

(700)

:

(700)

(700)

1997 (22)

()

(Tukey)

(ANOVA One Way)

(700)

1997 (22)

(700)

:

)

(2002

2011/8/10

2010/1/11

/

2011 ©

(Humphrey et. al, 1992)

(2002)

(Porter, 1993)

(Humphrey et. al, 1992)

(700)

31 2006 .

(700)

31 2006 .

:

.1

:

:

.2

)

(

Gupta and)

.2

.(Aurora, 1996, p. 163

)

.(2005

.3

700					
	. 2006/12/31				.4
				(700)	
(700)	1997	(22)		
					.5
:				:	.3
		.1			
	(700)				
		.2	(2004)	
		.3			
			-		
		.4			
		.5			
(700)					
	1997	(22)			
				-	
					-

700 : 4 .1 .4

:

)

(2002).

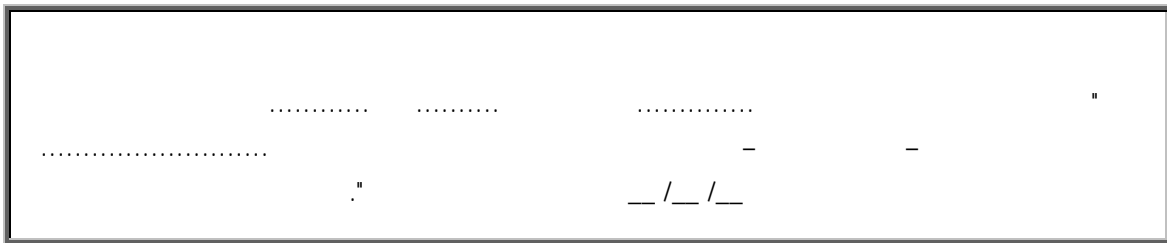
(2004)

(2002)

1917

(2005)

(2005)



1934

:

19xx /31 "

()

/31

() 19xx

"

1917

()

" "

.(.....)

.(2005)

1947

:(2005)

19xx /31 "

()

1988

1988

1981

(58)

(2000)

1977

1983

(13)

(1989)

1988

(13)

1994

19xx /31

19xx /31

Sarbanes- Oxley

2002

(Act)

Public Company (PACOB)

(Accounting Oversight Board)

(2006)

2006

700

2006/12/31

.(IFAC, 2005, pp. 590-599)

-1

-5

.3 . 4

(700)

1997 (22)

-2

-3

(700)

1997 (22)

() (195)

-4

-1

(60-18)

(700)

700

(Butler, et al, 2010) (700)

(2008) (700)

" 700 (38)

(700)

.4 . 4

(Peter et al, 2001)

(Gold et al, 2011)

700

(Manson & Zaman, 1999)

(Miller et al, 1993)

)
(

(Hatherly et al, 1991)

(Manson & Zaman, 1996)

(Auditing Practice Board)

(Kelly & Mohrweis, 1989)

		.5		
	:	.1 .5		
	:			
	:			
(700)	"	":Ho1)	(2001
(700)	"	":Ho2		
(700)	"	":Ho3		
(700)	"	":Ho4		
(700)	"	":Ho5		
	:			
	"	":Ho6	(2002)	
	"	":Ho7		
	"			

" :Ho8

."

: .2 .5

."

:

:

-1

:

:

" :Ho9

institutional investors

."

()

" :Ho10

(120)

-2

:

()

."

" :Ho11

.

(80)

()

."

(91)

(%38)

2007

:

" :Ho12

."

" :Ho13

.(

)

."

" :Ho14

(%74)

2007

(Ministry of)

.Planning Report, 2007

."

" :Ho15

-3
 : (2001)
 :
 :
 :
 (80)
 (91)
)
 (
 :
 :
 (10)
 (19)
 (1-5)
 :

(1-5)			
%68	82	120	
%68	55	80	
%67	54	80	
%80	24	30	
%69	215	310	

.3 .5

(1-6) .4 . 5

(%71.63)

(%16.28)

(%10.23) One)

(%1.86) (Samples-T-test)

(ANOVA)

(Tukey)

(%85.12)

(%8.37)

(%4.18) .6

(%1.86)

(%0.47)

: .1 .6

.1 .1 .6

(%75.82)

(1-6)

%		%		%		%		%		
:										
%1.86	4	0	0	%3.7	2	0	0	%2.44	2	-
%1.86	154	0	0	%83.3	45	%76.4	42	%81.71	67	-
%71.63	35	%16.6	4	%13	7	%23.6	13	%13.41	11	-
%16.28	22	%83.4	20	0	0	0	0	%2.44	2	-
:										
%85.12	183	%100	24	%72.22	39	%81.82	45	%91.46	75	-
%8.37	18	0	0	%12.96	7	%14.55	8	%3.66	3	-

%		%		%		%		%		
%4.18	9	0	0	%9.26	5	%3.63	2	%2.44	2	-
%1.86	4	0	0	%3.71	2	0	0	%2.44	2	-
%0.47	1	0	0	%1.85	1	0	0	0	0	-
:										
%10.23	22	%4.17	1	%12.96	7	%9.09	5	%11	9	3 -
%13.95	30	%8.33	2	%16.67	9	%12.72	7	%14.63	12	5 -3 -
%35.35	76	%37.50	9	%29.63	16	%30.91	17	%41.46	34	10 -5 -
%40.47	87	%50	12	40.74	22	%47.28	26	%32.91	27	10 -

(2-6)

.6 .1 .2

:

(2-6)

652	4.44	509	4.54	816	4.22	564	4.4	587	4.59	-1
										-2
697	4.37	761	4.33	833	4.15	685	4.29	522	4.57	
										-3
820	4.17	550	3.96	955	3.74	704	4.2	724	4.49	
										-4
742	4.27	495	4.38	863	3.83	627	4.4	685	4.43	
										-5
859	4.23	780	4.5	964	3.7	615	4.25	805	4.48	
										-6
859	4.07	1.09	4.17	1.053	3.8	666	4.24	720	4.11	
										-7
996	3.95	1.373	3.83	913	3.81	858	4.07	1.012	3.99	
										-8
1.032	4.01	1.393	3.88	1.254	3.56	719	4.24	823	4.2	
										-9
921	4.21	761	4.67	1.23	3.81	573	4.31	832	4.27	

942	4.03	989	3.75	1.197	3.67	744	4.24	766	4.21	- 10
830	4.11	702	4.17	915	3.74	762	4.29	786	4.22	-11
1.127	3.48	780	2.5	1.288	3.24	981	3.76	1.007	3.73	-12
0.913	4.11	1.038	4.06	0.730	4.22	1.056	3.77	0.818	4.27	

(2-6)

(3-6)

(3)

(4.11)

(4.07) (3)

(0.818)

(4.27)

(4.22)

(4.22)

(0.823)

(0.730)

(0.715)

(4.19)

(1.056)

(3.77)

(3.78)

(1.038)

(4.06)

(3.89)

(1.038)

(0.991)

(3)

(3-6)

727	4.28	823	4.09	706	4.46	823	4.09	706	4.46	-1
781	4.25	.593.	4.38	639	4.37	.593.	4.38	639	4.37	-2
840	4.2	875	4.22	785	4.41	875	4.22	785	4.41	-3
795	4.16	.610.	4.33	778	4.29	.610.	4.33	778	4.29	-4
826	4.07	607	4.24	833	4.18	607	4.24	833	4.18	-5
918	4.14	742	4.31	829	4.17	742	4.31	829	4.17	-6
917	4	793	4.24	861	4	793	4.24	861	4	-7
949	3.96	640	4.13	840	4.1	640	4.13	840	4.1	-8
880	4.1	712	4.22	836	4.28	712	4.22	836	4.28	-9
871	4.05	579	4.33	857	4.13	579	4.33	857	4.13	- 10
1.02	4.03	610	4.33	821	4.28	610	4.33	821	4.28	-11
1.03	3.61	772	3.82	936	3.96	772	3.82	936	3.96	-12
0.898	4.07	0.991	3.89	1.038	3.78	0.715	4.19	0.823	4.22	

(4-6)

()

(4-6)

840	4.26	612	3.88	933	4.13	669	4.18	878	4.5	-1
837	4.17	751	3.96	961	3.98	744	4.04	771	4.44	-2
										-3
820	4.23	751	4.04	929	4.07	782	4.02	707	4.52	
										-4
771	4.18	442	4.25	1.014	3.91	590	4.2	735	4.32	
										-5
866	4.08	532	3.75	1.051	3.63	674	4.09	741	4.48	
										-6
899	4.01	359	4.04	.974	3.65	896	3.89	861	4.33	
										-7
919	4.03	654	3.92	1.083	3.81	731	4.05	961	4.2	
0.854	4.14	.609	3.98	1.002	3.88	.733	4.07	.816	4.40	

()

(4-6)

(4.14)

()

(0.816)

(4.40)

(4.07)

(5-6)

(0.733)

(1.002)

(3.88)

(5-6)

(3.98)

()

(.0.609)

(4.42)

(0.757)
 (0.648) (4.12)
 (3.75)
 (3.67) (1.149)
 (0.971)
 (4.09)

()

(5-6)

701	4.44	338	4.13	955	4.26	552	4.35	573	4.72	-1
846	4.15	881	3.58	996	4.09	714	4.16	741	4.34	-2
886	4.15	947	3.88	1.127	3.7	519	4.09	685	4.57	() -3
1.063	4	1.404	3.33	1.276	3.65	800	4.09	762	4.37	-4
959	3.96	761	3.33	1.141	3.41	617	4.09	785	4.41	-5
878	3.98	504	3.92	1.144	3.56	650	4.05	802	4.22	-6
995	3.97	1.285	3.5	1.188	3.61	623	4.02	830	4.32	-7
0.923	4.09	0.971	3.67	1.149	3.75	0.648	4.12	0.757	4.42	

(6-6)

()

(6-6)

844	4.38	1.445	4	738	4.28	534	4.42	820	4.52	-1
846	4.09	1.274	3.67	839	3.89	567	4.11	787	4.33	-2
835	4.22	1.022	4	937	4.09	617	4.09	789	4.46	-3
901	4.04	1.09	3.83	922	3.59	678	4.2	850	4.28	-4
829	4	963	3.67	959	3.8	488	4.05	833	4.18	-5
880	4.14	590	4	1.071	3.72	707	4.02	757	4.54	-6
971	4.13	702	4.17	1.17	3.63	795	4.13	876	4.44	-7
891	4.27	482	4.67	1.029	3.81	668	4.13	878	4.54	-8
1.07	4	1.09	3.83	1.28	3.72	731	4.15	1.079	4.15	-9
0.906	4.14	1.030	3.98	1.020	3.84	.653	4.14	.864	4.38	

(4.38)

(6-6)

(0.864)

(0.653)

(4.14)

(1.020)

(3.84)

(4.14)

(3.98)

(1.030)

()

(0.953) (4.02) (3)
 (4.20) (3.84)
 (1.010) (0.719) (3.95)
 (4.08)
 .(0.959) (7-6)

(7-6)

757	4.25	482	4.33	824	4.33	620	4.36	824	4.01	1
936	3.95	1.09	3.83	971	3.96	590	4.2	1.03	3.82	-2
902	3.92	482	4.33	1.06	3.5	730	4.15	870	3.7	-3
1.045	3.95	1.373	3.83	1.019	4.02	888	4.09	1.06	3.85	-4
925	4.02	0.959	4.08	1.01	3.95	0.719	4.2	0.953	3.84	

(3) : .2 . 6
 (0.818) (4.27) " :Ho₁
 (48.820) t
 (0.05) . (700)
 (One Sample T-test)
 (8-6)

(One Sample T-test) (8-6)

0.000	48.820	0.818	4.27	
0.000	18.635	1.056	3.77	
0.000	43.107	0.730	4.22	
0.000	17.261	1.038	4.06	

%5 ≥ *

":Ho₃

":Ho₂

."

(700)

."

(700)

(8-6)

(8-6)

(3)

(3)

t (0.730)

(4.22)
(43.107)
(0.05)

t (1.056)

(3.77)
(18.635)
(0.05)

(One Sample T-test) (9-6)

0.000	46.544	0.823	4.22	
0.000	19.107	1.038	3.78	
0.000	42.881	0.715	4.19	
0.000	15.287	0.991	3.89	

":Ho₄

(4.06) (3)

(17.261) t
(0.05)

(1.038)

."

(700)

(8-6)

" :Ho₇

" :Ho₅

"
 (9-6)
 (4.19) (3)
 (42.881) t (0.715)
 (0.05)

"
 (One Sample T-test)
 (9-6)
 (4.22) (3)
 (46.544) t (0.823)
 (0.05)

" :Ho₈

" :Ho₆

"
 (9-6)
 (3)
 (0.991) (3.89)
 (15.287) t (3)
 (0.05)

"
 (9-6)
 (1.038) (3.78)
 (19.107) t
 (0.05)

." ()

(10-6)

()
(33.733)
(0.05)

(Tukey)

" :Ho9

(10-6)

(ANOVA One Way)

(10-6)

0.000	33.733	23.114	69.341	
		0.685	1028.463	
			1097.803	
(Tukey)				
*0.421		*0.514	*0.330	
0.091		*0.184		
0.093				

%5 ≥ *

(10-6)

.(0.05)

()

(11-6)

3.98	3.88	4.07	4.40	

(11-6)

" :Ho₁₀

()

()

()

"

(12-6)

()

(59.571)
(0.05)

()

(ANOVA One Way)

(12-6)

0.000	59.571	45.430	136.290	
		0.763	1144.687	
			1280.977	

(13-6)

(Tukey)

(Tukey)

(13-6)

*0.755	*0.668	*0.300		
*0.455	*0.368			
0.087				

%5 ≥ *

(13-6)

" :Ho₁₁

()

"

.(0.05)

(15-6)

(14-6)

()

()

(40.169)
(0.05)

3.67	3.75	4.12	4.42	

(15-6)
(ANOVA One Way)

(14-6)

0.000	40.169	31.060	93.181	
		0.773	1493.144	
			1586.326	

()

(17-6)

(Tukey)

(16-6)

(Tukey)

(16-6)

()

*0.401	*0.545	*0.239		
0.162	*0.306			
0.144				

":H₀₁₂

%5 ≥

*

(One Sample T-test)

(18-6)

(16-6)

(3)

t (0.953)

(3.84)

(16.047)

(0.05)

(0.05)

(17-6)

()

3.98	3.84	4.14	4.38	

One Sample T- (18-6) (test)

0.000	16.047	0.953	3.84	
0.000	13.871	1.010	3.95	
0.000	24.757	0.719	4.20	
0.000	15.092	0.959	4.08	

":Ho₁₅

(18-6)

":Ho₁₃

(3)

(0.959)

(4.08)

(15.092) t

(0.05)

(18-6)

(3)

t

(1.010)

(3.95)

(13.871)

(0.05)

.7

":Ho₁₄

(700)

-1

(18-6)

(0.719)

(4.20)

(3)

-2

(24.757) t

(0.05)

		-6			
(700)					-3
)	(
(22)				()	
		1997			
					-4
(45)		(700)			()
	(700)				

-5

		20xx	31		
31			()
		.20xx	31		
		.20xx	31		
					20xx
					*
				.20xx	31
				()
				()

*

.2001 18-19 2006

2008

.700 2000

.331-311 3 4

: 2002 .312

: " 2001

.127-108 30

.2004 " "

2005

276-259

31

2006

)

2004

(

2002

- Butler, S. A., Ward, B. & Zimbelman, M. F. (2010), 'An exploration of differences in auditors' and users' perceptions of key terms used to define auditors' responsibilities', **International Journal of Accounting, Auditing and Performance Evaluation**, Vol. 6, No. 1, pp. 80-107.
- Gold, A.; Gronewold, U. and Pott, C. (2011), **The ISA 700 Auditor's Report and the Audit Expectation Gap – Do Explanations Matter?** Department of Accountancy; Faculty of Economics and Business Administration; VU University Amsterdam. Available Online: <http://ssrn.com/abstract=1492082>
- Gupta, K.& Aurora, S., (1996), **Fundamentals of Auditing, First Edition**, Tata McGraw-Hill.
- Hatherly, D., Innes, J. & Brown, T. (1991). "The Expanded Audit Report – An Empirical Investigation", **Accounting and Business Research**, Vol. 21. No. 84, pp. 311-319.
- Humphrey, C., 1991, **Audit Expectation, in Sherer, M. and Turley, S. (Eds)**, Current Issues in Auditing, 2nd Ed., Paul Chapman Publishing Ltd, London, pp3-21.
- Humphrey, C., Moizer P., & Turley S.,(1992), "The Audit Expectation Gap- Plus CA Change, Plus C'est la Meme Chose", **Critical Perspectives on Accounting**, Vol.3, No.2, pp137-161.
- IFAC "International Federation of Accountants" ,(2005), **Hand book of International Auditing, Assurance and Ethics Pronouncements.**
- Kelly, A. S. & Mohrweis, L. C. (1989). "Bankers' and Investors' Perceptions of the Auditor's Role in Financial Statement Reporting: The Impact of SAS No 58", **Journal of Practice & Theory**, Vol. 9, No.1, pp. 87-97.
- Manson, S. & Zaman, M. (1996). "Analysis of Responses to the Expanded Audit Report", **Paper Presented at the: British Accounting Association Conference**, University of Wales Cardiff, UK.
- Manson, S. & Zaman, M. (1999). "Lobbying the Auditing Practices Board: Analysis of Responses to the Expanded Audit Report", **Accounting Forum**, Vol. 23, No.1, pp. 11-34.
- Miller, J. R., Reed, S. A. & Strawser, R J (1993). "Bank Loan Officers' Perceptions of the New Audit Report", **Accounting Horizons**, Vol. 7, No. 1, pp. 39-52.
- Ministry of Planning Report, the Economic indicators 2007, Amman, Jordan, 2007
- Parker, R. H. and Nobes, C. W. (1994), "Readings in True and Fair", **Garland Publishing Inc**, New York.
- Peter B. J.; Buckby, S. & Clarice, T. (2001) Evidence of the audit expectation gap in Singapore. **Managerial Auditing Journal**, Vol. 16, No. 3, pp. 134-144.
- Porter, B., (1993), "An Empirical Study of the Audit Expectation- Performance Gap", **Accounting and Business Research**, Vol. 24, No. 93, pp. 49-68.

...

The Effect of ISA 700 (Revised) “The Independent Auditor’s Report on Narrowing the Audit Expectations Gap”: An Empirical Investigation from the Perspectives of Auditors, Preparers of Financial Statements, Investors and Academicians

Husam Khadash, Ibrahim Al-Zoy, Mahmoud Nassar

ABSTRACT

This study aims at determining the effect of amendments to audit report on narrowing the audit expectations gap. It also aims at investigating the importance of these amendments and their contribution in improving disclosure level in the audit reports and that from the perspectives of auditors, preparers of financial statements, investors and academicians. The study also aims at identifying the extent to which these four groups consider that it would be useful for additional information to be added to the audit report. Moreover, this study aims at identifying the extent of homogeneity between the requirements of amended ISA 700 (Revised) and Jordanian Corporate law No. 22 for the year 1997 and its amendments.

To achieve the objectives of this study a questionnaire was developed and distributed to a sample of the four specified groups. The researchers used a set of statistical techniques such as descriptive statistics, one sample T-test, one way ANOVA, and Tukey test to describe the variables and to test the hypotheses.

Results show that the amendments to the audit report have contributed in narrowing the audit expectations gap and improving disclosure. These amendments were considered very important according to the four groups. This study also shows that the four groups consider that it would be useful for additional issues, including the results of examining the internal control system, the extent to which they relied on the internal controls, the materiality level that auditors use, corporate governance, and earnings management, to be reported by the auditor. The study also shows that there are contradictions between the requirements of amended ISA No. 700 and the Jordanian corporate law No. 22, issued in 1997 and its amendments relating to the content of the audit report.

KEYWORDS: ISA 700, Expectations Gaps, Auditors, Institutional Investor.

e-mail husam@hu.edu.jo

13115

150459 . . .

Hussam Khadaash, Department of Accounting, the Hashemite University.

Ibraheem Al-Zoy, Department of Accounting, University of Garyounis, Libya.

e-mail aman_spic@yahoo.com

Mahmoud Nassar, University of Applied Sciences.

Received on 11/1/2010 and Accepted for Publication on 10/8/2011.