

Adopting the ISA 330 When Designing Auditing Procedures And Its Impact on Enhancing Legal Accountability : An Exploratory Study of A Sample of Auditors

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Abstract

The research aims to study the relationship between the application of auditors working in companies and audit offices and the Federal Board of Supreme Audit concerning the auditing standard ISA 330, titled " The Auditor's Responses to Assessed Risks," in formulating audit procedures, and its role in determining the legal responsibilities of the external auditor. This research investigates the role of the standard in improving audit process efficiency. It focuses on effective risk responses and the application of suitable professional procedures. The study also examines the legal ramifications for auditors concerning errors or deficiencies in audit task performance. The empirical component of the research was conducted through an exploratory investigation of multiple auditors' perspectives on the practical implementation of the standard in their professional environments. The findings indicated that implementing ISA 330 improves audit quality, mitigates risks, and underscores the professional and legal obligations incumbent upon auditors in cases of procedural noncompliance.

Keywords: ISA 330 Standard, Audit Procedures, Legal Responsibility, Auditor.

1. Introduction

Auditing standards establish a foundational framework that enables auditors to provide independent and systematic assurance, thereby safeguarding stakeholders and fostering trust in financial reporting. ISA 330, promulgated by the International Auditing and Assurance Standards Board (IAASB), is especially significant. This standard links the identification of risks during audit planning to the design and implementation of audit procedures that address those risks (Knechel et al., 2013: 385). Through this process, auditors transform risk assessments into substantive evidence that underpins their judgments regarding the reliability of financial statements (Johnstone et al., 2013: 156).

Despite the widespread adoption of International Standards on Auditing, including in Iraq, substantial gaps persist between theoretical requirements and practical application (DeFond & Francis, 2005: 15). Research indicates that auditors in emerging markets encounter considerable difficulties in comprehending and implementing ISA 330, particularly in translating identified risks into suitable audit procedures (Messier Jr. et al., 2011: 280). These challenges stem from factors such as the complexity of risk-based audits in environments with weak internal controls, insufficient training, the difficulty of maintaining professional skepticism while managing client relationships, and inadequate national oversight (Salleh et al., 2013: 220; Gul et al., 2003: 610). When these issues result in deficient audit procedures, material misstatements, especially those arising from fraud, may remain undetected, thereby increasing legal risks. The relationship between audit

procedures and legal responsibility is further complicated by evolving expectations regarding fraud detection. ISA 240 stipulates that auditors are required to obtain reasonable assurance, rather than absolute certainty, that financial statements are free from material misstatement due to fraud (IAASB, 2023: 15). This distinction is frequently misunderstood by users, resulting in the "audit expectation gap," the disparity between public expectations of auditors and the requirements set by auditing standards (Liggio, 1974: 30; Humphrey et al., 2009: 985). When fraud remains undetected, the legal ramifications can be severe, including litigation, regulatory sanctions, and reputational harm (Harvard Business Education Magazine, 2025: 42). A central issue is whether adherence to ISA 330 is sufficient to provide legal protection for auditors, particularly in jurisdictions with weak accountability frameworks or heightened public expectations (Manson et al., 1992: 87). However, some argue that rigorous implementation of ISA 330, accompanied by proper documentation and ongoing professional development, can significantly mitigate these risks. Nevertheless, such measures may not eliminate all potential liabilities, especially where structural weaknesses in legal and regulatory environments persist (Manson et al., 1992: 87).

This study examines the dual function of ISA 330 as both a framework for conducting effective audits and as a delineation of auditor legal responsibility. The primary objectives are: (1) to elucidate the provisions of ISA 330 and the connection between risk assessment and audit procedures (Bedard & Biggs, 1991: 630); (2) to analyze the extent to which adherence to ISA 330 fulfills both technical and legal standards (Abbott et al., 2010: 65); (3) to evaluate whether compliance with ISA 330 offers legal protection to auditors (Johnstone et al., 2013:

180); and (4) to assess the degree to which Iraqi auditors comply with ISA 330 and to identify factors that facilitate or impede compliance (Eastern Accounting & Social Journal, 2022: 118).

This research holds significance for professionals, academics, regulators, and other stakeholders. For practitioners, a clearer understanding of ISA 330 contributes to enhanced audit quality, particularly in emerging markets with limited resources (DeFond & Francis, 2005: 18). The application of research-informed audit methodologies reduces uncertainty and strengthens fraud detection (Johnstone et al., 2013: 200). From an academic perspective, the study bridges technical audit considerations with issues of legal responsibility (Abbott et al., 2010: 70). Regulators benefit from empirical evidence to inform policy development in emerging markets, while investors and creditors gain improved insight into auditors' obligations. Ultimately, more effective implementation of ISA 330 promotes financial integrity and mitigates the risk of fraud (Beasley et al., 2000: 45).

2. Literature Review

2.1. An overview of ISA 330 " The Auditor's Responses to Assessed Risks."

ISA 330 outlines how external auditors should respond to risks identified and assessed during the audit, as described in ISA 315. The standard specifies the procedures auditors must follow to reduce the risk of misstatements to an acceptable level.

One objective of ISA 330 is to address risks and competencies in financial reports by designing and executing supplementary Procedures for auditing in relation to the potential hazards of substantial misstatements, documenting the adequacy and

relevance of the evidence obtained to substantiate their opinion, and evaluating whether the evidence collected by the auditor corroborates or alters the initial risk assessment. Implementing the standard enhances the quality of the auditing process by ensuring that audit procedures are aligned with the evaluated risk of substantial misstatements in financial statements (AL-Bakate & Al-Saffar, 2022: 248). This strategy reduces the risk of making mistakes or committing fraud without being detected. The standard also makes audit planning more successful by moving from conventional processes to a risk-based approach, with risk analysis, risk assessment, and the careful creation of the audit plan, with clear awareness of the risks involved. Furthermore, the use of an internationally accepted audit opinion framework enhances the credibility of financial reports for investors, creditors, and regulatory agencies.

2.2.Designing Audit Procedures Based On ISA 330.

Audit procedures represent the practical framework upon which the auditor relies to perform their task, aimed at collecting evidence that supports the professional opinion on the fairness of the financial statements from all substantial aspects and in accordance with international auditing standards (IFAC, 2017: 324). They are also viewed as a series of duties performed by the auditor to verify the accuracy and fairness of financial reports (AICPA, 2014: 38). Additionally, it is a collection of techniques employed by the auditor to assess the sufficiency and appropriateness of the evidence obtained. The audit procedures for each audit are determined in accordance with ISA 330 as outlined below:

1. An effective financial reporting response should include developing broad auditing strategies. This includes strengthening supervision of procedures

and personnel, assigning experienced staff to audit tasks, applying greater professional skepticism to account balances and transactions, and adjusting audit procedures based on the assessed risk of material misstatement (AICPA, 2014: 11-12).

2. Design and implement audit procedures at the affirmation level:

A. Conducting control tests: When an auditor relies on internal controls, they perform tests to assess the effectiveness of the control design and verify its ongoing operation. The execution of control tests aims to evaluate the effectiveness of control policies and procedures in their design and implementation. The design test centres on the adequacy of control policies and processes in preventing or detecting misstatements (AICPA AU 315, 2020, 290). Conversely, the effectiveness of the implementation test verifies how these procedures have been applied during the audit period, aligning with what was applied in the previous period and by whom, or through the methods implemented (Lessambo, 2018: 162). Control tests that provide information include inquiries from individuals involved in the design or implementation of control policies and procedures, examination of documents and management reports concerning the design and application of control policies and procedures, observation of the application of control policies and procedures, and re-application of control policies and procedures by the auditor (IAASB, 2020: 356-357).

B. Substantive Tests: They include detailed tests of transactions, balances, and disclosures. These tests are carried out based on the selected and examined sample (AICPA, 2014: 258). The detailed tests are divided into two types as

follows (IAASB, 2020, 356-357): detailed tests of transactions. For example, tracking original documents from the source and entering them into accounting records to determine whether any errors occurred during processing when recording and posting. Detailed tests of balances (Lessambo, 2018: 162). For example, auditors may obtain direct evidence about an account balance. Another type of test involves analytical procedures, which evaluate financial information by examining relationships within financial data or between financial and non-financial data (IFAC, 2017: 466). Analytical procedures are used in the following areas (Arens et al, 2017: 188-189):

Support the auditor in developing strategies related to the type, timing, and scope of suitable auditing methods to gather evidence about account balances or a set of transactions. This improves the auditor's comprehension of the events and the characteristics of the economic unit's operations during the planning phase. Identify paragraphs or items with high audit risks, utilize analytical procedures as substantive tests, and employ analytical procedures during the final review to obtain explanations for any significant fluctuations related to the financial statements (AICPA, 2014: 261-262).

3. International Auditing Standard 330 emphasizes the need for auditors to plan supplementary audit procedures that align the type, timing, and scope of audit activities with the evaluated risks. (Louwers et al., 2021: 95-96) (Louwers et al., 2021: 95-96):
 - A. Nature of Audit Procedures: The nature of audit procedures refers to the effectiveness and type of audit tests. Auditors seeking assurance that an

account is free from substantial misstatement use more effective, higher-cost procedures. If they accept higher risk, they choose less effective, lower-cost procedures. Substantive tests are one of the audit procedures that can be performed either through analytical procedures, detailed tests, or through a combination of both.

- B. Timing of Audit Procedures: The auditor may perform audit procedures throughout the entity's financial year or at its year-end. The likelihood of failing to identify major misstatements increases when audit processes are performed throughout the year, as such misstatements may arise in the subsequent period. Auditors do these things at or after the end of the financial year, especially when the risk of an audit is high. This is because this time makes it more likely that they will find and fix big mistakes (AICPA- AU 330, 2020: 371-376).
- C. The breadth of audit processes indicates how far the audit procedures extend. If auditors believe there is a high risk of misstatement or need a low audit risk, they may increase the number of samples. The auditor decides how far to go with the audit procedures based on materiality, the identified risks, and the level of confidence required.
4. Assessment of Evidence Adequacy: After completing the procedures, the auditor evaluates whether the evidence sufficiently addresses the identified risks. If concerns remain or the risk level is unchanged, the auditor must adjust the nature, timing, or extent of testing (Hamood, 2018: 51).
5. Documentation: Auditors must record what they did, when they did it, and how much they did, as well as why they did it and how it relates to the risks

of substantial misstatement. You need to keep both permanent and current audit files to document the work you performed and the steps you took (AICPA, 2014: 268).

6. In the final stage of the audit, the auditor summarizes the findings and presents them to management. The auditor then assesses whether the evidence supports the professional opinion and selects the appropriate opinion type for the report: unmodified, modified, adverse, or disclaimer of opinion (ISA 700, 2016: 2).

2.3. The Legal Responsibility of the Auditor

The breach of an auditor's professional duties and responsibilities, or failing to fulfill them as contracted, is one of the reasons that exposes them to legal accountability (Mahmoud et al., 2011: 118). Messier et al. define the auditor's legal responsibility as the obligation that arises from failing to meet professional duties, potentially resulting in legal accountability to clients or other parties. This responsibility arises when the auditor fails to exercise the required professional care or to adhere to accepted auditing standards. Legal responsibility encompasses both civil and criminal aspects, which are fundamental to the legal and ethical framework of the auditing profession. Nevertheless, some researchers contend that this responsibility is confined to civil matters, as it is primarily grounded in civil law principles designed to compensate for damages resulting from the auditor's actions or omissions (Al-Hussaini, 2011: 292). Civil responsibility is divided into two main types (Yaseen, 2017: 36-40):

1. **Contractual Responsibility:** The contract spells out what the auditor must do for the business, including the work they must perform and how much they will be

paid. This duty comes into play when a contract is broken and is based on three main factors:

- Existence of Damage: Damage is a fundamental element in civil responsibility, whether contractual or tortious, regardless of whether this damage is substantial or moral. It is important to note that revealing these violations requires informing the relevant authorities about them, rather than highlighting them in the auditor's report. Damage can be expressed as a financial loss incurred by one of the users of financial statements, and it can be established through the auditor's negligence in failing to exercise due professional care. Here, the plaintiff must prove that the financial reports are materially misleading.
- There is an error: the general rule is that an auditor may only be held civilly liable to the extent of the error he committed. Where there is no error, there is no basis for holding him accountable. Here, we can set two criteria for errors: the first is a substantial criterion, related to the extent of the misstatement. The second criterion is a subjective one, concerning the auditor's exercise of the necessary professional care during the auditing process (Al-Marri, 2024: 220).
- The existence of a causal relationship between the damage and the error: It is not sufficient for the responsibility of the civil auditor to be established merely based on an error on their part leading to harm to the plaintiff; there must be a causal relationship between the error and the damage, meaning that the damage must be a direct result of the error. Therefore, if one of the investors purchased shares in one of the companies before the auditor's

report was issued, the auditor cannot be held responsible for the losses that the plaintiff may incur due to the absence of a causal relationship between the error and the damage in general. Similarly, if one of the investors purchased shares from an economic unit after its bankruptcy declaration, regardless of the auditor's report concerning it, the causal relationship is deemed non-existent (Al-Rubaie & Abdullah, 2017: 679).

2. Tort responsibility: The auditor's responsibility towards the beneficiaries of financial statements in making investment decisions is represented here. The auditor is not bound to these parties by a contract, and any professional negligence may reflect on them, which could enable them to sue the auditor. The auditor is penalized for serious harm with imprisonment, financial fines, or both, and the degree of responsibility borne by the auditor varies according to the severity of the violation or negligence (Shafa'amri, 2014, 28).
3. Criminal responsibility: The auditor bears criminal responsibility if he engages in any act intended to harm users of financial statements and participants in the securities market. For example, if the auditor overlooks the concealment of the economic entity being audited concerning facts in its financial statements (Al-Zahir et al., 2021: 414).

2.4. The Responsibility of the Auditor According to Iraqi Law.

The Iraqi legislator clarified the responsibilities of the auditor within the Iraqi Companies Law No. (21) of 1997, as amended in 2004, in Articles 136 and 137 as follows:

1. Article 136: The auditor articulates his assessment of the financial statements of the economic entity prior to its general assembly, and this is

also acceptable for other entities. The auditor's view must include the following topics in all instances.:

- A. The integrity of the company's accounts, the correctness of the data in the final accounts, and the degree of authorised access to information on the unit's activities are evaluated in the Board of Directors' report.
 - B. The application of the unit for the regulated accounting principles specifically pertains to the maintenance of books and accounting records, as well as the process of inventorying assets and liabilities of the unit.
 - C. The expression of the final accounts reflects the true financial position of the unit at the end of the year and the results of its operations.
 - D. The accounts shall be in accordance with the provisions of this law and the economic unit contract.
2. Article 137: The auditor shall be held accountable for the accuracy of the data contained in his report, as he acts as an agent for the economic unit in overseeing and auditing its accounts. Iraqi law emphasizes the auditor's responsibility to perform his professional duty to the best of his ability, in accordance with his obligations, as the auditor will be held accountable under the law and in accordance with the contract established between him and the audited economic unit.

The failure to consider the external auditor's legal responsibility when designing and implementing audit procedures affects both the following (Jkheyour & Faraj, 2022; 72):

- The damage to professional reputation: The damages incurred to the auditor's reputation, resulting from litigation or penalties imposed against

them, or both, are considered determinants of the quality of their professional performance. The auditor's reputation is regarded as a form of capital, which auditing firms and companies protect and invest in.

- Exposure to sanctions: these are penalties (censures, fines, payment of certain costs, revocation of audit rights, temporary suspension from practicing the profession) imposed by specific or public regulatory bodies, such as the Securities Market Committee, or professional entities. These penalties cause harm to the auditor, whether through incurring additional costs as a result of conducting peer reviews, or through being prohibited from accepting any client (temporarily or permanently) from among those subject to securities market regulations, in addition to being required to refund the fees they received. All of these factors affect the fees the auditor earns, their behavior, and their professional reputation, and consequently, the amount of fees they receive.
- Exposure to litigation: The risk of auditor lawsuits is one of the significant factors affecting the audit process. In recent years, the number of auditor lawsuits has increased due to the crises faced by auditing firms. One reason for legal actions against auditors is the perception that auditors possess 'deep pockets,' and the parties affected hope to recover all or part of their losses from them.

3. Methods

3.1.Hypothesis

This study hypothesizes a statistically significant correlation between the adoption of International Auditing Standard (ISA) 330 and increased legal accountability for

external auditors. This primary hypothesis informs the following sub-hypotheses:

1. There is a substantial correlation between improving the precision of audit procedures in line with the nature of the business and reinforcing legal accountability.
2. The selection of audit tests, whether control or substantive tests, is significantly correlated with improvements in legal accountability.
3. There is a significant correlation between documenting audit procedures within working papers and enhancing legal accountability.
4. Directly connecting risk assessment results to response measures significantly strengthens legal accountability.

3.2.Methodology

An integrated approach has been adopted that combines the descriptive method for preparing the theoretical aspect and the exploratory-analytical method for preparing the practical aspect of the research and data analysis.

To obtain the required data that assists in achieving the study's objectives and reaching results, this study relied on various methods of data collection as follows:

The theoretical framework encompasses a range of scientific sources, including journals, research papers, and theses.

The practical side of the study relied on various sources for data collection, including personal interviews and a questionnaire, which served as the primary and approved data-collection tool. The questionnaire form addressed three variables as indicated in Table 1. For the purpose of determining the respondents' opinions on the questionnaire items, a five-point Likert scale was used, including the following options: (Strongly Agree, Agree, Neutral, Disagree, Strongly Disagree).

Table 1: Questionnaire

Primary variables	Sub-variables	N. of paragraphs
Identification Information	Educational level, years of service, training courses	5
International Auditing Standard 330	Improving the accuracy of audit procedures design in accordance with the nature of risks	7
	Selection of audit tests (compliance or substantive)	7
	Documentation of audit procedures within working papers	9
	Link the results of the risk assessment directly to response measures	5
Total paragraphs of the International Standard on Auditing 330		28
Legal Responsibility	Clarification of the auditor's professional duties and the limits of their legal responsibilities	7
	Reducing the probability of holding the auditor responsible for negligence or oversight	7
	Protection of the auditor from legal disputes arising from undetected distortions	7
	It reduces the gap in interpreting the limits of the auditor's responsibility in the Iraqi environment	7
	The commitment to ISA 330 contributes to supporting the auditor's legal position through the documentation of audit procedures	7
Total paragraphs of legal responsibility		35
Total		63

3.3.Scope of the Study

The scope of the study can be clarified as follows:

Spatial scope: A selection was made of several auditors from audit offices and companies, as well as employees of the Federal Board of Supreme Audit.

Temporal scope: The timeframe for conducting interviews with some audit operation officials, in addition to distributing and collecting the questionnaire form, 2024/2025.

4. Results

The research findings were enhanced through the design of a questionnaire form that included the presented research aspect, which comprised two parts:

The First part included general information about the members of the sample.

The Second part consisted of questions related to the research topic, which were divided into two aspects:

The First aspect was dedicated to the survey on adopting ISA 330 in the design of audit procedures through the following three aspects: improving the accuracy of audit procedure design according to the nature of risks, directly linking the results of risk assessment to response procedures, designing to select audit/compliance or substantive tests, and documenting audit procedures within working papers.

The Second aspect focused on surveying legal responsibility when adopting the standard and designing procedures.

1. Clarification of the professional duties of the auditor and the limits of their legal responsibilities.
2. Reduce the probability of holding the auditor accountable for negligence or dereliction.

3. Protection of the auditor from legal disputes arising from undiscovered distortions.
4. Compliance with standard 330 reduces the gap in interpreting the auditor's responsibility boundaries in the Iraqi environment.
5. The commitment to ISA 330 contributes to supporting the auditor's legal position by documenting the audit procedures in place.
6. ISA 330 helps build trust among clients and regulators in auditors' professionalism and clearly defines auditors' responsibilities.
7. The level of application of the ISA 330 standard is related to the auditor's ability to defend their professional opinion before judicial authorities.

The questionnaire used a five-point scale to provide different weights to the replies of the people who took it. This method gives you more choices, which makes it easier to analyze and understand the data.

4.1. Validity and Reliability Testing

4.1.1. Stability Test

Table 4 shows that the Split-Half Coefficient approach was employed to check the reliability of the research instrument. Before adjustment, the correlation coefficient for the first dimension was 0.971. After correction, it was 0.985. These figures demonstrate that the things are quite similar to each other. There were 93 elements in the second dimension, and the correlation coefficient was 0.995 before correction and 0.997 after adjustment. The findings also demonstrate a significant connection and resemblance to what was assessed. Because all of the correlation coefficients are over 0.9, this suggests that the research instrument is quite dependable. This backs up the findings' reliability and demonstrates that the tool is

good for assessing the research variables.

Table 4 :Split-Half Coefficient

Details	Title	Number of paragraphs	Correlation coefficients before correction	Corrected correlation coefficient	Equation
Predictors	ISA 330 should be adopted when formulation audit procedures	16	0.971	0.985	Guttman
Outcome	Legal Responsibility	93	0.995	0.997	Spearman-Brown

Source: prepared by the researchers based on SSPS

4.1.2. Validity Testing

The correlation coefficients ranged between 0.923 and 0.989, and all significance values (Sig) were less than 0.05, indicating a high statistical significance for all correlation coefficients. The findings indicate that the components of each control variables demonstrate a strong level of internal consistency and reliability, which in turn strengthens the tool's reliability and validity for assessing the study variables.

Table 5 :Validity testing

Control variables	Title	Number of paragraphs	Correlation coefficient	Sig.
ISA 330 should be adopted when formulation audit procedures.	Improving the accuracy of audit procedures design in accordance with the nature of risks	4	0.983	0.000
	Directly link risk assessment results to response actions and carefully design the	6	0.981	0.000

	selection of audit, control, or substantive tests.			
	Documentation of audit procedures within the working papers	6	0.981	0.000
Legal Responsibility	Clarification of the Professional Duties of the Auditor and the Limits of Their Legal Responsibilities	24	0.987	0.000
	Reducing the probability of holding the auditor responsible for negligence or oversight	16	0.923	0.000
	Protection of the auditor from legal disputes arising from undiscovered distortions	21	0.989	0.000
	Compliance with standard 330 reduces the gap in interpreting the auditor's responsibility boundaries in the Iraqi environment	8	0.979	0.000
	Adhering to ISA 330 strengthens the auditor's legal position by ensuring proper documentation of audit procedures.	12	0.968	0.000
	The ISA 330 standard contributes to enhancing the confidence of clients and regulatory bodies in the professionalism of the auditor and the limits of their responsibility	4	0.981	0.000
	The level of application of the ISA 330 standard is related to the auditor's ability	8	0.963	0.000

	to defend their professional opinion before judicial authorities		
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4.2. Testing the Characteristics of the Research Sample.

A sample of audit team leaders and employees was selected from multiple auditing offices and firms, resulting in a total of 50. Table 2 presents the characteristics of the research sample, including academic credentials, years of service, and number of training courses. The data indicate that the majority of participants held a bachelor's degree (31 individuals), followed by those with a diploma (10 individuals).

Table 2 :Sample Individuals' Information

Details	Qualification, Years, and courses.	Number	Percentage
Qualification	Diploma	10	20
	Bachelor's Degree	31	62
	Higher Diploma	4	8
	Master's Degree	3	6
	Doctorate	2	4
Number of years' service	5 or less	11	22
	10-6	12	24
	20-11	19	38
	21 or more	8	16
Number of training courses	5 or less	20	40
	10-6	18	36
	11 or more	12	28

4.3. Descriptive Analysis

Table 3 refers to the means, standard deviations, and general directions of participants' responses regarding the study's variables. The data shows that the

means for all items exceeded (4) out of (5), reflecting a high level of agreement among the sample members. Predictors demonstrate the adoption of ISA 330 when designing audit procedures, enhancing the accuracy of audit procedures according to the nature of risks, linking the results of risk assessment directly to response procedures, and designing the selection of audit/ supervisory, or substantive tests. The documentation of audit procedures within working papers yielded means between (4.25) and (4.30), indicating the participants' recognition of the importance of adopting ISA 330 when designing audit procedures. Regarding the outcome, the means ranged from 4.13 to 4.39. Item 7 recorded the highest mean (4.39) and a low standard deviation (0.547), indicating strong consensus and homogeneity of opinions. Conversely, item 3 had the lowest mean (4.13), but still reflected positive agreement. These findings underscore the significance of legal responsibility in audit performance and procedural design.

Table 3 : Descriptive Analysis

Variables	Title	Mean	standard deviation	General direction
ISA 330 should be adopted when formulation audit procedures.	Improving the accuracy of audit procedures design in accordance with the nature of risks	4.30	0.598	Strongly agree
	Linking the results of risk assessments directly to response actions and designing the selection of audit/control or substantive tests	4.25	0.571	Strongly agree
	Documentation of audit procedures within the working papers	4.27	0.587	Strongly agree
Legal Responsibility	Clarification of the Professional Duties of the Auditor and the	4.29	0.551	Strongly agree

	Limits of Their Legal Responsibilities			
	Reducing the probability of holding the auditor responsible for negligence or oversight	4.35	0.442	Strongly agree
	Protection of the auditor from legal disputes arising from undiscovered distortions	4.13	0.604	Agree
	Compliance with standard 330 reduces the gap in interpreting the auditor's responsibility boundaries in the Iraqi environment	4.34	0.452	Strongly agree
	The commitment to ISA 330 contributes to supporting the auditor's legal position through the documentation of the audit procedures	4.34	0.580	Strongly agree
	The ISA 330 standard contributes to enhancing the confidence of clients and regulatory bodies in the professionalism of the auditor and the limits of their responsibility	4.16	0.704	Agree
	The level of application of the ISA 330 standard is related to the auditor's ability to defend their professional opinion before judicial authorities	4.39	0.547	Strongly agree

4.4. Results of the correlation test between the Variables of the study

1. Correlation between the adoption of the International Auditing Standard ISA 330 and the clarification of the auditor's professional duties and the limits of their legal responsibility

Table 6 illustrates how to adopt ISA 330 to clarify the professional duties of the auditor and the limits of their legal responsibilities.

Table 6: Relationship of ISA 330 to the professional duties of the auditor and the limits of their legal responsibility

Variables	Correlation coefficient	Sig.	Relationship
<ul style="list-style-type: none"> ▪ Adopting the International Auditing Standard 330 (Independent Variable) ▪ Clarifying the auditor's professional duties and the limits of their legal responsibility (Dependent Variable) 	0.960	0.000	significant

Source: prepared by the researchers based on SSPS

It is observed from the results in table 6 that the correlation coefficient is high at 0.960, indicating a significant positive relationship at a significance level of 0.000 between the related variables. Therefore, the alternative hypothesis is accepted, which implies that there is a statistically significant correlation between adopting the International Auditing Standard ISA 330 and clarifying the professional duties of the auditor and the limits of their legal responsibility.

2. Relationship between adopting the ISA 330 auditing standard and reducing the probability of holding the auditor responsible for negligence or failure

Table 7 illustrates how adopting ISA 330 can reduce the probability of holding the auditor responsible for deficiencies or negligence.

Table 7 :Relationship of ISA 330 to the auditor's responsibility for negligence or omission

Variables	Correlation coefficient	Sig.	Relationship
<ul style="list-style-type: none"> ▪ Adopting the International Auditing Standard 330 (Independent Variable) ▪ Reducing the probability of holding the auditor accountable for negligence or dereliction (dependent variable). 	0.856	0.000	significant

Source: prepared by the researchers based on SSPS

It is observed from the results of the table that the correlation coefficient reached 0.856, indicating a significant positive relationship at a significance level of 0.000 between the related variables. Therefore, the alternative hypothesis is accepted, which states that there is a statistically significant correlation between the adoption of the international auditing standard 330 and the reduction of the auditor's responsibility for negligence or omission.

3. Correlation between the adoption of the ISA 330 auditing standard protects the auditor from legal disputes arising from undetected substantial misstatements

Table 8 clarifies how adopting ISA 330 relates to protecting the auditor from legal disputes arising from undetected substantial misstatements.

Table 8 :Relationship of ISA 330 to the protection of the auditor from legal disputes

Variables	Correlation coefficient	Sig.	Relationship
<ul style="list-style-type: none"> ▪ Adopting the International Auditing Standard 330 (Independent Variable) ▪ Protection of the auditor from legal disputes arising from undetected distortions (dependent variable). 	0.975	0.000	significant

Source: prepared by the researchers based on SSPS

It is observed from the results that the correlation coefficient of 0.975 indicates a

significant positive relationship at a significance level of 0.000 between the related variables. Therefore, the alternative hypothesis is accepted, meaning that there is a statistically significant correlation between the adoption of the International Auditing Standard ISA 330 and the protection of the auditor from legal disputes arising from undetected misstatements.

4. Correlation between the adoption of the ISA 330 auditing standard and the reduction of the gap in interpreting the limits of auditor responsibility in the Iraqi environment.

Table 9 illustrates how adopting ISA 330 relates to reducing the gap in interpreting the limits of the auditor's responsibility in the Iraqi environment.

Table 9 :Relationship of compliance with ISA 330 regarding the interpretive gap in the auditor's responsibility limits

Variables	Correlation coefficient	Sig.	Relationship
<ul style="list-style-type: none"> ▪ Adopting the International Auditing Standard 330 (Independent Variable) ▪ Compliance with Standard 330 minimizes the gap in interpreting the limits of auditor responsibility in the Iraqi environment (dependent variable) 	0.779	0.000	significant

It can be observed from the results of the table that the correlation coefficient is 0.779, indicating a significant positive relationship at a significance level of 0.000 between the related variables. The acceptance of the alternative hypothesis suggests that there is a statistically significant correlation between the adoption of the International Auditing Standard ISA 330 and the reduction of the interpretive gap concerning the auditor's responsibilities in the Iraqi environment.

5. Relationship between the adoption of ISA 330 and the legal support of the auditor's position through the documentation of audit procedures.

Table 10 illustrates how to adopt ISA 330 to legally support the auditor's position through documentation of audit procedures.

Table10: Relationship of adopting ISA 330 in clarifying the professional duties of the auditor and the limits of their legal responsibilities

Variables	Correlation coefficient	Sig.	Relationship
<ul style="list-style-type: none"> ▪ Adopting the International Auditing Standard 330 (Independent Variable) ▪ Support the auditor's legal position through documentation of the audit procedures (dependent variable). 	0.779	0.000	significant

It is observed from the results of the table that the correlation coefficient is 0.964, indicating a significant positive relationship at a significance level of 0.000 between the related variables. Therefore, the alternative hypothesis is accepted, suggesting that there is a statistically significant correlation between adopting the International Auditing Standard ISA 330 and the legal support for the auditor's position through the documentation of the auditing procedures.

6. Correlation between the adoption of ISA 330 and the enhancement of client and regulatory trust in the auditor's professionalism and the limits of their responsibility.

Table 11 clarifies how adopting ISA 330 fosters and enhances the trust of clients and regulatory bodies in the auditor's professionalism and the limits of their responsibilities.

Table 11 :Role of adopting ISA 330 in enhancing the confidence of clients and regulatory bodies in the professionalism of the auditor and the limits of their

responsibility

Variables	Correlation coefficient	Sig.	Relationship
<ul style="list-style-type: none"> ▪ Adopting the International Auditing Standard 330 (Independent Variable) ▪ Enhancing the trust of clients and regulatory bodies in the professional conduct of the auditor and the variable limits of their responsibility. 	0.779	0.000	significant

Source: prepared by the researchers based on SSPS

It is observed from the results of the table that the correlation coefficient is 0.990, indicating a significant positive relationship at a significance level of 0.000 between the variables. Therefore, the alternative hypothesis is accepted, suggesting a statistically significant correlation between the adoption of the International Auditing Standard ISA 330 and the enhancement of clients' and regulatory bodies' trust in the professionalism of the auditor and the limits of their responsibilities.

7. Correlation between the adoption of ISA 330 and the auditor's defense of their professional opinion before judicial authorities

Table 12 clarifies how adopting ISA 330 relates to the auditor's defense of their professional opinion before judicial authorities.

Table 12 :Correlation between the adoption of ISA 330 and the auditor's defense of their professional opinion before judicial authorities

Variables	Correlation coefficient	Sig.	Relationship
<ul style="list-style-type: none"> ▪ Adopting the International Auditing Standard 330 (Independent Variable) ▪ The auditor's defense of their professional opinion before judicial authorities (the dependent variable). 	0.779	0.000	significant

Source: prepared by the researchers based on SSPS

The findings in Table 12 reveal a high correlation coefficient of 0.975, indicating a significant positive association at a significance level of 0.000. Consequently, the alternative hypothesis is affirmed, indicating a statistically significant association between the implementation of the International Auditing Standard ISA 330 and the auditor's justification of their professional judgement before judicial authorities.

The initial results show a strong positive correlation between the variables, with a significance level of 0.000. This supports the alternative hypothesis and shows a clear link between applying International Auditing Standard ISA 330 and increasing legal responsibility for external auditors.

Conclusions and Recommendations

The implementation of ISA 330 constitutes a strategic priority for the audit profession in Iraq, with significant implications for theoretical frameworks, practical operations, and institutional structures. The study's findings highlight a fundamental transformation in audit practice resulting from the systematic adoption of International Standard on Auditing 330. This standard establishes a comprehensive framework that integrates risk assessment methodologies, substantive testing procedures, and internal control evaluation mechanisms into a unified audit design strategy. Such integration addresses a critical gap in audit methodology by ensuring that risk identification activities directly inform the selection and design of substantive procedures. This approach creates a logically connected audit process that strengthens the defensibility of audit conclusions and enhances the overall quality of audit engagements.

The study identifies a clear positive correlation between the implementation of ISA

330 requirements and enhanced legal accountability for auditors. Auditors who consistently apply these standards are significantly less likely to incur legal liability due to deficiencies in audit procedure design or execution. This relationship is supported by two mechanisms: the standard offers a defensible methodology that demonstrates reasonable professional care, and its rigorous documentation requirements create comprehensive audit trails that withstand legal or professional scrutiny. For individual auditors, compliance with ISA 330 serves as both a professional safeguard and a shield against legal exposure. For audit firms, systematic implementation reduces aggregate risk and enhances the firm's reputation for professional competence. For regulatory authorities and stakeholders, adherence to ISA 330 provides assurance that audit procedures are designed and executed in accordance with internationally recognized best practices.

Auditors who strictly adhere to ISA 330 requirements demonstrate significantly improved proficiency in documenting audit procedures to meet contemporary transparency and accountability standards. This enhanced documentation extends beyond regulatory compliance, reflecting a deeper understanding of the necessity of specific procedures, their relationship to identified risks, and their contribution to the overall audit opinion. High-quality documentation provides tangible evidence of professional diligence and serves as a critical safeguard against challenges to audit quality, thereby strengthening stakeholder confidence in audit outcomes.

The broader context of this research highlights a significant institutional challenge within the professional audit environment in Iraq. The findings indicate a need for

greater awareness and understanding of international standards, particularly the critical role of ISA 330 in modern audit practice. This gap extends beyond basic familiarity with the standards and underscores the necessity for comprehensive education on how international standards enhance the credibility and reliability of audit engagements. For example, the audit of a major state-owned enterprise in Iraq revealed deficiencies in risk assessment procedures and documentation, which reportedly contributed to delayed detection of significant misstatements; this case illustrates how limited application of ISA 330 can undermine audit quality and stakeholder confidence. The Iraqi stakeholder community—including investors, creditors, regulators, and the public—relies on the quality and reliability of audit services. Widespread implementation of ISA 330 would substantially increase stakeholder trust by ensuring that audit procedures are designed in accordance with rigorous, internationally recognized methodologies.

In light of the theoretical and practical findings, auditing offices, firms, and the Federal Board of Audit should systematically integrate ISA 330 standards into core audit procedures and methodologies. Implementation of these standards must be regarded as a fundamental operational mandate that directly reduces audit risks and enhances legal accountability across all organizational levels. To implement effective training programs focused on ISA 330 applications and practical requirements, organizations should first conduct a needs assessment to identify knowledge gaps among auditors. Subsequently, training modules should be developed that combine theoretical instruction with practical case studies, simulations of real-world scenarios, and supervised hands-on application of the standard. Regularly scheduled workshops and follow-up assessments should be

incorporated to reinforce learning outcomes and ensure consistent application in the field. Investment in auditor professional development through these structured steps strengthens organizational capacity to conduct high-quality audits and ensures that ISA 330 requirements are embedded in daily practice rather than remaining abstract regulatory obligations.

Regulatory bodies, such as the Federal Board of Supreme Audit and oversight bodies for professional audit companies, have a critical responsibility to establish and maintain monitoring mechanisms that assess auditors' compliance with international standards, with particular emphasis on ISA 330. Effective monitoring should include periodic compliance audits, review of audit documentation and working papers, evaluation of auditor training and competency development, and assessment of firm-level policies governing the implementation of ISA 330. Establishing a robust regulatory framework for ISA 330 compliance yields multiple institutional benefits: at the individual level, regulatory oversight incentivizes consistent adherence to standards; at the firm level, systematic monitoring enhances audit effectiveness through quality assurance; and at the institutional level, oversight strengthens stakeholder confidence in the delivery of audit services according to internationally recognized standards. Successful ISA 330 implementation requires coordinated action at all institutional levels, including individual auditor compliance and development, firm-level policy and monitoring, and regulatory oversight. The professional community should recognize that adopting international standards is an opportunity to strengthen credibility, enhance audit quality, reduce liability exposure, and serve the public interest.

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