

**The external auditor's responsibilities for audit risks - A field
-study of a sample of external auditors in Constantine**
مسؤوليات المدقق الخارجي عن مخاطر التدقيق -دراسة ميدانية لعينة من المدققين
الخارجيين بقسنطينة-

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Abstract

This study aims to highlight the responsibilities of the external auditor with regard to audit risk for the companies under examination.

The study concluded that auditors in Algeria implicitly bear their responsibilities towards audit risks in accordance with the principles of international auditing standards.

Keywords: external auditor; audit risk; international auditing standards.

ملخص

تهدف هذه الدراسة إلى تسليط الضوء على مسؤوليات المدقق الخارجي فيما يتعلق بمخاطر التدقيق للمؤسسات قيد الفحص.

خلصت الدراسة إلى أن المدققين في الجزائر يتحملون ضمناً مسؤولياتهم تجاه مخاطر التدقيق وفقاً لمبادئ معايير التدقيق الدولية.

الكلمات المفتاحية: المدقق الخارجي، مخاطر التدقيق، المعايير الدولية للتدقيق.

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1. INTRODUCTION

The auditor seeks to provide reliable information about the companies activity, to assist the users of the financial statements in making appropriate decisions, and to assist the companies in taking the necessary corrective measures, And with the technological developments and continuous changes in the modern business environment, and the expansion of the activity of companies and the multiplicity of their branches, the matter led to more attention to the audit process in general, and interest in the risk-based audit approach in particular, which ensures the efficiency and effectiveness of audit procedures.

This entry is based on an assessment of audit risks in order to determine the scope, timing and procedures of the necessary audit, and since this process is very important, the International Standards on Auditing were issued by the International Federation of Accountants (IFAC), which includes a set of principles and guidelines for assessing audit risks for organizations under Examination, which includes three steps starting with a good definition of the audited institution, then understanding and evaluating its internal control system, and finally assessing the risks of material errors and responding to them, which if these steps are carefully adopted by the auditor, then this leads to an assessment of audit risks with high accuracy And determine the acceptable level of audit risk.

For this purpose, we pose the following problem:

What are the responsibilities of the external auditor in Algeria towards audit risks?

Therefore, it is essential to answer the following hypothesis:

- It is the responsibility of the external auditor to identify the nature of the activity of the institution under examination;
- It is the external auditor's responsibility to understand and evaluate the internal control system of the organization under audit;
- It is the external auditor's responsibility to assess and respond to the risks of material misstatement.

Purpose of the study: This study aims to shed light on the components of audit risk, assess audit risk according to international auditing standards, and try to define the responsibilities of the external auditor with regard to audit risk for the institutions under examination.

Study methodology: The descriptive approach was adopted to understand aspects related to the theoretical side, while the analytical approach was used in the applied study, which dealt with a sample of external auditors in the city of Constantine.

2. Theoretical framework for audit risk

2.1 Definition of audit risk

The International Auditing and Assurance Standards Board (IAASB), affiliated to the International Federation of Accountants (IFAC), defines audit risk as: “the risk to which the auditor is exposed when he expresses an inappropriate audit opinion, when the financial statements are materially misstated.” (International Auditing , 2021, p. 250)

Also, there is another Definition of audit risk, is defined as the risk that the auditor will not exercise any reservation in his report on financial statements that contain material misstatements. (Messabia, Elbekkali, & Blanchette, 2020, p. 69), and the Audit risk can be viewed from two different points of view: (salih & Flayyih, 2020, p. 179)

- The risk of improper rejection when the financial statements are sound and were improperly rejected by the auditor;
- The risk of improper acceptance when the auditor prepares a report without reservation on the client's financial statements, at a time when these statements contain material errors.

From the foregoing, it can be said that "audit risks are a group of material errors that result due to the ineffectiveness of the internal control systems of the institution, and the weakness of the approved financial accounting systems. or lack of academic or professional experience.

2.2 Types of audit risk

The majority of previous studies and research agree that audit risks are divided into three components, as follows:

1) **Inherent Risk:** Inherent risk is the risk that the financial statements may be materially misstated, without taking into account the internal controls of the entity under review. (Messabia, Elbekkali, & Blanchette, 2020, p. 69), It was also defined as those risks that arise from the possibility of a material deviation in a specific element or activity, or the sum of deviations in some elements, so that if these deviations are combined with each other, they become material. (salih & Flayyih, 2020, p. 180)

2) **Control Risk:** This is the risk that the financial statements contain

material misstatements that cannot be detected or corrected in a timely manner by the internal controls of the entity under review. (Messabia, Elbekkali, & Blanchette, 2020, p. 69)

3) **Detection Risk:** detection risk is the risk that the auditor's action to reduce audit risk to an acceptably low level will not detect a misstatement in the financial statements, which could be material either individually or when aggregated with other misstatements. (Messabia, Elbekkali, & Blanchette, 2020, p. 70)

detection risk is a measure of the auditor's failure to detect material errors in the audited financial statements. (salih & Flayyih, 2020, p. 181)

3. The responsibilities of the external auditor for audit risks in accordance with international auditing standards:

3.1 Definition of external auditor

An external auditor is a public accountant who conducts audits, reviews, and other work for his or her clients. An external auditor is independent of all clients, and so is in a good position to make an impartial evaluation of the financial statements and systems of internal controls of those clients. The resulting auditor opinions are highly valued by members of the investment community and creditors, who need an independent appraisal of the financial statements of organizations. (accountingtools, 2022)

3.2 Definition of international auditing standards (ISA)

The International Standards on Auditing (ISAs) are auditing guidelines developed by the IAASB. As the name implies, the ISAs are international standards devised to align auditing around the globe. While not all countries require compliance with the ISAs, most at least use the standards as a guide for their own home-brewed systems. (Andrew , 2017)

International Standards on Auditing (ISA) are professional standards for the performance of financial audits of financial information. These standards are issued by the International Federation of Accountants (IFAC) through the International Auditing and Assurance Standards Board (IAASB). (libguides.wustl.ed, 2021)

we note from the that international standards on auditing can be divided into: (The Malaysian Institute of Accountants, 2022)

- (200-265): General Principles and Responsibilities;
- (300-450): Risk Assessment and Response to Assessed Risks;

- (500-580): Audit Evidence;
- (600-620): Using the Work of Others;
- (700-720): Audit Conclusions and Reporting;
- (800-810): Specialized Areas.

3.3 The external auditor's responsibilities for audit risks: The external auditor's responsibilities for audit risk are the following steps:

3.3.1 Knowledge of the nature of the company's activity: In performing an audit of financial statements, the auditor should have or obtain a knowledge of the business sufficient to enable the auditor to identify and understand the events, transactions and practices that, in the auditor's judgment, may have a significant effect on the financial statements or on the examination or audit report. For example, such knowledge is used by the auditor in assessing inherent and control risks and in determining the nature, timing and extent of audit procedures. (ISA 310, 2015, p. 02)

a comprehensive understanding of the nature of the target organization's activities and its environment, including the integrity of managers at all levels of the companies, contributes to reducing audit risks, especially when the auditor has the capabilities and professional experience to practice the auditing profession, also the organization's shareholders rely heavily on financial statements in making their economic decisions, and thus Allowance for necessary professional care. (Askary, Arnaout , & Abughazaleh , 2018, p. 22)

3.3.2 Understanding and evaluating the internal control system: Internal control is a process designed to be influenced by those assigned to it, represented in governance, management and other employees, to provide reasonable assurance about the achievement of the objectives of the organization, and to ensure the efficiency and effectiveness of operations, the extent of compliance with applicable laws and regulations, and the reliability of financial reports. (Umar & Umar Dikko, 2018, p. 15)

Because of the growing complexity of business operations, properly identifying and evaluating internal controls deficiencies can be a challenge for both companies and external auditors. COSO's framework for evaluating internal control deficiencies provides useful guidance and focuses on five key assessment areas: the control environment, risk assessment, control activities, information and communication systems, and monitoring activities (auditboard, 2021) ,Through this step, the auditor seeks to

understand the components of the internal control system, which are represented in the following: (El Junusi , 2020, pp. 34-33)

- **Control Environment:** It is considered the initial basis for the development of the internal control system, which includes integrity, ethical values, commitment to efficiency, auditor performance, management philosophy, leadership style, organizational structure, delegation, responsibility and human resource practices. The environment also includes the procedures and policies that reflect the general position of the top management, managers and owners of the organization. With regard to internal control and its importance to the institution.

- **Risk Assessment:** It includes identifying and analyzing the risks faced by the organization's management that could hinder the achievement of organizational goals and disrupt the achievement of internal control objectives.

- **Control Activities:** It is a set of control policies and procedures to face risks in order to effectively achieve the objectives of the organization, where components of control activities take place throughout the organization and at all levels, and include all delegations and powers, verification and review of performance, and separation of functions.

- **Information and Communication:** The existence of effective communication spread throughout the organization, and all parties receive clear messages from the senior management responsible for control, so that each work team must understand its role in the internal control system as well as the relationships between individuals, thus ensuring the flow of information inside and outside the organization.

- **Monitoring activities:** This component provides appropriate assurance about the achievement of the organization's objectives as management must monitor the system of internal controls to determine whether the system is functioning as intended, and that it accommodates emergency changes in a timely manner, while taking the necessary corrective actions.

3.3.3 Assess the risk of material misstatement and respond to it:

The risks of material misstatements refer to the risks of misstatements in the financial statements, before embarking on the audit process, because they lead to an inappropriate audit opinion, and the auditor cannot reduce them because they are related to the institution under audit, because they represent the sum of both inherent risks and control risks, and they are

evaluated according to the subscriber. And, in the case of large risks, each risk is evaluated separately. (Askary, Arnaout , & Abughazaleh , 2018, p. 22)

It becomes clear to us that the concept of material errors is a group of errors resulting from fraud or error.

Where fraud is defined in the financial statements as a misrepresentation that an individual or a group of individuals deliberately makes with the aim of obtaining some unauthorized benefits, or when the organization changes the numbers in its financial statements to make it appear more profitable than it actually is, as it can take financial statement fraud takes several forms, including the following: (Bloomenthal, Smith, & Courage, 2021)

- Exaggerate revenue by recording expected future sales;
- Inflating the net worth of an asset through the willful failure to apply an appropriate depreciation schedule;
- Incorrect disclosure of related party transactions and structured financing deals.

An error may be defined as an unintentional mistake in the measurement or presentation of financial information. However, fraud refers to an intentional misstatement in financial statements. It may be committed by the client's employees, the management, or third parties so as to obtain an illegal or personal gain out of the business of the client. (Ruchi , 2022)

3.3.3.1 Classification of risks of material misstatement: The auditor should identify and assess the risks of material misstatement at the financial statement level or at the evidence level for classes of transactions and account balances, and then respond to these risks by designing additional audit procedures to mitigate them:

Table 1: Classification of risks of material misstatements

Classification of risks of material misstatements	
Risks at the level of the financial statements as a whole: Significantly affect the financial statements as a whole, potentially affecting multiple assertions, It arises from several sources, the most important of which are the	Evidence-level risks: Includes risks related to transaction flows, account balances, or information contained in financial statements, related to the sufficiency and relevance of evidentiary evidence through the following:

<p>following:</p> <ul style="list-style-type: none">- Management overrides of internal control;- Faulty control environment;- The existence of fraud in the financial statements;- Lack of integrity of the institution's management in providing correct financial statements;- Unreliability of accounting information.	<ul style="list-style-type: none">- Acknowledge, measure and display transaction flows, events, account balances and information provided;- Transactions and events have already occurred and have been properly recognized, recorded and disclosed;- Display, classify and describe transactions and events appropriately taking into account the requirements of the applicable financial reporting framework.
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Source: (ISA 315, 2017, pp. 47-49)

3.3.3.1 Response to the risks of material misstatement:

Before concluding audit, auditor shall assess the relevancy of risk assessment based on the audit procedure and evidence, The auditor shall conclude whether sufficient appropriate audit evidence has been obtained. In forming an opinion, the auditor shall consider all relevant audit evidence, regardless of whether it appears to corroborate or to contradict the assertions in the financial statements, If the auditor has not obtained sufficient appropriate audit evidence as to a material financial statement assertion, the auditor shall attempt to obtain further audit evidence. If the auditor is unable to obtain sufficient appropriate audit evidence, the auditor shall express a qualified opinion or disclaim an opinion on the financial statements. (Azmat , 2021)

4. Field study

The study sample: Considering the reliance on the International Auditing Standard No. 400 for accounting and auditing professionals represented by the auditors, as this sample is considered homogeneous given that the Algerian auditing standards NAA are unified throughout the national territory, and it is a literal translation of the international auditing standards ISA in addition to some modifications related to the Algerian environment, therefore The questionnaire form was distributed to the accountants and accountants of the city of Constantine, who numbered 115, where it was approved to distribute the questionnaire forms to the study sample by direct

delivery to the workplace, or by e-mail, 50 forms were distributed, and after examination and audit we reached the approval 43 valid applications for study.

Questionnaire structure:

The questionnaire used in the study was divided into two parts:

- **The first section:** contains the personal information of the study sample (age, professional experience, occupation).

- **The second section:** contains the objective aspect of the study. It is divided into 3 axes, including 20 paragraphs, as follows:

The first axis: getting to know the institution under examination well;

The second axis: understanding and evaluating the internal control system;

The third axis: assessing the risks of fundamental errors and responding to them.

Analyzing the results of the questionnaire: after collecting the information, it was processed by the SPSS version 23 statistical methods package for social research, and the results shown below were reached, in each section separately, as follows:

The first section: the descriptive variables of the study sample

The following table shows the descriptive variables of the study sample:

Table 2: Descriptive variables for the study sample

Statement		Repetition	percentage
Age	Less than 40 years old	7	16.3%
	[40-55] years old	16	37.2%
	Over 55 years old	20	46.5%
Professional Experience	Less than 10 years old	10	23.3%
	[10-15] years old	10	27.9%
	More than 15 years	23	48.8%
Occupation	Auditor	35	74.4%
	Accounts expert	8	25.6%

Source: Prepared by researchers based on the outputs of SPSS 23

We note from the above table that most of the study sample are over 55 years old at a rate of 46.5%, most of them had professional experience of more than 15 years at a rate of 48.8%, and most of the sample members are auditors at a rate of 74.4%, while the number of Accounts expert was at a rate of 25.6% (Note that the number of Accounts expert for the city of Constantine and registered in the national rank of Accounts expert are 08),

This indicates that the study has met all numbers, and therefore the results shown in the table give an indication that the studied group has the experience qualified to answer efficiently questions questionnaire.

The second section: objective variables for the study sample

In order to ascertain the extent of the external auditor's commitment to his responsibilities towards audit risks, this part was divided into 3 axes, and each axe contains several data, as a five-point Likert scale was used, in order to know the general scale. The direction of the respondents' opinions on the items included in the questionnaire, as shown in the table below:

Table 3: Likert scale

Category	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
<i>Coding</i>	1	2	3	4	5
Field	[1-1.8]	[1.8-2.6]	[2.6-3.4]	[3.4-4.2]	[4.2-5]

Source: Prepared by the researchers

Questionnaire stability test:

Table 4: Testing the stability of the questionnaire (C.A.V)*

Questionnaire Themes	N°	C.A. V
Good identification of the institution under examination.	5	0.730
Understanding and evaluating the internal control system.	5	0.803
Assess the risk of material misstatement and respond to it.	10	0.642
the questionnaire as a whole	43	0.886

Source: Prepared by researchers based on the outputs of SPSS 23

We note from the above table that the stability coefficients for each axis separately for the questionnaire ranged between 0.730, 0.803 and 0.642, which is higher than the accepted minimum of 60% and close to the good limit of 70% and the Cronbach alpha coefficient of the questionnaire as a whole equal 0.886, which is a good percentage for accepting the stability of the questionnaire, Because the Cronbach coefficient alpha, the closer it is to one, indicates the reliability of the data.

Testing the hypotheses of the study:

Analysis of the results of the first axis: a good identification of the institution under examination (SMA*/SD*)

* C.A.V: Cronbach's alpha value

* SMA: Simple Moving Average.

Table 5: Analysis of the results of the first axis

N°	Phrase	SMA	SD
1	The external auditor shall be in constant contact with the management of the institution according to an agreed contract.	4.721	0.4539
2	The external auditor obtains an overview of the organization by defining the nature and sector of its activity.	4.837	0.3735
3	The external auditor reviews the organization's organizational structure and its management system.	4.721	0.4539
4	The external auditor understands the goals and strategies of the organization by reviewing the documents it deems appropriate.	4.698	0.4647
5	The external auditor's capabilities and professional experience contribute significantly to the identification of enterprise risks.	4.860	0.3506
Axis	Good identification of the institution under examination.	4.5163	0.37855

Source: Prepared by researchers based on the outputs of SPSS 23

Through the results shown in the previous table, it is clear to us that the trend of the sample in the statements of the first sub-axis lies between the range [4.2-5], where we find that the value of the arithmetic mean represents 4.5163, which means that the majority of respondents prefer the suggestion (very agree) from the Likert scale, where the Simple moving averages of the study sample individuals were as follows (4.721; 4.837; 4.721; 4.698; 4.860), we also refer to the small value of the standard deviation with a value of 0.37855, and this indicates the homogeneity in the answers of the individuals participating in the questionnaire, as we conclude that the auditor must be Has a good understanding and full knowledge of the organization under audit when assessing audit risk.

Analyzing the results of the second axis: understanding and evaluating the internal control system

* SD: standard deviation.

Table 6: Analysis of the results of the second axis

N°	Phrase	SMA	SD
1	The external auditor shall be in constant contact with the management of the institution according to an agreed contract.	4.767	0.4275
2	The external auditor obtains an overview of the organization by defining the nature and sector of its activity.	4.860	0.3506
3	The external auditor reviews the organization's organizational structure and its management system.	4.767	0.4275
4	The external auditor understands the goals and strategies of the organization by reviewing the documents it deems appropriate.	4.721	0.4539
5	The external auditor's capabilities and professional experience contribute significantly to the identification of enterprise risks.	4.884	0.3244
Axis	Good identification of the institution under examination.	4.3907	0.38533

Source: Prepared by researchers based on the outputs of SPSS 23

Through the results shown in the previous table, it is clear to us that the trend of the sample in the data of the second sub-axis lies between the range [4.2-5], where we find that the value of the Simple moving average represents 4.3907, which means that the majority of respondents prefer the suggestion (very agree) from the Likert scale. where the Simples moving averages of the study sample individuals were as follows (4.767; 4.860; 4.767; 4.721; 4.884). We also refer to the small value of the standard deviation with a value of 0.38533, and this indicates the homogeneity in the answers of the individuals participating in the questionnaire, as we conclude that the auditor must understand and evaluate the internal control system in the organization. Under review when assessing audit risk.

Analyzing the results of the third axis: assessing the risks of fundamental errors and responding to them

Table 7: Analysis of the results of the third axis

N°	Phrase	SMA	SD
1	The auditor maintains the principle of professional skepticism while examining the financial statements.	4.721	0.4539
2	The auditor identifies unintentional errors in the financial statements that result from omissions.	4.837	0.3735
3	The auditor identifies intended errors in the financial statements resulting from fraud.	4.721	0.4539
4	The auditor works to identify errors that pose a risk to the financial position.	4.698	0.4647
5	The auditor focuses on identifying control risks that affect the financial statements.	4.860	0.3506
6	The auditor focuses on identifying the inherent risks that affect the financial statements.	4.674	0.4741
7	The auditor is obliged to assess the risks of errors at the level of the financial statements as a whole.	4.581	0.4992
8	The auditor is obligated to assess the risks of errors at the assertion level.	4.628	0.4891
9	The auditor's procedures may fail to discover some risks in the financial statements due to the weakness of the evidence presented to him.	4.860	0.3506
10	The auditor establishes further audit procedures and appropriate management guidelines in order to reduce audit risk to an acceptable level.	4.674	0.4741
Axis	Assessing and responding to the risks of material misstatement.	4.2163	0.39336

Source: Prepared by researchers based on the outputs of SPSS 23

Through the results shown in the previous table, it is clear to us that the trend of the sample in the data of the third sub-axis lies between the range [4.2-5], where we find that the value of the value of the Simple moving average represents 4.2163, which means that the majority of respondents prefer the suggestion (very agree) from the Likert scale where the Simple moving averages of the study sample individuals were as

follows (4.721; 4.837; 4.721; 4.698; 4.860; 4.674; 4.581; 4.628; 4.860; 4.674, We refer to the small standard deviation value of 0.39336, and this indicates the homogeneity in the answers of the individuals participating in the questionnaire, as we conclude that the auditor must evaluate the risks of material errors and respond to them when assessing audit risks.

Student test: Student's test is used for the difference between the arithmetic mean for each dimension with a neutral value of 03, To test the three variables of the hypotheses, a one-sample T-test was used.

The decision can be judged in two cases:

- If the calculated significance level is less than 0.05, we accept the null hypothesis (H0) and reject the alternative hypothesis (H1).
- If the calculated significance level is less than 0.05, we reject the null hypothesis (H0) and accept the alternative hypothesis (H1).

Testing the first hypothesis: When evaluating audit risks, the auditor gets to know the institution under examination well.

Alternative hypothesis: the auditor, when assessing audit risk, recognizes the organization under review with a significance level of 0.05.

Null hypothesis: the auditor, when assessing audit risk, does not identify the organization under review at a significance level of 0.05.

Table 8: Testing the first hypothesis

The Virtual value				
Statement	SMA	SD	T value	M.V.S*
The first axis	4.516	0.379	8.379	0.000

Source: Prepared by researchers based on the outputs of SPSS 23

We note through the table that shows the results of the answers of the sample studied for the first axis about whether their answers are neutral with regard to identifying good references for the institution under examination, Where the significant value appears sig 0.000, which is a value smaller than the significance level of 0.05, in addition to that the T-test value equals 8.379, which is greater than the tabulated T-value for sample 43, which equals 1.684, This means rejecting the null hypothesis and accepting the alternative hypothesis so that when assessing audit risk, the auditor recognizes the organization under examination.

Testing The second hypothesis: When assessing audit risk, the auditor

* M.V.S: Moral value Sig

understands and evaluates the organization's system of internal control.

Alternative hypothesis: In assessing audit risk, the auditor understands and evaluates the organization's system of internal control under review with a significance level of 0.05.

Null hypothesis: When assessing audit risk, the auditor does not understand and evaluate the organization's internal control system, under review at a significance level of 0.05.

Table 9: Testing the second hypothesis

The Virtual value				
Statement	SMA	SD	T value	M.V.S
The first axis	4.391	0.385	4.391	0.000

Source: Prepared by researchers based on the outputs of SPSS 23

We notice through the table that shows the results of the answers of the sample studied for the second axis about whether their answers were neutral regarding the auditor's understanding and evaluation of the internal control system of the institution, Where the significant value appears sig 0.000, which is a value smaller than the significance level of 0.05, in addition to that the T-test value equals 10.369, which is greater than the tabulated T-value for sample 43, which equals 1.684, This means rejecting the null hypothesis and accepting the alternative hypothesis So, when evaluating audit risks, the auditor understands and evaluates the organization's internal control system.

Testing The second hypothesis: When assessing audit risks, the auditor assesses and responds to the risks of material misstatement.

Alternative hypothesis: When assessing audit risks, the auditor assesses and responds to the risks of material misstatement, under review with a significance level of 0.05.

Null hypothesis: In assessing audit risks, the auditor does not assess and respond to the risks of material misstatement, under review at a significance level of 0.05.

Table 10: The Virtual value

The Virtual value				
Statement	SMA	SD	T value	M.V.S
The first axis	4.217	0.393	13.065	0.000

Source: Prepared by researchers based on the outputs of SPSS 23

We notice through the table that shows the results of the answers of

the sample studied for the first axis about whether their answers are neutral with regard to the auditor's assessment of the risks of material errors and response to them, where the significant value shows the sign 0.000, which is a value smaller than the level of significance 0.05, in addition to that the value of the T-test It is equal to 13.065, which is greater than the tabulated T value in sample 43, which is equal to 1.684, and this means that we reject the null hypothesis and accept the alternative hypothesis. Therefore, when assessing audit risk, the auditor assesses the risk of, and responds to, material misstatement.

5. CONCLUSION

Through the field study that we carried out on the responsibilities of the external auditor towards audit risks, the studied sample agreed that the auditor in Algeria applies the procedures within the international auditing standards, which were accurately described in the questionnaire data, which in turn is divided into three steps represented in each of a good understanding For the organization under examination, understand and evaluate the internal control system of the organization, and assess the risks of material errors and respond to them, noting that the auditor in Algeria implicitly follows these steps. Without knowing that it belongs to a specific audit standard, it can also be said that the responsibilities of the external auditor towards audit risk is a summary of all audit procedures.

The Results:

- Audit risk is one of the most important procedures that the auditor must consider;
- Audit risk is divided into three types: inherent risk, control risk, and discovery risk;
- Both inherent risk and control risk are related to the organization under examination. The risk of detection is related to the reviewer himself;
- The auditor must have a good understanding of the organization under examination and take note of all aspects of its various activities when assessing audit risk;
- The auditor must understand and evaluate the organization's internal control system, support its strengths, and extract weaknesses when evaluating audit risks;
- The auditor must assess and respond to the risks of material misstatement when assessing audit risks;

- The auditor in Algeria follows audit risk assessment procedures in accordance with international auditing standards.

the recommendations:

- Preparing Training courses for practitioners of the auditing profession to familiarize them with the latest developments in the profession and everything related to international auditing standards;

- The need to establish an independent professional body that monitors the auditors' reports and their compatibility with the real situation of the institution under examination;

- Paying attention to the person of the auditor because of his great importance in guiding the national economy and protecting it from financial crises;

- The necessity of adopting more international auditing standards and not being satisfied with the Algerian auditing standards 16 only;

- The need to develop a clear and standardized audit risk assessment methodology for the organization under review in line with international auditing standards and the requirements of the profession.

The Research perspectives:

- a study related to the effect of the academic and professional level of the auditor on the good assessment of audit risk;

- a study concerned with the role of the effectiveness of the internal control system and the accounting information system in reducing audit risks;

- a study concerned with the importance of the Algerian state adopting another set of international auditing standards and trying to coordinate them with the country's economic environment.

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