An analytical Study for the Relationship between Litigation Risk and the Affecting Factors in Audit Task Process
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Abstract :

Purpose –The main purpose of the research is to investigate the influence of the affecting factors in audit task process on the probability of auditor litigation risk, these factors are partitioned as auditor independence, auditor expertise, and audit quality.

Design/ Methodology/ Approach –A self administered questionnaire was adapted. Out of 200 questionnaires distributed, 149 usable responses were received representing a response rate of 74.5%. A path analysis is employed to determine the relationships, while confirmatory factor analysis is applied to assess the construct validity of the model.

Findings–The results shows that both auditor independence and auditor expertise provides a significant positive contributions to audit quality, which in turn has a significant negative relationship on the probability of litigation risk against auditors. Also the results revealed that auditor independence and auditor expertise has a direct and negative influence auditor litigation risk probability.

Research limitation/Implication-The research investigates the perceptions of three stakeholder categories on the influence of the affecting factors in audit task process on auditor litigation risk probability. These three stakeholder categories are: major firm auditors, public firm auditors, and financial statement users. Other stakeholder categories, such as minor firm auditors are not covered in this study.
References:


