

THE FACTORS AFFECT BUSINESS RISK AUDIT AND THEIR IMPACT ON THE EXTERNAL AUDITING QUALITY IN JORDANIAN COMMERCIAL BANKS (CASE STUDY)

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ABSTRACT: *This study aims to identify the factors that affecting the business risk audit strategy, and whether such factors will also have an impact on audit quality. Is the audit quality independent of the business risk audit strategy? To answer the research questions, the researchers designed questionnaire which was distributed to the sample of the study. The population consisted of 4 audit firms elected to audit and issue financial statements for Jordanian commercial banks. Purposive sample (75%) of the study society was selected. A set of statistical appropriate methods were used through SPSS program. The study found that there is high level of application for audit based on business risk (BRA) in the Jordanian commercial banks. In addition, there is high impact for the clarity of the concept of business risk audit on the quality of the external audit in the Jordanian commercial banks. Additional implications and future recommendations were argued.*

KEYWORDS: Audit strategy, Business risks, Quality of the external audit, Jordanian commercial banks.

INTRODUCTION

The business risk audit method concerned as one of the most modern methods used in the audits and it is directing audit towards the high-risk centers and activities in banking system, business risk audit approach works scientifically to direct audit efforts towards the most dangerous zone in the enterprise, and in the various stages of audits, both when building the annual management plan for auditing or when planning the audit task, or during the implementation stages, and display the results (Aljaafrah, 2008).

Problem Study and questions

There are several factors affecting application of external business risk audit strategy include: (clarity of the business risk audit concept, technological development, cost, and time).

The problem of the study can be expressed through the following questions:

1. What is the level of applying business risk audit in the Jordanian commercial banks?
2. What is the effect of the clarity of the concept of business risk audit on the quality of external audit in the Jordanian commercial banks?

3. What is the impact of technology development in business risk audit on the quality of external audit in the Jordanian commercial banks?
4. What is the effect of the cost of the business risk audit on the quality of external audit in the Jordanian commercial banks?
5. What is the effect of the time of business risk audit on the quality of external audit in the Jordanian commercial banks?
6. Is there a relationship between the factors affecting the application business risk audit, and the quality of the external audit?

Hypotheses:

Based on the questions raised in the problem of the study, the study on **major premise:**

H0: There is no statistically significant effect for the factors affecting the business risk audit on the quality of external audit in the Jordanian commercial banks.

The sub-branch, including the following hypotheses:

Sub-first hypothesis:

H0.1: There is no statistically significant effect for the level of applying business risk audit on the quality of external audit in the Jordanian commercial banks?

Sub-second hypothesis:

H0.2: There is no statistically significant effect for the clarity of the concept of business risk on the quality of external audit in the Jordanian commercial banks.

Sub-third hypothesis:

H0.3: There is no statistically significant effect for the impact of technology development in business risk audit on the quality of external audit in the Jordanian commercial banks.

Sub-fourth hypothesis:

H0.4: There is no statistically significant effect for the cost of the business risk audit on the quality of external audit in the Jordanian commercial banks

Sub-fifth hypothesis:

H0.5: There is no statistically significant effect for the time of business risk audit on the quality of external audit in the Jordanian commercial banks.

THEORETICAL FRAMEWORK AND PREVIOUS STUDIES

There were numerous definitions of the term audit, probably due to the difference in the multiple intellectual trends, they gathered on the definition of the American auditors Institute, which was released in the year (2010) as the audit profession as a circle or a department, or a team of consultants, or other practitioner; providing confirmation services, consulting and objectively independent, designed to increase the value of the Organization's operations and improve assistance in accomplishing its objectives in a systematic and regular basis in order to evaluate and improve the organization's operations, and improve the effectiveness of governance processes, risk management and supervision. (Allam, 2012) .

Quality of Audit

Quality can define as a measure of excellence, or the state of freedom from defects and shortcomings, and large disparities through strict adherence to measurable and achievable standards to check for the completion of the homogeneity and uniformity

in output satisfies the specific requirements of customers or users. (Abu Nassar, 2012).

There are standards for the performance of audit quality in the business environment process to be a guide explains the modus operandi to represent an overall measure of performance, as indicated by the list of Auditing Standards No. 65 issued by the American Institute of Certified Public Accountants that there are necessary measures to determine the audit and ensure quality, and include eligibility which is measured through the educational qualification and professional certificates, and objectivity, which is measured by the party that send her internal audit reports, the party responsible for the appointment of auditors and dispensing them, and the quality of the tasks which are measured by the accuracy and adequacy of audit programs and the scope of audit performance, and quality factors and audit function as issued by internal and external auditors Institute of Standards consisted of independence, objectivity, professional, and due diligence (Abdali, 2012).

Factors affecting the quality of auditing in banks

The report, which is prepared by the auditor, is important for several parties, and to accomplish this report; there are many factors that may affect his opinion on the extent of sincerity and strength, the call for the need to improve audit quality have increased to neutralize the factors that may affect the auditor report in banks, this by focusing on qualified scientifically and practically. (Mahmoud et al, 2011).

There are some of these factors that may affect the auditor's report:

The auditor's ability to detect fraud and errors: The fraud and error detection based on a number of elements are in the form called model to stimulate the traditional fraud, where this model is based on the key elements that it is possible for the auditor to detect fraud and errors process, following figure (1) is called the Triangle fraud, which represents the opportunities and pressure, and rationalization. (Albrecht , 2007).

The Fraud Triangle



Figure (1): Triangle fraud. It represents the opportunities, pressure, and rationalization

The size of a company or auditing office: Researcher (Albrecht, et al, 2007) found that there is a direct correlation between the size of a company or Audit Office, and the degree of audit quality, and that whenever the auditing firm ranked among the five

largest valuation firms (Arthur Anderson, Arthur Young, Toeh Ross, World Wide, price Water House) the more audit quality have also seen that the big name mean reputable.

The relationship between the numbers of lawsuits filed against the external audit office, and the level of external audit quality: Supporters of this trend believes that the greater the number of cases filed against the audit office whenever it is an indication of low or non-audit quality, and be driven to raise issues on audit firms is the occurrence of material misstatement in the audit process has led to the creation of material losses, loss of beneficiaries confidence from the audited financial statements which will reflect negatively on the investment in the facility. (Thomas, 2000) .

External auditor's independence and impartiality: The financial community needs to be convinced on the independence of the auditor, the real existence of the auditing profession depends on this conviction, if the financial community doubt about the independence of auditors, the views do not have value, and the following are not needed for the services of auditors, and to the financial community confidence in the independence of auditors, they must avoid all relationships and circumstances that call into question the independence (Nazmi & Alazab, 2012).

Business risk Audit:

The business risk is determined similar ways in each entities that's because the reasons that works to prevent entities from achieving their goals are similar, and this risk lies in the business and operational processes and control environment, which requires the auditor to be aware and understand the entity's business under auditing in wider framework than the traditional audit, meaning that the auditor be conducted by the analysis and evaluation of the nature of the operations of the entity under auditing to reach conclusions and draw relate effectively and continuity of these operations through the use of a multitude of methods and techniques. (Audi, 2011)

Previous studies

1. Ibrahim (2005) entitled "Development of a strategy for external audit in the Jordanian banking sector based on business risk."

This study aimed to investigate the ability of the external auditors on pre predict problems that may result from business risks, and to find a strategy leads to the development of the external audit based on business risk. The study society and study sample was current external auditors and their number (23) auditors, and potential external auditors and their numbered (181) auditors, and internal audit managers in Jordanian banks and their number (24) managers. One of the most important findings of the study; that audit banks requires special skills from the main external auditor and assistants team, auditing banks requires the auditor to identify and document and test the internal control procedures in the bank to identify the risk and audit the financial statements , there is no statistically significant differences when developing a strategy based on the audit business risks attributed to the educational qualification, while there is significant differences attributed to years of experience differences.

The most important recommendation was the need to consider risk management in banks, a key part in the auditing plan and attention to internal controls and to identify audit risk, the need to ensure that auditors are following international auditing

standards , organizing training courses of developments on the auditing standards, especially with regard to business risks under the supervision of the Jordanian Society of Chartered Accountants , the central bank should oblige banks operating in Jordan to establish a separate department dealing with risk management, accounting and audit firms recommends dealing with the business risk audit approach on the basis that regenerative approach provides a powerful means of responding to external audit purposes.

Audeh (2011), entitled "Impact-based audit approach to business risk on the quality of the external audit".

The study aimed to determine the effects of the application of business risk audit in the Jordanian audit firms on the quality of the external audit methodology. The study society was the 13 largest auditing offices in Jordan, while the sample size has been reached (165) auditor. The most important results of the study; it is the presence of the impact of the concept of business risk audit in achieving value for customers, reduce audit risk, and directing auditors to the important things in the audit. The recommendations of the study was to invite the most important audit firms to hold specialized and advanced training courses to contribute the developing and increasing trust in audit.

Ibrahim (2012), entitled "Measuring the degree of applying internal audit based on business risk in the Jordanian banking sector"

This study aimed to introduce the internal audit based on business risks, and the importance of measuring the degree of applying internal audit based on business risk in the Jordanian banking sector, and the society and sample of the study selected from internal audit managers in Jordanian banks. The most important findings of the study; the weakness of the degree of applying audit based on business risk by the internal auditors in Jordanian banks, Internal auditors does not use business risks in Jordanian banks with respect to the external environment and operations transaction risks, in contrast they use business risks relating to the risks of information, the business risk audit considered one of the most modern methods in audit.

The most important recommendations was the need to hold specialized training courses for internal auditors in Jordanian banks in order to develop their skills and guiding them to use internal audit based on business risk, the need for the Jordanian universities and the Association of Jordanians Chartered Accountants to give more interest in this approach in audit by offering special courses related to this approach and organize practical courses for this area, and conducting studies and research include other economic sectors (industry, services, insurance) to measure the degree of applying audit based on business risk .

Sahnoun and Zarai (2009) entitled "Auditor-Auditee Negotiation Outcome: Effects of Auditee Business Risk Audit Risk and Auditor Business Risk in Tunisian Context".

This study aimed to determine the effect of business risk, in addition to checking the results of the negotiations to determine the audit fees and the acceptance of the auditee, and this study was conducted through empirical research included 200 Tunisian auditor. The results indicate that the risk has an effect on negotiations to

determine audit fees, and that the approval of the auditor to accept higher-risk companies are low degree.

Abdullatif & Al-Khadash (2010) entitled "Putting Audit Approaches in Context: The Case OF Business Risk Audits in Jordan".

This study aimed to determine the ability to apply audit based on business risks in the Jordanian Audit Offices, some of the factors relating to the application of business risk audit methodology in the Jordanian Audit Offices, and the impact of the decline in fees of the auditors on the application of business risk audit approach. The most important results that the application of some of the factors relating to the methodology of business risk audit , such as the effectiveness of the corporate governance regime will do the same level of core tests because of the weakness of corporate governance resulting from the weakness of the internal control system and the system of accounting information, audit firms adopt a curriculum auditing based on business risk, some directors of audit firms controlled by the weak attention in audit and the application of business risk audit approach is peripherally only and is not physically, a large segment of the auditors not convinced about the need for application of business risk approach and in their desire they do not want to increase the tasks related to their work and the following lack of interest in the legal drawbacks arising from the failure to take business risks seriously.

The recommendations were to work on the independence of the auditor by the management, and to conduct training and specialized courses in the field of auditing based on business risk for the auditors, and interest in and emphasis on applying business risk audit approach fully and full curriculum.

Adam M. Vitalis (2012) entitled "Business Risk And Audit Risk: An Integrated Model With Experimental Boundary Test".

The study aimed to propose a first example of how commercial risks junction with the audit risk model, and determine the auditor's ability to know the audit risks related business risk assessment, the use of risk assessment on the level of business theory suggests merging with the audit business risk. The most important results that there is bias among auditors experience at the test and this bias works to block the audit risks related business risks evaluation. The recommendations were the need for further research and studies in the field of audit risks related business risks assessment, the need for specialized vocational courses to reduce the bias that exists among auditors experience.

What distinguishes this study from previous studies?

Previous studies have addressed the issue of the role of audit in banking risk management, and the role of external audit in the prediction of financial crises, and measuring the degree of applying internal audit based on business risk in the Jordanian banking sector, as well as the impact of the existing audit business risk on the quality of the external audit methodology, there are other studies on the subject of developing strategy of external audit of the banking sector based on business risk, as well as examining the position of audit policy in the framework: the case of audits of business risks in Jordan and looking at the impact of effective corporate governance system based on the audit business risk factor.

But this study differ from previous studies being addressed the issue of the four factors affecting the audit based on business risk and its impact on the quality of auditing in the Jordanian commercial banks and these factors are:

1. The clarity of the concept of business risk audit.
2. Technological development.
3. Cost.
4. Time.

METHODOLOGY

The researchers use the descriptive and analytical method in order to achieve the objectives of this study; in addition they used the statistical sampling method because of its importance in measuring the reliability and accuracy of the results.

The study society: The study society consisted of auditing offices who are auditing the commercial banks in Jordan, totaling (4) offices.

The study sample: purposive sample (75%) of the study society was selected where the last office was ignored because this study targeting the commercial bank while the fourth office auditing Islamic banks which are not part of our society.

The study tool: To achieve the objectives of the study; the researchers design a questionnaire to identify the factors affecting the business risks audit, and their impact on the quality of auditing in the Jordanian commercial banks, (80) questionnaire have been distributed to a sample survey, where (77) was retrieved , (5) questionnaires treated as invalid for statistical analysis, and the remainder of the total number of questionnaires that have been distributed (72) to identify valid for statistical analysis.

Validity of the study tool: The researchers introduced the questionnaire to (10) specialists academics, and taking observations proposed by the largest number of arbitrators.

Reliability of the study tool: It was ascertained the *reliability* of the tool in a way re-testing, through redistribution (20) questionnaire again on a random sample of the study sample, was also used Pearson correlation coefficient to find stability for the first time from the application of the test, it was also used Cronbach's alpha-equation to find consistency coefficient internal tool; The results of this parameter as below:

Table 1: Cconsistency coefficient internal tool

No.	Axis	Stability/ The correlation coefficient
1	Level application-based auditing business risk in the Jordanian commercial banks	0.88
2	Effect of the clarity of business risk audit concept on the quality of external audit in the Jordanian commercial banks	0.83
3	The impact of technological development in the business risks audit on the external audit in the Jordanian commercial banks	0.93
4	The impact of cost of the business risk audit on the external audit in the Jordanian commercial banks	0.81
5	Time effect in business risk audit on the external audit in the Jordanian commercial banks	0.85
Total score		0.96

RESULTS AND DISCUSSION

Analysis of the paragraphs of the questionnaire and test hypotheses

First, the results of descriptive statistics for data demographic variables of the study sample.

The results of descriptive statistics shows that the majority of the auditors of the study sample calculations aged more than 40 years, and they have more than 15 years' experience, and carrying qualify academically BA, and have qualified academically majoring in accounting, they are supervisors, and they are JCPA professional certificate campaign, which means that we can trust the answers of the study sample.

Second, analysis of the paragraphs of the questionnaire

Results related to the first question of the study questions as the following table shows:

Table 2: Arithmetic means and standard deviations for the first paragraphs of the axis the level of business risk audit in the Jordanian commercial banks application

#	Paragraph	Mean	Standard Deviation	Grade	Rank
1	Business risks audit approach leads to improve the quality of services provided by the bank to the customer.	4.69	0.48	high	1
7	Effective internal control system of the banks reduces audit risk.	4.63	0.50	high	2
10	Internal control helps auditor to discover the business risk and increases the quality of the work of the auditor.	4.63	0.50	high	2
3	business risks audit approach applied in bank reveals substantial errors, if any, in the data and financial information	4.56	0.51	high	3
2	Following business risk audit approach by the auditors resulting to increase confidence in the auditor's report by the bank's management and the users of financial statements.	4.50	0.52	high	4
4	The large and complex accounts in the bank to be more prone to error than simple accounts.	3.75	0.77	high	5
5	The accounts, which are estimated such as debt provision in the bank, are prone to error and fraud.	3.75	0.86	high	5
9	There is an effective system of internal control in commercial banks	3.75	0.86	high	5
6	There is a relationship between the integrity of the bank's management and the significant risks in the balances of bank accounts.	3.69	0.60	high	6
8	There is an inverse relationship between the bank's capital and the size of the business risk in the financial statements.	2.56	0.96	medium	7
Overall average		4.05	0.20	high	-

Table 3: Arithmetic means and standard deviations for the second paragraphs the effect of the second axis and the the clarity of the of business risk audit concept on the quality of external audit in the Jordanian Commercial Banks

#	Paragraph	Mean	Standard Deviation	Grade	Rank
1	Reducing business risk affects positively to the outputs of the audit process.	4.63	0.50	high	1
10	Business risks approach helps increase quality in the auditor's report.	4.63	0.72	high	1
2	Design and compliance The audit procedures leading to reduced business risk.	4.56	0.51	high	2
5	Business risks audit approach leads to discover irregularities in the accounting system for the client.	4.56	0.51	high	2
8	Business risks audit approach leads to a greater focus on the risks related. to financial statements	4.50	0.52	high	3
9	Business risk audit approach Help on determine the quality of the appropriate audit tests to be applied.	4.50	0.52	high	3
3	Business risks audit approach leads to evaluate and interpret the results of the audit better.	4.31	0.60	high	4
7	There is an inverse relationship between the risk of discovery and all of the fundamental risks and regulatory risks.	4.06	0.68	high	5
12	The approach contributes in directing external auditor about the application of analytical procedures extensively, adequate and thus reducing or delete some detailed tests.	4.00	0.63	high	6
11	Curriculum helps in the detection of internal and external bank's strategic risks.	3.75	0.77	high	7
6	Business risks audit approach leads to determine the extent of the client's ability to continue in the market.	3.44	1.03	medium	8
4	The method of selecting customers by the auditor reducing the risk of an audit.	2.13	0.72	low	9
Overall average		4.09	0.18	high	-

Results for the third question of the study questions as the following table shows:

Table 4: Arithmetic means and standard deviations for the third axis impact of technological development in the business risk audit on the quality of external audit in the Jordanian Commercial Banks

#	Paragraph	Mean	Standard Deviation	Grade	Rank
1	Technological development contributed in implementing the external audit process in high quality and accuracy which resulting in reducing business risk.	4.81	0.40	high	1
10	The auditor design and implement appropriate control tests and essential procedures when using the computer in the audit process.	4.63	0.50	high	2
3	The computer and its programs contribute in the method of selection of statistical sampling in the audit.	4.44	0.51	high	3
5	Modern technology contributed in activation of the internal control system in the bank and monitored remotely.	4.44	0.51	high	3
6	The auditor must be familiar with computer components and database related to audit process in order to reduce the risk of audit.	4.44	0.73	high	3
7	Technological development contributed on using the analytical procedures during the audit process.	4.44	0.81	high	3
4	Technological development contributed in reducing the Inherent risk, control and Detection risk.	4.25	0.77	high	4
2	There is a computerized programs relating to audits and working on curriculum-based auditing business risk.	3.94	1.06	high	5
8	Technological development contributed in reducing the proportion of the auditor to express unsuitable opinion not respect to the financial statements.	3.94	0.57	high	5
9	Technological development contributed on reducing the misuse of the computer through the manipulation of information.	3.06	0.57	medium	6
Overall average		4.24	0.21	high	-

Results for the fourth question of the study questions as the following table shows:

Table 5: Arithmetic means and standard deviations for the fourth paragraphs the impact of cost business risk audit on the quality of external audit in the Jordanian commercial banks.

#	Paragraph	Mean	Standard Deviation	Grade	Rank
9	The increase in audit fees encourage auditor on more depth on business risk audit system to minimize these risks.	4.69	0.48	high	1
5	Business risk audit leads to increased auditor fees.	4.13	0.34	high	2
10	Cost does not affect the quality of the audit and reduce business risk.	3.94	0.77	high	3
8	Reducing the number of staff required for the completion of the audit process reduces the quality of the audit process and reports issued by the auditor.	3.63	1.02	medium	4
7	Reducing the number of staff required for the completion of the audit process adversely affects the application of business risk audit approach.	3.50	0.89	medium	5
6	The accounting system used by the client affects the determination of audit fees.	3.31	0.95	medium	6
2	Audit fees determined by the concerned authorities commensurate with the effort involved in the audit process.	3.00	0.63	medium	7
1	Audit fees charged by the auditor affect the quality of the audit process.	2.94	1.18	medium	8
4	Compromising on the amount of fees negatively affect the quality of the audit process, leading to increased likelihood of non-discovery business risk.	2.25	0.58	low	9
3	Reduced auditor fees to increase its market share of customers adversely affect the quality of the audit process.	2.06	0.57	low	10
Overall average		3.34	0.23	medium	-

Results relating to the fifth question of the study questions as the following table shows:

Table 6: Arithmetic means and standard deviations for the fifth paragraphs of field effect of time in business risk audit on the quality of external audit in the Jordanian Commercial Banks

#	Paragraph	Mean	Standard Deviation	Grade	Rank
10	Increase the time during the period of the audit process affects the detection and treatment of the Inherent, control, and detection Risk	4.31	0.48	high	1
9	Increase the time during the period of the audit process affects fraud and error detection in the financial statements.	4.25	0.45	high	2
8	Auditor's commitment to close the accounts at the end of the financial period positively affects the quality of the audit process.	3.81	0.75	high	3
2	The length of the audit period leaves a positive impact on the quality of the audit process.	3.63	1.02	medium	4
1	The length of the audit period reduces business risk.	3.56	0.96	medium	5
7	Timing of the audit process (before or after the end of the fiscal period) is adversely affecting the quality of the audit process.	3.25	1.18	medium	6
3	The results of the risk analysis lead to increased audit period, which reflected negatively on the audit fees.	3.19	0.54	medium	7
4	Business risk audit approach leads to use external experts, which leads to increased time and cost.	3.06	1.00	medium	8
5	Increase auditors vacations lead to an imbalance in the application of business risk audit approach mechanism.	2.81	1.11	low	9
6	The large number of audit customers leads to insufficient time, thereby increasing the probability of the discovery of a business risk and reduce the quality of the audit process.	1.94	0.68	medium	10
Overall average		3.38	0.27	medium	-

Clearly shown from the demographic characteristics of the study sample, the average period of completion of the audit process for banks ranged from (30-60) working days, this time within the level of the average estimate; as shown in the table

Table 7: The average duration of the completion of the audit

Period	Repetition	Percentage
1-29 days	6	%8.3
30-59 days	59	%82
More than 60 days	7	%9.7
Total	72	100.0%

Third: Test hypotheses

To answer the sixth question of study the major hypothesis, and sub-hypotheses of this study, was tested, and following the results:

Major hypothesis:

H0: There is no statistically significant effect for the factors affecting the business risk audit on the quality of external audit in the Jordanian commercial banks.

Table 8: (t) Test for the factors affecting the business risk audit on the quality of external audit in the Jordanian commercial banks

Number	72
Mean	3.83
Standard Deviation	0.11
(t) Test value	29.10
Degrees of freedom	15.00
Statistical significance	0.00
Result of the hypothesis	Rejection of the null hypothesis

According to the above table it is clear that the value of the (t) test reached (29.10) which is significant at a level ($5\% \geq \alpha$), so we reject the null hypothesis

Sub-first hypothesis:

H0.1: There is no statistically significant effect for the level of applying business risk audit on the quality of external audit in the Jordanian commercial banks.

Table 9: (t) Test for the level of applying business risk audit on the quality of external audit in the Jordanian commercial banks

Number	72
Mean	4.05
Standard Deviation	0.20
(t)Test value	21.00
Degrees of freedom	15.00
Statistical significance	0.00
Result of the hypothesis	Rejection of the null hypothesis

According to the above table it is clear that the value of the (t) test reached (21.00) which is significant at a level ($5\% \geq \alpha$), so we reject the null hypothesis

Sub-second hypothesis:

H0.2: There is no statistically significant effect for the clarity of the concept of business risk on the quality of external audit in the Jordanian commercial banks.

Table 10: (t) Test for the clarity of the concept of business risk on the quality of external audit in the Jordanian commercial banks

Number	72
Mean	4.09
Standard Deviation	0.18
(t)Test value	24.73
Degrees of freedom	15.00
Statistical significance	0.00
Result of the hypothesis	Rejection of the null hypothesis

According to the above table it is clear that the value of the (t) test reached (24.73) which is significant at a level ($5\% \geq \alpha$), so we reject the null hypothesis.

Sub-third hypothesis:

H0.3: There is no statistically significant effect for the impact of technology development in business risk audit on the quality of external audit in the Jordanian commercial banks.

Table 11: (t) Test for the impact of technology development in business risk audit on the quality of external audit in the Jordanian commercial banks

Number	72
Mean	4.24
Standard Deviation	0.21
(t)Test value	24.01
Degrees of freedom	15.00
Statistical significance	0.00
Result of the hypothesis	Rejection of the null hypothesis

According to the above table it is clear that the value of the (t) test reached (24.01) which

Sub-fourth hypothesis:

H0.4: There is no statistically significant effect for the cost of the business risk audit on the quality of external audit in the Jordanian commercial banks.

Table 12: (t) Test for cost of the business risk audit on the quality of external audit in the Jordanian commercial banks

Number	72
Mean	3.34
Standard Deviation	0.23
(t) Test value	5.88
Degrees of freedom	15.00
Statistical significance	0.00
Result of the hypothesis	Rejection of the null hypothesis

According to the above table it is clear that the value of the (t) test reached (5.88) which

Sub-fifth hypothesis:

H0.5: There is no statistically significant effect for the time of business risk audit on the quality of external audit in the Jordanian commercial banks.

Table 13: (t) Test for the time of business risk audit on the quality of external audit in the Jordanian commercial banks

Number	72
Mean	3.38
Standard Deviation	0.27
(t)Test value	5.67
Degrees of freedom	15.00
Statistical significance	0.00
Result of the hypothesis	Rejection of the null hypothesis

In sum, this study revealed the following: 1) the Jordanian banks highly applied the business risk audit approach, 2) the positive impact of the clarity of business risk audit concept on the quality of external audit in Jordanian banks, 3) there is positive impact for the technological development of business risk audit on the quality of external audit in Jordanian banks. 4) there is average impact for the cost of the audit process, or fees charged by the auditor to meet with his audit process based on business risk on the quality of external audit in the Jordanian banks, 5) there is average effect for the time required in the business risk audit on the quality of external audit in the Jordanian banks, and 6) the factors affecting the business risk audit have statistically significant impact on the quality of external audit in the Jordanian banks.

FUTURE RESEARCH AND IMPLICATION TO RESEARCH AND PRACTICE

Based on these findings; the researchers recommends, to: 1) find an internal and an external control system, which specialized in business risks in banks working in Jordan, 2) increase the external auditor fees to motivate him to intensify his efforts in discovering business risks in the bank, 3) the need for the external auditor to know inherent risks in information technology, such as information security risks and change the contents, 4) increase the attention of the audit offices by providing training programs in the field of audit based on business risk commensurate with the modern technological environment.

CONCLUSION

This study aimed to identify the factors affecting the audit strategy based on the business risks and its impact on the quality of the external audit in the Jordanian commercial banks. The study found that there is high level of application for audit based on business risk (BRA) in the Jordanian commercial banks. In addition, there is high impact for the clarity of the concept of business risk audit on the quality of the external audit in the Jordanian commercial banks.

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