جامعة مدينة السادات

“Auditing challenges in light of foreign exchange risks “

Working paper

The second International Conference of the accounting and auditing department

Faculty of Commerce -Sadat City University

Prepared by:

Abd El Wahab Nasr Ali

Professor of accounting and auditing

Faculty of Commerce, Alexandria University

Samah Tarek Hafez

Professor of accounting and auditing

Faculty of Commerce, Mansoura University

المجلة العلمية للدراسات والبحوث المالية والإدارية

كلية التجارة – جامعة مدينة السادات

المجلد السادس عشر – (عدد خاص – الجزء الأول) – سبتمبر ٢٠٢٤م

التوثيق المقترح وفقاً لنظام APA:

Ali. Abd El Wahab Nasr, & Hafez. Samah Tarek, (2024), “Auditing challenges in light of foreign exchange risks المجلة العلمية للدراسات والبحوث المالية والإدارية، كلية التجارة، جامعة مدينة السادات، ١٦ (خاص)، ٧ – ٢٢.

رابط المجلة: https://masf.journals.ekb.eg

Introduction:

Most nations abandoned the fixed exchange rate system following the breakdown of the Bretton Woods system in the 1970s. They adopted the floating exchange rate system, in which the value of foreign exchange is determined by supply and demand (Ariff and Zarei (2022). Where the central bank's management function is minimal. Investors, business managers, and shareholders are now concerned about changes in currency and exchange rates (Min and Yang, 2019).

Since 2011, Egypt has experienced several local crises that have had a significant impact on the country's economic and financial situation. These crises have resulted in a decline in foreign exchange reserves, a shortage of foreign currency liquidity on the Egyptian market, and an increase in transactions in the unofficial parallel foreign currency markets. The Egyptian government decided to liberalize the foreign currency exchange rate on November 3, 2016, which entails letting supply and demand determine the exchange rate.

Due to all of this, on May 25, 2022, Prime Minister's Decision No. (1568) of 2022 was issued, requiring the addition of Appendix No. (B) of the Egyptian Accounting Standard No. (13) to provide a particular accounting approach to address the consequences of fluctuating foreign exchange values. This enables an entity to recognize the differences in the debit currency resulting from the translation of these obligations on the date of moving the exchange rate if it has outstanding obligations in foreign currency linked to fixed assets, real estate investments, and intangible assets (aside from goodwill) and exploration assets acquired during the period from the beginning of January 2020 until the date of moving the exchange rate, lowering the price of these assets by liberalizing the exchange rate.(Mahmood,2023).

The Prime Minister decided on May 17, 2023, stating that treatments must be implemented by the end of December 2023, following the deadline for implementing Appendix (C) of Egyptian Accounting Standard No. (13) amended in 2015 regarding the effects of changes in foreign exchange rates on companies' business results. IFRS No. (21) is consistent with the use of optional and temporary accounting to address the effects of the unusual economic decision associated with fluctuating exchange rates, **It is then followed by additional amendments in 2024 by adding the phrase (D) and (E) to Egyptian Accounting Standard No. (13)**. This, considering that the liberalization of exchange rates is a unique instance, led to the creation of exceptional gains or losses from currency fluctuations.

This decision relieves pressure on a company's ownership rights, financial statements and business performance by allowing it to reclassify losses resulting from currency pricing discrepancies in line with the decisions to modify the currency exchange rate.

Business outcomes and competitiveness are impacted by fluctuations in foreign exchange rates at the corporate level. Companies operating in various nations are exposed to the risks associated with these fluctuations due to unanticipated changes in exchange rates which can be a source of uncertainty and risk (Deng ,2020).

Foreign exchange risk is the possibility that changes in currency exchange rates will have an impact on a company's financial performance or position. It results from changes in exchange rates, especially when those changes are caused by shifts in the value of the currency being paid with.

Cabedo & Tirado (2004); Molel and Petersen, (2020) refer that it is a category of market risks that arise from changes in the price of a certain economic amount.

Changes in audit procedures by auditors in relation to recognized business risks are the foundation for the transition from a financial statement risk approach to a business risk approach. Empirical validation is necessary to support the maintained premise that auditors modify plans in response to business risk, though, given the prior findings (Mock and Wright, 1993 and 1999) indicating a poor correlation between account-specific risk factors and audit program plans. Although earlier studies have concentrated on the risks connected to payables, receivables, and related accounts (Paino et al. 2015).

In 2009, KPMG survey on financial statement fraud, the findings indicate that just 8% of the 31% of occurrences of falsified financial statements were found by outside auditors. A robust and efficient audit framework is necessary because auditors are crucial in providing a trustworthy opinion, particularly. when there are falsified financial statements. To be able to detect fraud, the auditor must have made a thorough preparation that includes rigorous risk assessment and comprehensive audit methods.

To direct their attention toward the exchange risks within the corporation whose financial statements they are auditing, audit firms must redesign their audit procedures. The scope of the audit planning, risk assessment, and related evidence-gathering methods have changed in relation to the audit methodology.

Gaining knowledge about foreign exchange risk broadens the auditor's perspective and audit risk. These days, auditors are predicting the importance of foreign exchange risk, especially in fluctuation by modifying audit processes.

When a business undertakes foreign currency translation, it employs the spot exchange rate as required by IAS No. (21) The Effects of Changes in Foreign Exchange Rates.The spot exchange rate is known as the exchange rate that can be immediately delivered. Events that are out of control, such as pandemics or geopolitical upheavals can lead to economic instability and prevent two currencies from being exchangeable. As a result, businesses might need to evaluate if there is a short-term or long-term lack of exchangeability and choose the right foreign exchange spot rate to apply when translating currencies.

ISA No. (200) stipulates that the auditor should plan and perform the audit to reduce audit risk or the possibility that the auditor will incorrectly express an opinion regarding financial statements that have been materially misstated to a degree that is acceptable and consistent with the audit's goal. The auditor must be more than confident that there are no major misstatements in the financial statements to lower the audit risk to an acceptable level.

So, the Purpose of this working paper is to make critical analysis of the foreign exchange risk effect on audit planning and its procedures.

This working paper consists of the following: first Foreign Exchange Risk, Audit Planning for Foreign Exchange Risk, Audit Procedures for Discontinued Operations, Audit Procedures for Operations, conclusion, and future studies.

1- Foreign Exchange Risk:

Foreign Exchange Risk results from many sources such as: The business's imports and exports, other expenses like capital expenditures, revenue from exports received in foreign currency, other income like royalties, interest, and dividends, the business's loans, the business's offshore assets denominated in foreign currency, in foreign currency operations, subsidiaries valued in a foreign currency, and foreign currency deposits (Chang et al.,2024).

Managing the exposure is a significant challenge for corporate treasurers given the increased worries about FX risk (Deloitte, 2017). This is because of the fact that efficient risk management requires expensive acquisition or implementation of hedging, precise exposure information, trustworthy transaction projections, and continuous risk monitoring (Deloitte, 2016).

When changes in currency rates affect the profitability of the company, such as on earnings or financial positions, foreign exchange risk needs to be handled. When a company's primary operations are not in finance, risk management should be implemented to keep the company focused on delivering its main products or services rather than taking on unnecessary financial risks.

Exchange risk is defined by four criteria, these factors are essential to determining your exchange risk and developing a **successful plan, which are**: **Timing**, when is it necessary to swap one exchange for another? Your options for avoiding currency risk may be restricted if you have a limited amount of time for currency exchange. **The Amount**, what is the amount of the exchange? The potential risk and the requirement for proper protection (hedging) increase with the amount of trade that must occur. **Margin**: what percentage of profit do you make? The necessity to monitor and manage your currency risk to avoid losses increases with decreasing margin. **Forecasting**, how accurate is your forecasting? The accuracy of your forecasting will influence your currency risk strategy (CPA,2009).

Auditors will increase their auditing procedures to lower audit risk to a manageable level when they believe that foreign exchange risks for multinational corporations are linked to misstatement risks (DeFond & Zhang, 2014). To do this, they conduct an exchange risk audit to comprehend the business and currency requirements. This calls for a currency risk management plan that is both relevant and customized to fit specific requirements.

We anticipate that audit risk will be impacted by foreign exchange risk in **two ways**: **First,** the complexity of preparing financial statements for corporations is increased by fluctuations in foreign exchange rates. This is particularly true when it comes to the recognition of foreign currency assets and liabilities, the gains and losses from foreign currency transactions, and the consolidation associated with foreign functional translation. The likelihood of unintentional misstatements in financial statements rises with the additional complexity. **Secondly** and more significantly, significant fluctuations in foreign exchange rates are likely to result in high levels of volatility, or uncertainty in cash flows and earnings, which could have an impact on the financial performance of multinational corporations Chang et al., 2024; Defond and Zhang ,2014).

When using an accounting for foreign currency transactions, there is a significant chance of errors occurring. To detect any systemic accounting problems, it is critical that the auditor accurately records and comprehends the client's accounting systems and procedures for foreign currency transactions.

The chance that an auditor will express an unqualified view when there are major misrepresentations in the financial circumstances, or a qualified or adverse opinion when there are no material misrepresentations in the expense declarations, is known as the audit risk. Stated differently, it is the likelihood that a scenario resulting from the effect of specific factors may lead the auditor to provide an opinion that is not accurate to the actual circumstances surrounding the activity under study, as shown by the accounting financial issues.

2- Audit Planning for Foreign Exchange Risk:

To lower audit risk to a manageable level, the auditor must decide how best to address the risks of material misstatement that have been assessed at the financial statement level. They must also plan and carry out additional audit procedures that are sensitive to the risks of material misstatement that have been assessed at the relevant assertion level in terms of content, timing, and nature (SAS, 110 AU Section 318). **Several key issues** that need to be taken into consideration when auditing foreign exchange operations are as follows:

- The timeliness and accuracy of the FX reporting system (including the FX revaluation areas).
- The strict adherence to the operating policies and procedures of the financial institutions.
- The compilation of FX financial statements guarantees they comply with appropriate and standard accounting policy.
- The accuracy of FX deals and its recording and settlement system.
- That FX cash flows satisfy management's expectations and are approved. (AU-C Section 300: Audit Planning 277 Sources for Planning an Audit: SAS No. 122, 128; 134)

The performance measuring system of the corporation must also be considered by the auditor. If the corporation’s management has set unreasonable goals, or if the performance measurement systems allow financial statement manipulation, there may be an increase in inherent risk. The auditor should review the financial accounts, analyses ratios, and ask management about the key performance indicators that are used to track their objectives (Paino et al., 2014).

In order to give a reasonable assurance of identifying financial misstatements, auditors should broaden the scope of audit processes if they determine that the probability of misstatements is high (Cheng & Epstein, 2012). Furthermore, auditors have the option to impose a risk premium if they believe that any misstatements linked to foreign exchange risk could lead to future legal disputes and damage to their reputation (DeFond & Zhang, 2014).

Due to the complex nature of the threats, the company requires a sophisticated risk assessment and hedging plan. Strategies for natural hedges and the renewal of supplier and customer contracts a risk management strategy can be modified to fit the company's business plan. The ability to shift the FX risk on suppliers or customers is a necessity that could lead to a decline in consumer demand.

A lack of risk analysis during the planning stage may have several initially less obvious repercussions that later may change into different information sources that the auditor may examine and use to establish the basis for an incorrect opinion. Under these circumstances, an initial assessment of the risk level relevant to the audit activity is required as a basic requirement of every audit mission (Dhanani,2003).

Risk assessment is a significant step in the audit process, which includes the following, in accordance with the guidelines for audit strategies provided by the European Commission and the International Audit Standards: to identify and evaluate how the audited entity's internal control system is configured, as well as how it is implemented; to identify and evaluate potential risks in the entity and its processes; to evaluate whether the audited entity's internal controls are capable of identifying, preventing, eliminating, or minimizing risks; to evaluate the potential effects that potential risks may have on the expense declarations.

Analysing and assessing the risk level particular to the audit activity is a challenging process that depends on numerous influencing factors, the majority of which were found during the planning phase.

3- **Audit Procedures:**

Audit procedures for Foreign exchange risk which includes transactions, translations and economic risk, may depend on substantive audit procedures and walkthrough (Rathi , 2024 ,https://library.croneri.co.uk/).

The auditor should consider the rationale for the assessment of the risk of substantial misstatement at the relevant assertion level for each class of transactions, account balance, and disclosure when deciding which audit procedures to carry out. This involves evaluating whether the auditor's risk assessment takes into consideration the entity's controls (i.e., the control risk) as well as the specific characteristics of each class of transactions, account balance, or disclosure (i.e., the inherent risks). For example, the auditor may conclude that substantive analytical procedures alone may provide sufficient appropriate audit evidence if they believe that the unique characteristics of a class of transactions reduce the risk that a material misstatement may occur (without taking into account the related controls). (SAS;110 -AU Section 318).

For foreign currency transactions, a substantive analysis technique is frequently unavailable. However, the auditor may be able to determine an expected gains or losses on foreign currency transactions for a period **by multiplying** the exchange rate variance by the average foreign currency balance, which can then be compared to the actual foreign currency gain or loss recognized by the client, depending on the type, timing, and extent of the entity's foreign currency transactions and balances.

The auditor should make sure that the translation was done correctly if the entity deals in foreign currencies. This is especially crucial in cases where there are sizable cash considerations and exchange rate fluctuations could lead to significant changes in the financial statements' data, He also can provide test of details as the following:

- ensure that monetary and non-monetary items are handled appropriately.
- confirm that foreign currency transactions have been detected and translated at the appropriate rates.

When auditing foreign exchange gains and losses, the following audit assertions are relevant (https://eqcadvisory.com :

- **Valuation**: Accurately reflecting the impact on the financial statements, the foreign exchange gains and losses have been reported at the appropriate exchange rate.
- **Classification**: The classification between hedging and non-hedging transactions has been made accurately.
- **Accuracy**: The Company’s financial situation is accurately reflected in the foreign exchange gains and losses that have been documented, and the gains and losses on foreign exchange have been reported within the accurate time frame.

- **Completeness**: The financial statements provide a record and disclosure of all foreign exchange gains and losses.
- **Existence**: The financial accounts reflect the existence of foreign exchange transactions.
- **Consistency**: The way foreign exchange gains and losses are treated in accounting is consistent with earlier periods.
- **Rights and Obligations**: The business is required to pay or receive the appropriate amounts and has the right to foreign exchange gains and losses.
- **Presentation and Disclosure**: With relation to foreign exchange gains and losses, all applicable disclosure requirements have been satisfied and IFRS or GAAP have been followed in the presentation and disclosure of foreign exchange gains and losses.

After doing auditors، assertions about foreign exchange gains and losses ,the auditor may expanding the auditing procedures to reduce audit risk **by using substantive audit processes as below.**

3/1 Substantive Audit Procedures:

An essential component of auditing foreign exchange gains and losses is substantive audit processes. They are intended to offer proof regarding the legitimacy, accuracy, and completeness of the financial information under audit. Finding possible misstatements or mistakes in the financial information is the main goal of substantive audit procedures.

When conducting an audit of foreign exchange gains and losses, the following Test can be carried out :

- **Review of transaction processing**: In order to make sure that all transactions have been appropriately recorded, this method entails going over the transactions that have been processed in the foreign currency accounts.
- **Examining the exchange rate data:** used to convert sums of foreign currency into functional currency.
- **Examination of exchange rate fluctuations**: This process entails examining the variations in exchange rates during the audited period in order to locate any notable alterations that might have affected the financial data.
- **Review of journal entries**: This process entails checking the accuracy and completeness of the journal entries that have been posted to the foreign exchange accounts.

- **Examining supporting documentation**: This process entails looking at the receipts and invoices related to foreign currency transactions to ensure that they are complete and accurate.
- **Examining relevant contracts and agreements**: This process includes checking the accuracy and completeness of contracts and agreements that could affect gains and losses in foreign exchange.
- **Reconciliation review**: In this process, the foreign exchange accounts' reconciliation is examined to make sure that all transactions have been appropriately recorded and that the balances are accurate.
- **Testing of key estimates**: This process entails testing key estimates, such as the predicted rate of exchange, that are used to calculate gains and losses in foreign exchange.
- **Review of disclosure**: This process entails checking that the disclosures made about gains and losses in foreign exchange are correct and comprehensive.
- **Evaluation of internal controls**: This process entails evaluating the effectiveness and adequacy of the internal controls related to the foreign currency accounts.

When considering foreign exchange risk as a part of business risk , An auditor may employ tests of details, or a mix of the two as substantive procedures. he ultimate decision regarding which audit procedures to perform—including the use of substantive analytical techniques—is based on the anticipated efficacy and efficiency of the available audit procedures in lowering the degree of audit risk at the assertion level to one that can be tolerated. Put differently, the employment of substantial analytical processes by the auditor is not specifically required by the GAS.

On the other hand, when used properly, they are frequently more efficient than tests of detail and will frequently produce better audit evidence.

3/1/1 Audit procedures for discontinued Operations:

A company's discontinued operations are segments of its core business or product line that have been sold off or discontinued. These segments are shown on the income statement separately from the company's ongoing activities. Operations and cash flows that are easily separated from the rest of the entity for the purposes of financial reporting and operations constitute a component of an entity. A reporting unit, a subsidiary, an asset group, an operating segment, or a reportable section can all be considered components of a company. ASC 205-20-20. Sometimes it is not possible to perform a substantive analytical approach for disposal groups and stopped operations. The auditor should confirm that the results of any component that the business has disposed of have been correctly identified. So, the auditor needs to carry out the following checks:

- Obtain the computations behind the amounts recognized with regard to discontinued operations and disposal groups in the financial statements,
- Confirm the disposal has been appropriately approved by looking overboard minutes or other supporting documentation,
- Verify the following: amounts provided for discontinued operations have been computed in compliance with the applicable accounting standard,
- Timing conforms with underlying decisions (e.g., as stated in board minutes),
- Checking arithmetic accuracy,
- Verify that disposals are finished by reviewing board minutes and other supporting documents,
- Make sure the financial accounts accurately reflect the disposal groups and discontinued operations.

3/1/2 Audit Procedures for Borrowing Costs:

Interest and other expenses that a business incurs while borrowing money are referred to as borrowing costs (AS,12), Capitalization-eligible borrowing costs include exchange discrepancies resulting from foreign currency borrowings to the degree that they are regarded as an adjustment to the interest cost, as well as interest expense computed using the effective interest method. Thus, the amount of acceptable borrowing expenses may change because of renegotiation or modification of the borrowing terms. [IAS 23.6].

Depending on the kind of borrowings and the qualifying asset, the auditor may be able to calculate the predicted borrowing costs by multiplying the average interest rate by the average outstanding balance of borrowings (where costs are capitalized). Next, this can be contrasted with the borrowing expenses that the customer has identified. The auditor should do tests such as getting capitalized and expensed borrowing cost workings that match the amounts recorded in the nominal ledger. Check the arithmetic accuracy of the workings, the process by which general borrowings are allocated to qualifying assets, the accuracy of the amounts capitalized in respect to the applicable accounting standard, the agreement of the capitalization rates with the terms of the underlying agreements, and the consistency of the expenses.

3/1/3 Audit Procedures for Estimates:

Th e necessary risk assessment processes are outlined in ISA 540, and one of those methods is comprehending the accounting estimate process used by management. Auditors are required to assess the level of uncertainty surrounding an accounting estimate and ascertain whether a high degree of estimating uncertainty entails a material risk. Auditors must decide if the accounting estimate's methodologies were suitable and carry out specific processes based on this risk assessment, taking the accounting estimate's nature into consideration. Where significant risks have been identified, further procedures are required to evaluate the reasonableness of assumptions and alternative assumptions or outcomes. Auditors must also review the judgements and decisions made to identify whether there are indicators of possible management bias. The adequacy of disclosures around accounting estimates must also be evaluated.

Applying substantive analytical techniques to foreign exchange, discontinued operations, borrowing costs and estimates issues might be challenging in real-world scenarios. Nonetheless, several significant analytical techniques in each part can be applied to provide further audit comfort regarding the accuracy of balance statements.

3/2 Walkthrough Testing:

A crucial component of the audit processes for gains and losses on foreign exchange is walkthrough testing. It entails looking into the procedures and controls in place for the documentation, assessment, and reporting of foreign exchange balances and transactions. Understanding the entity's procedures and controls as well as spotting any possible dangers or control flaws are the goals of this test.

The steps involved in walkthrough testing are as follows:

- Examine the accounting policies and processes: In order to make sure that the entity's foreign currency gains and losses accounting rules and procedures are adequate and compliant with GAAP, the auditor should assess them.
- Determine the important foreign exchange transactions: The auditor needs to determine the significant foreign exchange transactions that are probably going to cause gains or losses. Transactions involving foreign

currencies, currency derivatives, and other financial products may fall under this category.

- Recognize the procedure: The method by which the company tracks and discloses foreign exchange gains and losses should be clear to the auditor. Understanding how foreign exchange gains and losses are recognized and reported in the financial statements, as well as how exchange rates are set, may fall under this category.
- Test of controls: To guarantee that foreign exchange gains and losses are appropriately recorded and reported, the auditor should examine the controls in place. This could entail verifying the accuracy of the financial statements, the completeness and quality of the accounting records, and the accuracy of the exchange rate computations.

In light of the above, when considering exchange risks as part of business risks, the audit plan and procedures can be reviewed taking substantive analysis, walkthrough test and test of control . taking these procedures depends on the materiality and audit risk

4- Conclusion:

Recently, one of the most significant challenges has been the impact of foreign exchange risks on a company's performance, particularly considering the government's decision to float the currency. Changes in foreign exchange rates have an impact on a company's competitive standing and business performance. Additionally, it might make managers more likely to falsify financial reports to mitigate the adverse consequences of foreign exchange risk or lessen its influence on profitability.

Effective risk management, including hedging, precise exposure information, trustworthy transaction projections, and continuous risk monitoring, is necessary in light of the escalating concerns around FX risk.

Due to the increasing misclassification of transactions as hedging relationships, inaccurate recording of foreign exchange gains and losses, ignorance of foreign exchange rates and their impact on financial statements, and inadequate disclosure of foreign exchange transactions, Inherent risk could be raised if the customer has unrealistic goals or if the performance evaluation tools promote falsifying financial statement quantities.

The auditor is being prompted to reevaluate the audit planning and its procedures in order to minimize audit risk to an acceptable level.

These procedures as Substantive audit procedures are a critical aspect of auditing foreign exchange gains and losses. They are designed to provide evidence about the completeness, accuracy, and validity of the financial information being audited, while walkthrough testing help in understanding the entity's procedures and controls as well as spotting any possible dangers or control flaws are the goals of this test.

FUTURE STUDIES:

- The impact of Disclosure of the company’s report on exchange risk management.
- The impact of auditor’s assurance on companies’ disclosure of exchange risk management.
- The impact of exchange rate risks on the effectiveness of the internal control structure.
- The added value of the internal auditor’s assurance of the risk management report on managing exchange rate risks.
- Towards a logical explanation of the effect of disclosing exchange rate risks on stock prices.
- The impact of foreign exchange risk on earnings management.
- The impact of foreign exchange risk on internal auditing quality .
- The impact of fluctuations on the auditor fees.
- the Impact of Business Risks on the Quality of the Auditing Process.
- The relation between exchange rate risk and earnings quality
- The advisory role of the internal auditor in managing exchange rate risks .
- The impact of Risk – based internal auditing on foreign exchange risk.
- The relation between continuous auditing and exchange risk.
- The impact of exchange risk on the relation between Governance determinations and audit quality.

REFRENCE:

- International Accounting Standard (IAS 21) ,2005 “The Effects of Changes in Foreign Exchange Rates”, IFRS Foundation.
- International Accounting Standard, (IAS) 23,2007, Borrowing Costs, IFRS Foundation.
- International Standard on Auditing (ISA .200) ,2009, ” Overall objectives of the independent auditors and the conduct of an Audi in accordance with international standards on auditing .
- Ariff, M., and Zarei, A. (2022). Are domestic firms exposed to similar currency risk as international trading firms? **International Journal of Banking and Finance**.17(2): 25-56.

- Cabedo, J. D., & Tirado, J. M. (2004). The disclosure of risk in financial statements**. Accounting Forum**, 28(2), 181-200.
- Chang a ,Yuyuan , Fan, b., Yangyang , (Nancy) Su ,Lixin,2024 “Foreign exchange risk and audit pricing: Evidence from U.S. multinational corporations”, **Journal of Accounting and Public Policy**, Vol. 45 ,107196.
- CPA Australian ,A guide to managing foreign exchange risk,2009
- Deloitte, 2017 Global Corporate Treasury Survey,” 2017. Available at: https://www2.deloitte.com/us/en/pages/risk/articles/global-corporate-treasurysurvey-2017.
- Deloitte, 2016, Global foreign exchange survey. https://www2.deloitte.com/us/en/pages/advisory/articles/global-foreign-exchange-survey.html (accessed 30 Jan 2023).
- DeFond, M., and J. Zhang. 2014. A review of archival auditing research. **Journal of Accounting and Economics,** 58 (2–3): 275–326, https://doi.org/10.1016/j.jacceco.2014.09.002.
- Deng, Zero ,2020 ” Foreign Exchange Risk, Hedging, and Tax Motivated Outbound Income Shifting, Oregon State University June 2020, https://ssrn.com/abstract=3625765.
- Dhanani , Alpa, 2003” Foreign exchange risk management: a case in the mining industry “,**The British Accounting Review**, 35 (2003) 35–63
- https://library.croneri.co.uk/
- https://eqcadvisory.com/,Auditing Exchange Reserves: A Deep Dive into Risks, Controls, and Procedures
- https://viewpoint.pwc.com/dt/us/en/fasb/GAAP/Codification/Codification/Codification/Master_Glossary/Component_of_an_Entity/108087.html
- International Standard on Auditing , (ISA, 540) 2019, (Revised), Auditing Accounting Estimates and Related Disclosures,
- IAASA, Audit Quality Unit The audit of accounting estimates,2020.
- International Auditing and Assurance Standards (IAASB). 2012c. Annual Report: Responding to the Needs of an Interconnected World. Availableat: https://www.ifac.org/sites/default/files/publications/files/IAASB%20ANNUAL-2012-V10- SPREADS.pdf.
- KPMG, The effect of changes in foreign exchange rates,2021.
- Mahmood ,Amro El said ,Zaky , 2023 ”The risk of foreign exchange rate exposure Determinants’ and its impact on the cost of capital – An accounting perspective An applied study on listed companies in the

Egyptian Stock Exchange", **Journal of accounting researches,** Tanta University , vol.4,2023
- Min, Y. and Yang, O. (2019). The impact of exchange volatility exposure on firms' foreign-denominated debts**. Management Decision**.57(11): 3035-3060.
- Molele, M. and Petersen, J. (2020). Emerging market currency risk exposure: evidence from South Africa. **The Journal of Risk Finance**. 21(2): 159-179
- Paino a Halil , Khairul Anuar Abdul Hadi a and Wan Mardyatul Miza Wan Tahir,2014 "Financial statement error: client's business risk assessment and auditor's substantive test", **A Social and Behavioral Sciences** ,145 316 – 320.
- Rathi , Vaibhav ,2024 Audit Procedure for Foreign Exchange Gains & Losses: Insights, https://enterslice.com/