaniyat, A. (2006). Auditing Accounts in Light of International Auditing Standards and Regulations, And Local Laws: Theory and Application, Amman: University of Jordan.

AL-Timemi, A., & Flayyih, H. (2015). Earning Management. Dar Ghaida Printing and Publishing, Amman, Jordan.

Alzabari, S.A.H., Talab, H.R., Flayyih, H.H. (2019). The Effect of Internal Training and Auditing of Auditors on Supply Chain Management: An Empirical Study in Listed Companies of Iraqi Stock Exchange for the Period 2012-2015. *International Journal of Supply Chain Management*, (5), Pp. 1070–1075

Alzeban, A. (2019). The Relationship between Internal Control and Internal Audit Recommendations. *Spanish Journal of Finance and Accounting*, 48(3), 341-362.

- Amahalu, N., Abiahu, M. F. C., Chinyere, O., & Christian, O. (2016). Effect of Risk-Based Audit on Quality Internal Control of Selected Deposit Money Banks in Nigeria.
- Appelbaum, D. A., Kogan, A., & Vasarhelyi, M. A. (2018). Analytical Procedures in External Auditing: A Comprehensive Literature Survey and Framework for External Audit Analytics. *Journal of Accounting Literature*, 40, 83-101.
- Arens, A. Elder, R. And Beasley M. (2017), *Auditing and Assurance Services: An Integrated Approach*, 14th Edition: Prentice Hall Harlow, England.
- Arifianto, H., and Putra, I. (2019). Risk-Based Audit as a Strategic Tool for Improving Accountability in PSC System. In SPE Annual Technical Conference and Exhibition. One Petro. <https://doi.org/10.2118/196068-MS>
- Armstrong, M., & Taylor, S. (2020). *Armstrong's Handbook of Human Resource Management Practice*. Kogan Page Publishers
- Arzhenovskiy, S., Bakhteev, A., Sinyavskaya, T. and Hahonova, N. (2019). Audit Risk Assessment Model. *International Journal of Economics and Business Administration*. 7(1), 74-85.
- Blebleh N. And Al-Laith A. (2015). *The Effect of Control Risk on External Audit Procedures: Practical Study*. Unpublished Thesis. Middle East University.

- Cassell, C. A., Hunt, E., Narayanamoorthy, G. S., & Rowe, S. P. (2019). A Hidden Risk of Auditor Industry Specialization: Evidence from the Financial Crisis. *Review of Accounting Studied*. Springer. 24(3), 891-926.
- Chang, Y. T., Chen, H., Cheng, R. K., & Chi, W. (2019). The Impact of Internal Audit Attributes on the Effectiveness of Internal Control over Operations and Compliance. *Journal of Contemporary Accounting & Economics*, 15(1), 1-19.
- Chen, H., Hua, S., Liu, Z., & Zhang, M. (2019). Audit Fees, Perceived Audit Risk, And the Financial Crisis of 2008. *Asian Review of Accounting*, 27(1), 97-111.
- Cindori, S., & Petrović, T. (2018). The Significance of Assessing Money Laundering Risk as A Part of Auditing Operations. *Athens Journal of Business & Economics*, 4(1), 79-92.
- Dahdouh H. AL-Shaheen E. (2014). The implications of the Risk Approach for the Auditing Profession in Syria. *Tishreen University Journal for Research and Scientific Studies -Economic and Legal Sciences Series* 36(1), 190-207.
- Dwyer, K. A. M., Brennan, N. M., & Kirwan, C. E. (2023). Disclosure of Auditor Risk Assessments in Expanded Audit Reports. *Journal of Applied Accounting Research*. <https://doi.org/10.1108/JAAR-07-2022-0181>
- Elliott, R. K., And J. R. Rogers. 1972). Relating Statistical Sampling to Audit Objectives. *Journal of accountancy* (July): 46-55.

- El-Said, H. M. (2017). Investigating Impact of Egyptian Marco-Economic Changes on Auditors' Assessments of Audit Risk: An Empirical Study. International Conference on Business Sciences: Roadmaps for Sustainable Businesses, Cairo: Cairo University.
- Esmail, Z. M., & Haque, S. I. (2022). The Influence of the Business Risk-Based Auditing Application on the Audit Process: An Empirical Investigation in the Yemeni Context. *Journal of Business Strategy Finance and Management*, 4(2), 214.
- Fakhfakh, I., & Jarboui, A. (2022). Board of Director's Effectiveness, Audit Quality and Ownership Structure: Impact on Audit Risk-Tunisian Evidence. *Journal of Accounting in Emerging Economies*, 12(3), 468-485.
- Flayyih, H. H., & Khiari, W. (2022). A Comparative Study to Reveal Earnings Management in Emerging Markets: Evidence from Tunisia and Iraq. *International Journal of Professional Business Review*, 7(5), 1–18. <https://doi.org/10.26668/businessreview/2022.v7i5.815>
- Flayyih, H. H., Mutashar, S. S., & Murad, A. H. (2022). Measuring the Level of Performance of Accounting Units and Their Impact on the Control Environment. *International Journal of Professional Business Review*, 7(4), E0680 e0680.
- Gray, I., Manson, S., (2008). *The Audit Process: Principles Practice and Cases*. Seng Lee Press, Singapore.

Hadi, A. H., Ali, M. N., Al-Shiblawi, G. A. K., Flayyih, H. H., & Talab, H. R. (2023). The Effects of Information Technology Adoption on the Financial Reporting: Moderating Role of Audit Risk. *International Journal of Economics and Finance Studies*, 15(1), 47-63.

Hall, J. A. (2015). *Information Technology Auditing*. Cengage Learning

Hay, D., and Cordery, C. (2018). The Value of Public Sector Audit: Literature and History. *Journal of Accounting literature*, 40(1), 1-15.

Helles S., Mutair M. (2020). Extent of External Auditors Compliance with Audit Risk Model: Evidence from Palestine. *Islamic University Gaza Journal of Economics and Business*. 28(1), 290-316.

Huang, S. Y., Lin, C. C., Chiu, A. A., & Yen, D. C. (2017). Fraud Detection Using Fraud Triangle Risk Factors. *Information Systems Frontiers*, 19(6), 1343-1356.

Ibrahim, A., Habbash, M., & Hussainey, K. (2019). Corporate Governance and Risk Disclosure: Evidence from Saudi Arabia. *International Journal of Accounting, Auditing and Performance Evaluation*, 15(1), 89-111.

International Assurance and Auditing Standard Board. (2022). *Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements*. New York: International Federation of Accountants.

International Standard on Auditing 200 “Overall Objectives of the Independent Auditor and the Conduct of An Audit in Accordance with International Standards on Auditing” URL: <https://www.ifac.org/system/files/downloads/a008-2010-iaasb-handbook-isa-200.pdf>

International Standard on Auditing 330 «The Auditor’s Responses to Assessed Risks”. URL: <https://www.ifac.org/system/files/downloads/a019-2010-iaasb-handbook-isa-330.pdf>

Krishnan, G., & Peytcheva, M. (2019). The Risk of Fraud in Family Firms: Assessments of External Auditors. *Journal of Business Ethics*. 157(1), 261-278.

Krivtsov, A. I., & Tarasova, T. M. (2022). The Changing Role of the Transport Facility Internal Audit in the Post-COVID Period. In *Post-COVID Economic Revival*, 2, 203-216). Palgrave Macmillan, Cham.

Lawrence, A., Minutti-Meza, M. and Vyas, D. (2017). Is Operational Control Risk Informative of Financial Reporting Deficiencies? *Auditing: A Journal of Practice and Theory*, 37(1), 139-165.

Le, T. T., Nguyen, T. M. A., & Ngo, T. H. C. (2022). Risk-Based Approach and Quality of Independent Audit Using Structure Equation Modeling–Evidence from Vietnam. *European Research on Management and Business Economics*, 28(3), 100196.

- Lestari, M. A., & Sudrajat, A. M. (2023). Analisis Penerapan Sistem Pengendalian Internal Persediaan Bahan Baku Berdasarkan Sistem Pengendalian Internal Coso Framework. *Neraca: Jurnal Ekonomi, Manajemen Dan Akuntansi*, 1(1), 527-536.
- Lotfy, A. (2007). *Recent Developments in Auditing*, Alexandria: AL- Dar University.
- Matrood, A. K., & Khilkhal, N. S. (2019). The Impact of Applying Analytical Procedures by External Auditor in Accordance with ISA 520 on Audit Performance Improvement: An Exploratory Study in the Iraqi Audit Firms and Companies. *Academy of Accounting and Financial Studies Journal*. 23(1), 1-25.
- Mubako, G., & O'Donnell, E. (2018). Effect of Fraud Risk Assessments on Auditor Skepticism: Unintended Consequences on Evidence Evaluation. *International Journal of Auditing*, 22(1), 55-64.
- Muir-Wood, R. (2018, December). Disaster Risk Auditing Using Probabilistic Catastrophe Loss Modeling. *American Geophysical Union, Fall Meeting (2018)*. 1-22.
- Mutair M. (2018). Extent of External Auditors Compliance with Audit Risk Model: Evidence from Palestine. (Unpublished thesis), The Islamic University of Gaza, Deanship of Research and graduate Studies, Faculty of Economics & Administrative Sciences.

- Naibei, I. K., Oima, D. O., Ojera, P. B., & Owiye, O. P. (2014). Application of Business Risk Auditing Among Audit Firms in Western Region, Kenya. *African Research Review*, 8(2), 325-342.
- Nashwan, I. M., & Ashour, K. E. (2023). A Proposed Framework for The Development of The Internal Control System According to The COSO Model: An Applied Study. *International Journal of Business and Management*, 18(3), 1-24.
- Niemi, L., Knechel, W. R., Ojala, H., & Collis, J. (2018). Responsiveness of Auditors to the Audit Risk Standards: Unique Evidence from Big 4 Audit Firms. *Accounting In Europe*, 15(1), 33-54.
- Pickett, K. S. (2010). *The Internal Auditing Handbook*. John Wiley & Sons
- Pike, B. J., Chui, L., Martin, K. A., & Olvera, R. M. (2016). External Auditors' Involvement in the Internal Audit Function's Work Plan and Subsequent Reliance Before and After a Negative Audit Discovery. *Auditing: A Journal of Practice & Theory*, 35(4), 159-173.
- Politis, Y. (2018). A Risk-Based Internal Audit Approach for the Public Sector: Evidence from Greece. *International Journal of Auditing Technology*, 4(1), 16-35.
- Porter B. Simon, J, And Hatherly D. (2008), *Principles of External Auditing*, 3th Edition, John Wiley and Sons: England.

- Rashedi, E. (2018). Identifying Influencing Factors of Audit Risk Model: A Combined Fuzzy ANP-DEMATEL Approach. *The International Journal of Digital Accounting Research*, 1(18), 69-117.
- Sardasht, M. S., & Rashedi, E. (2018). Identifying Influencing Factors of Audit Risk Model: A Combined Fuzzy ANP-DEMATEL Approach. *International Journal of Digital Accounting Research*, 18(24), 69-117.
- Shahverdi, M., Fallah, M. F., Kordlouie, H., & Badiei, H. (2023). Investigating the Barriers of Implementation of the Risk-Based Audit System in Iran. *Journal of Management Accounting and Auditing Knowledge*, 12(47), 43-58.
- Singh, N., Lai, K. H., Vejvar, M., & Cheng, T. E. (2019). Data-Driven Auditing: A Predictive Modeling Approach to Fraud Detection and Classification. *Journal of Corporate Accounting & Finance*, 30(3), 64-82.
- Soltani B. (2007) *Auditing an International approach*, Pearson Education, British Library.
- Svanberg, J., Öhman, P., & Neidermeyer, P. E. (2019). Auditor Objectivity as A Function of Auditor Negotiation Self-Efficacy Beliefs. *Advances In Accounting*, 44, 121-131.
- Tuan, D. A., and Dung, N. N. K. (2023). Development of Audit Risk Model Applied in Public Investment Project Audit: The State Audit in Vietnam. *Social Space*, 23(1), 193-221.

- Van Buuren, J., Koch, C., Van Nieuw Amerongen, N., & Wright, A. M. (2014). The Use of Business Risk Audit Perspectives by Non-Big 4 Audit Firms. *Auditing: A Journal of Practice & Theory*, 33(3), 105-128.
- Van Buuren, J., Koch, C., Van Nieuw Amerongen, N., & Wright, A. M. (2017). Evaluating the Change Process for Business Risk Auditing: Legitimacy Experiences of Non-Big 4 Auditors. *Auditing: A Journal of Practice and Theory*, 37(2), 249-269.
- Van Greuning, H., & Bratanovic, S. B. (2020). *Analyzing Banking Risk: A Framework for Assessing Corporate Governance and Risk Management*. World Bank Publications.
- Yazdaniyan, S. M., & Dastgir, M. (2019). Investigating Problems and Obstacles of the Risk-Based Auditing in Iran and Prioritizing Them. *International Journal of Finance & Managerial Accounting*, 4(15), 61-72.
- Zainal Abidin, N. H. (2017). Factors Influencing the Implementation of Risk-Based Auditing. *Asian Review of Accounting*, 25(3), 361-375.

Appendices

Appendix (1) Questionnaire



الجامعة العربية الأمريكية

السادة شركة/ مكتب التدقيق..... المحترمين

تحية طيبة:

تقوم الباحثة بإجراء دراسة بعنوان "مدى التزام مدققي الحسابات الخارجيين بتطبيق نموذج التدقيق المبني على المخاطر في فلسطين" وذلك استكمالاً للحصول على درجة الماجستير في تخصص المحاسبة والتدقيق من الجامعة العربية الأمريكية.

وهي دراسة ميدانية تهتم مكاتب وشركات التدقيق في فلسطين، وضمن هذا الإطار ترحو الباحثة منكم ابداء رأيكم الموضوعي حول مدى تبني المدقق الخارجي لنموذج التدقيق المبني على المخاطر من خلال الإجابة عن أسئلة الدراسة المرفقة بكل دقة وصراحة، لما لذلك من أهمية ودور في الوصول إلى نتائج متوخاة من البحث بغية تطوير وتحسين جودة مهنة التدقيق الخارجي في فلسطين وتحسين فاعليتها في خدمات الاقتصاد الفلسطينية وحماية حقوق المساهمين.

سوف تستعمل البيانات التي يتم جمعها لغايات البحث العلمي فقط، ولن يتم التعرف على شخصكم من أي بحث أو نشرة علمية حيث سيتم ترميز جميع أسماء المشاركين في هذا البحث وذلك حسب معايير أخلاقيات البحث العلمي في الجامعة العربية الأمريكية.

مع العلم أن نموذج التدقيق المبني على المخاطر يقصد به نموذجاً في التدقيق يقوم على تقييم المخاطر الإجمالية للأخطاء الجوهرية في البيانات المالية. فهو يوفر إطاراً منظماً للمدققين لتقييم وفهم المكونات المختلفة التي تساهم في مخاطر التدقيق.

1. مخاطر التدقيق المقبولة: مدى استعداد المدقق لقبول احتمال أن يكون بالقوائم المالية تحريف جوهري بعد انتهاء عملية التدقيق.

2. مخاطر المتأصلة: مدى تعرض البيانات المالية لأخطاء جوهرية قبل النظر في [فعالية الضوابط](#)

[الداخلية](#). ويتأثر بعوامل مثل تعقيد الصناعة، والبيئة التنظيمية، والخصائص الخاصة بالشركة.

3. مخاطر الرقابة: تتعلق مخاطر الرقابة بخطر عدم إمكانية منع التحريف الجوهري أو اكتشافه في الوقت المناسب من خلال أدوات الرقابة الداخلية للمنشأة.
4. مخاطر الاكتشاف: مخاطر الاكتشاف هي مخاطر فشل المدققين في اكتشاف الأخطاء الجوهرية، على الرغم من وجودها. وهو العنصر الوحيد من مخاطر المراجعة الذي يتمتع المدققون بالسيطرة المباشرة عليه من خلال إجراءات المراجعة الخاصة بهم.

مع تحياتي واحترامي

اعداد الطالبة: مرام صلاح

اشراف: د. مجدي وائل الكبيجي

القسم الأول: البيانات الشخصية.

1. المؤهل العلمي

1. دبلوم فادنى ☐ 2. بكالوريوس ☐ 3. دبلوم عالي ☐ 4. ماجستير ☐
5. دكتوراه ☐

2. عدد سنوات الخبرة العملية

1. أقل من 5 سنوات ☐ 2. من 5 سنوات إلى أقل من 10 سنوات ☐
3. من 10 سنوات إلى أقل من 15 سنة ☐ 4. 15 سنة فأكثر ☐

القسم الثاني: معلومات خاصة بمكتب التدقيق.

1. عدد المدققين العاملين بمكتب التدقيق

1. أقل من 5 مدققين ☐ 2. من 5 إلى أقل من 10 مدققين ☐
3. من 10 إلى أقل من 15 مدقق ☐ 4. أكثر من 15 مدقق ☐

2. ما المسمى الوظيفي لك في شركة التدقيق التي تعمل لديها؟

1. مدقق رئيسي (Senior auditor) ☐
2. مشرف تدقيق أو مساعد مدير تدقيق ☐
3. مساعد التدقيق (Junior Auditor) ☐
4. مدقق (Semi Senior) ☐
5. غير ذلك، حدد.....

3. هل أنت حائز على شهادة مهنية في المحاسبة؟

- نعم ☐ لا ☐

4. في حال كنت حائز على شهادة مهنية في المحاسبة، حددها.....

5. هل تعمل في شركة تدقيق من الشركات الأربعة الكبرى (Big Four)؟

- نعم ☐ لا ☐

موقف المدقق					الفقرة	م
درجة منخفضة جداً	درجة منخفضة	درجة متوسطة	درجة كبيرة	درجة كبيرة جداً		
المحور الأول: مدى التزام مدققي الحسابات الخارجيين بتقييم مخاطر التدقيق المقبولة (Acceptable risk)						
					أحرص على تقييم وتحليل البيئة الاقتصادية الداخلية للشركة.	1.
					أحرص على تقييم وتحليل البيئة الاقتصادية الخارجية للشركة.	2.
					أحرص على تقييم وتحليل مؤهلات ومعارف وخبرات المدققين الداخليين في الشركة محل التدقيق.	3.
					أحرص على تقييم وتحليل مستوى نزاهة وكفاءة دائرة التدقيق الداخلي من خلال مراجعة والاطلاع على نتائج تقارير التدقيق الداخلي السابقة.	4.
					أحرص على تقييم وتحليل مدى تمتع دائرة التدقيق الداخلي بالاستقلالية في اعداد تقارير التدقيق الداخلي.	5.
					أحرص على تقييم وتحليل مدى تمتع دائرة التدقيق الداخلي الموضوعية في اعداد تقارير التدقيق الداخلي.	6.
					أحرص على تقييم وتحليل منهجية إدارة الشركة محل التدقيق في اتخاذ القرارات الإدارية التي تؤثر على الأداء المالي لها.	7.
					أحرص على تقييم وتحليل المخاطر المرتبطة بنشاط العمل المباشر محل التدقيق والعمليات التشغيلية له.	8.
					أحرص على تقييم وتحليل مدى استقلالية لجنة المراجعة في الشركة محل التدقيق.	9.
					أقوم بتحليل العمليات المنفذة ما بين الشركة محل التدقيق والأطراف ذوي العلاقة بها.	10.
					يحرص المدقق الخارجي على جمع الأدلة الكافية والمناسبة بغرض تحديد مستوى مخاطر التدقيق المقبولة.	11.

العوامل الأكثر أهمية عند مكاتب التدقيق في فلسطين عند تقدير مخاطر التدقيق المقبولة:

	إن وجود هذا العامل:	موافق بشدة	موافق	محايد	غير موافق	غير موافق بشدة
1.	يؤثر بشكل كبير في التخطيط عملية التدقيق					
2.	يتطلب زيادة في كمية الاختبارات وحجم عينة الأدلة					
3.	يتطلب تغييراً في توقيت اختبارات التدقيق وجمع الأدلة					
4.	يتطلب تغييراً في نوع أدلة التدقيق					
5.	يتطلب استخدام فريق التدقيق أكثر خبرة ورتبة					
6.	يتطلب الاستعانة بخبراء من خارج مكتب التدقيق					

م	الفقرة	موقف المدقق				
		درجة كبيرة جداً	درجة كبيرة	درجة متوسطة	منخفضة	درجة منخفضة جداً
المحور الثاني: مدى التزام مدققي الحسابات الخارجيين بتقييم المخاطر المتأصلة (inherent risk)						
1.	يلتزم المدقق الخارجي بتقييم وتحليل مدى وجود مؤشرات تثير الشك حول استمرارية عمل الشركة					
2.	يلتزم المدقق الخارجي بتحليل وتقييم معدل تدوير الإدارة التنفيذية العليا في الشركة					
3.	يلتزم المدقق الخارجي بتحليل وتقييم مدى قيام مجلس الادارة أو لجنة التدقيق في الشركة محل التدقيق بتغيير المدقق الشريك كل 5 سنوات					
4.	يلتزم المدقق الخارجي بتحليل وتقييم مدى واقعية تقديرات الإدارة العليا في الشركة محل التدقيق لأدائها المالي.					
5.	يلتزم المدقق الخارجي بتدقيق مدى وجود تغييرات في السياسات المحاسبية المتبعة في الشركة محل التدقيق.					
6.	يلتزم المدقق الخارجي بتحليل وتقييم حجم الأرصدة المدينة المستحقة غير المحصلة في الشركة محل التدقيق.					

					يلتزم المدقق الخارجي بتحليل وتقييم حجم الأرصدة الدائنة المستحقة غير المسددة في الشركة محل التدقيق.	7.
					يلتزم المدقق الخارجي بالتأكد من مدى وجود أطراق ذات علاقة في الشركة محل التدقيق (Related parties)	8.
					يحرص المدقق الخارجي على التأكد من مدى وجود عوامل تؤثر في حدوث احتيال في الشركة محل التدقيق.	9.
					يحرص المدقق الخارجي من مدى وجود عمليات غير روتينية معقدة لدى الشركة محل التدقيق.	10.
					يحرص المدقق الخارجي على تحليل وتقييم مدى اهتمام وتوجهات إدارة الشركة محل التدقيق بمتابعة العمليات التشغيلية وما يرتبط بها من مخاطر.	11.
					يحرص المدقق الخارجي على تحليل وتقييم مخاطر تبني وتطبيق تكنولوجيا المعلومات ونظم المعلومات.	12.
					يحرص المدقق الخارجي على تقييم مدى وجود صعوبات مالية مستقبلاً لدى العميل محل التدقيق.	13.

العوامل الأكثر أهمية عند مكاتب التدقيق في فلسطين عند تقدير المخاطر المتأصلة

	إن وجود هذا العامل:	موافق بشدة	موافق	محايد	غير موافق بشدة	غير موافق
1.	يؤثر بشكل كبير في التخطيط عملية التدقيق					
2.	يتطلب زيادة في كمية الاختبارات وحجم عينة الأدلة					
3.	يتطلب تغييراً في توقيت اختبارات التدقيق وجمع الأدلة					
4.	يتطلب تغييراً في نوع أدلة التدقيق					
5.	يتطلب استخدام فريق التدقيق أكثر خبرة ورتبة					
6.	يتطلب الاستعانة بخبراء من خارج مكتب التدقيق					

م	الفقرة	موقف المدقق				
		درجة كبيرة جداً	درجة كبيرة	درجة متوسطة	درجة منخفضة	درجة منخفضة جداً
المحور الثالث: مدى التزام مدققي الحسابات الخارجيين بتقييم مخاطر الرقابة (Control Risk)						
1.	يقوم المدقق الخارجي بفهم نظام الرقابة الداخلية في الشركة محل التدقيق عند تخطيط عملية التدقيق.					
2.	يقوم المدقق الخارجي بإجراء اختبارات الالتزام لأساليب الرقابة الداخلية المطبقة في الشركة محل التدقيق.					
3.	بناء على تقييم المدقق لمخاطر الرقابة يقوم بتحديد توقيت إجراءات التدقيق المستخدمة.					
4.	يحدد المدقق الخارجي إجراءات التدقيق اللازمة في الشركة محل التدقيق بناءً على نتائج دراسة مخاطر الرقابة لدى الشركة.					
5.	يحرص المدقق الخارجي على اكتشاف فيما إذا كان العميل محل التدقيق يعاني من غموض وعيوب في تفويض الصلاحيات لتنفيذ الأعمال.					
6.	يحرص المدقق الخارجي على تحليل وتقييم مدى التزام الموظفين بقواعد السلوك المهني.					
7.	يحرص المدقق الخارجي على دراسة وتحليل مدى الالتزام بوجود فصل في أداء المهام المختلفة في الشركة محل التدقيق.					
8.	أحرص على دراسة وتقييم مدى كفاءة نظام الرقابة الداخلية في الشركة محل التدقيق.					

العوامل الأكثر أهمية عند مكاتب التدقيق في فلسطين عند تقدير مخاطر الرقابة

	إن وجود هذا العامل:	موافق بشدة	موافق	محايد	غير موافق بشدة	غير موافق
1.	يؤثر بشكل كبير في التخطيط عملية التدقيق					
2.	يتطلب زيادة في كمية الاختبارات وحجم عينة الأدلة					
3.	يتطلب تغييراً في توقيت اختبارات التدقيق وجمع الأدلة					
4.	يتطلب تغييراً في نوع أدلة التدقيق					
5.	يتطلب استخدام فريق التدقيق أكثر خبرة ورتبة					
6.	يتطلب الاستعانة بخبراء من خارج مكتب التدقيق					

م	الفقرة	موقف المدقق				
		درجة كبيرة جداً	درجة كبيرة	درجة متوسطة	درجة منخفضة	درجة منخفضة جداً
المحور الرابع: مدى التزام مدققي الحسابات الخارجيين بتقييم مخاطر الاكتشاف (Detection risk)						
1.	يحرص المدقق الخارجي على تقييم مدى استخدام الأحكام الشخصية والتقديرية في عمليات وحسابات العميل في محل التدقيق.					
2.	يحرص المدقق الخارجي على مراعاة دراسة وتحليل المؤشرات على احتمال وجود احتيال في القوائم المالية للعميل محل التدقيق.					
3.	يحرص المدقق الخارجي على التأكد من عدم وجود شكوك في أمانة إدارة العميل محل التدقيق.					
4.	يحرص المدقق الخارجي على التأكد من دقة الإجراءات التحليلية في اكتشاف الأخطاء الجوهرية في أرصدة وعمليات العميل محل التدقيق.					

					يوجد سياسات تعيين واضحة في مكتب أو شركة التدقيق التي أعمل بها تضمن حسن اختيار الموظفين ذوي الكفاءات والمهارات.	5.
					يحرص مديرو التدقيق في المكتب أو الشركة التي أعمل بها على الاشراف بصورة مباشرة على عمل التدقيق لدى الشركة محل التدقيق.	6.
					يحرص المدقق الخارجي على تطبيق الشك المهني في إجراءات التدقيق في الشركة محل التدقيق.	7.
					يحرص المدقق الخارجي على التركيز على مدى ملائمة الإجراءات المعتمدة في عملية التدقيق لدى الشركة محل التدقيق.	8.
					يحرص المدقق الخارجي على التركيز على مدى كفاية الإجراءات المعتمدة في عملية التدقيق لدى الشركة محل التدقيق.	9.
					يحرص المدقق الخارجي على التركيز على مدى تمثيل العينة للمجتمع موضع الفحص في عملية التدقيق لدى الشركة محل التدقيق.	10.
					يحرص المدقق الخارجي على التركيز على مدى موثوقية الإجراءات المعتمدة في عملية التدقيق لدى الشركة محل التدقيق.	11.

العوامل الأكثر أهمية عند مكاتب التدقيق في فلسطين عند تقدير مخاطر الاكتشاف

	إن وجود هذا العامل:	موافق بشدة	موافق	محايد	غير موافق بشدة	غير موافق
1.	يؤثر بشكل كبير في التخطيط لعملية التدقيق					
2.	يتطلب زيادة في كمية الاختبارات وحجم عينة الأدلة					
3.	يتطلب تغييراً في توقيت اختبارات التدقيق وجمع الأدلة					
4.	يتطلب تغييراً في نوع أدلة التدقيق					
5.	يتطلب استخدام فريق التدقيق أكثر خبرة ورتبة					

					6. يتطلب الاستعانة بخبراء من خارج مكتب التدقيق
--	--	--	--	--	--

في اعتقادك ما إذا كان هناك عناصر تتعلق بتطبيق نموذج التدقيق المبني على المخاطر في فلسطين التي لم ترد ضمن الأسئلة السابقة أو أية ملاحظات أخرى؟

.....

.....

.....

.....

.....

Appendix (2) Questionnaire Revision

List of Academic and Professional Referees

Seria	Referee	Place of Work
1		
1	Dr. Zahran Daraghma	Arab American University
2	Dr. Saher Aqel	Birzeit University
3	Dr. Fadi Qattan	Bethlehem University
4	Dr. Abdulnaser Nour	AL-Najjah University
5	Dr. Akram Rahhal	Al-Quds University

Appendix (3) The Study Sample

الاسم	العنوان	البريد الالكتروني	اسم المكتب او الشركة
ابراهيم ايوب تكروري	رام الله	ibrahim.takrori@ps.ey.com	شركة ارنست ويونغ-الشرق الاوسط
ابراهيم حسين جلبوش	رام الله	IBRAHIM@JALBOUSH.COM	مكتب حسين جلبوش مدقق حسابات قانوني
ابراهيم خليل كردي	رام الله	kurdiaudit@yahoo.com	الكردي لتدقيق الحسابات
ابراهيم محمد عتيق	جنين	drateeqi@gmail.com	مكتب القدس للاستشارات المحاسبية والضريبية
ابراهيم محمد صالح دحبور	جنين	ibrahim-d-68@hotmail.com	شركة دحبور للتدقيق والاستشارات
احسان تحسين عوض	طولكرم	s.audit93@gmail.com	مؤسسة احسان عوض للتدقيق والاستشارات المالية
احمد طه خالد الكواملة	رام الله	a.alkawamleh@gmail.com	مكتب لانجوج اوف بزنس
احمد عبد الجليل انجاص	رام الله	Injas126@yahoo.com	احمد انجاص محاسبون قانونيون
احمد عمر سعدي ميناوي	نابلس	Islam-minawi@hotmail.com	مؤسسة الميناوي لتدقيق الحسابات
احمد محمد اخليف	رام الله	info@indeedpal.com	انديد للتدقيق والمحاسبة والتدريب
احمد هاني جوهر دعنا	الخليل	Ahmaddana1111@gmail.com	مكتب هاني دعنا مدقق حسابات قانوني
إسماعيل محمد سليمان	رام الله	ismail@suleimanco.com	شركة سليمان وشركاه
اشرف خليل رزق	رام الله	ashraf@rezeq.ps	رزق لتدقيق الحسابات والاستشارات الضريبية
اشرف فايز عوض	رام الله	a.nasr2012@hotmail.com	مؤسسة اليرموك لتدقيق الحسابات
ألاء موسى هدمي	رام الله	Alaa.abudieh@mazars.ps	شركة مزارز محاسبون قانونيون واستشاريون
اليأس ماهر فيكتور عمار	بيت لحم	eliasmammar@yahoo.com	شركة فراج ونشوان وشركاه لتدقيق الحسابات
امجد إبراهيم حمدان	رام الله	amjhamdan@tagi.com	شركة طلال ابو غزالة وشركاه الدولية
ايمن وليد موسى لحام	رام الله	ayman_lahham@hotmail.com	مؤسسة الريادة للتدقيق والخدمات الضريبية
إيهاب كاظم حسونة	الخليل	ehab@aramgroup.ps	أرام للتدقيق والمحاسبة والاستشارات
أيهم خليل يوسف رزق	رام الله	ashraf@rezeq.ps	رزق لتدقيق الحسابات والاستشارات الضريبية
باجس زكي بيترو	القدس	Bages_petro@yahoo.com	مؤسسة بيترو للتدقيق ومحاسبة
باسل إسماعيل سليمان	رام الله	info@suleimanco.com	شركة سليمان وشركاه
باهر عبد القادر زماميري	القدس	be26@hotmail.com	مكتب بالسنتيا للخدمات المهنية والتدقيق

بلال إبراهيم أبو بكر	نابلس	bel.abubaker@gmail.com	بلال إبراهيم أبو بكر - مدقق حسابات قانوني
بيتر ميخائيل ألحصري	رام الله	phusarry@quality-cpa.com	كوالتي لتدقيق الحسابات
جمال جميل محمد ملحم	رام الله	jmilhem@tagi.com	شركة طلال أبو غزالة شركاه الدولية
جمال زكريا الطريفي	رام الله	ztarifi@hotmail.com	شركة الطريفي لتدقيق الحسابات وممثل BKR العالمية
جميل خالد محمد العملة	الخليل	jnimer17@gmail.com	مكتب العملة للتدقيق
حازم حنا صبابا	رام الله	Hazem.sababa@jo.pwc.com	شركة برايس ووتر هاوس كوبرز
حسين إبراهيم جلبوش	رام الله	H_jalboush@yahoo.com	حسين جلبوش مدقق حسابات قانوني
خليل إبراهيم عريقات	رام الله	kiriqat@gmail.com	خليل إبراهيم عريقات للتدقيق والضرائب
رامي ماهر زغل	رام الله	ramihz87@hotmail.com	شركة طلال أبو غزالة و شركاه الدولية
رائد ايليا أبو العظام	رام الله	rabueletham@hlb-ps.com	شركة اتش ال بي بي اس لتدقيق الحسابات
رأفت فارس عواد	رام الله	rafatawad@outlook.com	شركة الطريفي لتدقيق الحسابات
رنده احمد اسماعيل	رام الله	Randk951@hotmail.com	مؤسسة الفردوس لتدقيق الحسابات
روحي مفلح كنعان	رام الله	Rkanan.audit@gmail.com	المكتب الدولي لتدقيق الحسابات
زكريا جمال الطريفي	رام الله	ztarifi@hotmail.com	شركة الطريفي للتدقيق الحسابات
زهدي محمد شبيطة	رام الله	Zuhdi48@hotmail.com	شبيطة للتدقيق والمحاسبة
زياد محمد بليه	نابلس	Zead.m.bileih@hotmail.com	المؤسسة الفلسطينية لتدقيق الحسابات
سامر ريمون عيد قواس	القدس	samer.kawass@yahoo.com	مؤسسة قواس للمحاسبة والتدقيق
سامي متري بنورة	بيت لحم	Eldar_acs@yahoo.com	الدار لتدقيق الحسابات
سامي محمد دحبور	جنين	s_sdahbour@yahoo.com	شركة دحبور للتدقيق والاستشارات
سائد سليم عبدالله	رام الله	Saed.abdallah@ps.ey.com	شركة ارنست ويونغ-ال شق الوسط
سحر عثمان التكروري	الخليل	sahartakroory@yahoo.com	التكروري لتدقيق الحسابات
سعد جلال التميمي	الخليل	saadtamimi@yahoo.com	الرواد للتدقيق والمحاسبة
سعيد عبدالقادر زباينة	الخليل	saeid.zbayneh@ptuk.edu.ps	-
سليم حمدي خفش	رام الله	elaahd20@gmail.com	مؤسسة العهد لتدقيق الحسابات
سليمان موسى أبو دية	رام الله	Suleiman.abudieh@mazars.ps	شركة مزارز محاسبون قانونيون واستشاريون
سهيل عبد المعطي نبروخ	القدس	neiroukh@hotmail.com	دار المدقق - محاسبون قانونيون ومحكمون ماليون
سهيل نعيم ميالة	نابلس	smayalah@qou.edu	أبو ميالة للمحاسبة والتدقيق
شادي زكريا أبو مرخية	الخليل	shadi_z_a@hotmail.com	مجموعة الاستشاري للتدقيق والمحاسبة

انتيجريتي للتدقيق والاستشارات المالية	shadi@integrity.ps	رام الله	شادي شكري حنا قرع
شحدة خليفة للمحاسبة وتدقيق الحسابات	shkhalefah@hotmail.com	بيت لحم	شحدة محمد ابو خليفه
شركة اتش ال بي بي اس لتدقيق الحسابات	ssahhar@sahharcpa.com	رام الله	سمير سحر - رائد ابو العظام
شركة الفلسطينية للتدقيق والمحاسبة	palaudit@palaudit.ps	رام الله	يوسف حمودة
شركة برايس ووتر هاوس كوبرز	info.palestine@pwc.com	رام الله	هيراش ميساك
شركة بيترو وشركاه للتدقيق والاستشارات	b.petro@petroassociation.com	رام الله	رشة بيترو وشركاه للتدقيق والاستشارات
شركة ديلويت اند توش (إم.إي)	mbandak@deloitte.com	رام هلا	منذر البندك / والتثيل .DELOITTE
شركة سليمان وشركة - مدققو حسابات قانونيون	info@suleimanco.com	رام الله	اسماعيل سليمان - محمد الطرش
شركة مزارز محاسبون قانونيون واستشاريون	Musa.abudieh@mazars.ps	رام الله	موس ابو دية - سليمان ابو دية
شركة نوح وابو حاكمه لتدقيق الحسابات	nh_cpa2000@yahoo.com	رام الله	وائل محمد نوح
شركة طلال ابو غزالة الدولية	Shalkhatib@tagi.com	رام الله	شريف عاهد احمد الخطيب
شركة نوح وابو حاكمه لتدقيق الحسابات	Nh_cpa2000@yahoo.com	رام الله	شعيب محمد ابو حاكمه
مكتب صوفان لتدقيق الحسابات والخدمات الضريبية	soufan.audit@hotmail.com	رام الله	طارق غسان صوفان
الشطوي لتدقيق الحسابات	Sartawi_vat@yahoo.com	رام الله	عبد الفتاح سعيد صالح شطاوي
مؤسسة عبد الفتاح الفروخ لتدقيق الحسابات	froukhabed@gmail.com	الخليل	عبد الفتاح عيس شحان فروخ
شركة ارنست ويونغ-الشرق الوسط	Abdelkarim.mahmoud@ps.ey.com	رام الله	عبد الكريم ثابت محمود
مؤسسة زلوم للتدقيق والمحاسبة	zalloumabdallah@gmail.com	الخليل	عبد الله عثمان زلوم
مكتب جرانادا للتدقيق والمحاسبة	asabra@granada.ps	رام الله	عبد الله عدنان صبرة
معاينة وشركاه محاسبون قانونيون	abla@maayah.com	رام الله	عبله سميح معاينة
مؤسسة الخطيب لتدقيق الحسابات	Khateebcompany@gmail.com	نابلس	عدنان احمد خطيب
شركة نوح وابو حاكمه لتدقيق الحسابات	izzat.nouh@gmail.com	رام الله	عزت وائل نوح
المكتب المهني للتدقيق والمحاسبة	ijaffal@hotmail.com	رام الله	عصام عدنان جفال
مؤسسة صوفان لتدقيق الحسابات	Soufan_i@yahoo.com	رام الله	عصام محمد صوفان

علاء شعيب ابو حاكمة	رام الله	alaaabuhakma@gmail.com	شركة نوح وابو حاكمة لتدقيق الحسابات
عمران حمدان ناصر	رام الله	Omran_h_nasser@yahoo.com	بالستيا للخدمات المهنية والتدقيق
عيسى غريغوري ابو فرحة	بيت لحم	info@alshayebco.com	مؤسسة الشايب للتدقيق والمحاسبة
غسان محمد صوفان	رام الله	Gh-soufan@hotmail.com	صوفان لتدقيق الحسابات والخدمات ال ضبيبة
غسان محمود عبد الرازق	طوباس	Ar.ghassan@yahoo.com	بيت الخبرة للتدقيق والاستشارات المالية
فادي ألفرد رنتيسي	رام الله	frantisi@deloitte.com	شركة ديلويت اند توش (ام.اي)
فادي سعيد قطان	بيت لحم	fkattan@bethlehem.edu	مكتب حسام وهاب- مدقق حسابات قانوني
فايز بنايوت خير	بيت لحم	blessrainauditorokhair@gmail.com	خير لتدقيق الحسابات
فراس ابراهيم معلم	رام الله	Ferasmuallem@gmail.com	شركة بريس ووتر هاوس كوبرز
فراس حنا فواضله	رام الله	Feras.fawadla@gmail.com	كلاريتا لتدقيق الحسابات
فراس سمير بركات	القدس	al.barakat.for.auditing@gmail.com	مكتب البركات لتدقيق الحسابات
فرح عيسى دودين	رام الله	farahdudin@gmail.com	مكتب ايلان لخدمات التدقيق ومراجعة الحسابات
ماجد خليل سليمان	اريجا	majedmari60@gmail.com	المحاسب القانوني ماجد خليل عبد الغني سليمان
ماجدة انور احمد مقبول	نابلس	Majeda_manko@yahoo.com	مؤسسة ماجدة للمحاسبة و تدقيق الحسابات
مجدي شفيق شوملي	بيت لحم	shomalicpa@gmail.com	شوملي للمحاسبة والاستشارات المالية
محمد ابراهيم ناصر الدين	القدس	Nefc.102.2020@gmail.com	ناصر الدين للاستشارات المالية وتدقيق الحسابات
محمد احمد اسماعيل الاطرش	القدس	Mohammad@suleimanco.com	شركة سليمان وشركاه - مدققو حسابات قانونيون
محمد احمد حمدان البدارين	رام الله	malbadarin@h1b-ps.com	شركة اتش ال بي بي اس لتدقيق الحسابات
محمد بسام فهيم جابر	رام الله	mohammed.jaber@ps.ey.com	شركة ارنست ويونغ - الشرق الوسط
محمد شعيب محمد ابو حاكمة	رام الله	abu-7akma@hotmail.com	شركة نوح وابو حاكمة لتدقيق الحسابات
محمد عارف محمد شاويش	رام الله/ أريحا	Mohdsh_81@hotmail.com	مؤسسة الشاويش للتدقيق والمحاسبة
محمود عبد الله حامد زيتاوي	رام الله	mzitawi1984@hotmail.com	شركة طلال ابو غزالة وشركاؤه الدولية
محمود فريد سعيد جيوسي	طولكرم	Mah.jayousi@hotmail.com	العالمية لتدقيق الحسابات

محمود ناصر محمود شويكي	رام الله	mamhmoud_shweiki@yahoo.com	شركة ارنست ويونغ – الشرق الوسط
مروان احمد حسين	رام الله	qmeeha@yahoo.com	مروان الطريفي لتدقيق الحسابات
معاذ حسن محمد بلوط	رام الله	Balout2006@yahoo.com	جولدن ترست للتدقيق والخدمات المحاسبية
معاذ عبد الكريم ابوالرب	رام الله	moath.abualrob@ps.ey.com	شركة ارنست ويونغ – الشرق الوسط
ممتاز فايز احمد حمدان	رام الله	Tago-ramallah@tagi.com	شركة طلال ابو غزالة وشركاه الدولية
منذر احمد اسماعيل	القدس	Muntherl3@hotmail.com	مؤسسة الكسواني لتدقيق الحسابات
منذر جريس يوسف البندك	رام الله	mbandak@deloitte.com	شركة ديلويت اند توش (ام.اي) الشرق الاوسط
مهند عبد اللطيف علي	رام الله	mohannad.hajali@ps.ey.com	شركة ارنست ويونغ- الشرق الوسط
موسى سليم ربحان	رام الله	musa6211@yahoo.com	الشركة الفلسطينية للتدقيق والمحاسبة
موسى سليمان ابو دية	رام الله	Musa.abudieh@mazars.ps	شركة مزارز محاسبون قانونيون واستشاريون
موسى محمد بني عودة	رام الله	msalman@tagi.com	شركة طلال ابو غزالة وشركاه الدولية
موفق كاظم حسونة	الخليل	mwafaakram@gmail.com	مؤسسة حسونة للمحاسبة وتدقيق الحسابات
مؤيد احمد عموري	رام الله	mamouri001@yahoo.com	مكتب مؤيد عموري
ميرابو نائل شماس	رام الله	mshammas@birzeit.edu	مكتب انتيجرتي للتدقيق والاستشارات المالية
نادر بشارة نصار	بيت لحم	nassarian@hotmail.com	مكتب حسام وهاب
نبيل محمد طنينية	الخليل	nabeeltanienah@yahoo.com	مؤسسة الكرمل للتدقيق والمحاسبة
نبيل محمود زيدان	رام الله	nabeelz@bdo-ps.com	للمحاسبة والتدقيق والخدمات الضريبية BDO
نرمين جورج طويل	بيت لحم	ngrtawil@gmail.com	شركة فراج ونشوان وشركائهم لتدقيق الحسابات
نسرين رضوان يحيى	جنين	Nasreen_yahya@yahoo.com	مكتب ناس لتدقيق الحسابات
نضال عبد المعطي نيروخ	القدس	nneiroukh@yahoo.com	دار المدقق - محاسبون قانونيون ومحكمون ماليون
نيقولا جورج سحار	رام الله	nicolasahhar@gmail.com	رشة انش ال بي بي اس لتدقيق الحسابات
هانية طاهر محمد عكاوي	القدس	hania.akkawi@pwc.com	شركة برايس ووتر هاوس كوبرز
هشام محمود مساد	جنين	massadh@gmail.com	صفد للتدقيق
هيرايش يوسف ميساك	رام الله	Hratch.y.shahrikian@ps.pwc.com	شركة برايس ووتر هاوس كوبرز
وائل عزت فهد نوح	رام الله	Nh_cpa2000@yahoo.com	شركة نوح وابو حاكمة لتدقيق الحسابات

يحيى سلامة أبو ارميله	القدس	yahiasalameh@msn.com	يحيى محاسب ومدقق حسابات قانوني
يعقوب عبدالاحد علون	رام الله	Yacoub.a.alloun@pwc.com	شركة برايس ووتر هاوس كوبرز
يوسف ماهر ساحلية	رام الله	sahliehyoussef@gmail.com	مؤسسة بيترو للتدقيق.محاسبة
يوسف محمد حمودة	رام الله	palaudit@palaudit.ps	الشركة الفلسطينية للتدقيق والمحاسبة

الملخص

هدفت هذه الدراسة إلى استكشاف مدى تطبيق المدققين الخارجيين في فلسطين لنموذج مخاطر التدقيق والعوامل المؤثرة في تنفيذه. اعتمدت الدراسة على منهج كمي بتصميم وصفي، حيث جُمعت البيانات من خلال أداة الاستبانة من 129 مدققًا مسجلين في جمعية المحاسبين القانونيين المعتمدين والمدققين الخارجيين في أكبر أربع شركات تدقيق في فلسطين. كشفت النتائج عن التزام قوي بين المدققين بتطبيق نموذج مخاطر التدقيق، مع التركيز بشكل خاص على مخاطر الاكتشاف والمخاطر الكامنة ومخاطر الرقابة والمخاطر المقبولة. يرجع هذا الالتزام إلى دور النموذج في تحسين جودة وكفاءة التدقيق وتخصيص الموارد. وتضمنت الاستجابات الشائعة لمخاطر التدقيق زيادة توقيت وكمية العينات، وزيادة مشاركة المدققين في التخطيط، وتعديل أنواع الأدلة. لوحظت فروق طفيفة في آراء المدققين بشأن تطبيق النموذج، وتأثرت هذه الفروق بعوامل مثل الخبرة، والشهادات، والخلفية الأكاديمية، وحجم فريق التدقيق، وحجم شركة التدقيق ولكنها غير دالة إحصائياً. ومع ذلك، كانت الآراء تختلف بشكل كبير بناءً على وجهة نظر المدققين الشخصية. واستناداً إلى هذه النتائج، أوصت الدراسة بزيادة اهتمام شركات التدقيق الفلسطينية بالالتزام بنموذج مخاطر التدقيق نظراً لفوائده ومواءمته مع المعايير الدولية. كما أوصت بأن تقوم جمعية المحاسبين القانونيين المعتمدين الفلسطينية والمنظمات ذات الصلة بتقديم دورات تدريبية للمدققين عديمي الخبرة لتعريفهم بمخاطر التدقيق وكيفية إدارتها بفعالية.