

The Impact of the Requirements of International Audit Standard No (300): Planning for Auditing Financial Statements on the Quality of the Audit Report

Khalil Abu Saleem¹

¹ Faculty of Business & Finance, The World Islamic Sciences & Education University (W.I.S.E), Amman, Jordan

Correspondence: Khalil Abu Saleem, Associate Professor, Faculty of Business & Finance, The World Islamic Sciences & Education University (W.I.S.E), Amman, Jordan.

Received: September 24, 2018

Accepted: October 20, 2018

Online Published: November 5, 2018

doi:10.5539/ijef.v10n12p19

URL: <https://doi.org/10.5539/ijef.v10n12p19>

Abstract

Purpose: This study aimed to demonstrate the impact of the requirements of the International Auditing Standard No. (300): Planning the auditing of financial statements on the quality of the report performed by the external auditor.

Design / Methodology / Approach: The descriptive statistical method was used, the data was collected through a questionnaire developed by the researcher, which targeted (113) individuals of the external auditors. The study included six axes, five of which were allocated to measure the impact of the requirements of the audit standard No. (300), while the sixth axis was devoted to measure the quality of the auditing report.

Results: The study found that there is a statistically significant relation with the requirements of the International Auditing Standard No. (300): Planning the auditing of financial statements on the quality of the report of the external auditor, where the axis of planning activities had the most significant impact on the quality of the audit report, while the additional considerations were less impactful in the auditing process.

Originality/ Value: According to the researcher knowledge, this study is considered as the first one which dealt with the variables of the study combined; this will provide a solid ground for researchers to motivate themselves to conduct further research and studies on these variables.

Keywords: audit report, report quality, ISA No (300)

1. Introduction

Auditing report is considered the final product of the external auditing process, it is a tool or a mean of communication through which the auditor can deliver the results of his audit and his assess of the evidence and express his professional opinion on the validity and integrity of the presentation of the financial statements at the end of the year to stakeholders in the entity, whether they are parties within the entity, such as the upper levels of management or external users such as owners, investors and others using financial statements, who are taking many decisions based on accounting information published in the financial statements and the audit report that the auditor has prepared.

There is no doubt that the International Audit Standard No. (300): Planning for auditing financial statements is considered the prime mover in practicing audit process, as it directs the auditor to develop an inclusive and effective strategy that includes a developed plan that helps him in performing the procedures of auditing and identifying the potential problems and finding the solution in appropriate time, regardless of the size and the complexity of the entity where the auditing takes place, since it is imperative for the auditor to develop a strategy to implement his duty within a time scheduled program that corresponds with the contracting period that at the end of this period, the final report about the financial statements should be prepared by the auditor.

1.1 Study Importance

The significance of the study emerges from the effective role played by the external auditor in presenting a quality report by expressing neutral technical opinion about the credibility, fairness and quality of the information contained in the financial statements, in order to meet the needs of the users of those statements, in addition to the statement of the impact of the International Audit Standard No. (300) in determining the degree of

the required quality of the external auditor in performing his duties for issuing a report characterized by a quality.

1.2 Study Problem

The study problem can be framed by the following main question:

Do the international auditing standard requirements (300): Planning for auditing the financial statements affect the quality of the audit report? The following questions stem from the main question:

- 1). Is there a statistically significant impact to involve key members in the auditing team in audit planning on the quality of the audit report?
- 2). Is there a statistically significant impact for the initial activities of the audit process on the quality of the audit report?
- 3). Is there a statistically significant impact for planning activities on the quality of the audit report?
- 4). Is there a statistically significant impact for documenting the audit process on the audit report quality?
- 5). Is there a statistically significant impact for the additional considerations in the initial auditing on the audit report quality?

1.3 Study Objectives

The study aims mainly to identify the impact of the requirements of the Auditing Standard No. (300): Planning for auditing financial statements on the quality of the audit report, in addition to identifying the main characteristics of the audit report and thus achieving the following sub-objectives:

- 1). Impact statement of involving the main members in the audit team in audit planning for the quality of audit report.
- 2). Impact statement of the initial audit activities on the quality of the audit report.
- 3). Impact statement of planning activities on the quality of the audit report.
- 4). Impact statement of documenting the audit process on the quality of the audit report.
- 5). Impact statement of the additional considerations on the initial auditing operations on the audit report quality.

1.4 Study Hypotheses

H0: There is no statistically significant impact for the requirements of the international auditing standard (300): Planning for auditing the financial statements on the quality of the audit report, and the following sub – hypotheses stems from the main hypothesis:

H01: There is no statistically significant impact to involve key members of the audit team in planning the audit process on the quality of the audit report.

H02: There is no statistically significant impact on the initial activities for the audit process on the quality of the audit report.

H03: There is no statistically significant impact for planning activities on the audit report quality.

H04: There is no statistically significant impact for documenting audit operations on the quality of audit report.

H05: There is no statistically significant impact for the additional considerations in the initial audit operations on the audit report quality.

1.5 Study Limitations

Every study has some limitations; one limitation of this study is the inability of the researcher to find previous studies related to the entire study variables, so the researcher has used studies related to some of the study variables.

1.6 Previous Studies

Based on study limitations, the researcher suggested using the studies related to some of the study variables as follows:

Author& Study title	Study objectives	Results
Haddad (2016), The importance of international auditing standards in determining the quality of the report of the external auditor.	The study aimed to show the importance of international auditing standards that are related in determining the quality of the external auditor's report, and whether the external auditors informed and understand the application of those standards, since the study indicated to the audit standard No. (220) (quality control for audit work), and the standard No. (500) (evidence) and the standard No. (700) (Auditor's report on the financial statements).	The study found several results, most important: The existence of a direct relation between the international auditing standards and the quality of the external auditor report, which gives importance to these standards in determining the quality of the report. It also concluded that most auditors did not comply with the international auditing standards, because they did not know their requirements, unless they apply them indirectly.
Nasman, (2014), Extent of Commitment by Auditing Firms to International Auditing Standard no. 300 (Planning for Auditing Financial Statements) to increase Professional Performance Sufficiency. (An Applied Study on Auditing Firms in Gaza Strip)	This study aims to identify extent of commitment by auditing firms to international auditing standard no. 300 (planning for auditing financial statements) and its impact on increasing professional performance sufficiency.	It found there is a commitment by auditing firm to international standard no. 300 upon planning to audit financial statements. Such thing happens upon involving main members in the audit planning process, doing primary activities related to auditing in terms of evaluating relation with the agent and extent of his commitment to ethical requirements, conducting required planning process for auditing, implementing documentation for planning and finally, doing necessary procedures for the additional considerations of primary auditing process.
Matarneh (2011), The Extent Compliance of Jordanian Auditors with International Auditing Standard no. (300) under Electronic Audit (Field Study).	The study aimed to identify the commitment of Jordanian auditors to the requirements of standard No. (300), as well as commitment of Jordanian auditors knowledge of the client, and the application of the materiality concept in the planning phase of the electronic auditing process.	The study found that there is a Commitment by the Jordanian auditors to the requirements of the international auditing standard no (300) under electronic audit, as well as the Jordanian auditors commitment of knowledge of the client under electronic audit.
(Al-Ramais (2011), The impact of using the entries of auditing for the computerized information accounting systems on the quality of external audit in Jordan	The study aimed to identify the impact of using the entries of auditing for the computerized information accounting systems on the quality of external audit in Jordan through a questionnaire that was distributed to auditors who practice auditing in Jordan.	The most important results which the study showed is the existence of a statistically significant impact of the independent variable of auditing using the computer and about the useful of computer on the quality of auditing, the researcher recommend to increase using auditing via the computer when auditing the computerized information accounting systems.
Jubran, (2010), Affecting factors on the quality of accounts' auditing from the point of view of certified accounts auditors in Yemen.	The study aimed to identify the factors affecting the quality of accounts auditing from the point view of accounts auditors in Yemen and come up with results and recommendations that contribute in developing and increasing the performance of the audit offices in Yemenis Republic.	The study found out that organizing the audit office, its personality, and fame, in addition to the relationship with customers affect positively on the accounts auditing quality, the study recommended that accounting and auditing offices should select accounts auditors of whom they have enough degree of appropriate qualification and adequate scientific experience.
Galeb (2009), The extent to which the auditors have complied with the audit planning process requirements in light of the International Audit Standard (300)	The study aimed at identifying the extent to which the auditors comply with the requirements of planning the audit process in light of the International Audit Standard (300), as well as the difficulties and obstacles that prevent them from applying the requirements of the standard.	The study concluded that accounts auditors realize the importance of planning the audit process in achieving the set objectives of auditing; they commit themselves with the requirements of planning the auditing process in light of the International Standard No. 300.
Al - Tuwajjri & Al - Na'abi, (2008), The quality of audit service: An analytical field study of the factors	This study investigates the auditors' perspectives on the factors that may have an effect on the quality of the audit service	It found that the strongest factors affecting audit quality from auditors' perception are: 1) auditors' experience in auditing, 2) objectivity when

affecting on it from the point of the view of auditors.	provided by accounting firms and also the factors that might influence the preference of an accounting office to another.	examining financial reports, 3) auditors' academic qualifications. The strongest factors influencing the preference between audit offices decision are: 1) previous relationship between the auditor and auditee, 2) audit fees, 3) audit firm's reputation.
Al-Nawaiseh, (2006), Factors Affecting Audit Quality (An Empirical Study from the Perspective of Jordanian Auditors)	The aim of this study is to analyze factors affecting audit quality from the perspective of Jordanian auditors. To achieve this aim, 2 questionnaires were designed and circulated by hand to a sample of auditors representing the Jordanian auditors. The first questionnaire consisted of 75 variables while the other consisted of 62 variables for analysis purposes. Descriptive statistical techniques were used in analyzing data and testing the hypotheses such as frequencies, percentages, standard deviation, means, and one – sample t- test. The effect of five independent variables had been studied.	The findings of the study indicate an agreement regarding the important role of audit quality with a percent of (80.20%), and the most effective variables were the factors associated with audit work team (74.4%), while the lowest effect was (64.6%) for variables concerning audit company organization. Based upon these results, a set of recommendations are to be considered by the Jordanian Association of Certified Public Accountants and the regulatory bodies in Jordan, and the auditors themselves, that are basically intended to improve the auditors' performance and to support them in their jobs.
Tepalagul & Lin, (2015), Auditor Independence and Audit Quality: A Literature Review	The study aim to presents a comprehensive review of academic research pertaining to auditor independence and audit quality. The researchers organized their review around four main threats to auditor independence, namely, (a) client importance, (b) non-audit services, (c) auditor tenure, and (d) client affiliation with audit firms.	The study founded for each of the threats discuss findings related to the incentives, perceptions, and behaviors of the auditor and the client, as well as the effects of each threat on the actual and perceived quality of audits and financial reports. the study concluded that the mixed evidence, together with recent regulatory changes, provides opportunities for future research on auditor independence and audit quality.
AL-Sharairi & AL-Zubi (2012), Factors Affecting the Quality of Jordanian Auditor's Report	The study aims to investigating factors affecting the quality of Jordanian auditor's report. It tries to clarify the effects of the auditing office, and nature of the company's activity on the quality of Jordanian auditor's report.	The study found that there is a statistically significant effect of the independent variable "Internal control system" on the quality of Jordanian auditor's report in the first place. There is a statistically significant effect of the independent variable "size of the auditing office" on the quality of Jordanian auditor's report in the second place.
Bani Khalid & AL-Sharairi, (2016), Impact of Applying Audit Process Planning related to the Effectiveness of Time Management in Light of International Standard of Auditing No. (300).	The study aimed to identify the impact of the audit process planning on the effectiveness of time management, a questionnaire has been designed for this purpose, distributed to (212) external auditors.	The study found a statistically significant impact for all independent variables on the effectiveness of time management, where the greatest impact for the variable of preparation of audit strategy.

1.7 What Distinguishes This Study from Previous Studies?

All previous studies mentioned in this study or not didn't try to link between the International Audit Standard Requirements No. (300) and the quality of the audit report, since most of these studies mentioned either the international audit standard requirements and audit, or the factors affecting the auditing quality in general, therefore, this study characterized that it linked the International Audit Standard Requirements No. (300) with the quality of audit report, therefore, according to the researcher's knowledge and due to his inability to find studies related to the study variables, so it can be considered one of the first studies in this field.

2. Theoretical Background

2.1 The Requirements of International Auditing Standard No. (300): Planning for Auditing Financial Statements

Audit Standard No. (300) deals with the liability of the auditor in planning to audit the financial data, this standard can be formulated in context of frequent audit operations, as well as identifying additional considerations in initial audit operations, planning the audit operation includes developing a comprehensive audit strategy for the operation and development of the audit plan, the goal of audit process planning is to be

performed in an effective manner.

Audit Standard No. (300): Planning to audit financial data includes five requirements that are (IFAC, 2013):

1). Involvement of Key Engagement Team Members

It represented by paragraphs no, (5, A4) of the standard, which stated as follows:

- (Para. 5): The engagement partner and other key members of the engagement team shall be involved in planning the audit, including planning and participating in the discussion among engagement team members.
- (Para. A4): The involvement of the engagement partner and other key members of the engagement team in planning the audit draw on their experience and insight, thereby enhancing the effectiveness and efficiency of the planning process.

2). Preliminary Engagement Activities

It represented by paragraphs no, (6, A5, A6, and A7) of the standard, which stated as follows:

- (Para. 6): The auditor shall undertake the following activities at the beginning of the current audit engagement:
 - (a) Performing procedures required by ISA 220 regarding the continuance of the client relationship and the specific audit engagement; 1
 - (b) Evaluating compliance with relevant ethical requirements, including independence, in accordance with ISA 220; 2 and
 - (c) Establishing an understanding of the terms of the engagement, as required by ISA 210.3 (Ref: Para. A5–A7)
- (Para. A5): Performing the preliminary engagement activities specified in paragraph 6 at the beginning of the current audit engagement assists the auditor in identifying and evaluating events or circumstances that may adversely affect the auditor's ability to plan and perform the audit engagement.
- (Para. A6): Performing these preliminary engagement activities enables the auditor to plan an audit engagement for which, for example:
 - The auditor maintains the necessary independence and ability to perform the engagement.
 - There are no issues with management integrity that may affect the auditor's willingness to continue the engagement.
 - There is no misunderstanding with the client as to the terms of the engagement.
- (Para. A7): The auditor's consideration of client continuance and relevant ethical requirements, including independence, occurs throughout the audit engagement as conditions and changes in circumstances occur. Performing initial procedures on both client continuance and evaluation of relevant ethical requirements (including independence) at the beginning of the current audit engagement means that they are completed prior to the performance of other significant activities for the current audit engagement. For continuing audit engagements, such initial procedures often occur shortly after (or in connection with) the completion of the previous audit.

3) Planning Activities

It represented by paragraphs no, (7 - 11, & A8 -A15) of the standard, which stated as follows:

- (Para. 7): The auditor shall establish an overall audit strategy that sets the scope, timing and direction of the audit, and that guides the development of the audit plan.
- (Para. 8): In establishing the overall audit strategy, the auditor shall:
 - (a) Identify the characteristics of the engagement that define its scope;
 - (b) Ascertain the reporting objectives of the engagement to plan the timing of the audit and the nature of the communications required;
 - (c) Consider the factors that, in the auditor's professional judgment, are significant in directing the engagement team's efforts;
 - (d) Consider the results of preliminary engagement activities and, where applicable, whether knowledge gained on other engagements performed by the engagement partner for the entity is relevant; and
 - (e) Ascertain the nature, timing and extent of resources
- (Para. 9): The auditor shall develop an audit plan that shall include a description of:

- (a) The nature, timing and extent of planned risk assessment procedures, as determined under ISA 315 (Revised).⁴
- (b) The nature, timing and extent of planned further audit procedures at the assertion level, as determined under ISA 330.5
- (c) Other planned audit procedures that are required to be carried out so that the engagement complies with ISAs. (Ref: Para. A12)
- (Para. 10): The auditor shall update and change the overall audit strategy and the audit plan as necessary during the course of the audit. (Ref: Para. A13)
 - (Para. 11): The auditor shall plan the nature, timing and extent of direction and supervision of engagement team members and the review of their work. (Ref: Para. A14–A15)
 - (Para. A8): The process of establishing the overall audit strategy assists the auditor to determine, subject to the completion of the auditor's risk assessment procedures, such matters as:
 - The resources to deploy for specific audit areas, such as the use of appropriately experienced team members for high risk areas or the involvement of experts on complex matters;
 - The amount of resources to allocate to specific audit areas, such as the number of team members assigned to observe the inventory count at material locations, the extent of review of other auditors' work in the case of group audits, or the audit budget in hours to allocate to high risk areas;
 - When these resources are to be deployed, such as whether at an interim audit stage or at key cutoff dates; and
 - How such resources are managed, directed and supervised, such as when team briefing and debriefing meetings are expected to be held, how engagement partner and manager reviews are expected to take place (for example, on-site or off
 - (Para. A9): The Appendix lists examples of considerations in establishing the overall audit strategy.
 - (Para. A10): Once the overall audit strategy has been established, an audit plan can be developed to address the various matters identified in the overall audit strategy, taking into account the need to achieve the audit objectives through the efficient use of the auditor's resources. The establishment of the overall audit strategy and the detailed audit plan are not necessarily discrete or sequential processes, but are closely inter-related since changes in one may result in consequential changes to the other.
 - (Para. A11): In audits of small entities, the entire audit may be conducted by a very small engagement team. Many audits of small entities involve the engagement partner (who may be a sole practitioner) working with one engagement team member (or without any engagement team members). With a smaller team, co-ordination of, and communication between, team members are easier. Establishing the overall audit strategy for the audit of a small entity need not be a complex or time-consuming exercise; it varies according to the size of the entity, the complexity of the audit, and the size of the engagement team. For example, a brief memorandum prepared at the completion of the previous audit, based on a review of the working papers and highlighting issues identified in the audit just completed, updated in the current period based on discussions with the owner-manager, can serve as the documented audit strategy for the
 - (Para. A12): The audit plan is more detailed than the overall audit strategy in that it includes the nature, timing and extent of audit procedures to be performed by engagement team members. Planning for these audit procedures takes place over the course of the audit as the audit plan for the engagement develops. For example, planning of the auditor's risk assessment procedures occurs early in the audit process. However, planning the nature, timing and extent of specific further audit procedures depends on the outcome of those risk assessment procedures. In addition, the auditor may begin the execution of further audit procedures for some classes of transactions, account balances and disclosures before planning all remaining further audit procedures.
 - (Para. A13): As a result of unexpected events, changes in conditions, or the audit evidence obtained from the results of audit procedures, the auditor may need to modify the overall audit strategy and audit plan and thereby the resulting planned nature, timing and extent of further audit procedures, based on the revised consideration of assessed risks. This may be the case when information comes to the auditor's attention that differs significantly from the information available when the auditor planned the audit procedures. For example, audit evidence obtained through the performance of substantive procedures may contradict the audit evidence obtained through tests of controls.
 - (Para. A14): The nature, timing and extent of the direction and supervision of engagement team members and

review of their work vary depending on many factors, including:

- The size and complexity of the entity.
- The area of the audit.
- The assessed risks of material misstatement (for example, an increase in the assessed risk of material misstatement for a given area of the audit ordinarily requires a corresponding increase in the extent and timeliness of direction and supervision of engagement team members, and a more detailed review of their work).
- The capabilities and competence of the individual team members performing the audit work.

- (Para. A15): If an audit is carried out entirely by the engagement partner, questions of direction and supervision of engagement team members and review of their work do not arise. In such cases, the engagement partner, having personally conducted all aspects of the work, will be aware of all material issues. Forming an objective view on the appropriateness of the judgments made in the course of the audit can present practical problems when the same individual also performs the entire audit. If particularly complex or unusual issues are involved, and the audit is performed by a sole practitioner, it may be desirable to consult with other suitably-experienced auditors or the auditor's professional body.

4) Documentation

It represented by paragraphs no, (12 & A16-A19) of the standard, which stated as follows:

- (Para. 12): The auditor shall include in the audit documentation:⁶

- (a) The overall audit strategy;
- (b) The audit plan; and

(c) Any significant changes made during the audit engagement to the overall audit strategy or the audit plan, and the reasons for such changes. (Ref: Para. A16–A19)

-(Para. A16): The documentation of the overall audit strategy is a record of the key decisions considered necessary to properly plan the audit and to communicate significant matters to the engagement team. For example, the auditor may summarize the overall audit strategy in the form of a memorandum that contains key decisions regarding the overall scope, timing and conduct of the audit.

- (Para. A17) The documentation of the audit plan is a record of the planned nature, timing and extent of risk assessment procedures and further audit procedures at the assertion level in response to the assessed risks. It also serves as a record of the proper planning of the audit procedures that can be reviewed and approved prior to their performance. The auditor may use standard audit programs or audit completion checklists, tailored as needed to reflect the particular engagement circumstances.

- (Para. A18): A record of the significant changes to the overall audit strategy and the audit plan, and resulting changes to the planned nature, timing and extent of audit procedures, explains why the significant changes were made, and the overall strategy and audit plan finally adopted for the audit. It also reflects the appropriate response to the significant changes occurring during the audit.

- (Para. A19): As discussed in paragraph A11, a suitable, brief memorandum may serve as the documented strategy for the audit of a smaller entity. For the audit plan, standard audit programs or checklists (see paragraph A17) drawn up on the assumption of few relevant control activities, as is likely to be the case in a smaller entity, may be used provided that they are tailored to the circumstances of the engagement, including the auditor's risk assessments.

5) Additional Considerations in Initial Audit Engagements

It represented by paragraphs no, (13, A20) of the standard which stated as follows:

- (Para. 13): The auditor shall undertake the following activities prior to starting an initial audit:

(a) Performing procedures required by ISA 220 regarding the acceptance of the client relationship and the specific audit engagement;⁷ and

(b) Communicating with the predecessor auditor, where there has been a change of auditors, in compliance with relevant ethical requirements.

- (Para. A20): The purpose and objective of planning the audit are the same whether the audit is an initial or recurring engagement. However, for an initial audit, the auditor may need to expand the planning activities because the auditor does not ordinarily have the previous experience with the entity that is considered when

planning recurring engagements. For an initial audit engagement, additional matters the auditor may consider in establishing the overall audit strategy and audit plan include the following:

- Unless prohibited by law or regulation, arrangements to be made with the predecessor auditor, for example, to review the predecessor auditor are working papers.
- Any major issues (including the application of accounting principles or of auditing and reporting standards) discussed with management in connection with the initial selection as auditor, the communication of these matters to those charged with governance and how these matters affect the overall audit strategy and audit plan.
- The audit procedures necessary to obtain sufficient appropriate audit evidence regarding opening balances.¹⁰
- Other procedures required by the firm's system of quality control for initial audit engagements (for example, the firm's system of quality control may require the involvement of another partner or senior individual to review the overall audit strategy prior to commencing significant audit procedures or to review reports prior to their issuance).

2.2 *The Quality of the Audit Report*

2.2.1 Audit Quality Concept

The audit quality concept attached with the concept of compulsory auditing, which means "The auditor capacity of discovering financial violations in applying the accounting system for the client and the capacity to register these irregularities in the report (De Angelo, 1981), as well as the quality of auditing accounts is an ongoing process, where several studies had emerged call for the necessity to determine the elements affecting the quality of accounts audit (Francis & Wilson, 1988; Palmrose, 1986; 1989), (Reisch, 2000) assured that researches and studies which address the quality of audit subject represent one of the important issues presented on the academic and applicable levels.

Audit quality is defined as the probability that the auditor will detect fraud in the accounting system of the auditor's client and present a report of such a fraud (De Angelo, 1981), it is also the accuracy of information provided by the auditor to investors, shareholders and beneficiaries of this report (Titman & Truman, 1986).

(Grumet, 2002) defined the quality of the external audit as "Ensuring that the desired performance is achieved in accordance with auditing standards, and ensuring the compliance with policies and specific procedures established that lead to the achievement of the required tasks of auditing, while (Scott & Pitman, 2005) see that the quality of the external auditing is considered an essential requirement for all users of the financial statements and beneficiaries of the audit profession.

2.2.2 Significance of Audit Quality

The importance of the audit quality lie in the fact that the external users of the financial statements expect a full quality of the audit process outputs, represented in the auditor's report because they depend on these statements in their decisions and in drawing their policies, so that the quality of auditing is a common interest for all parties benefiting from the audit process (Tayler & Glezen, 1996), therefore, the most important requirement of external audit is to increase the credibility of the financial reports issued by the auditor, and this is only fulfilled if the audit process characterized by quality.

2.2.3 Quality of Audit Report

There is no comprehensive and specific definition of the quality of the audit report, where the quality of the report is determined by the quality of the information contained in it; however, contemporary thinking of quality indicates the importance of focusing on the concept of flexibility of use and taking the users' views on its definition (Haddad, 2016).

Hence, the quality of audit report can be defined as "What the auditor's report characterized by transparency and good disclosure of information that reflects the real financial position and the realized and expected profits for the institution that is consistent with the goals and needs of existing and potential investors and others to rationalize their investment decisions" (Abdul Fattah, 2013).

(Ahmad, 2012) defined it as "The auditor's confidence presented to the users of the financial statements through his ability to obtain high quality of evidence that support his impartial professional opinion and it is therefore a measure of his ability to reduce the bias of the financial statements and increase their accuracy".

2.2.4 Audit Report Properties

The audit report has several characteristics: (Omaryouch, 2016), (Nour, 1992).

- 1). **Briefness:** The report should not be too long, and should not contain unconnected words or full of many details that will lose its cohesion.
- 2). **Clarity:** There should not be any ambiguity in the contents of the report so that data is clearly delivered.
- 3). **Importance:** The information included in the report should be of great importance for the beneficiary party and should eliminate irrelevant sentences.
- 4). **Correctness and Accuracy:** The information included in the report should be accurate, so that the concerned parties can benefit from that information.
- 5). **Cohesion & Coherence:** The sentences in the report should be linked and encourage the reader of the report to complete the report without distracting the ideas contained therein.
- 6). **Sincerity and Honesty:** The auditor should not be biased in his report to any of the parties, and the results should be made clear in sincerity and honesty.

3. Data and Methodology

This chapter describes the research methodology in this study. The chapter included the research questions and hypotheses, design of the study, population of the study, sample, and the instruments used in this study.

3.1 Study Population

The study population consists of the external auditors practicing auditing profession in Jordan, In order to achieve the objectives of the study, a purposive sample of 135 auditors was selected, 113 questionnaires were retrieved and thus the recovery rate was 84%.

3.2 Demographic Data

Table 1 shows the distribution of the study sample according to the demographic variables.

Table 1. Frequency distribution of demographic data

Variables	Measure	Frequency	Percentage
Career level	Partner	11	9.7%
	Manager	16	14.2%
	Supervisor	27	23.9%
	Senior Auditor	45	39.8%
	Junior Auditor	14	12.4%
	Total	113	100.0%
Qualification	Ph.D.	5	4.4%
	Master	33	29.2%
	Bachelor	75	66.4%
	Total	113	100.0%
Specialization	Accountancy	81	71.7%
	Finance and Banking	15	13.3%
	Finance Management	17	15%
	Total	113	100.0%
Experience	Less than 5 years	9	7.9%
	From 5 to < 10	28	24.8%
	From 10 to < 15	42	37.2%
	More than 15	34	30.1%
	Total	113	100.0%
Age	Less than 30 years	12	10.6%
	From 30 to 40	36	31.8%
	From 41 -50	47	41.6%
	More than 50	18	16%
	Total	113	100.0%

3.3 Study Tools

The researcher developed questionnaire to gather primary data from external auditors after returning to the theoretical literature, and earlier studies related such as (Nasman, 2014; Al-Sharairi & Al-Zubi, 2012; Al-Sharairi & Bani Khalid, 2016).

The survey consisted of (61) item represented the study variables, all items of the questionnaire were measured by a 5-point Likert scale with anchors ranging from 1=strongly disagree to 5=strongly agree.

Then the cells have been identified along the five Likert scale (lower and upper limits) as follows:

- Arithmetic average was considered normal (default) is the answer (3) and represents a “neutral.”
- The term has been calculated according to the following equation: higher weight minus the lowest weight range = $\leftarrow (5 - 1 = 4)$
- The division averages for answers to five degrees represent a degree of agreement (strongly agree, agree, neutral, disagree, and strongly disagree).
- The length of the cell was calculated according to the following equation: Range \div number of levels = length of the cell $4 \div 3 = 1.33$
- Added value of the length of the cell (1.33) to the beginning of the scale (the lowest value in the scale, namely, (1) to determine the upper limit for the first cell, and thus becomes the length of the cells as shown in Table (2):

Table 2. The length of the cells five Likert scale

Categories	Relative Importance
From (1.00) to less than (2.33)	Low
From (2.33) to less than (3.66)	Moderate
From (3.66) to (5.00)	High

3.4 Statistical Treatment

The study has analyzed collected data via Statistical Package for the Social Sciences (SPSS) and to achieve the objectives of this study as follows:

- 1) Frequencies and percentages: where it was used to describe the social data for the study sample of respondents.
- 2) Arithmetic average and standard deviation: where they were used to judge the response of the study sample on the variables of the study.
- 3) Cronbach alpha reliability coefficient and factor analysis in order to verify the reliability and validity of research tool.
- 4) Multicollinearity Test: To test the appropriateness of the study data to analyze the linear regression and scientific tests.
- 5) Multiple regression method: To measure the effect of the relationship between more than one independent variable and the dependent variable.
- 6) Stepwise & Multiple linear regression method: To compare the change in explanatory power of models by adding variables, in order to determine which variable.

3.5 Reliability Tests

To test the reliability of study tool, Cronbach's Alpha was used and the results revealed a Cronbach's alpha coefficient was (0.933) for all items, and values of (α) range (0.640 to 0.909), which refers the questionnaire is reliable. The values of (α) of the study variables of the study were as in Table 3:

Table 3. Reliability tests and data summary

Variable	No. of Items	Reliability Coefficient (α)
Involvement of Key Engagement Team Members.	7	0.781
Preliminary Engagement Activities	7	0.640
Planning Activities	19	0.765
Documentation	7	0.781
Additional Considerations in Initial Audit Engagements	7	0.728
The Requirements of International Audit Standards No (300): Planning for Auditing	47	0.909
Financial Statements		
Quality of Audit Report	14	0.847
General rate	61	0.933

4. Analysis of the Responses of the Study Sample Members

The responses of the sample were presented using statistical descriptive measures; the arithmetic means, standard deviations, grade and materiality were calculated.

4.1 The Requirements of International Audit Standards No (300)

1) Involvement of Key Engagement Team Members

Table 4. The arithmetic means, standard deviations and the materiality of the involvement of key engagement team members

Item No.	Paragraph	Means	Std. Dev.	Relative Important	Rank
1	Does the partner (Manager) conduct planning for the audit process only?	2.257	1.092	Low	7
2	Do the partner (Director) and the audit director conduct planning for audit process?	2.301	1.060	Low	6
3	Do the partner (Director), audit director and main auditor participate in planning for audit process?	2.310	1.103	Low	5
4	Do partner (Director), audit director, main auditor and auditor participate in planning for audit process?	3.336	0.969	Moderate	4
5	Does the audit team working in the audit company participate in planning for audit process?	3.796	0.888	High	1
6	Does members' participation of the audit team depend on their experience and expertise?	3.708	0.923	High	3
7	Does the participation of more experienced members can enhance the effectiveness of planning process?	3.735	0.926	High	2
General average		3.063	0.656	Moderate	

We note from table 4 that the overall scale level of the paragraphs of the engagement of the main members in the planning task was medium, where the general average reached (3.063) with a standard deviation of (0.656), the paragraph: (The audit team working in the auditing company participating in the planning of the audit process) came in the first rank with an arithmetic mean of (3.796) and with a relatively high significance, while the paragraph (The partner (manager) only plan the audit process) in the last rank with an arithmetic mean of (2.257) with a low relative significance.

2) Preliminary Engagement Activities

Table 5. The arithmetic means, standard deviations and the materiality of the preliminary engagement activities

Item No.	Paragraph	Means	Std. Dev.	Relative Important	Rank
8	The continuous relationship with the customer and the specific audit process are evaluated according to the International Audit Standard 220.	3.823	0.868	High	1
9	The compliance with ethical and independence requirements is evaluated to achieve an understanding of the terms of auditing.	3.814	0.872	High	2
10	Evaluate the integrity of the client when approving a new process with an existing customer.	3.796	0.956	High	3
11	Reassess the audit team that they have the necessary competencies and capabilities when approving a new process with an existing client.	3.752	0.829	High	4
12	The previous auditor is being contacted before commencing the audit process.	3.602	0.851	Moderate	5
13	The agreement of the appointment letter and study it carefully to know the nature and responsibilities of the auditor and to avoid any misunderstanding with the client.	2.283	1.122	Low	7
14	Determining the individual and the audit team requirements when start planning.	2.333	1.044	Low	6
General average		3.343	0.529	Moderate	

We note from table 5 that the overall scale level of the paragraphs of performing initial audit activities was medium, with a general average of (3.343) and a standard deviation of (0.529). The paragraph (The continuation of the relationship with the client and the audit process is evaluated in accordance with the international audit standard (220)) came in the first rank with an arithmetic mean of (3,823) and with a high relative significance, while the paragraph (Agreement on the letter of appointment and carefully studied to determine the auditor's

duties and responsibilities, in order to avoid misunderstanding with the client) came at the last rank with an arithmetic mean of (2.283) and with a relatively low significance.

3) Planning Activities

Table 6. The arithmetic means, standard deviations and the materiality of the planning activities

Item No.	Paragraph	Means	Std. Dev.	Relative Important	Rank
15	The auditor establishes a comprehensive audit strategy that describes the scope, timing and direction of auditing and provides guidance in developing the audit plan.	3.956	0.646	High	1
16	When developing the strategy, the auditor must take into account identifying the characteristics of the process, and showing its scope.	3.540	1.053	Moderate	11
17	When developing the strategy, the auditor should ensure reporting goals related to the participation for planning timing of auditing and the nature of required correspondence.	3.681	0.848	High	9
18	When developing the strategy, the auditor should consider studying the factors that are considered according to professional judgment is important in guiding the efforts of the process team.	3.938	0.759	High	2
19	When developing the strategy, the auditor should consider identifying the results of the initial activities of the process, and determine whether the knowledge gained from other processes performed for the entity by the business partner of the relevant process.	3.920	0.867	High	3
20	When developing the strategy, the auditor should make sure of the nature, timing and the extent of the necessary resources to perform the process.	3.363	1.044	Moderate	13
21	The auditor develops an audit plan that includes a statement of the nature, timing and scope of planned risk assessment procedures.	3.912	0.797	High	4
22	The audit plan should include a statement of the nature, timing and scope of the additional audit procedures planned at the confirmation level.	3.027	1.056	Moderate	15
23	Audit plan should include a statement for the other planned audit procedures to be implemented, so that the process complies with international standards of auditing.	3.867	0.987	High	5
24	The auditor updates and changes the overall audit strategy and audit plan as necessary during audit process.	2.265	1.035	Low	18
25	The auditor should plan for the nature, timing and scope of the direction, supervise and review the work of the team members.	2.788	1.073	Moderate	16
26	The process of developing a comprehensive audit strategy helps the auditor to identify resources to be used for specific audit areas, such as using team members with appropriate expertise in high risk areas or involving experts on complex issues.	3.823	1.011	High	6
27	The process of developing a comprehensive audit strategy helps the auditor to determine the amount of resources that will be allocated to specific audit areas, such as the number of concerned team members, and the expected time of the process.	3.673	1.271	High	10
28	The process of developing a comprehensive audit strategy helps the auditor to determine when these resources will be used, either in a phase-by-phase audit or on cut-off dates.	3.097	1.085	Moderate	14
29	A comprehensive audit strategy helps the auditor in determining how to manage these resources, direct and supervise them.	3.496	1.166	Moderate	12
30	Does the change in the audit strategy result in changes in the overall audit plan and vice versa as they are interrelated processes?	3.708	0.831	High	7
31	The audit plan is more detailed than the overall audit strategy because it includes the nature, timing and scope of the audit procedures to be performed by the team members.	3.690	0.917	High	8
32	Both the strategy and the audit plan are being modified, because of the unexpected events or changes in the circumstances or audit evidence obtained from the results of auditing procedures.	2.319	1.128	Low	17
33	The auditor modifies the nature, timing and scope of the resulting and planned additional auditing procedures, on the basis of the revised study of the assessed risks.	2.239	1.167	Low	19
	General average	3.384	0.437	Moderate	

We note from table 6 that the overall scale level of the paragraphs of carry out planning activities was medium, with general average of (3.384) and standard deviation of (0.437). The paragraph (Auditor sets out a comprehensive audit strategy that clarifies the scope, timing and direction of the audit and provides guidance in the development of the audit plan) came in the first place with an arithmetic mean of (3.956) with a high relative significance, while the paragraph: (The auditor adjusts the nature, timing and scope of the procedures of planned and additional auditing based on the adjusted risk study) came in the last place with an arithmetic mean of (2.239) with a low relative significance.

4) Documentation

Table 7. The arithmetic means, standard deviations and the materiality of the documentation

Item No.	Paragraph	Means	Std. Dev.	Relative Important	Rank
34	The auditor should include in the audit documents the overall audit strategy.	3.451	1.044	Moderate	4
35	The auditor should include the audit plan in the audit documents.	3.310	1.086	Moderate	5
36	The auditor should include in the audit documents any significant changes made during the audit of the overall audit strategy or audit plan.	3.743	0.729	High	2
37	The auditor documents and explains the reasons of changes that arise on the comprehensive audit strategy or audit plan during auditing process.	3.628	0.758	Moderate	3
38	The auditor summarizes the overall audit strategy in a form of a memorandum which contains the main decisions related to a general scope of auditing and its timing and behavior.	3.027	1.039	Moderate	6
39	The documents of the audit plan are a record for sound planning for audit procedures which can review and approve before its performance.	3.920	1.028	High	1
40	The auditor verifies in the audit plan a statement of the nature, timing and scope of the risk assessment procedures and additional audit procedures at the level of evidence in response to the assessed risks.	2.301	1.101	Low	7
	General average	3.340	0.523	Moderate	

We note from table 7 that the overall scale level of the paragraphs related to documentation was medium, with a general average of (3.340) and a standard deviation of (0.523). The paragraph (The audit plan documents are a record of the proper planning of audit procedures that can be reviewed and approved before they are performed) came in the first rank with an arithmetic mean of (3.920) and with a high relative significance, while the paragraph: (The auditor verifies in the audit plan a statement of the nature, timing, and the scope of risk assessment procedures and additional audit procedures at the level of evidence in response to assessed risk) came in the last rank with an arithmetic mean of (2.301) and with low relative significance.

5) Additional Considerations in Initial Audit Engagements

Table 8. The arithmetic means, standard deviations and the materiality of the additional considerations in initial audit engagements

Item No.	Paragraph	Means	Std. Dev.	Relative Important	Rank
41	When accepting a new client, the customer's position in the business community is assessed.	2.212	1.153	Low	7
42	When accepting a new client, the financial stability of the new client is assessed.	2.265	1.102	Low	6
43	Communicate with the previous auditor when a change occurs to the auditor.	3.248	0.987	Moderate	4
44	When accepting a new client, it must be ascertained whether the process team has the competence and capabilities to perform the new auditing process.	3.956	0.806	Moderate	1
45	When accepting a new client, the audit office reads the latest financial statements of the client, if any, and the previous auditor's report to obtain information related to the opening balances.	3.726	1.269	High	3
46	When accepting a new client, key issues with the client are discussed, such as the application of accounting principles and policies.	3.894	0.920	High	2
47	The nature of the client's activity (business, profit, public sector) is being understood until the appropriate financial reports are prepared.	3.080	1.070	Moderate	5
	General average	3.197	0.500	Moderate	

We note from table 8 that the overall scale level of the paragraphs related to the additional consideration paragraphs in the initial audit process was medium, with a general average of (3.197) and a standard deviation of (0.500). The paragraph (When accepting a new customer, we must make sure whether the process team has the competence and capacity to conduct the new audit process) came in the first rank with an arithmetic mean of (3.956) and with a relative high significance, while the paragraph (When accepting a new client, the position of the customer in the business community is being assessed) came in the last rank with an arithmetic mean of (2.212) and with low relative significance.

Table 9 presents a comparison of the requirements of the International Auditing Standard (300): Planning for auditing the financial statements, as follows:

Table 9. Arithmetic means, standard deviations and relative importance requirements of the International Auditing Standard (300): Planning for auditing the financial statements

Item No.	Independent variables	Means	Std. Dev.	Relative Important	Rank
1	Involvement of Key Engagement Team Members	3.063	0.656	Moderate	5
2	Preliminary Engagement Activities	3.340	0.529	Moderate	2
3	Planning Activities	3.384	0.437	Moderate	1
4	Documentation	3.340	0.523	Moderate	3
5	Additional Considerations in Initial Audit Engagements	3.197	0.500	Moderate	4
	The Requirements of International Audit Standards No (300):	3.265	0.454	Moderate	

The results of Table 9 indicate that the level of international auditing standard requirements (300): Planning for auditing the financial statements in terms of a medium relative significance, where the arithmetic mean reached (3.265) and with a standard deviation of (0.454), also the table showed that the requirement (carry out planning activities) came in first rank with a mean of (3.384) and standard deviation of (0.437), and with a medium relative significance, while the requirement (the involvement of key members in the planning task) ranked last with a mean of (3.063) and standard deviation of (0.656), and a medium relative significance.

4.2 The Quality of the Auditor's Report

Table 10. The arithmetical means, standard deviations and the relative significance for the paragraphs related to the quality of auditor's report

Item No.	Paragraph	Means	Std. Dev.	Relative Important	Rank
48	The certified public accountant report is brief.	2.770	1.203	Moderate	8
49	The certified public accountant report is clear.	2.065	1.210	Moderate	7
50	The certified public accountant report is important.	3.681	1.104	High	4
51	The certified public accountant report is characterized by sound and accuracy.	3.805	1.076	High	1
52	The certified public accountant report is interrelated.	2.681	1.241	Moderate	9
53	The certified public accountant report is characterized by honesty.	3.664	0.978	High	5
54	The certified public accountant report is clear and accurate.	3.690	1.127	High	3
55	The drafting of the report is commensurate with the level of user awareness.	2.168	0.653	Low	14
56	The certified public accountant is keen to clarify his procedures and the steps he wishes to make.	2.274	0.947	Low	13
57	The report is relevant for its predictive value of information and validation.	2.593	1.251	Moderate	10
58	The report is credible through truthfulness and fair representation of reality.	3.726	1.071	High	2
59	The certified public accountant is keen on homogeneity in the report.	2.310	0.955	Low	12
60	The certified public accountant is keen to include in the report what is useful to users.	2.327	1.056	Low	11
61	The certified public accountant is keen to release the report in the appropriate time for users.	3.212	1.184	Moderate	6
	General average	2.991	0.628	Moderate	

We note from table 10 that the overall scale level for the paragraphs related to the quality of the auditor's report was medium, where the general average reached (2.991) and with a standard deviation of (0.628). The paragraph (The certified public accountant report is characterized by accuracy and sincerity) came in the first ranked with

an arithmetic mean of (3.805) with a high relative significance, while the paragraph (The formulation of the report commensurate with the level of awareness of his users) came in the last rank with an arithmetic mean of (2.168) and with a low relative significance.

4.3 Multicollinearity Test

To test the appropriateness of the study data to analyze the linear regression and scientific tests, the multicollinearity was tested, this phenomenon indicates that there is an almost a linear correlation between two or more variables that make the coefficient of determination R^2 greater than its actual value, therefore, the Pearson correlation coefficient and the variance inflation coefficient of each variable were calculated according to the hypothesis being tested, the results were as follows:

Table 11. The correlation matrix for independent variables

Item No.	Independent variables	Involvement of Key Engagement Team Members	Preliminary Engagement Activities	Planning Activities	Documentation	Additional Considerations in Initial Audit Engagements
1	Involvement of Key Engagement Team Members	1.000				
2	Preliminary Engagement Activities	0.771**	1.000			
3	Planning Activities	0.679**	0.712**	1.000		
4	Documentation	0.579**	0.612**	0.685**	1.000	
5	Additional Considerations in Initial Audit Engagements	0.636**	0.666**	0.664**	0.687**	1.000

Note. (**) at a level of significance 0.01.

Table 11 shows that the highest correlation between the independent variables is (0.771) between the two variables (Engaging Key members of the planning task) and (Carry out the initial activities of the audit process), while all other correlation coefficient values are less than that, this indicates the absence of the phenomenon of multiple linear correlation between the independent variables, where correlation coefficient values are greater than (0.80), which is an indication that the sample suffers from the problem of high linear correlation of independent variables (Gujarati, 2004, 359).

To ensure that the sample is free from multiple correlation problem; the Variance Inflation Factor (VIF) was calculated in the independent variable dimension to ensure that there is no linear correlation between all independent variables, the results are as follows:

Table 12. Multiple correlation test results between independent variables

variable	Variance Inflation Factor (VIF)	Tolerance
Involvement of Key Engagement Team Members	2.777	0.360
Preliminary Engagement Activities	3.127	0.320
Planning Activities	2.740	0.365
Documentation	2.327	0.430
Additional Considerations in Initial Audit Engagements	2.458	0.407

Table 12 shows that the values of the variance inflation factor were all greater than number (1) and less than the number (10), and the Tolerance value was between (0.1) and (1), which confirms the absence of the problem of multiple linear correlation between all independent study variables (Gujarati, 2004, 253).

4.3 Hypotheses of the Study Test

Hypotheses of the study were subject to Stepwise & Multiple linear regression analysis, the results were as follows:

The Main Hypothesis H0:

There is no statistically significant impact of the requirements of the International Auditing Standard (300): Planning for auditing the financial statements on the quality of the audit report.

Table 13. Test results of the impact of the requirements of the International Audit Standard (300): Planning for auditing the financial statements on the quality of the auditor's report

Dependent variable	Model Summary		ANOVA		Coefficient				
	R	R ²	F	Sig F	Independent variables	B	Std. Err.	T	Sig t
The Quality of Audit Report	0.920	0.846	117.74	0.000	Involvement of Key Engagement Team Members	0.641	0.096	6.675	0.000
					Preliminary Engagement Activities	0.652	0.075	8.728	0.000
					Planning Activities	2.596	0.196	13.217	0.000
					Documentation	0.421	0.077	5.438	0.000
					Additional Considerations in Initial Audit Engagements	0.092	0.045	2.040	0.044

Note. * The impact is statistically significant at the level of ($\alpha \leq 0.05$).

The results of table 13 indicate that the correlation coefficient ($R = 0.920$) refers to the relationship between independent and dependent variables, and the impact of independent variables (requirements of the international audit standard (300): Planning for auditing the financial statements on the quality of the auditor's report) on the dependent variable (The quality of the audit report) is statistically significant, where the calculated value of (F) was (117.74), and at a significant level of (Sig=0.000) which is less than (0.05), where it appears that the value of the coefficient of selection ($R^2 = 0.846$), it points out that (84.6%) of the variance in the (quality of the auditor's report) can be explained by the variance in the (requirements of the international audit standard (300): Planning for auditing the financial statements on the quality of the auditor's report) combined.

The table of coefficients showed that the value (B) at the dimension of (involvement of key members in the planning task) has reached (0.641) and that (t) value is in (6.675), and at a significant level of (Sig=0.000), which is less than (0.05), which indicates that the impact of this dimension is significant. Accordingly, we reject the first null hypothesis and accept the alternative one: "There is a statistically significant impact of the involvement of key members of the audit team in planning the audit process on the quality of the audit report".

While the value (B) at the dimension of (Performing the initial activities of the audit process) has reached (0.652) and that (t) value has reached (8.728), at a significant level of (Sig=0.000), which is less than (0.05), indicating that the impact of this dimension is significant. Accordingly, we reject the second null hypothesis and accept the alternative one: "There is a statistically significant impact of the initial audit activities on the quality of the audit report".

The value of (B) at the dimension of (Performing planning activities) reached (2.596) and the (t) value has reached (13.217), and at a significant level of (Sig=0.000), which is less than (0.05), indicating that the impact of this dimension is significant. Accordingly, we reject the third null hypothesis and accept the alternative one: "There is a statistically significant impact of planning activities on the quality of the audit report".

While the (B) value at the dimension of (Authentication) has reached (0.421) and the (t) value has reached (5.438), at a significant level of (Sig=0.005), which is less than (0.05), indicating that the impact of this dimension is significant. Accordingly, we reject the fourth null hypothesis and accept the alternative one: "There is a statistically significance impact of documenting the audit process on the quality of the audit report".

The value of (B) at the dimension of (Additional considerations in the initial audit process) is (0.092) and the (t) value has reached (2.040), at a significant level of (Sig=0.044), which is less than (0.05), indicating that the impact of this dimension is significant. Accordingly, we reject the fifth null hypothesis and accept the alternative one: "There is a statistically significant impact of additional considerations in the initial audit processes on the quality of the audit report".

Based on the above, we reject the main null hypothesis and accept the alternative one:

"There is a statistically significant impact of the requirements of the International Standard on Auditing (300): Planning for auditing the financial statements on the quality of the audit report".

In order to determine which of the requirements of International Audit Standard (300): Planning for auditing the financial statements had the most significant impact on the quality of the auditor's report, the regression analysis was used and the result was as follows:

Table 14. Results of the regression analysis of the main hypothesis H0

Model	The Quality of Audit Report	B	Calculated (T) Value	Sig *	(R ²)	Calculated (F)Value	Sig *
First	Planning Activities	0.933	16.729	0.000	0.716	279.845	0.000
Second	Planning Activities	1.351	12.797	0.000	0.761	74.837	0.000
	Preliminary Engagement Activities	0.331	4.533	0.000			
	Planning Activities	1.836	12.551	0.000	0.797	143.054	0.000
Third	Preliminary Engagement Activities	0.421	5.976	0.000			
	Involvement of Key Engagement Team Members	0.448	4.448	0.000			
	Planning Activities	2.637	13.306	0.000	0.840	141.949	0.000
Fourth	Preliminary Engagement Activities	0.648	8.556	0.000			
	Involvement of Key Engagement Team Members	0.586	6.267	0.000			
	Documentation	0.422	5.374	0.000			
	Planning Activities	2.596	13.217	0.000	0.846	117.714	0.000
	Preliminary Engagement Activities	0.652	8.728	0.000			
Fifth	Involvement of Key Engagement Team Members	0.641	6.675	0.000			
	Documentation	0.421	5.438	0.000	0.044		
	Additional Considerations in Initial Audit Engagements	0.092	2.040	0.044			

Note. * The impact is statistically significant at level ($\alpha \leq 0.05$).

The results of the regression analysis show the order of variables' entry in the regression model which represents an impact to the requirements of the International Standard Audit (300): Planning for auditing financial statements on the quality of the auditor's report, which shows that (Performing planning activities) came in first place, and explained the percentage of (71.6%) of the variation in the dependent variable, and when adding (Conducting the initial activities of the audit process) in the second model, the proportion of interpretation increased to reach (76.1%), and the addition of (The involvement of key members in the planning task) has resulted to increase the rate of interpretation to (79.7%). While adding (Documentation) has led to the increase in the proportion of interpretation to (84.0%), while adding (Additional considerations in the initial audit process) resulted to access the proportion of interpretation to (84.6%). We note that the impact of all independent variables had a significant impact at the level of significance less than (0.05).

5. Results

Through hypothesis testing study, we found the following results:

- 1) There is a statistically significant impact of the requirements of International Audit Standard (300): Auditing the Financial Statements on the quality of the audit report.
- 2) Conducting planning activities have had an impact on the most prominent at the quality of the audit report, while additional considerations were included in the initial auditing were in last place.
- 3) The relative importance of the study variables were in the following order respectively: Perform planning activities, conducting initial auditing activities, involve key members in the planning task, documentation, additional considerations in the initial auditing.

References

- Abd Al-Aziz Al-Tuwaijri, & Hussein, M. Al-Na'abi. (2008). The quality of audit service: An analytical field study of the factors affecting on it from the point of the view of auditors. *Journal of King Abdulaziz University, Economics and Management*, 22(1), 210-255.
- Ahmad, N. (1992). Audit both theoretically and practically (p. 562). El Dar El Gamaya.
- Al-Ramais, E. (2011). *The Impact of Using Audit Entries for the Computerized Information Accounting Systems on the Quality of External Auditing in Jordan*. Unpublished Master theses, The Faculty of Business, Al-Albeit University, Jordan.
- Asma'a, H. (2016). *The Importance of the International Audit Standards in Determining the Quality of the External Auditor Report*. Unpublished Master theses, The Faculty of Economic and Commercial Sciences and Management Sciences, University of Biskra- Algeria.
- Boubaker, O. (2011). *The Role of External Auditor in Assessing Risks and Enhancing the Internal Control System for the Inventory Operations inside the Entity* (p. 55). Unpublished Master theses, In-depth financial and accounting studies, The Faculty of Economic and Commercial Sciences and Management Sciences, University of Farhat Abbas, Setif, Algeria.
- De Angelo, L. E. (1981). Auditor Size and Audit Quality. *Journal of Accounting and Economics*, 3(2), 183-199.

[https://doi.org/10.1016/0165-4101\(81\)90002-1](https://doi.org/10.1016/0165-4101(81)90002-1)

- Francis, J. R., & Wilson, E. R. (1988). Auditor Changes, A Joint Test of Theories Relating to Agency Costs and Auditor Differentiation. *The Accounting Review*, 663-682.
- Ghaleb, L. S. (2009). *The Extent of auditor's commitment with the requirements of auditing process planning in light of the International Audit Standard No. (300), a field study at the Republic of Yemen*. Unpublished Master theses, Al-Albeit University, Jordan.
- Ghassan, F. A. (2011). The Extent Compliance of Jordanian Auditors with International Auditing Standard no. (300) under Electronic Audit (Field Study). *Tishreen University Journal for Research and Scientific Studies -Economic and Legal Sciences Series*, 33(2).
- Gibran, M. (2010). *Factors that Affect the Quality of Accounts Auditing from the Legal Point of View of Accountants in Yemen* (pp. 1-47). The Twelve Seminar for Ways to Develop Accounting at the kingdom of Saudi Arabia, King Saud University.
- Grumet, L. (2002). Peer Review: Raising the Bar for Audit Quality. *The CPA Journal*, July, 9.
- Gujarati, D. N. (2004). *Basic Econometrics* (4th ed.). UNA, New York: McGraw Hill.
- IFAC. (2013). Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements, ISA, NO.300, Planning An Audit of Financial Statements.
- Jamal, A. A., & Al-Qaqa'a, K. A. (2012). Factors Affecting the Quality of Jordanian Auditor's Report. *Arab Journal of Management*, 32(2).
- Jamal, A. A., & Marei, B. K. (2016). Impact of Applying Audit Process Planning related to the Effectiveness of Time Management in Light of International Standard of Auditing No. (300). *Arab Journal of Management*, 36(1).
- Mohammad, I. A. (2006). Factors Affecting Audit Quality (An Empirical Study from the Perspective of Jordanian Auditors). *Jordan Journal of Business Administration*, 2(3), 390-415.
- Nopmanee, T., & Ling, L. (2015). Auditor Independence and Audit Quality: A Literature Review. *Journal of Accounting, Auditing & Finance*, 30(1), 101-121. <https://doi.org/10.1177/0148558X14544505>
- Palmrose, Z. (1986). Audit Fees and Auditor Size: Further Evidence. *Journal of Accountancy Research*, 24, 97-110. <https://doi.org/10.2307/2490806>
- Palmrose, Z. (1989). The Rotation of Audit Contract Type to Audit Fees and Hours. *The Accounting Review*, 64(3), 488-499.
- Reisch, J. T. (2000). Ideas for Future Research on Audit Quality. *The Auditor's Report*, 24(1), 1-5.
- Saeed, T. A. A. F. (2013). *The Relation of Committees Review Characteristics with the Quality of Financial Reports* (p. 64). Unpublished Master theses, Accounting, Factuality of Trading, University of Zagazig Egypt.
- Sameh, M. R. R. A. (2012). The impact of auditing quality on the earnings quality and its impacts on cash dividends of industrial Egyptian corporations. *Jordan Journal of Business Administration*, 8(4), 746.
- Scott, B. J., & Pitman, M. K. (2005). Auditors and Earnings Management. Retrieved from http://www.nysscpa.org/cpajournal/2005/0802/features/f085_002.htm
- Shaaban, I. S. N. (2014). *Extent of Commitment by Auditing Firms to International Auditing Standard no. 300 (Planning for Auditing Financial Statements) to increase Professional Performance Sufficiency*. Islamic University of Gaza.
- Tayler, D., & Glezen. (1996). Auditing: An Assertions Approach. Retrieved from <http://www.amazon.com/Auditing-Assertions-Approach-Donald-Taylor/dp/047113421X>
- Titman, S., & Trueman, B. (1986). Information Quality and the Valuation of New Issues. *Journal of Accounting and Economics*, 8(2), 159-172. [https://doi.org/10.1016/0165-4101\(86\)90016-9](https://doi.org/10.1016/0165-4101(86)90016-9)

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).