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**The Impact of External Auditors' Compliance with the  
Professional Codes of Conduct on Quality of Financial  
Reports: The Case of Palestine**

by

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## Thesis approval

### The Impact of External Auditors Compliance with the Professional Codes of Conduct on Quality of Financial Reports: The Case of Palestine

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## Declaration

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**Dedication**

**To the ideal that I follow and follow in his footsteps**

**My father**

**To the spring of tenderness that cried all night, waiting for my  
accomplishments.**

**My Mother**

**To my eyes that illuminate my path to my success**

**My sisters**

**To the bridge of my love, the source of my strength and the  
support of my success**

**My Brother**

**To those who do not leave until they take me by the hand, so that  
we can continue the path.**

**What we started together, until we reach successes and wishes**

**My friends**

**I dedicate this work.**

**Thanks**

**Praise and thanks be to God, who helped me with knowledge and understanding, and who created us and taught us what He has:**

**With great pride and honor, I extend my sincere thanks, appreciation and respect to the one who lights my path and helped me, after God, to complete my path and my path to my teacher and teacher, a thousand best respected Dr.**

**Dr. Mohammad Abusharbeh**

**And thanks to everyone who helped me to complete this work.**

## **Abstract**

The purpose of this study is to examine the impact of external auditors' compliance with the rules of professional conduct on the quality of financial reports in Palestine. To achieve the purpose of the study, quantitative approach was used for scientific research and a questionnaire was distributed to a sample of 92 external auditors from the study population of 267 external auditors to collect all necessary data. Statistical Package for Social Sciences Software (SPSS) was used to analyze the data and obtain the results. The study found that there is a statistically significant relationship between (independence, confidentiality, and efficiency) and the quality of financial reports, with a positive indication for each of the three variables. However, the results of the study showed that there was no statistical significance between honesty, reliability, and integrity and the quality of financial reports. The study recommends the necessity of work by the Palestinian Auditors Association to give preparatory courses to external auditors related to the definition and adherence to the rules of professional conduct. The study also recommends external auditors the need to increase the level of compliance with the rules of professional conduct in Palestine.

**Keywords:** *independence, honesty, reliability, integrity, confidentiality, efficiency.*

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## Chapter One

### 1.1 Introduction:

The expansion of large companies globally requires the presence of financial data that show the true situation of the company. The disclosure of high-quality financial data will have a significant positive impact on the hearts of investors and non-investment decision-makers (Nwafor & Amahalu, 2021). On the contrary, if the company's financial statements are unreliable, then the process of accessing more reliable financial data need a third party to ensure that these data are free from fraud and manipulation (Alsughayer, 2021).

The process of thinking about building an ethical and good work environment requires preparing clean and clear standards and laws. These standards and laws must emerge from the societal environment in which a company operates; until it reaches a strategy that allows it to fulfill its all commitments to employees. Whilst providing the greatest benefit to employees and society, and then develops employee's behavior in the workplace. Yet the work environment would be surrounded by several internal and external influences; these influences, can be positive or negative. If a good work environment is established, there will be an opportunity to deter the negative influences of the employee's professional behavior and enhance the chance of maintaining positive influence. (Neama & Jaheel, 2020).

The main structure of the audit profession requires the issue of independence, through which the trust model is formed among the users of financial statements. This trust can be formed when there are rules and behaviors through which clean financial reports can be accessed. The main negative consequences occur when the auditor does not adhere to the rules of professional conduct during the audit process; it will be possible to detect manipulation or a lack of credibility in the financial statements. For example, in recent times it has become difficult to obtain the confidence of users of financial statements because of the

large fraud occurred in the companies; PT SNP and Enron Energy. Hence, it is required now to figure out the application of the commitment code of professional conduct to enhance and renew the confidence of users of financial statement (Ardillah, 2021).

The main objective of the audit process is to produce high-quality financial statements that reflect credibility and integrity when presenting them. The most important is the adherence of those statements to the rules of professional conduct, which is an integral part of the auditor's independence and integrity. This surely leads to high-quality financial statements. Besides, auditor's report shall also include important data and materials to the company, such as accounting estimates. The profession of auditing can be defined as systematic study that assesses the quality of the company in terms of errors and impurities (Nwafor & Amahalu, 2021).

According to Indrayati & Supanto (2021), making the audit profession organized and with a good reputation is linked to the commitment of auditors to the ethics and rules of this profession. The performance of the external auditors of their duties during the audit process is coupled with the integrity and independence that they enjoy in order to produce high quality financial statements free of errors. On the other hand, the size of the responsibility entailed by the auditing process makes an auditor eager to ensure that the company follows the standards and laws of accounting professional conduct. Therefore, it is important for auditors to enjoy credibility and transparency in the work that they perform. These qualities can be reinforced intellectually and practically through some laws that govern behaviors inside and outside the work environment (Eqbalifar, Talebnia & Vakilifard, 2022).

According to a study conducted by Neama & Jaheel, (2020) to measure the impact of the auditors' commitment to the rules of professional conduct in the audit process on Iraqi banks. The commitment to all elements of professional conduct has an impact on the quality of

financial reports in the end. In a similar study, the process of applying the rules of professional conduct in Indonesian companies increases the quality of financial reports and improves the work of the auditor during the audit process. (Goklas & Manurung, 2022)

The commitment of auditors to the rules of professional conduct in general, and to the principle of integrity and efficiency in particular, plays a major role in producing high-quality financial statements. This assures the great importance that the rules of professional conduct play in the audit process. (Alsughayer, 2021).

Besides, completing the audit process by adhering to the auditing capacity is very important. If an auditor is obliged in this capacity, clean financial statements, where decision makers can rely on in their investment decisions, can be achieved (Nwafor & Amahalu, 2021).

## **1.2 Problem Statement:**

A professional code of conduct can be defined as a set of values and principles that help companies to do their jobs properly with extreme honesty, integrity and transparency (Institute of Internal Auditors, 2009). These values depend on the culture of the company, as well as the culture of the society in which a company operates. Moreover, the issue of commitment to these values is very important, especially after the global crisis in 2008. It is worth noting that the main reason for this crisis was the failure to comply with these rules by US banks, which increased this crisis to the world as a whole. (Rashwan. 2019).

This study examines the impact of the commitment of external auditors in Palestine to the rules of professional code of conduct on the quality of financial reports; as a process leading to correct and produce reliable financial statements. Whilst the violation of these rules leads to enlarge the gap between users of financial statements, public joint stock companies and auditors. This gap will be affecting the quality of the financial statements, Professional codes

of conduct are positively linked to the quality of financial reports, as they arise according to the environment and the country in which they live. (almoghyer, 2021)

The audit profession plays an important role in producing the quality of financial reports, and also in ensuring that the financial statements are free from fraud and distortion. Nonetheless, it is important to measure the level of commitment of large audit firms (Big 4), comparing to small audit offices and individual audits; which is a knowledge gap that has not been taken into consideration by any of previous researchers in the field.

### **1.3 Significant of the Study:**

The researcher attempts to understand the behavior of external auditors, how auditors adhere to the rules of professional conduct, how this behavior affects the rules of professional conduct, and also how users of financial statements interact with the final result of the audit process. This thesis is a scientific added-value through its several recommendations that will help auditors to come up with thorough and high-quality financial statements. Additionally, this study provides public shareholding companies with the opportunity to carefully select their auditors through the several aspects discussed in this study; including the size of the auditing company.

This study diggers deeply in accounting literature by providing empirical evidence on the relation between audit codes of conduct and the quality of financial statements at Palestinian registered companies. Moreover, this thesis provides preliminary evidence on the importance of honesty, integrity, and transparency of audit conduct on the quality of annual reports of registered firms in Palestine.

## **1.4 Research Questions:**

This study answers a key question which is: **“What is the impact of external auditors' compliance with the professional codes of conduct on quality of financial reports?”**

More specifically, the study addresses the following questions:

1. What is the impact of the external auditors' compliance with independency on quality of financial reports?
2. What is the impact of external auditors' compliance with honesty on quality of financial reports?
3. What is the impact of the compliance of external auditors with reliability on quality of financial reports?
4. What is the impact of the external auditors' compliance with integrity on quality of financial reports?
5. What is the impact of the external auditors' compliance with confidentiality on quality of financial reports?
6. What is the impact of the external auditors' compliance with efficiency on quality of financial reports?

## **1.5 Research Objectives:**

This study attempts **"to examine the impact of external auditors' compliance with the professional codes of conduct on quality of financial reports"**.

The main objective is divided into six sub-objectives as follows:

1. To investigate the impact of external auditors' compliance with independency on quality of financial reports.
2. To explore impact of the compliance of external auditors with honesty on quality of financial reports.
3. To examine the impact of the external auditors' compliance with reliability on quality of financial reports.
4. To determine the impact of the external auditors' compliance with integrity on quality of financial reports.
5. To know the impact of the external auditors' compliance with confidentiality of audit on quality of financial reports.
6. To investigate the impact of external auditors' compliance with efficiency on quality of financial reports.

## 1.6 Research Hypotheses:

This study revolves around a main hypothesis "**There is a positively and significant effect of the professional codes of conduct on quality of financial reports in Palestine "**

From the main hypothesis, several sub-hypotheses are stipulated:

- **H1:** There is a positively and significant effect of independency on the quality of financial reports in Palestine.
- **H2:** There is a positively and significant effect of honesty on the quality of financial reports in Palestine.
- **H3:** There is a positively and significant effect of reliability on the quality of financial reports in Palestine.
- **H4:** There is a positively and significant effect of integrity on the quality of financial reports in Palestine.
- **H5:** There is a positively and significant effect of confidentiality on the quality of financial reports in Palestine.
- **H6:** There is a positively and significant effect of efficiency on the quality of financial reports in Palestine.

## Chapter 2

### Conceptual framework and literature review

#### 2.1 Introduction

In this section, the researcher presents the theoretical framework of the study as well as previous studies that are primarily concerned with the impact of external auditors on professional conduct rules on the quality of financial reports, and also the issue of compliance with professional conduct rules and the quality of financial reports.

According to Tamrabet (2020), conducted in Algeria, the interest of major shareholders and company owners in the auditing profession is due to its role in preserving property, and monitoring all financial procedures in companies in a way that prevents risks related to fraud; Which may cause great harm to the company and its stakeholders. On the other hand, the competent and regulatory authorities obligate companies to appoint an external auditor; whose main role is to supervise the honesty of the financial statements ensuring that there is no manipulation, and to detect any fundamental errors in the company's financial statements. In this context, the work of the external auditor is subject to several standards stipulated by the regulatory authorities, to which auditors shall adhere; such as the rules of professional conduct that obligate the auditor to independence and transparency during the audit process in order to achieve clean and high-quality financial reports.

#### 2.2 Audit profession

Audit profession is a process carried out by a person or group of people through which a set of financial statements can be judged impartially, aiming to ensure that they are free from errors and material misrepresentations, and also to ensure their compliance with international accounting standards. It should be a high quality of the audit process as the final statements

and the final statements are governed by several behaviors; which are efficiency, transparency, objectivity, independence and confidentiality in work (Alfaqeeh, 2021).

Gokla & Manurung (2022) determines that the commitment of external auditors and auditing companies to ethical and societal values plays an important role in the clarity of the audit profession. The ethical auditor's behavior can affect the client's culture during the audit process and enhance the concept of social responsibility. On the other hand, auditors can come out with reports of ethical quality and character; when adhering to the moral values of society.

Mabil (2019) asserts that the profession of auditing always seeks to achieve a high quality of financial data and maintain its integrity and freedom from fundamental errors. Maintaining the efficiency and objectivity of external auditors is very important, where achieve high quality of financial reports is achieved, which promotes the public confidence in these reports.

### **2.3 Professional Codes of Conduct**

The code of professional conduct constitutes a set of behaviors and ethics that guide professional people to work properly,- and to achieve high quality and independency at work. The code of professional conduct for external auditors summarizes several behaviors in order to achieve a high-quality auditing process; in terms of integrity, confidentiality, objectivity and efficiency in work (Lamba, Seralurin, Lamba & Pattiasina, 2020).

According to Pur & Bahr (2019), the code of professional conduct constitutes a set of principles, practices and rules by which moral and unethical behaviors can be judged. These behaviors are particularly associated with the auditing profession in terms of the necessary directives aiming to ensure the auditor's workflow in order to reach ethical practices in the work environment.

Mahajan & Mahajan (2016) defines a code of professional conduct as a set of principles and policies that determine the nature of transactions between various stakeholders, and it can also be called a corporate code or a code of commercial transactions. According to them, a code of professional conduct can be developed for companies, individual projects, commercial and industrial companies. The rules of professional conduct were also defined as a set of values that guide individuals to abide by some instructions stemming from the culture of the community in which it is linked. Moreover, it is linked to the set of principles associated between the culture of societies and the personality of individuals, directing employees to implement its policy with the community with high responsibility while conducting the business (Gokla & Manurung, 2022).

According to the researcher's view, professional codes of conduct can be defined as a set of policies and controls developed by supervisory authorities to govern the conduct of employees in their business dealings. Whilst the professional ethics of an auditor is defined as rules and policies adhered to by the external auditor in order to achieve the objectives of the audit profession, and also to reach the highest quality of financial statements of the company's clients.

#### ▪ **Independence**

The independence of the external auditor is defined as the lack of mental and actual bias in making decisions during the audit process. It also represents the ability of the auditor to comply with integrity and objectivity during the audit process for a client. Besides, an auditor must have a high responsibility during the audit process; so that he is not biased in favor of the client during the audit process, and eventually come up with an objective report (Nwafor & Amahalu, 2021).

Ilemona & Nwite (2021) determine that- the Code of Professional Conduct stipulates a commitment to ethical behavior and independence, and it requires commitment to integrity,

transparency, confidentiality, objectivity and professional competence during the audit process in order to achieve independence and preserve the reputation of the auditing profession. These are essential and indispensable qualities that any auditor must adhere to.

- **Honesty**

The external auditor must be committed to honesty and integrity during the audit process, as the auditor must carry out his work with sincerity and high integrity. In addition, an auditor shall be adhering to all professional rules within the framework of the auditing profession, where s/he should avoid any activity or behavior that may harm his personality and offend the auditing profession (Temrabet, 2020).

- **Reliability**

Reliability is one of the important behaviors that an external auditor must possess, as the preparation of financial reports requires a high degree of reliability to show the correct financial position of the company. This type of behavior requires high quality, whilst this quality usually faces obstacles and threats from third party practices, which is ethically significant in developing countries (Ilemona & Nwite, 2021).

- **Integrity**

The concept of integrity dictates that all external auditors have honesty in their professional relations with clients during the audit process, and also their relationship in the community. Integrity is also an important feature for an external auditor that he must enjoy to ensure the correct functioning of the audit process. The quality of honesty is not limited to honesty, but also it includes many aspects such as intellectual honesty, courage and fairness (Shrabeh & makhalfyeh, 2021).

To ensure the achievement of the principle of independence and the achievement of the public interest, the auditor must have integrity, be honest and fair in his/her work as an

auditor and in professional and personal dealings, and respect the principles of ethics as well as the general rules of the auditing profession. The concept of integrity can be linked to the confidence of customers; when an external auditor is committed to this standard, s/he would earn the trust of society in general and customers in particular. Then, the auditor can be considered as responsible, wise, and honest, and gives his/her opinion with all impartiality. It can be said that the more an auditor is characterized by integrity, the higher the quality of the financial information s/he can oversee.

(Alsughayer, 2021).

- **Confidentiality**

Bouderbala, (2013) The term confidentiality in the work of the external auditor refers to keeping silent about any information he knows about the client's secrets during and after the audit process, maintaining the confidentiality of information and data related to the company in any possible circumstance, and not using the company's data for personal purposes outside the audit profession.

The nature of the work of the external auditor obliges him to abide by the confidentiality of the data that he audits for companies and not to disclose this data to any external party without permission. Professional relations, and the second thing is to refrain from using the data obtained by the auditor for his personal purposes (Nasser & Maren, 2022).

### ▪ **Efficiency**

Ardillah and Angelina (2021) define competence as a person's ability to evaluate himself in his/her ability to perform his duties towards his work or towards anything. The quality of efficiency also boosts the auditor's confidence in himself because it allows him to complete his tasks to the fullest, and many researchers have agreed that auditors require a high degree of efficiency to perform their work and achieve high quality and efficiency results. In direct with the quality of financial reports, the higher the efficiency of the auditors, the higher the quality of the financial reports, and vice versa.

To achieve a high-quality result, the auditor must apply all of the competencies and experiences gained during the audit process. Among these experiences, he expresses his opinion on issues in which he has more experience and constantly improves his efficiency and experience; efficiency is one of the most important rules of professional conduct, and adhering to it will inevitably result in high quality financial reports after the audit process is completed (Neama & Jaheel, 2020).

## **2.4 Value of Professional Ethics and Audit Profession**

The process of distinguishing between right and wrong necessitates the establishment of a set of special regulations, laws, and rules that assist us in judging things, as it has become necessary to establish a set of rules and ethics for the auditing profession in light of modern international company violations, and that these systems and ethics can determine the behavior of the duties, responsibilities, and activities of auditors or any other profession (Zoarob, & Abdul Al, 2016).

The main objective of the audit profession is to gain the confidence of users of financial statements and other stakeholders in order to assist them in making decisions, calculating risks, and entering into new investments based on relevant and reliable financial reports.

Therefore, giving credit to financial reports comes through adherence to laws, ethics, and rules of conduct. professional, which in turn raises the general performance of auditors and increases investor confidence, the profession of auditing is distinguished from others by its observance of the public interest and its keenness to meet the needs of all parties concerned with the company's financial statements, and this is achieved when the auditors adhere to the basic requirements of the rules of professional conduct. Moreover, the presence of a commitment to the standards of professional conduct can prove to the public that the work is performed with a high level of professionalism, far from leniency, and that these standards are considered among the things that legal authorities are obliged to abide by and achieve, and stem from the special culture of the community. These rules can be divided into several sections: (Shrabeh & Makhalfyeh, 2021).

- The legal rules and regulations set by the competent authorities in order to organize the auditing profession
- Organizational rules, standards, and principles are established through professional associations and organizations such as the Auditors Association.

## **2.5 Objectives of Professional Codes of Conduct**

According to Zoarob, & Abdul Al (2016), the main objective of the audit process is to ensure the integrity of the financial statements and freedom from errors in order to reach the status of confidence in the financial reports and to help decision-makers make their investment decisions easily. To reach this point, there must be professional and ethical rules that the auditors are obligated to follow, external accounts whose goal is to raise the level of the profession and gain the confidence of investors. Among these goals are the following:

- Improving the professional performance of the auditor.
- Provide reliable and relevant financial data and gain the community's trust.

- demonstrate auditors' concern for the public interest, elevating the audit profession's standing
- Compliance with the laws and instructions issued by the competent authorities and compliance with the culture of the community

## **2.6 Quality of Financial Reports**

International standards direct a holistic view on the quality of financial reports, and urge auditors to be characterized by integrity and independence during the audit process due to their direct impact, which adds to the reports' high quality and acceptance by the public in general. (Lukman & Irisha, 2020)

Karasioğlu, Humta & Göktürk (2021) believes that financial reports are one of the models that are characterized by a rational and logical coordination of the results of the company's operations. It is an approach that companies follow to report their profits, expenses, obligations, and assets, where the auditing profession supervises its quality. Financial reports is considered the only professional way to provide users of financial reports with the various information they need about the nature and results of the company's activities and its position in the market. Financial reports are considered of quality if they are consistent and comply with the regulatory instructions issued by international standards. Key elements can be identified, which mainly help in achieving high-quality and consistent financial reports:

- Comply with the decisions issued by the Standards Board.
- The administration should use a complete accounting system that serves its full purpose.
- Good judgment and real estimates for management.

The quality of financial reports reflects the ability of stakeholders and users of financial statements to benefit from the accounting information contained in the financial reports, and that this information is relevant, real, and serves the purpose of its existence with the least possible risk. In addition, financial reports can be of high quality even when the financial statements are not trusted by stakeholders; this confidence is formed when the measurement and disclosure processes are well supervised. This process is carried out by auditors, and a good audit will reflect high-quality financial reports that can be trusted by users of financial statements. The main objective of financial reports is to assist stakeholders in making decisions. Therefore, the presence of high-quality financial reports will allow them to make sound decisions. If these financial reports have all the desirable characteristics, they will be of great benefit to all their users (Azmi, 2012).

The researcher can define the quality of financial reports as reliable and relevant financial data that comply with international standards, and represent the reality of the commercial activities, to which -the company has undergone during a previous period of time. Based on the financial reports, decisions are made and risks and other future ratios can be assessed.

## 2.7 Literature Review

The commitment of the external auditor to the rules of professional conduct reduces many of the bad phenomena in the company. The imposition of compliance with these rules leads to an increase in confidence in the financial reports of the companies that are audited. In the study conducted on auditors in Khartoum, the study proved that the external auditors adhere to the rules of professional conduct represented by independence, objectivity, professional competence, honesty, integrity, and transparency, and are committed to performing the audit process with high professionalism (Nasser & Maren, 2022).

According to Shrabeh & Makhalfyh (2021) gaining the confidence of users of financial statements requires more commitment to the rules of professional conduct on the part of the auditors. In terms of independence and the auditor's relationship with clients, the auditors protect the public interest and try to build trust in the auditing profession in the country. The researchers also urged the auditors to improve their professional skills and pay attention to the rules of professional conduct and ethics that the Islamic religion stipulates.

The public and people who use financial statements will trust auditing more if external auditors follow work ethics. This is because the professional skepticism method is based on the auditor questioning the data he is in charge of auditing, and the auditor will not accept an explanation from the client but will get his own. It can be concluded that there is also a positive relationship between the independence of the external auditor and professional skepticism, and the independence of the external auditor also affects the quality of financial reports (Lamba, Seralurin, Lamba & Pattiasina, 2020).

In a study conducted in the state of Jakarta for the researcher Lukman & Irisha (2020), the researcher measures the impact of primary and ethical accounting on the performance of accountants and auditors. The researcher found that the commitment of auditors to the

principles of integrity and independence significantly affects the quality of financial reports and is a reason for public confidence in the financial data offered to them.

According to Allaq, (2019) study, which was conducted on external auditors in Algeria, it was confirmed that the commitment of auditors in Algeria to the rules of professional conduct has a significant impact on the quality and credibility of financial reports. This makes commitment to work ethics an urgent matter. In another study that was conducted in the same geographical area, the importance of adhering to the rules of professional conduct in the audit profession was emphasized. As a positive impact was reached for adherence to the rules of professional conduct on the quality of financial reports, the researcher also emphasized that the commitment of external auditors to work ethics and the principles of independence and Transparency increases the reliability of financial statements (Temrabet, 2020).

The impact of the ethics of the auditor and the rules of professional conduct of the auditing profession on the quality of financial reports has been verified, and the positive impact of work ethics has been established. This means that a commitment to the principles of transparency, independence, and objectivity increases the quality of financial reports, and that increasing the professional competence of auditors increases the quality of financial reports. Hence, the attention to the rules of professional conduct has a significant impact on the final outcome of accounting (Mabil, 2019).

According to Pur & Bahr (2019), the professional ethics of the auditing profession must be reflected on their performance and activities during the audit process, and the auditor must take these behaviors into account before taking any action. The results of this study have proven that the commitment of the external auditors to the rules of professional conduct is very important for the reason that it preserves the secrets of clients and does not disclose

them, and because it enhances the commitment of the external auditors to international accounting standards. In addition, adherence to the rules of professional conduct enhances auditors opinion on the financial statements with independence, fairness, and honesty and helps in achieving ethics, laws and policies that the auditor must follow during the audit process.

The commitment of external auditors and auditing companies is an important factor in achieving the quality of accounting information and the quality of the audit process. This is due to some factors that can affect the public's confidence; namely, the reputation of the auditing company, its size, and the standards that were relied upon during the audit process. The- commitment to the above factors is a key part of having a good audit process and getting clean financial reports (Bouderbala, 2013).

International auditing standards and the rules of professional conduct are among the most important references that auditors take. Alwan and Samara (2013) conducted a study looking at the rules of professional conduct in Jordan. It was found that auditors adhered to the rules of professional conduct and the instructions issued by the supervisory bodies. Meanwhile, Zoarob & Abdul Al ,( 2016) stated that auditors in the Gaza Strip are committed to the basic principles of professional conduct, which are integrity, objectivity, confidentiality, and religious awareness, and to the instructions of the Palestinian Auditors Association; auditors are strongly committed to the confidentiality of information and abide by all rules and instructions issued by legal bodies (Rashwan, 2019).

Professional conduct rules are defined as a set of principles and foundations (moral values) that compel society to follow during their work and that are required for the establishment and continuity of societies. Nasan (2017) says that an auditor's independence means that his personality is not affected by anyone else and that he does his job without any outside

pressure. Ahmad & Alber (2014) say that competence is one of the most important rules of professional conduct that must be constantly improved to close the gap between academic knowledge and real-world use.

Fan et al. (2012) mentioned that Chinese auditors believe that ethical practices in the work environment play an important role in influencing their opinions and that tolerance is inevitable in relationships with clients and increases with age. However, Adeyemo (2007) stated that auditors in Nigeria shall adhere to the Code of Professional Conduct and all principles that uphold independence, integrity, transparency, and objectivity.

According to Almoghyer, (2021) study conducted on external auditors in Jordan, work ethics and rules of professional conduct are a key factor in increasing the quality of financial reports and that adherence to them is a must, and it proves that the relationship between work ethics and the quality of financial reports is a positive relationship, she also adds that the rules of professional conduct stem from the culture and traditions of the country in which she is located. In another study conducted in Sudan on external auditors, it proved that adherence to independence is one of the things that most affect the quality of financial reports and the relationship between them is positive. It also recommended that external auditors adhere to all rules of professional conduct. (Yahya, 2017)

Table (1) shows the Summary of previous studies

<b>Authors</b>	<b>Purpose of Study</b>	<b>Variables</b>	<b>Methodology</b>	<b>Results</b>
(Nasser & Maren, 2022)	To examine the impact of external auditor's commitment to professional ethics in reducing tax evasion in the Sudan	Independent variables: integrity, autonomy, professionalism, objectivity. Dependent Variable: Tax Evasion	This study was conducted on 240 external auditors in Sudan, and used the SPSS statistical analysis program	The results of the study demonstrated that external auditors in the Sudan are committed to all rules of professional conduct, and that the commitment to independence, impartiality, objectivity and efficiency limits tax evasion
(Shrabeh & Makhalfyh 2021)	Extent to which the auditor of Algeria adheres to the professional code of conduct	Independent variables: External Auditors Dependent Variable: professional conduct, rules of professional conduct	This study was conducted on 25 external auditors in Algeria, and used the SPSS statistical analysis program	The results of the study demonstrated a commitment by external auditors to professional conduct codes, an obligation of professional conduct by external auditors in Algeria, adherence to the codes of conduct that increases customer confidence
Almoghyer, (2021)	The extent to which auditors adhere to professional conduct	Independent variables: Independence, honesty, confidentiality, competence, professional behavior Dependent Variable: Audi quality.	This study was conducted on external auditors in Jordan, and used the Qualitative approach.	The results of the study demonstrated a work ethics and rules of professional conduct are a key factor in increasing the quality of financial reports and that adherence to them is a must, and it proves that the relationship between work ethics and the quality of financial reports is a positive relationship.
(Lamba, Seralurin, Lamba & Pattiasina, 2020).	The Effect of Auditor Independence and Ethics on Auditor Professional Skepticism: Its Implications for Audit Quality in Indonesia	Independent variables: Auditor Independence, Auditor ethics Dependent Variable: Audi quality.	This study was conducted on 30 external auditors in Indonesia, and used the spss analysis	The results of the study showed that the independence of the auditor affects positively and significantly the quality of the audit, as well as the results showed that the work ethic significantly affects professional suspicion.
(Lukman & Irisha 2020),	The Effect of Creative Accounting Practices with Statutory Auditor as Mediation, and Accountant Ethics	Independent variables: Creative Accounting Statutory Auditor , Standard ethics	This study was conducted on 78 external auditors, and used the Smart PLS analysis	The results of the study demonstrated a significant impact of external auditors on the suspension of financial lists, creative accounting has a

	Standards on the Reliability of Financial Statements	Dependent Variable: Reliability of Financial Statements.		significant impact on the reliability of financial lists, and auditors adhere to business ethics that directly affects the reliability of financial lists
(Temrabet, 2020)	External auditor's adherence to professional ethics and its impact on the quality of accounting information	Independent variables: Independence, honesty, confidentiality, competence, professional behavior Dependent Variable: Quality of accounting information.	This study was conducted on 30 external auditors in Algeria, and used the SPSS statistical analysis program	The results of the study showed that there is a positive impact of external auditors' adherence to professional codes of conduct on the quality of accounting information, and when external auditors adhere to objectivity and independence enhances the quality of accounting information.
(Allaq, 2019)	Identification of the auditor's responsibilities in Algeria	Independent variables: rules of professional conduct Dependent Variable: Credibility of financial reports	This study was conducted on 60 external auditors in Algeria, and used the SPSS statistical analysis program	The results of the study demonstrated a significant adherence to the rules of professional conduct of the external auditors in Algeria, and the personal qualities of the auditors have a significant impact on the credibility of the financial statements as well as the rules of professional conduct
(Mabil, 2019).	Investigating Effects of Accounting Ethics on Quality of financial Reporting of an Organization: Case of Selected Commercial Banks in South Sudan	Independent variables: Independence, objectivity, competence Dependent Variable: quality of financial reports.	This study was conducted on 129 external auditors, and used the SPSS statistical analysis program	commitment to the principles of transparency, independence, and objectivity increases the quality of financial reports, and that increasing the professional competence of auditors increases the quality of financial reports
(Pur & Bahr 2019)	The extent of the auditors' compliance with the ethics of the profession and the rules of professional conduct- exploratory study	Independent variables: Integrity, credibility, confidentiality, competence, independence Dependent Variable: Audit quality	This study was conducted on 342 external auditors and Accountant, and used the SPSS statistical analysis program	The results of this study have proven that the commitment of the external auditors to the rules of professional conduct is very important for the reason that it preserves the secrets of clients and

	Preparation			does not disclose them, and because it enhances the commitment of the external auditors to international accounting standards
(Bouderbala, 2013)	The most important indication of the quality of external audit - a survey of the opinions of some professionals	Independent variables: Integrity, confidentiality, competence, independence Dependent Variable: Audit quality	This study was conducted on 30 external auditors in Algeria, and used the SPSS statistical analysis program	The concept of external audit quality is based mainly on the strict adherence to auditing standards by professionals and the Audit Office, although the concept of audit quality is the extent to which auditors adhere to recognized auditing standards. However, the study showed that compliance with these standards was ranked third in terms of the degree of relevance to quality recognition.
(Rashwan, 2019)	The effect of auditors' commitment to the rules of professional conduct on enhancing the quality of audit reports	Independent variables: Integrity, confidentiality, competence, independence Dependent Variable: quality of financial reports	This study was conducted on 90 external auditors in Palestine, and used the SPSS statistical analysis program	the instructions of the Palestinian Auditors Association; auditors are strongly committed to the confidentiality of information and abide by all rules and instructions issued by legal bodies.
(Yahya, 2017)	Impact of auditors' compliance with professional ethics on the quality of accounting information: field study of the National Audit Office	Independent variables: Integrity, confidentiality, competence, independence Dependent Variable: quality of financial reports	This study was conducted on 61 external auditors in Sudan, and used the SPSS statistical analysis program	external auditors it proved that adherence to independence is one of the things that most affect the quality of financial reports and the relationship between them is positive. It also recommended that external auditors adhere to all rules of professional conduct

## **2.8 Similarities and Differences Between Previous Studies and Current Study**

The previous literature is related directly to the study of the professional behavior of auditors. It includes the elements of the rules of professional conduct collectively; where it is not related to the measurement of each rule separately. Some of those rules defined independently, although the concept of independence can be determined when all indicators meet. This study measures the variables based on several indicators, and then it judges independence, that is, in this study the autonomy variable was defined for example and measured by several questions, but in previous studies independence was not defined separately but was measured with the rest of the professional ethics.

This study is being conducted in Palestine, specifically in the West Bank. Since all previous studies were conducted outside this geographical area (Westbank, Palestine), this study follows the same sequence of literature, and it covers the largest possible number of geographical areas, where the level of commitment of auditors in Palestine to the rules of professional conduct has been investigated.

This study differs from other previous studies that it includes all the rules of professional conduct in the auditing profession, and that each variable was taken separately, whilst previous studies combined all variables as one variable; e.g.; Alsughayer's (2021). This study also adds a living model for measuring the commitment of external auditors in Palestine to the rules of professional conduct, and it makes suggestions for improving this commitment, which would raise the profile of the audit profession in Palestine.

## **Chapter Three**

### **Research Methodology**

#### **3.1 Data and Sampling**

The necessary data for the study were collected from 267 external auditors working in Palestine and accredited by the Association of Auditors in Palestine. A sample of 92 external auditors was selected out of the total population (34.5% of the population), which is good number and appropriate for representing the whole population of the study.( Krejcie & Morgan, 1970)

#### **3.2 Questionnaire Design**

The researcher used quantitative data collection approach to achieve the main purpose of the study as well as to answer the research questions. The researcher developed and administered a questionnaire applying 7-point Likert scale (1 = Strongly Disagree, 2 = Disagree, 3 = Somewhat Disagree, 4= Neither Agree nor Disagree, to 5 = Somewhat Agree, 6= Agree, 7 = Strongly Agree).

The questionnaire consists of (37) items distributed to a sample of (92) external auditors. To explain the results of the study, the researcher relied on the seven-point Likert scale, and it was measured according to the following percentages:

- 80% or more Very high
- 70% - 79% high
- 60% - 69% average
- 50% - 59% Low
- Less than 50% Very low

In order to obtain accurate data; the higher the Likert scale points are, the more accurate the answer is. It is worth noting that previous studies (as asserted in chapter 2) used this

strategy to build the axes of the study; they were built on the basis of the rules of professional conduct according to the code of professional conduct for auditors.

**Table (2) Variables and method of measurement, Prepared by the researcher.**

No	Variable Name	Number of paragraphs	Type of Variable	Reference
1.	Independence	6	Independent	(Nwafor & Amahalu, 2021)
2.	Honesty	4	Independent	(Temrabet, 2020)
3.	Reliability	4	Independent	(Ilemona & Nwite, 2021)
4.	Integrity	3	Independent	(Alsughayer, 2021)
5.	Confidentiality	4	Independent	(Nasser & Maren, 2022)
6.	Efficiency	4	Independent	(Ardillah & Angelina, 2021)
7.	Quality of Financial Reports	12	Dependent	(Lukman & Irisha, 2020)

### 3.3 Validity and Reliability

Cronbach's alpha and CR/AVE analysis factors were used to assess the validity and reliability of the data collected in this study. Cronbach's alpha and CR/AVE, which are three sections explaining the validity of the questionnaire and the data collected for financial analysis, and the generalizability of these data.

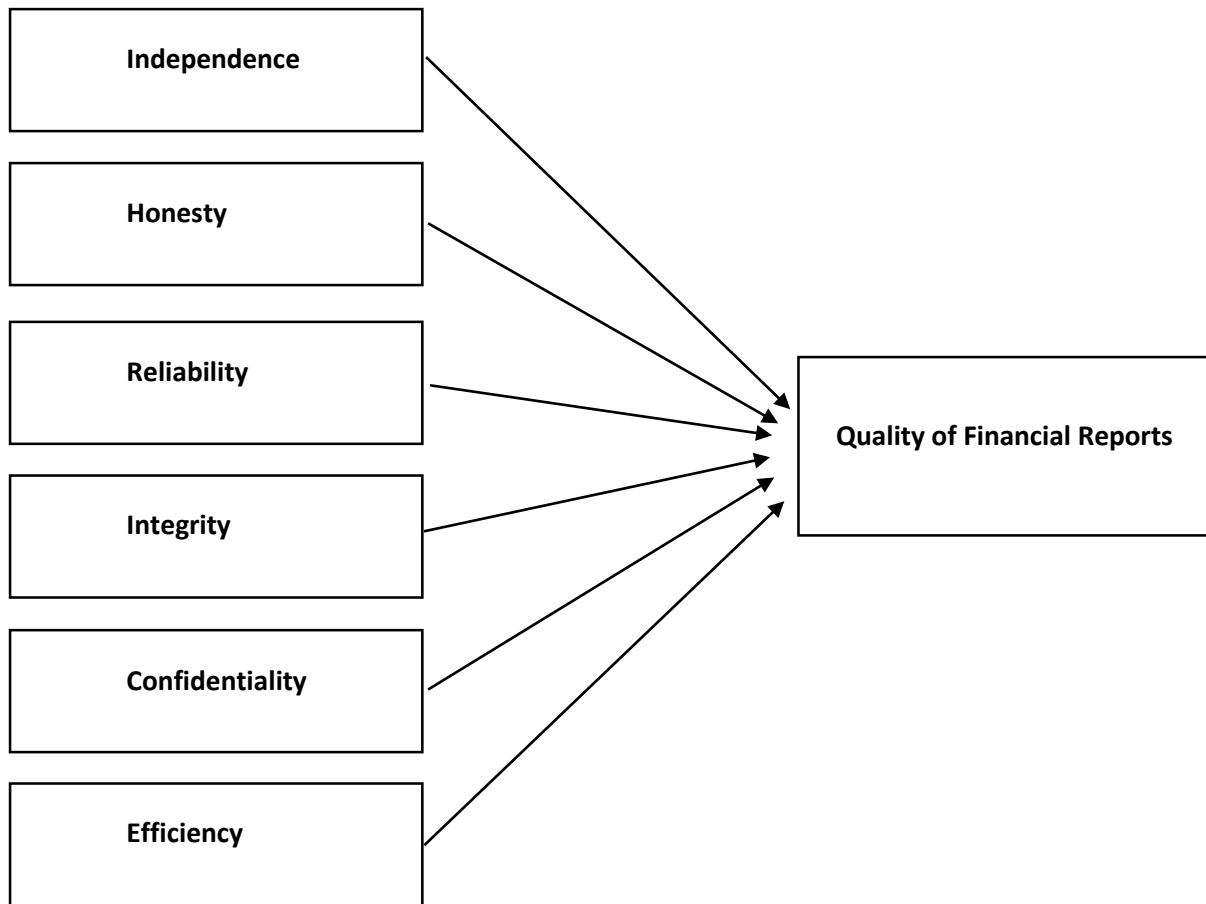
### **3.4 Statistical Approach**

The measurement of variables in this study requires using quantitative research approach. This approach relies on the field descriptive approach through the collection of field data, which were gathered randomly through a questionnaire distributed to the sample of the study. Noting that the sample of the study is a group of external auditors in Palestine.

### **3.5 Research Model**

For statistical analysis, the researcher used SPSS v.26 program in order to analyze the primary quantitative data, and describe it accurately as stated in the study by (Eqbalifar, Talebnia & Vakilifard, 2022). The analysis was conducted constructively in four steps as follows:

- 1-** Validity and reliability: this section of the analysis shows the validity of the questionnaire, the data collected for financial analysis, as well as the extent to which these data can be generalized to the study population
- 2-** Descriptive statistics: this type of analysis shows the characteristics of the study sample and its precise description to obtain results achieve the objectives of the study
- 3-** Correlation analysis: this type of analysis shows the nature of the relationship between the independent and dependent variables, by knowing the strength of the interpretation of this relationship and also knowing the positive and negative relationships between them.
- 4-** Regression analysis: regression analysis shows the statistical significance ratio between the independent and dependent variables in order to answer and judge the hypotheses of the study.

**Figure 1. Study model.**

**Prepared by the researcher, (Nwafor & Amahalu, 2021), (Alsughayer, 2021)**

## **Chapter Four**

### **Data analysis and Results**

#### **4.1 Introduction**

This study aims to identify the impact of the external auditors' commitment to the rules of professional codes of conduct on the quality of financial reports. This section presents the main the data analysis and the main results of the study, which were collected using descriptive statistics, correlation and multiple regressions.

#### **4.2 Respondents Characteristics**

**Table 3 shows the** demographic analysis and characteristics of the study sample. The results shows that the number of participants who have an age less than 25 years old was 23 (25% of total sample), the number of participants aged between 25 -35 years old is 54 (58.75 of total sample), 15 participants have an age range between 35-45 (16.25% of total sample). Regarding gender variable, the results shows that the number of male participants is 45 (48.9%), and the number of female participants is 47 (51.1%). As for the variable of education, the number of responses from bachelor's holders reached (57 responses/ 62%), while the number of answers of master's holders reached (35 responses/ 38%). Regarding the experience variable, the results analysis shows that total number of 26 participants (28.3%) have experience of less than 5 years, the number of participants who have experience of 5 -10 years is 55 (59.8%), and years and the number of participants who have experience of 10-15 years is 11 (12%). Asking about income per month, 16 participants (17.4%) gain an income of less than \$999, 54 (58.7%), and 22 participants (23.9%) gain an income between \$1999 and less than \$3,000. Regarding the audit firm where the sample of the study works, the results shows that the number of participants who work for local audit companies is 21 (22.8%), whereas the rest participants 71 (77.2%). Finally, the number of participants who work in a job title as an auditor assistant is 21 (22.8%), the number of participants working in

a job title as a senior auditor is 27 (29.3%), the number of participants who carry a job title of chief auditor is 35 (38%), and the number of participants who carry a job title of chief of party (manager) is 9 (9.8%).

Based on the above data analysis, the majority of participants are female of an age ranges between 25 and less than 35 years old. Most of the participants have bachelor degree, and work experience of the majority of the study sample is between 5 and less than 10 years; with income ranges between \$1,000 and less than \$2,000. Besides, the majority of the participants work for international companies (Big 4), where most of them carry the position of principal auditor.

**Table (3) Characteristics of the study sample**

<b>No.</b>	<b>Demographic factor</b>	<b>Type</b>	<b>Frequencies</b>	<b>Percent</b>
<b>F1</b>	<b>Age</b>	Less than 25 years old	23	25.0
		From 25 - less than 35 years old	54	58.7
		From 35 - less than 45 years old	15	16.3
<b>F2</b>	<b>Gender</b>	Male	45	48.9
		Female	47	51.1
<b>F3</b>	<b>Education</b>	BA	57	62.0
		Graduate Studies	35	38.0
<b>F4</b>	<b>Experience</b>	Less than 5 years old	26	28.3
		From 5 - less than 10 years	55	59.8
		From 10 - less than 15 years	11	12.0
<b>F5</b>	<b>Salary</b>	Less than 999\$	16	17.4
		More than 1000\$ and less than 1999\$	54	58.7
		More than 2000\$ and less than 3000\$	22	23.9
<b>F6</b>	<b>Type of Audit firm</b>	Local	21	22.8
		International	71	77.2
<b>F7</b>	<b>Position</b>	Assistant Auditor	21	22.8
		Senior Auditor	27	29.3
		Principal Auditor	35	38.0
		Audit Manager	9	9.8

### 4.3 Descriptive Statistics of Compliance to the Codes of Conduct

The rules of professional code of conduct form one of the important controls that govern the work of external auditors in the world, and the case is applied on auditors in Palestine. There are several standards that were stipulated based on the international code of professional conduct; those standards are independence, honesty, reliability, integrity, confidentiality and efficiency.

#### 4.3.1 Descriptive Statistics of Independence

Table (4) The descriptive statistics of independence

No.	Paragraph	Mean	Std. Deviation	Rank	Level
1	The External Auditor is independent and impartial when preparing the report.	6.0326	.73307	86.18	Very high
2	The auditor is obliged to provide independent and impartial information to the stakeholders in order to ensure the continuity of the company.	5.7935	.87125	82.76	Very high
3	The auditor is committed to impartiality and impartiality in the performance of audit work and avoids bias.	5.7065	.84565	81.52	Very high
4	The auditor is careful in detecting errors when auditing financial statements.	5.6196	.89985	80.28	Very high
5	The auditor tries to avoid personal relationships with the companies whose business and activities he audits.	5.5978	.83941	79.96	high
6	The auditor is not affected by conflicts	5.2283	1.25884	74.69	high

	of interest in companies, whether for personal, financial or functional motives.				
	<b>Average</b>	5.6630	.62115	80.90	Very high

According to the data in Table (4), the degree of response in the independence code is between high and very high, as the percentages ranged from (74.69%) in paragraph No. 6 to (86.18%) in paragraph No. 1, whilst the total degree reached (80.90%). This indicates that auditors in Palestine are committed to the independence of 80.90%, and the degree of their commitment is very high.

#### 4.3.2 Descriptive Statistics of Honesty

**Table (5) The descriptive statistics of honesty**

No.	Paragraph	Mean	Std. Deviation	Rank	Level
7	The auditor is obliged to be honest in his work to be reliable in the performance of his professional duties.	5.9022	.83941	84.31	Very high
8	The auditor adheres to the International Accounting Standards with all honesty.	5.8152	.79738	83.07	Very high
9	The auditor does not use any negative indicators that affect his integrity, such as requiring excessive accounting fees.	5.6196	1.01464	80.28	Very high
10	The auditor has a high ability to be free from external unprofessional pressures that affect honesty in the performance	5.4674	.84452	78.10	high

	of his business.				
	<b>Average</b>	5.7011	.69262	81.44	Very high

According to the data in Table (5), the degree of response in the honesty variable is between high and very high, as the percentages in it ranged from (78.10%) in paragraph No. 10 to (84.31%) in paragraph No. 7. Whilst the total degree is (81.44%). This ensures that the external auditors in Palestine are committed to honesty by 81.44%, which is considered very high.

### 4.3.3 Descriptive Statistics of Reliability

**Table (6) The descriptive statistics of Reliability**

No.	Paragraph	Mean	Std. Deviation	Rank	Level
11	The auditor is obliged to the information issued by him when auditing and fixing it without any change.	5.7065	.80572	81.52	Very high
12	The external auditor has high Reliability when providing information about his work.	5.6413	.88431	80.59	Very high
13	The auditor has high Reliability in the information contained in the financial report and meets the needs of the audited company.	5.6196	.95896	80.28	Very high
14	The ability of the auditor to show defects and errors and their positions	5.5109	.94339	78.72	high

	and to address them with high credibility.				
	<b>Average</b>	5.6196	.68388	80.28	Very high

The data in Table No. (6) show that the degree of response in the reliability variable was between high and very high, with percentages ranging from (78.72%) in paragraph No. 14 to (81.52%) in paragraph No. 11; while the total degree reached (80.28%). This means that external auditors in Palestine are committed to the principle of reliability by 80.28%, which is a very high indicator.

#### 4.3.4 Descriptive Statistics of Integrity

**Table (7) The descriptive statistics of integrity.**

No.	Paragraph	Mean	Std. Deviation	Rank	Level
15	Integrity and transparency are a key factor in the rules of professional conduct of the audit profession.	5.9022	.78530	84.31	Very high
16	The ability of the external auditor to provide the necessary information to the company with high transparency and in a timely manner.	5.8913	.83148	84.16	Very high
17	High transparency of the auditor in submitting his report without pressure from stakeholders.	5.7717	.89077	82.45	Very high
	<b>Average</b>	5.8551	.75480	83.64	Very high

The data in Table No. (7) show that the degree of response in the integrity variable was very high, with percentages ranging from (82.45%) in paragraph No. 17 to (84.31%) in paragraph No. 15, whilst the total degree reached (83.64%). This indicates that the external auditors in Palestine are committed to transparency by 83.64%, which is a very high indicator.

#### 4.3.5 Descriptive Statistics of Confidentiality

**Table (8) The descriptive statistics of confidentiality**

<b>No.</b>	<b>Paragraph</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Rank</b>	<b>Level</b>
<b>18</b>	The external auditor is obliged to respect the confidentiality of the information he obtains from companies for the purpose of auditing.	5.9348	.91152	84.78	Very high
<b>19</b>	The auditor does not use the information he obtains to achieve personal goals or provide it in third ways.	5.8587	.98986	83.69	Very high
<b>20</b>	The auditor shall enjoy strict confidentiality when providing information to the relevant parties.	5.8587	.83313	83.69	Very high
<b>21</b>	The auditor shall not publish any information about the audited company unless the consent of all relevant parties.	5.6196	1.00376	80.28	Very high
	<b>Average</b>	5.8179	.82800	83.11	Very high

The data in Table No. (8) show that the degree of response in the confidentiality variable is very high, with percentages ranging from (80.28%) in paragraph No. 21 to (84.78%) in paragraph No. 18. The total degree reaches up to (83.11%). This means that external auditors in Palestine adhere to confidentiality by 83.11% during the audit process, which is considered a very high indicator.

#### 4.3.6 Descriptive Statistics of Efficiency

**Table (9) The descriptive statistics of efficiency**

<b>No.</b>	<b>Paragraph</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Rank</b>	<b>Level</b>
<b>22</b>	Audit firms have high professional competencies capable of advancing the audit profession and maintaining the Code of Professional Conduct.	5.7174	.86857	81.67	Very high
<b>23</b>	Audit firms offer their employees audit courses that keep pace with new developments in the external audit profession.	5.6413	.94441	80.59	Very high
<b>24</b>	The external auditor always strives to develop his performance in the audit profession.	5.6304	.93430	80.43	Very high
<b>25</b>	Audit firms have specialized professional competencies with appropriate scientific qualifications to carry out their work.	5.5761	.90461	79.65	high
	<b>Average</b>	5.6413	.80802	80.59	Very high

It is clear from the data in Table No. (9) that the degree of response ranged between high and very high in the efficiency variable, as the percentages on it ranged from (79.65%) in paragraph 25 to (81.67%) in paragraph 22 and the total degree reached (80.59%), Therefore, the external auditors in Palestine adhere to the principle of efficiency by 80.59%, and this is a very high indicator.

### 4.3.6 Descriptive Statistics of Quality of Financial Reports

**Table (10) The descriptive statistics of quality of financial reports**

<b>No.</b>	<b>Paragraph</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Rank</b>	<b>Level</b>
<b>26</b>	Financial reports are submitted within the framework of professional ethics and codes of professional conduct.	5.7500	.82041	82.14	Very high
<b>27</b>	All financial statements and explanations are clear and understandable to users of financial reports.	5.6739	.75751	81.05	Very high
<b>28</b>	Financial reports are comparable to competitors.	5.6739	.82687	81.05	Very high
<b>29</b>	Financial reporting is submitted as a result of skills and knowledge associated with professional ethics and codes of professional conduct.	5.6522	.76222	80.74	Very high
<b>30</b>	Financial reports are neutral and impartial.	5.6304	.79445	80.43	Very high
<b>31</b>	International standards are adhered to when preparing financial reports.	5.6087	.90124	80.12	Very high
<b>32</b>	Financial reports contain non-financial information and clarifications such as items of	5.5652	.85555	79.50	high

	financial statements.				
<b>33</b>	Financial reports are fully disclosed without any lack of data.	5.5652	.91753	79.50	high
<b>34</b>	Positive and negative information is highlighted in financial reports.	5.5543	1.02028	79.34	high
<b>35</b>	Financial reports submitted by the auditor are comprehensive, efficient and effective.	5.5435	.73250	79.19	high
<b>36</b>	Financial reports are disclosed on time without delay.	5.3478	.80431	76.39	high
<b>37</b>	Financial reports help predict events or confirm forecasts.	5.2500	1.08562	75	high
	<b>Average</b>	5.5679	.55661	79.54	Very high

It is clear from the data in Table No. (10) that the degree of response is between high and very high in the variable of the quality of financial reports; as the percentages on it ranged from (75%) in paragraph No. 37 to (82.14%) in paragraph No. 26. The total percentage reached up to (79.54%). This means that the financial reports in Palestine have a quality of 79.54%, which is considered a high indicator.

#### 4.4 Reliability and Validity Analysis

**Table (11) Reliability and Validity results**

<b>Research variables</b>	<b># of items</b>	<b>Factor loading</b>	<b>AVE</b>	<b>Cronbach's alpha</b>	<b>Results</b>
Independence	6	0.948252	.614	0.758467	Pass
Honesty	4	0.950357	.673	0.797759	Pass
Reliability	4	0.929908	.701	0.755885	Pass
Integrity	3	0.932247	.605	0.885226	Pass
Confidentiality	4	0.946618	.677	0.906408	Pass
Efficiency	4	0.980057	.626	0.907336	Pass
Quality of financial reports	12	0.993353	.559	0.872506	Pass

Table 11 shows the results of the validity and reliability test for the variables of this study, and the results of the factor loading test indicate that all the averages of all items are higher than 50%. This means that the scale used in this study is valid, and the results also refer to the questionnaire's validity test, which is the Cronbach's alpha test. Cronbach's alpha test essentially describes the credibility of the questionnaire distributed to the study sample. This test indicates 0.60 as an acceptable percentage, and the result in all variables was greater than 0.60, with the value of alpha in the independence variable (0.75) and in the variable Honesty (0.79), reliability variable (0.75), integrity variable (0.88), confidentiality variable (0.90), efficiency variable (0.90), and financial reporting quality variable (0.87). This signifies that the questionnaire is highly reliable.

## 4.5 Correlation Analysis

**Table (12) The correlation model shows the relationship for the independent and dependent variables.**

Correlations								
		independence	Honesty	reliability	integrity	confidentiality	Efficiency	Quality_Of_Financial_Reports
Independence	Pearson Correlation	1	.711**	.655**	.414**	.480**	.447**	.599**
	Sig. (1-tailed)		.000	.000	.000	.000	.000	.000
Honesty	Pearson Correlation	.711**	1	.769**	.386**	.481**	.483**	.476**
	Sig. (1-tailed)	.000		.000	.000	.000	.000	.000
Reliability	Pearson Correlation	.655**	.769**	1	.545**	.625**	.596**	.496**
	Sig. (1-tailed)	.000	.000		.000	.000	.000	.000
Integrity	Pearson Correlation	.414**	.386**	.545**	1	.731**	.683**	.472**
	Sig. (1-tailed)	.000	.000	.000		.000	.000	.000
confidentiality	Pearson Correlation	.480**	.481**	.625**	.731**	1	.699**	.622**
	Sig. (1-tailed)	.000	.000	.000	.000		.000	.000
Efficiency	Pearson Correlation	.447**	.483**	.596**	.683**	.699**	1	.617**
	Sig. (1-tailed)	.000	.000	.000	.000	.000		.000
Quality_Of_Financial_Reports	Pearson Correlation	.599**	.476**	.496**	.472**	.622**	.617**	1
	Sig. (1-tailed)	.000	.000	.000	.000	.000	.000	

**\*\* Correlation is significant at the 0.01 level (1-tailed).**

Table No. (12) shows the correlation model for the independent and dependent variables. This analysis shows the strength of the relationship between the study variables and the direction of their signaled. The results reveal that all signs are positive in all study variables. The value of the correlation in the independence variable is 1, and the honesty variable is 0.711, which are greater than (0.7). This means that the result of the correlation is

strong. Whilst the correlation value in the reliability variable is 0.655, the integrity variable is 0.414, the confidentiality variable is 0.480, the efficiency variable is 0.447, and the quality of financial reports variable is 0.599. These results are between (0.4 to less than 0.7), which means that the value of the correlation coefficient is medium.

#### 4.6 Research Hypotheses Testing

**Table (13) The regression model shows the between the independent and dependent variables.**

		<b>Coefficients<sup>a</sup></b>					
Model		Unstandardized Coefficients		Standardized Coefficients	t	R Square	Sig.
		B	Std. Error	Beta			
1	(Constant)	1.887	.415		4.545	0.558591	.000
	Independence	.375	.096	.418	3.921		.000
	Honesty	-.009	.101	-.011	-.088		.930
	Reliability	-.109	.107	-.134	-1.019		.311
	Integrity	-.091	.084	-.123	-1.083		.282
	confidentiality	.238	.081	.355	2.934		.004
	Efficiency	.242	.077	.351	3.154		.002
<b>a. Dependent Variable: Quality_Of_Financial_Reports</b>							

**1- H1:** There is a positively and significant effect of independency on the quality of financial reports in Palestine.

The results reveal that the independence symbol has great significance and is positively related to the quality of financial reports. The beta coefficient is 0.375, which is less than the calculated t of 4.545, and the probability value (0.000), which is less than the 5% significance level. Hence, this finding supports H1, which concludes that a higher level of independence in an audit firm leads to a higher degree of quality of financial reporting, this result indicates that the higher independency between external auditors and audited companies lead to improve quality of financial reports. It worth mentioning that this result is consistent with studies by Temrabet, (2020); Lamba et al., (2020).

**H2:** There is a positively and significant effect of honesty on the quality of financial reports in Palestine.

The results reveal that the honesty symbol is not related to the quality of the financial reports, as the beta coefficient of -.009, which is greater than the calculated t of -.088, and the probability value (0.930), which is above the 5% significance level. Thus, this result supports H0, which concludes that there is no statistically significant effect of honesty on the quality of financial reports in Palestine, where this result did not agree with previous studies, and this reason is due to considering honesty as a principle and not as a main rule in the rules of professional conduct. (Melhem,2023).

**2- H3:** There is a positively and significant effect of reliability on the quality of financial reports in Palestine.

The results reveal that the reliability symbol is not related to the quality of the financial reports, as the beta coefficient of -.109; which is greater than the calculated t of -1.019, and the probability value (0.311); which is above the 5% significance level. Hence, this result

supports H0 that concludes that there is no statistically significant effect of reliability on the quality of financial reports in Palestine, where this result did not agree with previous studies, and this reason is due to considering reliability as a principle and not as a main rule in the rules of professional conduct. (Melhem,2023)

**3- H4:** There is a positively and significant effect of integrity on the quality of financial reports in Palestine.

The results reveal that the integrity symbol is not related to the quality of the financial reports, as the beta coefficient of  $-0.091$ ; which is greater than the calculated  $t$  of  $-1.083$ , and the probability value ( $0.282$ ); which is above the 5% significance level. Hence, this result supports H0, which concludes that there is no statistically significant effect of integrity on the quality of financial reports in Palestine, where this result did not agree with previous studies, and this reason is due to considering reliability as a principle and not as a main rule in the rules of professional conduct. (Melhem, 2023).

**4- H5:** There is a positively and significant effect of confidentiality on the quality of financial reports in Palestine.

The results reveal that the confidentiality symbol has great significance and is positively related to the quality of financial reports. The beta coefficient is  $.238$ ; which is less than the calculated of  $2.934$ , and the probability value ( $.004$ ); which is less than the 5% significance level. Thus, this finding supports H5, which concludes that a higher level of confidentiality in an audit firm leads to a higher degree of quality of financial reporting, this result indicates that the higher confidentiality between external auditors and audited companies lead to improve quality of financial reports. This result goes in the same vein with studies by Alwan & Samara (2013), Al-Motairy (2012), and Coco, Maren & Doma (2019).

- 5- **H6:** There is a positively and significant effect of efficiency on the quality of financial reports in Palestine.

The results reveal that the Efficiency symbol has great significance and is positively related to the quality of financial reports. The beta coefficient is .242; which is less than the calculated t of 3.154, and the probability value (.002); which is less than the 5% significance level. Hence, this finding supports H6, which concludes that a higher level of Efficiency in an audit firm leads to a higher degree of quality of financial reporting, this result indicates that the higher efficiency between external auditors and audited companies lead to improve quality of financial reports. The aforementioned result is consistent with studies by Alsughayer (2021), Nwafor & Amahalu (2021), Coco, Maren & -Doma (2019), and also Ardillah & Angelina (2021).

#### **4.7 Discussion of the Results**

The results of the study conclude that the external auditors in Palestine adhere to the rules of professional conduct, as well as the quality of financial reports in a percentage of 81.43%. This percentage is considered very high, and it is a good indicator for investors to build in the financial statements produced and supervised by external auditors. The results also conclude that there is a positive relationship between all study variables (independence, honesty, reliability, integrity, confidentiality, efficiency), and the quality of financial reports.

The independent code has a positive effect on the quality of financial reports, indicating that the independent auditors in Palestine support the quality of financial reports. This result is consistent with studies conducted by Temrabet (2020); Lamba, Seralurin, Lamba & Pattiasina, (2020); Al-motairy, (2012), Fan, Woodbine & Scully (2012), Coco, Maren & Doma (2019)-, and Alwan & Samara (-2013).

Similarly, confidentiality has a positive effect and a statistical significance on the quality of financial reports; auditors who are committed to confidentiality in Palestine support the quality of financial statements. This result is consistent with studies prepared by Alwan & Samara (2013), Al-motairy (2012), Coco, Maren & -Doma (2019) . Besides, the results show that the efficiency variable also has a positive effect and statistical significance on the quality of financial reports, which indicates that auditors who are committed to efficiency in Palestine support the quality of financial statements. This result is consistent with studies by Alsughayer (2021), Nwafor & Amahalu (2021), Coco, Maren & -Doma (2019), Al-motairy (2012), Alwan & Samara (2013), and Ardillah & Angelina (2021).

The study concludes that there is no statistical significance between each variable (honesty, reliability and integrity), with the quality of financial reports. Nonetheless, these results oppose the study conducted by Coco, Maren & Doma (2019), Al-Mutairi's study (2012), Alwan and Samara's study (2013), Al-Sagheer's study (2021), and Ardillah & Angelina's study (2021), in terms of the integrity variable.

## **Chapter 5**

### **Conclusion and Recommendations**

#### **5.1 Conclusion**

This study examines the compliance of the code of conduct on the quality of financial statements from the perspective of Palestinian external auditors. The primary data were collected using a survey questionnaire, which was distributed to 92 external auditors in Palestine. The researcher used three statistical approaches, namely, frequencies, correlation, and multiple regression. These approaches have been used to analyze the results and test the research hypotheses. Consequently, the following significant outcomes were obtained: It was found that there is a statistically significant effect between independence, confidentiality, and efficiency and the quality of financial reports, where the results also showed a very high commitment of auditors in Palestine to the rules of professional conduct that govern the audit profession in a calculated percentage of 81.66%. The results of the study also showed that there is a relationship between all variables of the study, and the quality of financial reports. However, there is no statistically significant relationship between honesty, reliability, and integrity and the quality of financial reports.

## 5.2 Recommendations

Based on the results obtained, the researcher makes several recommendations that would affect the reality of compliance of external auditors in Palestine with professional conduct rules, as well as their impact on the quality of financial reports.

- The researcher recommends the Association of Auditors to increase awareness and knowledge of auditors about the rules of professional conduct through holding necessary courses, and distributing updates of the Code of Professional Conduct to auditing companies.
- The audit firms operating in Palestine shall manage to achieve the highest level of compliance with the rules of professional conduct; noting that the results revealed that auditors lack approximately 20% of the true compliance.
- The researcher also recommends future researchers to conduct much more researches considering the issue of professional conduct rules for the auditing profession. This would raise the quality of financial reports; where the results showed that there is no statistical significance between honesty, reliability, and integrity and the quality of financial reports. Nonetheless, the concept of integrity, reliability, and honesty in the auditing profession are closely related. In other words, the process of auditing does not take place without these standards.
- Professional Codes of conduct are very important to produce high-quality financial reports. It can be said that these standards are very important for audit firms, and the researcher recommends keeping adhering to them, and to maintain increasing them.

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## Appendixes



**Arab American University**  
**College of Graduate Studies**  
**Administrative and Financial Sciences Department**  
**Accounting and Auditing**

## Questionnaire

**Dear Auditor,**

### **Greeting**

The researcher presents a study entitled "The impact of external auditors' compliance with the rules of professional conduct on the quality of financial reports" in order to obtain a master's degree in accounting and auditing from the Arab American University.

Conducting the study requires the distribution of a questionnaire, so I ask you to fill it out accurately and honestly, knowing that the information that will be obtained will be dealt with in complete integrity and confidentiality for the purpose of scientific research.

**Researcher: Mohab Hassoun**

**Phone :0598758090**

**E-mail:m.hassoun@student.aaup.edu**

### Section one: Personal Data

Variable	Answer
Age	(1) Less than 25 years old (2) From 25 - less than 35 years old (3) From 35 - less than 45 years old (4) Over 45 years old
Gender	(1) Male (2) Female
Education	(1) Diploma (2) Bachelor (3) Master's (4) PhD
Experience	(1) Less than 5 years old (2) From 5 - less than 10 years (3) From 10 - less than 15 years (4) More than 15 years
Income	(1) \$999 or less (2) From \$1,000 - to \$1999 (3) From 2,000 - to \$2999 (4) \$3,000 or more
Type of Audit Company	(1) Local (2) International
Position	(1) Assistant Auditor (2) Senior Auditor (3) Principal Auditor (4) Audit Manager

## Section two: Study Questions

Please put an (X) in front of the variable that you think is more appropriate from your point of view.

Num	paragraph	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
<b>Independence</b>								
1	The External Auditor is independent and impartial when preparing the report.							
2	The auditor is obliged to provide independent and impartial information to the stakeholders in order to ensure the continuity of the company.							
3	The auditor is committed to impartiality and impartiality in the performance of audit work and avoids bias.							
4	The auditor tries to avoid personal relationships with the companies whose business and activities he audits.							
5	The auditor is careful in detecting errors when auditing financial statements.							
6	The auditor is not affected by conflicts of interest in companies, whether for personal, financial or functional motives.							
<b>Honesty</b>								
7	The auditor is obliged to be honest in his work to be reliable in the performance of his professional duties.							
8	The auditor adheres to the International Accounting Standards with all honesty.							
9	The auditor does not use any negative indicators that affect his integrity, such as requiring excessive accounting fees.							
10	The auditor has a high ability to be free from external unprofessional pressures that affect honesty in the performance of his							

	business.							
<b>Reliability</b>								
11	The external auditor has high Reliability when providing information about his work.							
12	The auditor has high Reliability in the information contained in the financial report and meets the needs of the audited company.							
13	The ability of the auditor to show defects and errors and their positions and to address them with high credibility.							
14	The auditor is obliged to the information issued by him when auditing and fixing it without any change.							
<b>Integrity</b>								
15	Integrity and transparency are a key factor in the rules of professional conduct of the audit profession.							
16	The ability of the external auditor to provide the necessary information to the company with high transparency and in a timely manner.							
17	High transparency of the auditor in submitting his report without pressure from stakeholders.							
<b>Confidentiality</b>								
18	The auditor shall enjoy strict confidentiality when providing information to the relevant parties.							
19	The external auditor is obliged to respect the confidentiality of the information he obtains from companies for the purpose of auditing.							
20	The auditor does not use the information he obtains to achieve personal goals or provide it in third ways.							
21	The auditor shall not publish any information about the audited company unless the consent of all relevant							

	parties.							
<b>Efficiency</b>								
22	The external auditor always strives to develop his performance in the audit profession.							
23	Audit firms offer their employees audit courses that keep pace with new developments in the external audit profession.							
24	Audit firms have high professional competencies capable of advancing the audit profession and maintaining the Code of Professional Conduct.							
25	Audit firms have specialized professional competencies with appropriate scientific qualifications to carry out their work.							
<b>Quality of Financial Reports</b>								
26	Financial reports are disclosed on time without delay.							
27	Financial reports are fully disclosed without any lack of data.							
28	International standards are adhered to when preparing financial reports.							
29	Positive and negative information is highlighted in financial reports.							
30	All financial statements and explanations are clear and understandable to users of financial reports.							
31	Financial reports are comparable to competitors.							
32	Financial reports help predict events or confirm forecasts.							
33	Financial reports are neutral and impartial.							
34	Financial reports contain non-financial information and clarifications such as items of financial statements.							
35	Financial reports are submitted within the framework of professional ethics and codes of professional conduct.							
36	Financial reporting is submitted as a result of skills							

	<b>and knowledge associated with professional ethics and codes of professional conduct.</b>							
<b>37</b>	<b>Financial reports submitted by the auditor are comprehensive, efficient and effective.</b>							

## Factor loading per each question

Communalities		
	Initial	Extraction
The External Auditor is independent and impartial when preparing the report.	1.000	<b><u>.796</u></b>
The auditor is obliged to provide independent and impartial information to the stakeholders in order to ensure the continuity of the company.	1.000	<b>.797</b>
The auditor is committed to impartiality and impartiality in the performance of audit work and avoids bias.	1.000	.824
The auditor tries to avoid personal relationships with the companies whose business and activities he audits.	1.000	.669
The auditor is careful in detecting errors when auditing financial statements.	1.000	<b>.764</b>
The auditor is not affected by conflicts of interest in companies, whether for personal, financial or functional motives.	1.000	.790

The auditor is obliged to be honest in his work to be reliable in the performance of his professional duties.	1.000	.796
The auditor adheres to the International Accounting Standards with all honesty.	1.000	.798
The auditor does not use any negative indicators that affect his integrity, such as requiring excessive accounting fees.	1.000	.869
The auditor has a high ability to be free from external unprofessional pressures that affect honesty in the performance of his business.	1.000	.732
The external auditor has high credibility when providing information about his work.	1.000	.833
The auditor has high credibility in the information contained in the financial report and meets the needs of the audited company.	1.000	.831

The ability of the auditor to show defects and errors and their positions and to address them with high credibility.	1.000	.704
The auditor is obliged to the information issued by him when auditing and fixing it without any change.	1.000	.686
Integrity and transparency are a key factor in the rules of professional conduct of the audit profession.	1.000	.835
The ability of the external auditor to provide the necessary information to the company with high transparency and in a timely manner.	1.000	.810
High transparency of the auditor in submitting his report without pressure from stakeholders.	1.000	.781
The auditor shall enjoy strict confidentiality when providing information to the relevant parties.	1.000	.847

The external auditor is obliged to respect the confidentiality of the information he obtains from companies for the purpose of auditing.	1.000	.781
The auditor does not use the information he obtains to achieve personal goals or provide it in third ways.	1.000	.794
The auditor shall not publish any information about the audited company unless the consent of all relevant parties.	1.000	.711
The external auditor always strives to develop his performance in the audit profession.	1.000	.742
Audit firms offer their employees audit courses that keep pace with new developments in the external audit profession.	1.000	.875
Audit firms have high professional competencies capable of advancing the audit profession and maintaining the Code of Professional Conduct.	1.000	.815

Audit firms have specialized professional competencies with appropriate scientific qualifications to carry out their work.	1.000	.776
Financial reports are disclosed on time without delay.	1.000	.828
Financial reports are fully disclosed without any lack of data.	1.000	.786
International standards are adhered to when preparing financial reports.	1.000	<b>.742</b>
Positive and negative information is highlighted in financial reports.	1.000	<b>.783</b>
All financial statements and explanations are clear and understandable to users of financial reports.	1.000	<b>.778</b>
Financial reports are comparable to competitors.	1.000	<b>.771</b>
Financial reports help predict events or confirm forecasts.	1.000	<b>.854</b>
Financial reports are neutral and impartial.	1.000	<b>.698</b>

Financial reports contain non-financial information and clarifications such as items of financial statements.	1.000	<b>.766</b>
Financial reports are submitted within the framework of professional ethics and codes of professional conduct.	1.000	<b>.812</b>
Financial reporting is submitted as a result of skills and knowledge associated with professional ethics and codes of professional conduct.	1.000	<b>.839</b>
Financial reports submitted by the auditor are comprehensive, efficient and effective.	1.000	<b>.615</b>
independence	1.000	.948
Honesty	1.000	.950
reliability	1.000	.930
integrity	1.000	.932
confidentiality	1.000	.947
Efficiency	1.000	.980
Quality_Of_Financial_Reports	1.000	.993
all_Variables	1.000	.998

Extraction Method: Principal Component Analysis.

بسم الله الرحمن الرحيم



الجامعة العربية الأمريكية  
كلية الدراسات العليا  
كلية العلوم الإدارية والمالية  
تخصص المحاسبة والتدقيق

استبيان

السيدة/ة المدقق/ة المحترم/ة..

السلام عليكم ورحمة الله وبركاته

يقدم الباحث دراسة بعنوان " أثر امتثال مدققي الحسابات الخارجيين بقواعد السلوك المهني على جودة التقارير المالية " من أجل الحصول على درجة الماجستير في المحاسبة والتدقيق من الجامعة العربية الأمريكية .

ويتطلب إجراء الدراسة توزيع استبيان ، لذا أرجو منك تعينتها بكل دقة وأمانة ، علما ان المعلومات التي سيتم الحصول عليها سيتم التعامل معها بكل نزاهة وسرية تامة لغاية البحث العلمي.

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القسم الأول : البيانات الشخصية

المتغير	الاجابة
العمر	(1) أقل من 25 عام (2) من 25-35 أقل من 35 (3) من 35-45 أقل من 45 (4) اكبر من 45 عام
الجنس	(1) ذكر (2) أنثى
الدرجة العلمية	(1) دبلوم (2) بكالوريوس (3) ماجستير (4) دكتوراه
سنوات الخبرة	(1) أقل من 5 سنوات (2) من 5-10 أقل من 10 سنوات (3) من 10-15 أقل من 15 سنة (4) أكثر من 15 سنة
الدخل الشهري	(1) 999 دولار أو أقل (2) من 1000 – الى 1999 دولار (3) من 2000- الى 2999 دولار (4) 3000 دولار او أكثر
نوع مكتب التدقيق	(1) محلي (2) دولي
المسمى الوظيفي	(1) مساعد مدقق (2) مدقق أول (3) مدقق رئيسي (4) مدير تدقيق

## القسم الثاني : أسئلة الدراسة

يرجى وضع إشارة (X) أمام المتغير الذي تعتقد أنه أكثر ملاءمة من وجهه نظرك.

معارض بشدة	معارض	معارض الى حد ما	محايد	موافق الى حد ما	موافق	موافق بشدة	الفقرات	الرقم
<b>الاستقلالية</b>								<b>المجال</b>
							يمتاز مدقق الحسابات الخارجي بالاستقلالية والحيادية عند اعداد التقرير.	1
							يلتزم المدقق في تقديم معلومات مستقلة وحيادية الى اصحاب المصالح من أجل ضمان استمرارية الشركة.	2
							يلتزم المدقق بالتجرد والحيادية في تأدية أعمال التدقيق ويتعد عن التحيز.	3
							يحاول المدقق تجنب العلاقات الشخصية مع الشركات التي يدقق اعمالها ونشاطاتها.	4
							يهتم المدقق بشكل دقيق في اكتشاف الاخطاء عند تدقيق البيانات المالية.	5
							لا يتأثر المدقق بتضارب المصالح في الشركات سواء كانت لدوافع شخصية او مالية او وظيفية .	6
<b>الأمانة والاستقامة</b>								<b>المجال</b>
							يلتزم المدقق بالامانة في اعماله بان يكون موثوقا به في اداء واجباته المهنية.	7
							يلتزم مدقق الحسابات بالمعايير المحاسبية الدولية بكل أمانة.	8
							لا يستخدم مدقق الحسابات اي مؤشرات سلبية تؤثر على استقامته مثل ان يشترط اتعاب محاسبية مبالغ فيها.	9
							لدى مدقق الحسابات قدرة عالية على التحرر من الضغوطات الخارجية اللامهنية التي تؤثر على الامانة في اداء اعماله.	10
<b>المصداقية</b>								<b>المجال</b>
							يتمتع المدقق الخارجي بمصداقية عالية عند تقديم المعلومات الخاصة بعمله .	11
							لدى المدقق مصداقية عالية في المعلومات الواردة في التقرير المالي وتلبي احتياجات الشركة المدقق عليها.	12
							قدرة المدقق على اظهار العيوب والاطفاء ومواجهتها والقيام بمعالجتها بمصداقية عالية .	13
							يلتزم المدقق بالمعلومات الصادرة عنه عند التدقيق والثبات عليها دون اي تغيير.	14
<b>النزاهة والشفافية</b>								<b>المجال</b>
							تعد النزاهة والشفافية عاملا أساسيا في قواعد السلوك المهني لمهنة التدقيق.	15

						قدرة المدقق الخارجي على تقديم المعلومات اللازمة للشركة بشفافية عالية وفي الوقت المناسب.	16
						الشفافية العالية لدى مدقق الحسابات في تقديم تقريره دون ضغوطات من اصحاب المصالح.	17
<b>السرية</b>							<b>المجال</b>
						يتمتع مدقق الحسابات بسرية تامة عند تقديم المعلومات للاطراف ذات العلاقة.	18
						يلتزم المدقق الخارجي باحترام سرية المعلومات التي يحصل عليها من الشركات بهدف التدقيق .	19
						لا يستخدم مدقق الحسابات المعلومات التي يحصل عليها في تحقيق اهداف شخصية او تقديمها لطرق ثالث.	20
						لا يقوم المدقق بنشر اي معلومات خاصة بالشركة المدقق عليها الا بعد موافقة جميع الاطراف ذات العلاقة.	21
<b>الكفاءة المهنية</b>							<b>المجال</b>
						يسعى المدقق الخارجي دوما لتطوير ادائه في مهنة التدقيق .	22
						تقدم شركات التدقيق لموظفيها دورات خاصة بالتدقيق تواكب التطورات الجديدة في مهنة التدقيق الخارجي.	23
						لدى شركات التدقيق كفاءات مهنية عالية قادرة على النهوض بمهنة التدقيق والحفاظ على قواعد السلوك المهني .	24
						لدى شركات التدقيق كفاءات مهنية متخصصة ذات مؤهلات علمية مناسبة لتنفيذ أعمالها.	25
<b>جودة التقارير المالية</b>							<b>المجال</b>
						يتم الافصاح عن التقارير المالية في موعدها دون تاخير.	26
						يتم الافصاح عن التقارير المالية بشكل كامل دون اي نقص في البيانات.	27
						يتم الالتزام بالمعايير الدولية عند اعداد التقارير المالية.	28
						يتم تسليط الضوء على المعلومات الايجابية والسلبية في التقارير المالية .	29
						جميع البيانات المالية والايضاحات واضحة ومفهومة لمستخدمي التقارير المالية.	30
						التقارير المالية قابلة للمقارنة مع المنافسين.	31
						تساعد التقارير المالية على التنبؤ بالاحداث او تقوم بتأكيد التوقعات.	32

							التقارير المالية تتسم بالحيادية وعدم التحيز لجهة معينة .	33
							تحتوي التقارير المالية على معلومات وايضاحات غير مالية كبنود القوائم المالية.	34
							يتم تقديم التقارير المالية في اطار اخلاقيات المهنة وقواعد السلوك المهني.	35
							يتم تقديم التقارير المالية نتيجة المهارات والمعرفة المرتبطة باخلاقيات المهنة وقواعد السلوك المهني.	36
							تتصف التقارير المالية التي يتم تقديمها من قبل مدقق الحسابات بالشمولية والكفاءة والفاعلية.	37

## الملخص

الغرض من هذه الرسالة هو فحص أثر التزام المدققين الخارجيين بقواعد السلوك المهني على جودة التقارير المالية في فلسطين. تم استخدام المنهج الكمي للبحث العلمي للوصول إلى أهداف الدراسة وتم استخدام أداة الاستبيان لجمع البيانات اللازمة من عينة الدراسة المكونة من 92 مدققاً خارجياً من مجتمع الدراسة البالغ 267 مدققاً خارجياً، كما تم استخدام برنامج (spss) لتحليل البيانات والوصول إلى النتائج. خلصت الدراسة إلى وجود علاقة ذات دلالة إحصائية بين (الاستقلالية، السرية، الكفاءة) مع جودة التقارير المالية مع إشارة إيجابية للمتغيرات الثلاثة، كما أظهرت نتائج الدراسة عدم وجود دلالة إحصائية بين (الأمانة، المصداقية، النزاهة) مع جودة التقارير المالية. أوصت الدراسة بضرورة عمل نقابة المدققين الفلسطينيين على توعية المدققين الخارجيين من خلال إعداد دورات تتعلق بالتعريف بقواعد السلوك المهني والالتزام بها، كما أوصت الدراسة المدققين الخارجيين بضرورة زيادة مستوى الالتزام بقواعد السلوك المهني في فلسطين.

*الكلمات المفتاحية: الاستقلالية، الأمانة، المصداقية، النزاهة، السرية، والكفاءة.*

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- الحد المكاني: فلسطين - الضفة الغربية
- الحد الزمني: 2022
- الحد البشري: مدققي الحسابات الخارجيين

تم اجراء هذه الدراسة على مدققي الحسابات الخارجيين في فلسطين ومن الجدير بالذكر الأوضاع الصعبة التي تمر بها فلسطين في هذه الأيام من انقسام بين الضفة الغربية وقطاع غزة، وبسبب عدم القدرة الى الوصول الى مدققي الحسابات الخارجيين في قطاع غزة تم الاكتفاء بأخذ العينة كاملة من مدققي الحسابات الخارجيين في الضفة الغربية.