THE EFFECT OF AUDIT EVIDENCE ON THE AUDITOR'S REPORT

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Abstract
This study seeks to emphasize the importance of audit evidences, their quality characteristics and the professional judgment used to measure and to evaluate them in order to express their final audit opinion. There is no mathematical formula, neither a specific model in order to evaluate the quality of audit evidences. Their quality depends upon the professional judgment concerning the audit technical standards, the accounting references and nevertheless upon the auditor’s ethics. The questionnaire is consisted of the three parts with designed closed questions and the last page of questionnaire included a general question for respondents including suggestions and recommendations. This study consists of hypothesis, to test three hypotheses we used one sample t-test was used. Findings show that the main hypothesis is confirmed and enough and reliable audit evidence has a significant effect on the auditor's report.

Keywords: Auditor report, Audit evidence, Audit opinion and Auditing standard

Introduction
The audit report is the final product of audit process and also the auditor's judgment about the quality and content of the expressed financial statements of the clients and creating certainty for the users of financial statements and mainly stakeholders, has an important role. Therefore fully understand the meaning of the Auditor's Report by the involved people, including suppliers or users of the report is of the vital importance. Since the auditor's report includes the information and also is a means of passing it to consumers, and it is natural to try to obtain useful information features for decision-making, is observed in its presentation. The auditor's report must be clear and without any ambiguity and make a clear connection with the reader. Businesses and Industrial activities in recent decades, increasingly is becoming more complex and auditing as a business service in response to these developments, has passed an evolutionary way. Changes in quality of audit procedures is performed by the pressure of public and the auditor's report as the main product of the audit process, of course, is affected by the process of evolution (Hamidi Ravari, 1372). Here in this paper, the auditor's report with respect to the impact of the auditing evidence on the auditor's report is discussed.

The recent study is done among the Iran official auditors and since this society is set to prepare facilities for its members to obtain best and qualified services. In this regard, the responsibility of this society is attempted to protect the public interest, the interests of stakeholders and members of
the community. According to this strategy, the public interest is preferred to the collective interest and collective interest is preferred over individual interest, obviously extensive research is needed to realize this strategy.

Official auditing society in order to cope with the changes occurred in its duty is in a great need to review its internal systems in order to be prepared for the future. Organizing and developing the organization of official auditors' society, efforts to expand the market and a variety of professional services, to improve and to enhance the quality of professional services, to raise up the level of performance monitoring and protecting the rights of members of professional, spiritual and financial interests of the Members, are of the activities that had been considered for next years. In this study, we will try to determine the effect of the auditing documents on the auditors' reports in order to strengthen the members' quality of professional services.

The auditors may collect a lot of documents during an investigation for justification of their report. Which are mostly descriptive, for example, a copy of the minutes of the board of directors and general assembly, association and company records, copies of important contracts and contract of bond issuance approval, the audit and management and legal lawyers approvals can be used as the documents on the auditing reasoning.

This study emphasizes the importance of accounting documents, their quality and professional judgment which are used to measure and evaluate them in order to final audit comment. In order to assess the quality of audit evidence, there is no mathematical formula or a particular model, their quality depend to their professional judgment in accordance with the technical standards of auditing, accounting references and also to the ethics of the auditor (deeds and words rule). This is one of the reasons that the financial auditing is as one of the edges of the economic research, which is important to clarify the validity of financial statements.

The auditing is a Regular and systematic impartial process to collect and evaluate the evidence about the economic activities and events in order to determine the degree of compliance with the pre-set criteria and report the results to the stakeholders (Feltham, 1972).

In order to obtain a reliable financial statements of an economic unit, the auditor in relation to these cases, receives the managers confirmation reports. This approval cannot be trusted and cannot be substituted for evidence that they must be present and the auditor would need to gather evidence to confirm the accuracy of the information provided by management. The auditing evidences are written and electronic information that allow the auditor's to reach to a conclusion by reasoning. In this regard, the audit documentation helps the auditor to adopt a starting point to be able to comment about the accounts and financial operations of the company. Such documents through a test that determines how well the accounting controls work and through testing, accounting details of accounting are obtained.

Auditors, in accordance with generally accepted auditing standards (GAAS) do carry out the audit, and also testify the fairness of corporate financial reports by identifying and reporting significant deviations of generally accepted accounting standards to the various beneficiaries (Lin et al., 2009). So, the independent audit reduces information asymmetry and agency problems.

The auditor's opinion on the accounting information by reducing the agency problem can provide useful information for capital market participants. The usefulness of accounting information can help users to make decisions. The targeted reporting process is assistance to making decisions by undertaking the economic information. Being directed, misleading, irrelevant or incomplete information can lead to a wrong decision and the decision damages the decision maker. While this decision will have important economic consequences, more important decision to make is to ensure the quality of received information. Ensuring the quality of received information is possible through the audit. Therefore, in order to enhance the usefulness of accounting information, the auditors add the financial information to lead to a corresponding increase in relevant value. Hence,
when the audit report is valuable, it will improve the users' decisions so that they can make rational capital, credit, etc. For this reason, it is expected that the audit report (e.g. audit reports or other unacceptable audit report) can have a positive impact on the relevant value and send a positive signal to the capital market. Audit records are information obtained by the auditor to reach results that are formed according to the auditor opinion (Adini, 2004). The auditing documents are including accounting documents of financial statements that should be consistent with information from other sources. However, the auditor should obtain reasonable result according to auditing views to achieve to a qualified auditing report. The audit documents are satisfying rather than conclusive, so different sources should be examined by the auditors (Adini, 2004).

According to international standards of auditing (ISA), audit records must be "sufficient" and "adequate". Being Sufficient refers to the quantity as well as the quality of audit documents. The appropriateness of audit documents is related to the type and timing of audit procedures. Appropriateness (quality documents) is achieved if the documents are relevant and reliable. Also the documents the auditor should be adequately documented so that they should be available before the issuance of the auditor's report. The auditor's documents should support the auditors' comments in the audit report and the audit case should lead to the ways by which the auditor developed his audit comments. According to this aspect, the audited companies (such as Arthur Anderson in the Enron scandal) are charged by the public and regulatory bodies because of their lack of audit documents and were not appropriate to justify its auditor's comments. Auditors must ensure that when planning and performing audit procedures, they believe that these methods are sufficient and appropriate to obtain enough audit evidence (because the audit methods and auditor's documents are not the same - the auditor use different methods for preparation of documents). Another aspect that auditors should consider is the relevance and reliability of the information that is used as audit evidence. In an audit, the more of an auditor's work, is to obtain and evaluate evidence, using different methods (inspection, observation, evaluation, confirmation, recalculation, etc.) in order to reach to the audit comment. To obtain sufficient and appropriate audit evidence is one of the key steps the auditors must do that are very important to shape the standard audit documents in general. The auditor documents should be properly documented so that the purpose of the audit is to be achieved. If goals are not achieved, worksheets must contain the documentation of failure. Also, experts with more expertise can be used to gather audit evidence. (Asar, 1992)

Understanding how to provide the audit evidence orderly and persuasive affects the auditor judgment is particularly important. Where the opposite audit documents (positive or negative) exist with a variety of persuasiveness. For example, consider a situation where the auditor is provided with positive audit evidence from a source with high reliability which is derived from negative audit evidence from a source less reliable. Literature suggests two different outcomes. Studies have shown that auditors pay more attention to the negative evidence rather than positive evidence (Asar, 1992, Mc Milan, 1993). Is the (positive or negative) direction and the reliability of the source (high or down) of audit documents playing an important role in affecting the quality of the audit report? Previous psychological literature has shown that people believe to the documents obtained from sources are more confident when confronted with conflicting evidence (Rosenbaum and Levin 1968). In the field of audit, when the conflicting evidence is presented, auditors expect the audit evidence obtained from sources with high reliability to be more important. As well as, the professional and legal requirement factors emphasize the reliability of sources. The auditors are concerned about the undiscovered errors in the financial statements; they may pay much attention to the factors of reliability when facing the opposite documents. This situation will happen because the auditors prefer a significant increase in the risk from contradictory legal responsibility of audit
evidences obtained from less reliable sources to conflicting audit evidence obtained from a source with more liability. Independent auditing increases the reliability of financial reporting of the big companies and help investors have wise decisions in the capital market. Users have found that to obtain benefits should increase the credits. These benefits are generally considered to increase the quality of investment decisions when they are based on reliable information. Since the independent variables studied in this research are assumed as the audit documents and the dependent variable in this study, the auditor’s report has been regarded, therefore, this study tries to find answers to the following research questions:
(1) How much is enough audit evidence effective on the auditor’s report?
(2) Is there any relation between the auditor evidence and the auditor’s report?

Methodology
First, descriptive statistics were used including frequency tables and various diagrams, to assess demographic variables (statistical sample of the target population). Then for the analysis of the hypotheses single-sample T-test was used.
Dependent variable:
AUDITR = auditor’s report
Independent variable:
SAUDE = sufficient audit evidence
RAUDE = audit reliability capabilities
The questionnaire is consisted of the three parts with designed closed questions and the last page of questionnaire included a general question for respondents including suggestions and recommendations. Five-item Likert range will be used in the study and test of data will be done by the SPSS software.

Hypothesis Test
This study consists of a main hypothesis and to test three hypotheses we used one sample t-test was used.
The statistical hypotheses as the null assumption (Ho) and the opposite assumption (H1) are as follows:
Ho: reliable audit evidence does not have a significant effect on the auditor report.
H1: reliable audit evidence has a significant effect on the auditor report.
A result of the one sample t-test for the main assumptions has been proposed in the table (1):
Table 1: sample t-test result

<table>
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<th>t</th>
<th>df</th>
<th>Sig. (2-tailed)</th>
<th>Mean Difference</th>
<th>SD</th>
<th>Mean</th>
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<tbody>
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<td>.000</td>
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<td>.2274</td>
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</tbody>
</table>

According to the results of the above and given the significant level of error of the test for the significant level of 0/99 is less than 0/01, So we can say that there is a significant difference between the mean of the effect of reliable audit evidence on the auditor’s report in the studied samples (05/3) with the average of population (a measure of comparison = 3) and the average of the effect of reliable audit evidence on the auditor report between samples is higher than the
average population. So we can say that the main hypothesis is confirmed and enough and reliable audit evidence has a significant effect on the auditor's report.

**Conclusion**
To the classified data, firstly a descriptive statistics of the research variables, then the distribution of respondents, test of normality of the data test and after that the hypothesis testing were investigated. According to the results obtained from the testing of the main hypothesis, the reliable audit evidence has a significant effect on the auditor's report; it became clear that this hypothesis is confirmed. According to the Results of the above assumptions it was determined that reliable audit evidence has significant effect on the audit report and then reliable audit evidence is an important influencing factor on the audit report so that the presence or absence of sufficient and reliable audit evidence can modify the audit report, this could be of interest to the community of Iranian official accountants.

**Reference**