**The extent to which the Egyptian auditors realize the changes to the auditor's report in accordance with the International Auditing Standard No. 700 Revised, which will be activated on the audit of the financial statements for the year ended in (or after) 15/12/2016**

**(Exploratory field study)**

**Research objectives**

The research aimed to study the importance and the extent to which the Egyptian auditors realize the changes of the auditor's report, in accordance with the ISA 700 revised, which was issued in 15-1-2015. It will be activated as of 15/12/2016, particularly the changes relating to rearrange the report paragraphs, and its informational content, and upgrading professional practice.

**Research problem**

The research problem has been formulated in the form of the following questions:

* What are the motives of developing the form and content of the auditor's report?
* What are the stages of the process of developing the auditor's report?
* What are the main similarities and differences between the applicable reports according to the international auditing standard ISA 700 and the new report in accordance with ISA 700 revised?
* What are the mechanisms required for the application of the new report in Egypt?
* To what extent the Egyptian auditors realize the changes of the auditor's report in general?
* To what extent the Egyptian auditors realize the changes relating to rearrange the auditor report paragraphs?
* To what extent the Egyptian auditors realize the changes relating to the new informational content?
* To what extent the Egyptian auditors realize the changes relating to upgrading professional practice?
* Are the auditors' experiences affecting their perception to the changes of the auditor's report, in terms of rearranging the paragraphs of the report, and its informational content and the rationalization of his professional practice?
* Are there significant differences between samples of accounting and auditing firms and the Central Auditing Agency with regard to the meaning of the changes to both the rearrangement of the report paragraphs, and its informational content, and the rationalization of professional practice?

**Research importance**

The academic importance of research derived from its response to an urgent accounting research case, the ISA 700 revised has issued in15-1-2015, and of course there will be a severe scarcity in studies and research that dealt with the new standard. The research is trying to address this matter in order to ensure academic coping with modern and important profession cases on one hand and drew the attention of researchers to this area on the other hand.

On the practical side, it is academically and professionally agreed about the importance of the auditor report, as a tool to give neutral technical opinion to the auditor, and this opinion regards multiple parties, such as shareholders, lenders, and the company's administration and other stakeholders, and even to the auditor. So for this importance, it was necessary to develop this report to cope with the needs of its users and help practitioners to understand and respond to the changes of the audit report.

**Research plan**

To address the problem of the research in a logical manner and in accordance with its objectives, the research plan was as follows:

* Motives of developing the auditor report internationally and domestically.
* The timetable for developing of the auditor's report and the improvements proposed by IAASB.
* Summary of ISA. 700 revised.
* Mechanisms of applying the new report in Egypt

Research Methodology

* The objective of the applied study.
* Population and sample of the study
* Description and measurement of variables
* The tools and procedures of the study.
* The statistical analysis and the findings of testing hypotheses.
* The findings of the research and answering its questions.
* Research recommendations.
* Fields of future research

**Research Methodology**

The researcher conducted a theoretical study; the study reviewed the development of the auditor's report in terms of form, or content. One of The most important motives faced by the Accounting and Auditing profession is the crisis of liability and credibility and lack of confidence, as a result of global and domestic financial crises. These motives also include the wide criticism for accounting and auditing firms, and the resulting lawsuits, all of which resulted from the presence of what so-called the audit expectations gap, and its possible to contribute to narrow this gap, through continuous improvement in auditing standards, including the report standard. It has also been addressing the timetable for developing the auditor report and the proposed improvements by IAASB. The research reviewed IAS 700 revised. And compared with the international standard no 700 of the present report. Finally the research reviewed the mechanisms for applying the new report in Egypt, both legislative, or professional, or academic mechanisms.

The exploratory field study aimed to answer the research questions to achieve the objectives of the research. The population and sample of the study consists of auditors either in accounting and auditing firms or auditors in Accountability State Authority (ASA) that are authorized to audit the accounts of corporations.

The tools and procedures for the study consisted of designing the questionnaire after displaying two models to an unqualified report for auditor in accordance with the Egyptian auditing standard no.(700), and in accordance with the ISA 700 revised and issued in 15-1-2015. Questionnaire has been designed to include all kinds of changes made to the auditor's report.

The variables of the study are as follows:

A) The independent variable: expressed by the ISA 700 revised it is measured by the new changes made to the auditor's report.

B) The dependent variable: The extent to which the auditors realize the changes made to the auditor's report, and is measured by analyzing their answers to the questionnaire.

**The researcher concluded the following findings:**

1. Based on "t-test" for one sample, it has been verified about the research question regarding that Egyptian auditors realize the importance of making changes to the auditor's report in accordance with the ISA 700 revised in the aspects of both: rearrange the paragraphs of the report, informational content of the new report, the rationalization of professional practice.
2. Based on "t-test" for two independent samples, it has been verified about the research question regarding there are significant differences between the experiences of auditors with regard to the dimensions of each of: rearrange the paragraphs of the report, the informational content of the new report, and the rationalization of professional practice, in favor of experienced auditors of10 years and over.
3. Based on "t-test" for two independent samples, it has been verified about the research question regarding there are no significant differences between the samples of accounting and audit firms and the Accountability State Authority (ASA) with regard to the dimensions of each of: rearrange the paragraphs of the report, the informational content of the new report, and rationalization professional practice.

**Research Recommendations**

In light of the objectives, problem, methodology and the conclusions of the research, the researcher recommends the following:

1. Asking authorities entrusted with organizing accounting and auditing profession in Egypt to speed up the adoption of legislation for regulating the profession, and to make immediate changes to the Egyptian auditing standard no. (700) to cope with the development in the report
2. the need for preparing a conference organized by the Egyptian accountants and Auditors Association in cooperation with the Accountability State Authority (ASA) and Accounting Departments in Egyptian universities, under the supervision of the Financial Control Authority (FCA), so that through this conference, discussing the new changes in the auditor's report and its impact on Egyptian professional practice environment, and propose the appropriate development in the Egyptian auditing standards.
3. The accounting departments at Egyptian universities need to develop courses for external audit to keep up with these changes and take care of academic research, according to a field approach, studying the advantages and disadvantages of the new changes in the auditor's report, from the perspective of its informational content in rationalizing stakeholders decisions, particularly who in capital market .
4. The Egyptian accounting and auditing firms as well as the Accountability State Authority (ASA) have to implement strong programs for the development of professional capabilities of its members in the field of changes to international auditing standards, and these programs to be under the supervision and support of accounting departments at Egyptian universities, and the professional practice pioneers.
5. The Financial Control Authority (FCA) must carry out a survey of traders in the stock, especially the main investors for knowing feedback on the new changes of the auditor report, and developing their financial and professional awareness about the feedback of these changes to the value-added of the audit.