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[The role of the auditor in auditing the financial statements Analytical study in the office of financial suprvision]

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Abstract

This study aims at the important role of the auditor in auditing and improving the quality of the financial statements because it is a key tool in making decisions by the beneficiaries of them, which has a relationship with the quality of the financial reports issued by the auditor, the responsibility that falls on him, and the analytical procedures used to evaluate the internal control system For the institution, and this research came with the most important conclusions, the auditor's efficiency in auditing helps in improving the quality of the financial statements, through the recommendations made by the research, by taking professional care and adopting objectivity, independence and integrity in performing his profession and taking all necessary analytical .procedures to assess and reduce material deviations

Key terms for research / accounting audit , auditor, financial statements.
Research extracted from a master's thesis

Introduction

The audit profession aims to serve the community by providing individuals and all organizations and various parties with the useful and appropriate financial information they need in making their rational decisions. Therefore, the auditor should plan well for the audit process, in terms of studying and examining the control system of the facility and its organizational structure and identifying deviations, For the elements of the financial statements, where the auditor determines the size of the audit sample, Which should be characterized as representing the audited community as a whole. Therefore, the service should be provided by competent and impartial auditors, who practice their work objectively, efficiently and with integrity, to reassure all spectra of third parties. Thus, the research was divided into six sections. The first topic included the research methodology, while the second topic included the concept of the auditor, the third topic included the general framework for auditing, the fourth topic dealt with the concept of financial statements, and the fifth topic includes the practical side, while the sixth topic deals with conclusions and recommendations as follows:

First research : Research Methodology

1- Problem of search

The problem of the research stems from the fact that it examines the responsibility of auditors in detecting fraud and error, which occur in the financial statements, and to fulfill this responsibility Finance.

In light of this, the study problem revolves around the following questions:

1.1 . To what extent does accounting audit contribute to improving the quality of financial statements?
1-2 . What is the responsibility of the auditor in this regard?
1-3 . Does auditing the accounting information contained in the accounting lists meet the needs of its users in making their decisions.

2 - The importance of research:

The importance of research lies in the role of the auditor in the proper planning of the audit process, and taking analytical procedures as an effective tool to find appropriate solutions to errors and fundamental misrepresentations, efficiently and effectively, and expressing his neutral technical opinion in financial reports, honestly and fairness of the financial statements of the body subject to control, we will reach the intended goal.

3 - Research Objectives:

The current research aims to:

3-1. A statement of the auditor’s role in taking the necessary professional care, represented in evaluating the internal control system and whether it can be relied upon, and planning the audit process efficiently, in order to discover fraud and error, if any.

3-2. Statement of the role of analytical procedures and the importance of their application in the audit process and the extent of the auditor's dependence on the results of these procedures.

4 - Research Hypothesis:

4-1. There is a significant relationship between the efficiency and effectiveness of the auditor in good auditing, and knowledge of the company’s activity, to express an opinion on the accounting financial statements by the auditor.

4-2. The accounting information contained in the financial statements affects the preparation of financial reports.

5 - Sources of data and information collection:

5-1. The theoretical aspect of the research: the researcher relied on Arab and foreign sources, doctoral dissertations and dissertations, published research related to the subject of the research, and the Internet.

5-2. The practical aspect of the research: the researcher used the method of comparison, analysis and conclusion of the results, as she relied on the financial reports published and audited by the auditors of the Iraqi Company for Engineering Works (mixed contribution).

6- Limitations of Research:

The limits of the study were:

6-1. Spatial search limits: It was based on the auditors' reports published in the Iraqi Company for Engineering Works in the stock market.

6-2. Time limits of research: The financial statements of the company were selected as the research sample for the following years (2017, 2018, 2019, 2020).

The second topic: the theoretical side:

preamble:

The objective of the auditor profession is to enhance confidence in the audit profession and to highlight the aspects of professional responsibility entrusted to them. Therefore, the auditor should take the necessary analytical measures to reduce fraud and manipulation in the financial statements, express his neutral technical opinion on the financial reports, and communicate them to the beneficiary parties to make their decisions The rational.

2-1. The concept of auditor:

There are several definitions of auditors, and we mention some of them:

He is the person who gives confidence and credibility in accounting information by expressing his technical opinion, which is neutral on the credibility and fairness of the financial statements prepared by economic establishments, as it is a key factor in institutional control. [1]
The auditor can also be defined as the person authorized to audit financial operations, accounts or financial statements, and verify their validity and integrity, and this person should be trained to provide professional audit services according to general standards [2]

2-2, The characteristics of the auditor

The auditor’s behavior is affected by several factors related to his family and personal composition, personal standards, individual needs and financial requirements [3] The following are some of the essential qualities and technical qualifications that the auditor must possess:

2-2-1. He should enjoy self-control, skill, tact, accuracy in judgment, pride, intelligence, strong personality, presence of intuition, and good treatment of individuals in the company, whether they are employees or managers.
2-2-2. He should be fluent in his language, able to speak well, and be able to write clearly and in a good manner, and smooth phrases without ambiguity.
2-2-3. Familiar with the provisions of laws and legislation related to currency, such as the commercial law, the companies law, and tax legislation. [4]
2-2-4. To be a trustee of the company’s secrets and not to divulge the company’s secrets to others who may exploit this information and cause harm to the company’s interest.
2-2-5. He should be very knowledgeable and keep track of recent developments and trends in accounting sciences, and keep track of the amendments that occur to legislation and laws related to his accounting work.
2-2-6. To enjoy professional ethics and conduct, not violate them under any pressure, and be patient.

2-3- Duties of the auditor

Article (179) of the Companies Law No. (22) of 1997 and in Article No. (42) and (51) of Law No. (26) of 1999 included the duties of the auditor, which are as follows:

2-3-1. The auditor shall exercise professional care when performing his work, and express his opinion on the financial statements as a single unit.
2-3-2 He shall make appropriate planning for the implementation of the work and divide it among his assistants, and he shall personally sign the work papers.
2-3-3 He should take into account the commitment to the laws in force, and ensure that they are applied on an ongoing basis by his clients

2-3-4 He must keep the accounting records and documents related to the work of his office, which give a clear picture of his activity and the result of his work.

2-3-5 He must keep the accounting records and documents related to the work of his office, which give a clear picture of his activity and the result of his work.

2-3-6 To work constantly to develop and develop his skills, in line with modern developments, and to follow up on research and studies related to his profession. [5]

4- Responsibility of the auditor:

The auditor's responsibility lies in auditing the institution's accounts, examining the financial statements and expressing his neutral technical opinion about the fairness of the financial position of the facility and the outcome of its work. Undoubtedly, when the auditor violates his professional duties and responsibilities, he will have several types of responsibility, namely:

4-1. Civil liability: It is based on the damage suffered by the plaintiff due to the auditor's mistake and negligence, and the penalty for this damage is to compensate the victim for his financial loss, and civil liability is divided into. [6]

4-1-1. Tort responsibility: It is the responsibility that falls on the auditor's shoulders because the users of the financial statements rely on the auditor's report, which determines the truthfulness and fairness of the business result and the statement of financial position. And his shortcomings. [7]

4-1-2. The auditor's responsibility towards his clients

This responsibility arises due to the auditor's failure in front of his clients with whom he is bound by a contract that includes the rights and duties of both parties, and it may be an oral agreement not in writing, and in this case it is difficult to prove anything to the two parties and the matter depends on the provision of evidence, and in all cases it is not

The auditor shall be responsible only if the following elements are available:

4-1-2-1. Issuance of an error by the auditor: where the auditor is not held civilly accountable unless the plaintiff proves that an error was made by the auditor, and if the auditor neglected the control of the accounts of the economic unit, then the auditor's mistake must be proven by the claimant creditor. [8]

4-1-2-2. Damage to the plaintiff: The damage is the second pillar of civil liability, and this pillar is not sufficient for the controller to issue an error in order to be held accountable. So, the observer was excluded from this corner, and there is no responsibility on him, for this reason that the observer can only be held accountable for compensating the damage he caused. He is not held accountable for the mistake of his colleague, and in the event that the mistake is not identified, it is inevitable to adopt the principle of solidarity responsibility between them[9] Therefore, the audited entity must have confidence that the auditor and the procedures he took are professional procedures, and the auditor possesses the integrity and experience to complete the audit process successfully, and that the auditor exerted the necessary professional care when performing the tasks of the audit process. It means that the auditor is sufficiently competent to reach a conclusion, that the auditor is not responsible for the failure of the audit process to recognize all shortcomings or irregularities in the system, because the auditor uses a sample of the work, so the degree of confidence is uncertain. [10]

4-2. Disciplinary responsibility

This responsibility lies when the auditor violates the rules of professional conduct, and it does not fall on the auditor unless a crime is found, and this crime does not exist unless two basic pillars are provided [11]

4-2-1. material corner

It is represented in the positive or negative action that was issued by the observer, and if the observer did not issue any error or deficiencies in the job duty and did not prove his breach of his job duty, there is no disciplinary offense and the observer cannot be disciplinarily held accountable. Therefore, the damage is not an element of disciplinary responsibility, unlike civil liability.

4-2-2. The moral pillar

It is not sufficient for the observer to issue a mistake in order for him to be disciplinary action. The wrong act must come from a sinful will, and it does not mean that the disciplinary error is often intentional, as it may be intentional or unintentional.

The observer is in breach of professional ethics:

4-2-2-1. If the auditor concealed a material fact that he became aware of during the performance of his work duties and did not disclose it in his report if this was important.

4-2-2-2. If he fails to implement the examination steps, or to report on the examination process.

3. If the auditor signs a report on accounts that were not checked by him or his assistants or with the knowledge of his colleague or representatives participating with him in the auditing process[12]

4. If the auditor expresses an opinion that he did not obtain the necessary data to support a specific matter and did not refer to that in his report. [13]

3- Criminal responsibility:

This responsibility arises when the accountant commits acts that violate the provisions of legislation and laws, and harm the client or society as a whole. The countries of the world have been keen to identify areas of criminal accountability for references through the issuance of legal legislation with the aim of maintaining the dignity of the profession, and maintaining the confidence of the beneficiary parties[14]

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The third_research:

3-1-_the concept of auditing

Audit has been defined by several official bodies, researchers and academics in this field:

Where the audit was defined as the examination of financial information or data by an independent and impartial person for any institution, regardless of its objective or legal form. [15]

The American Accounting Association defined auditing as a systematic process of obtaining evidence and clues related to the elements indicative of economic events, and evaluating them in an objective manner for the purpose of ascertaining the degree to which these elements comply with objective standards, and then communicating the results to the beneficiary parties[16]

3-2- Audit objectives:

The most important objectives of the audit, which can be summarized as follows:

3-2-1-- Reducing errors and fraud through sudden visits to the audited institution.

3-2-2- Obtaining a neutral technical opinion on the financial statements.

3-2-3- Monitoring the plans developed and following up their implementation.

3-2-4- Evaluating the results and comparing them with the set goals [17]

3- - The importance of audit planning:

The importance of audit planning lies in the following points:

3 -3-1- Planning assists the auditor in obtaining appropriate and useful evidence, evaluating these evidence, and exerting sufficient professional care in auditing so that he comes out with satisfactory results, and avoids legal accountability.

3-3-2 - The audit planning process helps to avoid conflict that may occur between the auditor and the client, by clarifying responsibilities before starting the planning process.

3-3-3 - The audit planning process helps in how to effectively direct the organization's resources, achieve efficiency, reduce audit costs and focus on important matters. [18]

4- Types of Audit:

The audit is divided into three main types [19]

3-4-1 Operational audit

This type of audit is concerned with auditing the operational activities related to the operations, policies and procedures of the facility to judge the extent of their efficiency, regularity, and effectiveness, and comparing them with the pre-determined objectives. And preparing the report and making the necessary recommendations to the management. Boynton also knew Operational auditing is a systematic process of collecting evidence related to the efficiency and effectiveness of the operational activities of a particular facility and evaluating it in light of the objectives set by the facility’s management. [20]

3-4-2- Compliance audits [21]

It is a process conducted to determine whether the entity subject to audit complies with pre-defined rules and procedures or according to controls established by a higher authority.

3-4-3 Statement Audit of financial

It is an external audit carried out by an independent external auditor appointed by the administration to examine the financial statements and statements of the institution, express its opinion on the fairness of the financial statements during a specified period and issue the final report to serve the beneficiaries.

There are other types of auditing:

1- In terms of the scope of the audit process:

1-1- Full audit: It is an audit that includes all documents, all books, records and all information, and it is an audit that leads to a high cost of the agency, so this type of audit is not referred to except in special cases.

1-2- Partial audit: which includes part of the documents or part of the entries and information, that is, it is an audit that comes on reviewing and examining part of the accounting work (a sample), and the conclusion reached by the auditor is generalized to the complete accounting work. [22].

2- In terms of the degree of compliance, audits are divided into:

2-1- statutory Compulsory Audit

It is the audit of legal accounts that stipulates the necessity to be carried out according to a law issued by the state, due to its sovereign power. The economic units to which the provisions of the law apply are obliged to present their accounts, business results and financial position annually for audit by an auditor licensed to practice the profession of auditing. Where the auditor is subject to the conditions and controls of the operations (full auditing), and is committed to exerting the necessary professional care, preparing a report and giving his neutral technical opinion in which he clarifies the extent of the significance, truthfulness and fairness of the results of the business and the financial position for the financial period[23]

2-2- Optional Audit

It is the audit of accounts that are carried out without a legal obligation to perform them. The description of selection in the audit of accounts is only for individual establishments, And companies and individuals, and in the event that it is decided to audit the accounts in these institutions, this shall be according to the desire and choice of their owners, with the aim of submitting them to taxes or obtaining loans. The audit of accounts of this type is either complete or partial according to the circumstances of the establishment, the purpose of the audit process and according to the agreement set forth in the contract between the auditor and the facility.

3- In terms of the entity that performs the audit:

3-1- External audit: It is carried out by an expert and independent from the management of the facility, known as the external auditor, as he may be called a chartered accountant or auditor, and he provides his services in an independent capacity for his personal account on contractual basis. Compliance and review of operations.

3-2- Internal Audit: Its objective is to verify the extent to which the internal control procedures are followed when executing the various financial transactions within the establishment. [24]

4- In terms of auditing time, it is divided into:

4-1 Final audit: It is a process performed by the auditor after the firm has finished closing its accounts, making trial balance, and preparing final accounts. And copying the balance sheet, and in the final audit, the auditor does not start his work until after the management of the company's accounts has finally finished its work.

Advantages of the final audit:

1- Starting the audit after balancing the budget is a starting point that often indicates the correctness of the accounting entries.

2- The auditing after closing the books enables the auditor to complete his work while he is safe from the employees not tampering, which is not available if the books are open to receive new operations.

Disadvantages of final audit:

The final audit takes a long time to complete, especially in large enterprises, which may lead to a tight deadline for submitting the final accounts and the balance sheet to the tax authority or to the general assembly of shareholders, for that matter, due to the short period in which the auditor must complete his work[25]

4-2 Continuous audit: where the auditor performs audits, examinations and tests during the fiscal year and prepares accounts and final financial statements, and the external auditor resorts to this method in small-sized institutions. [26]

Advantages of continuous audit:

1. The length of time during which the review process takes place
2. The discovery of errors and manipulation first-hand, that is, the absence of a large time gap between the date of the occurrence of errors and their discovery.
3. The auditor's completion of the audit process after a short period of the end date of the fiscal year. The presence of the auditor and his assistants in the institution continuously or at regular intervals during the financial year.
4. Organizing the work in the audit office without seasonal pressure or fatigue, i.e. distributing work among the office's employees[27]

Disadvantages of continuous auditing:

1- Confusion at work in the audited facility

2- The continuous audit process may turn into a purely routine work performed in an automated manner.

3- Relationships of acquaintance that cause embarrassment when writing the report.

The fourth topic:

1 - the concept of financial statements:

The financial statements are defined as the final and basic product of the accounting work in the economic unit [28]

2 - the objectives of the financial statements:

4-2-1. The main objective of preparing it is to provide the users of the financial statements with information about the institution’s business in order to use it in making the appropriate decisions for them [29]

4-2-2. Assisting users whose abilities to obtain information are limited and who rely on the financial statements as a primary source of information on the company's economic activities.

4-2-3. Providing useful information in judging the management's ability to use the company's resources effectively to achieve the basic objective.

4-2-4. Report on the activities affecting the society that can be identified, described and important to the role of the company in its social environment.

4-2-5. Providing useful information for evaluating the effectiveness of resource management in evaluating the objectives of the organization. [30]

3- Characteristics of the financial statements:

They are characteristics that make the information contained in the financial statements useful to users, and they are divided into:

4-3-1. Basic Characteristics: FASB referred to the two basic characteristics that make accounting information useful for decision-making[31]).

4-3-1-1. Appropriateness: It means that there is a logical connection between the decision under study, appropriate information is information that is capable of effecting a change in the direction of a user's decision.

4-3-1-2. Reliability: It is the second basic characteristic of accounting information, when the information is free from material errors and bias, which is a necessary characteristic for individuals who do not have the time or experience to evaluate the presented information.

4-3-2. Secondary characteristics are divided into:

4-3-2-1. Understandability is one of the basic characteristics of financial information that can be directly understood by users [32]

4-3-2-2. Appropriateness The information is useful The information must be relevant to the users and decision makers.

4-3-2-3. Credibility For information to be useful, it must be reliable and dependable, and the information is truthful if it is free from fundamental errors and biases and expresses truthfully [33]).

4-3-2-4. Comparable Users should be able to compare the financial statements of different institutions in order to evaluate their financial positions.

4 - the importance of auditing the financial statements:

Since the financial statements are considered one of the general mechanisms in the organizational structure because they are the means that deliver information to its beneficiaries [34]). The importance of the financial statements are as follows:

4-4-1. Helps in evaluating the performance of management and the parties dealing with the facility, and judge their efficiency, and how to use the institution's resources.

4-4-2. A decision-making tool that assists all parties dealing with the facility in making the necessary decisions such as decisions to disburse resources in the future and assist suppliers, customers and other dealers with the institution.

4-4-3. It is considered a tool and a link between investors and the facility, and a means of linking relations between the facility and suppliers, as well as a means of providing information to all sections of the facility.

5- Auditors' Reports:

International Auditing Standard No. (705) defines the types of opinion that can be issued by the auditor [35]

4-5-1. Qualified opinion: When the auditor concludes, after obtaining sufficient accurate evidence, that the errors are material, but not extensive, with respect to the financial statements. And when the auditor is unable to obtain sufficient and appropriate audit evidence to express an opinion, but the auditor concludes that the undiscovered errors on the financial statements may be material but not extensive.

4-5-2. Negative opinion: The auditor must express a negative opinion after obtaining sufficient audit evidence, and that errors, whether taken individually or as a whole, are substantial and extensive in the financial statements. [36]

4-5-3. Abstaining from expressing an opinion: The auditor refrains from expressing an opinion when he is unable to gather sufficient evidence on which to base his opinion and that the material effects in the financial statements, if any, could be material.

Based on the foregoing, the researcher believes that the auditor is not responsible for fraud and error in the financial statements. Rather, its goal is to express its neutral technical opinion about the fairness and honesty of the financial statements of economic establishments, and through its application of a set of effective control procedures and the detection of fraud and errors.

6- Analytical procedures and their role in the external audit:

Analytical procedures are defined according to the International Standard No. (520), which is the process of evaluating financial information by studying the relationships between financial statements, and non-financial, and that it is represented by examining unidentified fluctuations that do not agree with other appropriate information. or that deviate significantly from the amounts that are predicted. (aljamal, 2015, 187). It was also defined according to international auditing standards in 1979 and called it the analytical examination procedures "as the basic tests in the financial statements by studying and comparing the relationships between those data." [37]).

When applying analytical procedures when performing the audit process, the auditor performs these procedures through the following:

4-6-1. Analytical procedures Verification tests: The auditor performs a comparison between financial and non-financial information. And use them as good verification tests in the case when the total amount, which is examined, is not effective and these measures are related to the operational area of financial operations and balances [38]

4-6-2. Analytical procedures such as detailed tests of balances: The auditor, when using analytical procedures, such as basic tests, should take sufficient care of differences, and evaluate and identify unexpected large differences, in addition to the answers he obtains from management in the economic unit to the inquiries requested by the auditor. As such differences indicate an increased risk or a materially false statement. (Mancuso & Anthony, 1992, 3-2).

4-6-3. Performing the analytical processes at the end of the audit process: The auditor performs the analytical procedures at the end of the audit and makes his final decision. The main objective of applying these procedures is to assess the integrity of the opinion reached, and such procedures:

4-6-3-1. Analysis of financial ratios

4-6-3-2. Comparing the numbers of the financial statements with the corresponding numbers in previous years

4-6-3-3. Analyzing financial statements by converting their numbers into percentages9

We conclude from this chapter that the financial statements provide useful information for the financial position and performance of the institution, and that they are useful to all users in making economic decisions. In addition to providing the needs of these beneficiaries at the lowest cost Therefore, the auditor must use analytical procedures from one of the important auditing methods that the auditor uses in the audit. Expressing a neutral technical opinion in his report, and the need to communicate it to all beneficiaries, and this leads to achieving quality and efficiency in the financial statements in order to make useful decisions.

The fifth topic: the practical side

We will get acquainted with the nature of the company's work, through the use of the analytical procedures for the company's accounts for Iraqiya for Engineering Industries and relying on the method of comparisons and considering the year (2017) as a base year with the following years (2018, 2019,2020). According to these procedures:

5-1- A brief introduction to the Iraqi Company for Engineering Works (mixed joint stock):

5-1-1- The company was established in 1985 under the name of the Iraqi Pastry Company (mixed joint stock company) under the Companies Law No. ''36'' of 1983 with a nominal capital of (8) million dinars divided into eight million shares.

5-1-2 The name and activity of the company has been changed from the memorandum of association to become the Iraqi Company for Engineering Industries (mixed joint stock) according to what was stated in the decision of the company's general assembly in its meeting held on September 28, 1988. Then its capital was increased during the following years until it became in the year 18/2/2013 (1500) million dinars.

2- Analysis of the financial statements of the Industrial Company for Engineering Works (mixed joint stock).

5-2-1- Fixed assets analysis: Fixed assets are analyzed through the following:

5-2-1-1- We compare the fixed asset turnover rate with previous years:

Table"1"

the details	2017 dinars	2018 dinars	2019 dinars	2020 dinars
Net sales	77162250	31504500	41664500	25806000
Fixed assets (at book value)	1074875363	1024767520	975513953	926297086
Amount of change in sales	45657750	45657750	35497750	51356250
percentage change in sales	0	59%	46%	66%
Fixed asset turnover	0.0718	0.0308	0.0427	0.0279

The above table shows us the presence of abnormal and continuous fluctuations in the fixed asset turnover rate, which amounted to (0.0718, 0.0308, 0.0427 and 0.0427) for the years (2017, 2018, 2019, 2020), and this is a not good indicator, Noting a decrease in net sales, which amounted to (59%, 46%, 66%), respectively, and compared to the base year, (2017), the reason for this decrease in the turnover rate is due to the changes that occurred in the fixed assets and sales, where sales decreased significantly, and fixed assets decreased less, and this decline gives an indication to the auditor of the presence of distortions and errors, and he must check the accounting policies used, and the auditor should follow them.

b- Comparing the historical cost of fixed assets for previous years.

The following table illustrates this comparison:

Table "2" Analysis of fixed asset balances for the years (2017, 2018, 2018, 2020)

The years	Fixed assets at book value (JD)	Amount of change in fixed assets (JD)	Changes in assets (%)
2017	**1074875363**	**-**	**-**
2018	**1024767520**	**(50107843)**	**(5%)**
2019	**975513953**	**(99361410)**	**(9%)**
2020	**926297086**	**(714857827)**	**(14%)**

Through this table, it appears to us that there are changes in the balance of fixed assets compared to the base year, where the percentage of decrease in fixed assets for the years (2017, 2018, 2019, 2020), respectively (5%, 9%, 14%), and these changes lead the auditor to the presence of changes taking place, for example, in the transferred and added assets, minus the assets sold and written off, so he should follow up carefully and take the necessary measures.

C- We compare the depreciation balances of fixed assets and depreciation rates with previous years.

Table"3" Depreciation values and rates for the years (2017, 2018, 2019, 2020)

The details	Buildings and constructions roads (JD)	Machinery and equipment (JD)	Means of transport transfer (JD)	Number and templates (JD)	Furniture and appliances Offices (JD)	The total (JD)
2017	251153084	8787321	56584228	295645	9669273	326489551
extinction rate	3_5%	10%	10%	10_20%	10_25%	-
2018	282455275	8602411	67325008	295645	8874740	367553079
extinction rate	3_5%	10%	10%	10_20%	10_25%	-
2019	320360412	8639111	78065788	295645	9445690	416806646
extinction rate	3_5%	10%	10%	10_20%	10_25%	-
2020	358265549	8639111	88806568	295645	10016640	466023523
extinction rate	3_5%	10%	10%	10_20%	10_25%	-

From this analysis and through the table above, it appears that there is a decrease in the costs of fixed assets in the years “2018”, “2019” and “2020”, which amount to (1392320599) one billion three hundred and ninety two million three hundred twenty thousand five hundred and ninety-nine dinars,

For the base year, which amounts to (1401364914 dinars) one billion four hundred and one million three hundred and sixty-four thousand nine hundred and fourteen dinars. The reason for this is due to a difference in the accounting methods used in calculating the depreciation by the company, and the auditor should issue a conservative report about it.

Secondly, current assets

A- Inventory Account

The following table shows a comparison of inventory balances with the balances of previous years and with reference to the financial statements of the research sample company.

Table "4" Inventory Account Analysis for the Years(2017,2018,2019,2020)

the years	Total stock balance (JD)	Amount of change (JD)	percentage change (%)
2017	152510421	-	-
2018	152076421	(434000)	(0.28%)
2019	151250296	(1260125)	(0.82%)
2020	126928774	(25581647)	(16.7%)

Through this table, and when comparing the stock ratios with the base year, it appears that there has been a decrease in the stock ratios (0.28%, 0.82%, 16.7%) for the years (2018, 2019 and 2020) Respectively, this decrease in inventory indicates that the company kept excess or obsolete inventory, but there was no increase in sales and decreased, and this indicates the existence of unusual cases, The auditor should follow up the inventory account, follow additional audit procedures, and match the actual inventory with the records.

Table "5" Debtors account analysis for the years (2020, 2019, 2018, 2017)

the years	Total Debtors Balance (JD)	Amount of change (JD)	Change percentages (%)
2017	7677942	-	-
2018	6749740	(928202)	(12%)
2019	7549750	(128192)	(1.7%)
2020	3500000	(4177942)	(45%)

The following table shows that the accounts receivables account in (2018) decreased by (12%) from the base year (2017), then the decline continued in (2019) by (1.7%) and in the year (2020) it decreased to (45%) This decrease raises doubts among the auditor, especially in the year 2020, when it decreased to (three million five hundred thousand dinars). Where this decrease indicates that the debtors have paid the company what they owe, but this amount did not increase the cash balance of (64737871) Through the analyzes, it became clear to the researcher that the research sample company did not separate between cash and deferred sales in its records, as well as not using a provision for doubtful debts. This indicates the auditor's suspicions that there are unusual cases and he should make additional efforts to find out the causes and treat them.

In light of the foregoing, we conclude that the auditor’s follow-up to the analytical procedures when performing the audit will help him in discovering illegal behavior in the items of the financial statements.

Conclusions and recommendations.

1- the conclusions

1-1- Audit plays an important role in auditing the financial statements through the use of auditing methods that are commensurate with the conditions of the economic unit subject to auditing and assisting the auditors in determining additional audit procedures in case the level of risks rises above the acceptable limit.

1-2- . The financial statements represent the main pillar on which the internal or external auditor depends, because the financial statements are the final product of the financial accounting process for the company, Which is considered according to the assumptions and principles generally accepted and provided to all beneficiaries in making their final decisions because it is a major source of useful information.

1-3-. The auditor's reliance on the method of analysis with financial ratios and comparisons is one of the most important methods of analytical procedures, in the process of auditing and expressing an opinion. Because financial analysis is used to transform the huge amount of financial data in the financial statements into a smaller and more useful amount in the decision-making process.

1-4-. The auditor expresses a neutral technical opinion on the honesty and fairness of the financial statements.

2- Recommendations

2-1- The auditor should make his objective to improve the quality of the information contained in the financial statements, and to increase confidence in them.

2-2- Companies must abide by the preparation and presentation of financial statements and according to the accepted principles and standards, which increase the confidence and credibility of the financial statements by the internal auditor.

2-3- The auditor should design and implement appropriate analytical procedures for each paragraph of the financial statements that help in discovering illegal behavior in the financial statements.

2-4-- The auditor is responsible for expressing his opinion on the financial reports, so he should avoid the error of arriving at an incorrect opinion and adopting all methods that reduce audit risks.

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