جامعة مدينة السادات

The Role of Activating Joint Audit Programs in Reducing The Exchange Rate Volatility Risks "A Field study"

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الملخص
يهدف البحث إلى التعرف على دور تفعيل برامج المراجعة المشتركة فى الحد من مخاطر تغيرات سعر الصرف للعملات الأجنبية من خلال تحديد أهم العوامل التى تؤدى إليها، وآليات مواجهتها والمحاسبة عن الآثار المالية الناتجة عنها بالقوائم والتقارير المالية، وذلك بالتطبيق على الشركات المقيدة بالبورصة المصرية من خلال توزيع ٢٥٠ قائمة إستقصاء على مسئولى الادارة العليا، والادارة المالية، والمراجعين، والأكاديمين فى البيئة المصوية، وخلصت الدراسة إلى مجموعة من النتائج أهمها: يوجد فروق ذات دلالة إحصائية بين آراء المستقصى منهم بشأن العوامل التى تؤثر فى تغيرات سعر الصرف والمخاطر الناتجة عنه، كما يوجد اختلافات ذات دلالة إحصائية بين آراء المستقصى منهم بشأن دور تفعيل برامج المراجعة المشتركة فى الحد من مخاطر تغيرات سعر الصرف. وأوصت الدراسة بضرورة عقد الندوات والمؤتمرات حول أهمية التخصص النوعى لمراقبة الحسابات، وإعداد برامج تدريبية لمراقبى الحسابات المتخصصين، حتى يكون مراقب الحسابات على دراية كاملة بها، ومعرفتة بكل جديد فى مجال تخصصة، وكذلك يجب متابعة الآثار المترتبة على تطبيق ما ورد بملحق المعيار رقم (أ) لمعيار المحاسبة المصرى رقم (١٣) المعدل خصوصاً اذا ارتفع سعر الجنية المصرى أمام العملات الأجنبية مرة أخرى، وإتخاذ الأجراءات التصحيحية فى هذه الحالة.
الكلمات الافتتاحية: المراجعة المشتركة ، سعر الصرف.

Abstract:

the research aims to determine **The Role of activating joint audit programs in reducing the exchange rate volatility risks for foreign currencies.** This will be achieved by identifying the key factors that lead to these risks, the mechanisms to address them, and accounting for the financial effects in financial statements, applied to companies on the stock market by distributing 250 questionnaires listed for senior management, financial management, auditors, and academics, the study concluded a set of results, the most important of which are there are statistically significant differences between the respondents opinions The nture and determinants of activating joint audit programs in light of academic studies and professional publications, also there is significant differences between the respondents opinions the role of activating joint audit programs in reducing the exchange rate volatility risks, the study recommended to The joint audit is an important topic in the world, as it has received the attention of researchers and professional and supervisory bodies, all of whom have decided to support the importance and need to activate joint audit programs due to the many benefits offered by all parties interested in the review process, and . It is crucial to monitor the effects resulting from the implementation of Appendix (1) to Egyptian Accounting Standard No. (13) Amendment, especially if corrective measures are intensified in response to fluctuations in the Egyptian pound against foreign currencies.
Kew words: Joint audit , exchange rate volatility

First: Research Framework

1. Introduction

Investor confidence in the auditing profession in general, and in accounting and auditing firms in particular, has weakened due to manipulation, fraud, and lack of credibility in financial reports. This has led to the collapse of many global companies. Among the most famous companies that collapsed are Enron in 2001, Xerox in 2002, and WorldCom in 2002. Additionally, the fall of Arthur Andersen, one of the Big 5 auditing firms, occurred. Furthermore, several banks and financial institutions in the United States experienced a significant financial crisis that impacted the economies of most countries, turning it into a global financial crisis. This situation prompted the U.S. Congress to intervene and reorganize the auditing profession by enacting the Sarbanes-Oxley Act in 2002 (Abdel Halim, 2019).

The reasons for the collapse of these companies and the occurrence of these crises can be attributed to the financial and administrative corruption within these companies' managements, their lack of good practices, and transparency in publishing financial reports and statements. Meanwhile, these companies' managements encourage accountants to improve financial statements to influence their financial position, meaning that financial statements are manipulated to achieve specific objectives. This practice is known as creative accounting, which is the focus of accountants and auditors (Bin Moqifi, 2019). One of the most significant reasons for this issue is the low quality of the auditing process due to the monopolization by auditing firms.

In the aftermath of the crisis, many countries took preventive measures to prevent the recurrence of such crises. This included enacting various regulations to monitor practitioners' performance, such as changing auditors periodically, prohibiting the provision of non-audit services, and establishing institutions aimed at monitoring the quality of audit firms. These measures have had both negative and positive impacts on the auditing profession, highlighting the need to seek alternative methods to individual auditing and to address the shortcomings and issues resulting from these methods, such as dual audits, double audits, and joint audits. These methods have garnered significant attention from researchers and professionals recently (Mohamed, 2018).

Attempts by professional and academic organizations to improve the auditing profession and increase confidence in it have become essential. These organizations aim to reduce the audit performance gap and work on enhancing its performance, which provides reasonable assurance to stakeholders regarding the fairness of financial statements and narrows the gap between auditors and financial report users. The joint audit approach is one of the methods aimed at developing auditor performance, ensuring independence, and continuously improving audit performance in a competitive and constantly changing market. The idea of reviving the application of the joint audit approach was proposed by the European Commission in 2010. Additionally, this application contributes to providing accurate financial information when implementing joint audits, which, in turn, can help prevent such crises in the future (Al-Sharqawi, 2024; Harbez, 2020).

Many international professional organizations have begun to support joint audits as one of the most controversial topics regarding their role in enhancing the professional performance quality of audits and making their role more effective in preventing or mitigating global crises (Velte & Azibi, 2015; Mohamed, 2018).

Joint audits have become mandatory in most countries and voluntary in others. In France, joint audits are obligatory for all companies preparing specific financial statements. Some countries impose joint audits in certain industries, including Saudi Arabia, the United Arab Emirates, Kuwait, and Algeria, all of which require financial companies to conduct them. India mandates joint audits for state-owned enterprises. Joint audits are allowed but not required in Denmark, Sweden, and Germany (Lobo et al., 2017).

Regarding joint audits in the Egyptian environment, the Egyptian Companies Law No. 159 of 1981 and its amendments in Article 103 state that a joint-stock company must have one or more auditors who meet the conditions stipulated in the Law of Practicing Accounting and Auditing. The general assembly appoints them and determines their fees. In the case of multiple auditors, they are jointly liable. Similarly, Law No. 10 of 1981, amended by Law No. 91 of 1995, Article 43, states that a company's accounts must be audited by an auditor chosen by the general assembly from those registered in a special register maintained by the authority. If necessary, the authority's chairman can assign another auditor a specific task, with the company bearing the cost. Additionally, the General Authority for Financial Control Decision No. 72 of 2013, Article 18, stipulates that a company must have one or more auditors who audit its accounts according to Egyptian auditing standards and must be registered with the authority. Moreover, according to the Central Bank

Law No. 149 of 2020, Article 36, the Central Bank's accounts must be audited by two auditors, one appointed by the Central Accounting Organization and the other by the board of directors from among those registered in the Central Bank's auditors' register.

Article 124 also states that two auditors must audit the bank's accounts, and the governor can appoint a third auditor for a specific task, with the auditors being responsible for the results mentioned in their report. Law No. 148 of 2001, Article 33, also states that two auditors from those registered in a special register maintained by the administrative authority must audit a company's accounts.

Exchange rates have been a significant topic that has occupied the minds of ancient and modern peoples and economists, undergoing significant developments in economic thought (Suleiman, 2019). Exchange rates are among the most monitored and analyzed economic variables, both locally and internationally, as they reflect the economic state of countries. The exchange rate mechanism plays a crucial role in addressing trade balance discrepancies. Stable exchange rates reflect sound economic fundamentals and adopted financial and monetary policies. Changing the exchange rate is a highly risky and sensitive issue due to its various associated impacts (Al-Sayed, 2021).

Exchange rates are considered an important tool for the macroeconomic, as they contribute to reducing inflation levels, enhancing exports, and promoting economic growth. There is a significant difference between policymakers and economists regarding the impact of foreign exchange policies on economic growth. Some believe that a lower exchange rate will stimulate economic growth, while others generally doubt that the relative price of currencies could be the main driver of long-term growth (on 2024). **Therefore,** the exchange rate holds great importance for all institutions as it affects macroeconomic variables and consequently the trade balance of the state. From the above, it is clear that joint audit can be used to mitigate the risks of exchange rate fluctuations.

Therefore, the researcher attempts to demonstrate the nature of the relationship between the activation of joint audit programs and the mitigation of exchange rate fluctuation risks, by applying it to a sample of companies listed on the Egyptian Stock Exchange.

2. Research Problem

In recent times, the Arab Republic of Egypt has witnessed rising inflation levels, decreased production, and increased unemployment rates. To maintain price stability, the monetary authorities in Egypt adopted an inflation targeting system to keep inflation parity with their major trading partners. However, following a series of crises starting with the global financial crisis, the COVID-19 pandemic and its impact on economic activity, and the Russian-Ukrainian war, the monetary authorities were compelled to adopt a floating exchange rate system. And This exposed the Egyptian economy to the risks of occupying the real balanced exchange rate (Ali, 2024).

The situation did not stop there in Egypt. On November 3, 2016, the Central Bank of Egypt announced the full liberalization of the Egyptian pound's exchange rate. This means that the central bank allows the exchange rate to be determined by supply and demand forces, intervening only to influence the speed of exchange rate changes. As a result, the exchange rate of the dollar reached 13 Egyptian pounds at that time, compared to the previous indicative rate of 8.88 pounds (Ibrahim et al., 2021).

The issue of exchange rate fluctuations and the associated risks is one of the most significant problems facing economic units of all kinds, particularly in non-financial industries. Various countries suffer from fluctuations in their national currency exchange rates or the exchange rates of the currencies of the countries they deal with. Additionally, many economic units with international activities face multiple problems in their trade activities, largely due to unexpected fluctuations in foreign exchange rates. This hampers the achievement of their desired objectives. Therefore, companies began searching for ways to mitigate expected and unexpected risks from exchange rate fluctuations (Mubarak, 2017). Thus, exchange rate changes are among the most critical risks facing economic institutions, especially banks in the context of their commercial or financial international transactions. Consequently, internationally oriented banks have sought to devise a set of internal and external strategies to avoid or reduce the impact of this risk (Vali, 2023).

Regarding the Egyptian environment, it is evident that the topic of joint audits has not received sufficient attention from researchers, given the conflicting results of previous studies and the inability to generalize the conclusions of those studies conducted in some foreign countries due to differing environmental, economic, political, and cultural conditions from one country to another. Therefore, it is important to study this topic within the Egyptian business environment, especially since the subject of joint audits remains under discussion and currently generates scientific debate, necessitating further research and studies (Sanad, 2024).

The problem of the research lies within the context of the risks associated with exchange rate fluctuations, which significantly impact global economies. Despite its importance, the relationship between implementing joint audit programs and exchange rate risk has received insufficient attention from researchers. There is a scarcity of previous studies addressing the implementation of joint audit programs to mitigate exchange rate risks in the Egyptian business environment.

In this context, the research problem can be formulated in the following questions:

1. What is the nature and risks of exchange rate fluctuations? What are the influencing factors?
2. What is the nature and determinants of implementing joint audit programs based on academic studies and professional releases?
3. What is the impact of implementing joint audit programs on mitigating exchange rate risks?

3. Presentation and Analysis of Previous Studies:

Several studies have explored the use of joint audits by external audit firms and their relationship with expectation gaps. Some studies have also focused on exchange rate risks. The researcher can present known study results to identify the research gap through the following axes.

First group: Studies discussing the joint audit programs:

- **Samra et al., (2022)** "The impact of joint audit on audit planning quality: Afield study"

The study aimed to assess the impact of joint audit on audit planning quality in the Egyptian environment by examining whether joint audit affects audit strategy, as well as joint audit programs and plans in general. **The study applied** to a sample of 400 auditors from various audit firms and academics from different Egyptian universities. **The results of the study showed that the** joint audit has a positive impact on comprehensive audit strategy, and the majority of opinions support the application of joint audit, especially during initial audit planning, to maintain its reputation and reduce negotiation risks. Joint audit provides assurance of high-quality audit processes, increasing confidence among financial information users, attracting new investors, and enhancing trust in the auditing profession in the Egyptian context.

- **Minif& Abduljaber,(2022)** "The Role of Joint Auditing to Improving the Quality of the Electronic Auditors Iraqi Banks" **The study aimed** to determine the role of joint audit in improving the quality of electronic audit reports in

Iraqi banks. It was conducted on a sample of 10 Iraqi banks from 2015 to 2020. **The results of the study showed that the** companies audited by joint audits achieved higher quality in electronic audit reports compared to those audited individually. Electronic audit reports were more suitable in banks that used joint audits, and these reports accurately represented the banks that employed joint audits.

- **Abd El Halim & Sorour (2023)** "The Impact of Joint Audit on Investor Decisions A Company Empirical study between The Egyptian and Saudi Environment" **The Study Aimed to** clarify the effect of joint audit application on investor decisions in the Egyptian and Saudi business environments. The study applied to a sample of 80 external auditors, 60 faculty members specializing in auditing, and 60 investors distributed in the Egyptian and Saudi environments. **The study concluded that** the joint audit positively affects investors' decisions and future orientations, with no statistically significant differences between the Egyptian and Saudi contexts regarding the impact of joint audit application on investor decisions, which studied the effect of joint audits on investor decisions in the Egyptian and Saudi Arabian business environments.
- **Sand (2024)** "The impact of joint audit using brainstorming on financial reporting quality: A field study" The Study **aimed to** explore and test the impact of joint audit using brainstorming on financial reporting quality. The study applied to a sample of three categories: external auditors, financial statement preparers, and conducted an empirical study on a sample of 60 companies listed on the Egyptian Stock Exchange from 2018 to 2022. **The study concluded** with statistically significant impacts, both positive and negative, of joint audit using brainstorming on the quality of financial reports.
- **Mohamed (2024)** "The Impact of Developing a Joint Audit Performance on Achieving Audit Quality: An Empirical Study" The **aimed to** develop joint audit performance and clarify its impact on audit quality. The study applied to Egyptian accounting and audit firms, audit committee members in some companies, faculty members in some commerce faculties, and some users of accounting information and data analysis. **The results of the study showed that** there was no agreement among the sample regarding the problems hindering joint audit performance. There was no statistically significant impact of the auditor's specialized field or brainstorming among joint audit parties on developing joint audit performance, nor was there a statistically significant impact of activating audit committees' performance and rotation among audit

parties on developing joint audit performance. Additionally, there was no statistically significant impact of developing joint audit performance on achieving audit quality.

Second group: Studies discussing the determinants of exchange rate changes

- **Al-Rashidi & Nasser (2017)** "The Effect of the Floating of the Exchange Rate Financial Statements in Accordance with IAS 13 (Revised) A Field Study on Companies Listed in The Stock Market" **The study aimed** to identify the implications of the flotation of the Egyptian pound on the elements of the financial statements of companies listed on the stock exchange, and the accounting treatments and their effects resulting from this exceptional decision in light of Annex (A) to Egyptian Accounting Standard No. (13), issued in February 2017. **The study was applied to** two of the major holding companies: one belonging to the public business sector, Misr Aluminum Company, and the other being GB Auto Company, both listed on the Egyptian Stock Exchange during the period from 1/7/2016 to 31/3/2017. **The results of the study showed that** the most important of which are: the impact of the flotation of the pound varied between profit and loss, with profits concentrated in real estate companies and losses in cement and food companies. The treatments chosen by the companies varied according to Annex (A) in light of each company's circumstances, which indeed helped mitigate the negative effects of the flotation decision.

- **Mahmoud (2017) "**The Effect of Floating Exchange Rates on the Value Relevance of the Accounting Information in the Emerging Capital Market of Egypt" **The purpose of the study is to** examine the effect of Floating Exchange Rates on the Value Relevance of the Accounting Information in the Emerging Capital Market of Egypt, The study was conducted on a purposive sample of 40 non-financial companies listed on the Egyptian Stock Exchange, belonging to various sectors, some representing stable industries and others representing technological industries, during the financial period from 2014 to 2016, with a total of 120 observations during the study period. **The results of the study showed that the** most important of which are: the decline in the estimated value of profits in light of foreign exchange rate liberalization and the increase in risks associated with fluctuations in foreign exchange rates, which affects the performance results of economic units during the financial period in which exchange rates are liberalized. With the increasing disturbances surrounding the liberalization of foreign exchange rates and the decline in the value of the local currency, the evaluative estimation of the book value of equity and operating cash flows increases. Additionally, operating cash flow information is not subject to managerial manipulation or flexible accounting methods.

- **Saied (2029)** "the impact of the exchange rate on the trading values of the different sectors of the Egyptian stock exchange" the study aimed to find out the impact of the exchange rate on the trading values of the different sectors of the Egyptian stock exchange and to find out which of these sectors is most effected by the exchange rate, **This study was applied** to twelve sectors of the Egyptian Stock Exchange as announced in the monthly reports published by the Egyptian Stock Exchange. These sectors are: telecommunications - financial services – real estate – tourism - household & personal products- industrial& automotive products- food & beverages- banks- healthcare& pharmaceuticals- basic resources- chemicals, over the period from January 2015 to February 2019, representing twelve time series for each sector, with 50 observations for each series, **The study has found** a significant impact of the exchange rate on the volumes of each of the next sectors (telecommunications - financial services – real estate – tourism - household & personal products- industrial& automotive products- food & beverages- banks- healthcare& pharmaceuticals- basic resources- chemicals), there is no significant effect on the trading volume of the constructions sector at a significant level of 5%, It has been found that the most closely related sectors to the exchange rate are the chemicals, automotive and financial services sectors respectively.

- **Ibrahim et al., (2021)** " The Impact of Disclosure of the Risks of Volatility in a Foreign Exchange Rates on the Earnings Quality: An Empirical Study on the Sector of Pharmaceutical Companies Listed in the Egyptian Stock Exchange During the Period of 2013-2018" **This Research Addresses** the measurement and analysis of the impact of disclosure of the risks of volatility in a foreign exchange rates on the earnings quality, this study was applied to 2013 to 2018, **The main finding** of the study are the absence of significant relationship between the disclosure of the risks of foreign detailed disclosure whether in financial statements or in footnotes.

- **Mohamed (2024)** " The Modifying Effect of Foreign Exchange Rate Liberalization and Corporate Characteristics on the Relationship Between Herd Behavior and Stock Returns Via the Mediating Role of Trading Volume: An Experimental Study on Companies Registered in the EGX70 Index" **aimed**

to determine the impact of trading volume on stock returns and to identify the mediating role of trading volume in the relationship between herd behavior and stock returnes, this study was applied to an experimental study on companies registerd in the EGX70 index from march28, 2022 to April30, 2023. The study led several results; the herd behavior has a significant effect on (1) the volume of trading on the shares of companies, and on (2) the returns of their shares. The results also revealed the presence of (3) a significant effect of trading volume on stock returns in those companies, and (4) the mediation of trading volume in the relationship between herd behavior and stock returns in them. Finally, it was shown from the results of the study that the mediating role of trading volume in the relationship between herd behavior and stock returns varies with the liberalization of the foreign exchange rate and the characteristics of companies.

Assessment of Previous Studies: Through the review and analysis of previous studies, the following points can be summarized:

- ✓ Some studies have confirmed that the quality of the joint audit process is achieved when one of the audit firms involved is a global review audit firm.
- ✓ Most studies have emphasized the importance of companies implementing joint audits due to their role in improving the quality of the auditor's report.
- ✓ Some studies addressing the use of joint audits in external audit firms suggest that there is a general consensus among external audit firms on the importance of joint audits. However, these studies have not addressed the aspects of developing joint audits.
- ✓ The studies have not addressed how to activate the role of joint audit programs in reducing the risks of exchange rate fluctuations.
- ✓ Most studies have indicated the importance of accounting and auditing for the negative impacts and consequences of exchange rate fluctuations.

Research Gap:

In light of previous studies, there is a noticeable lack of research addressing the benefits of joint audit programs in mitigating exchange rate risk. The researcher identifies the research gap in this study as the scarcity of research, to the best of the researcher's knowledge, that discusses the activation of joint audit programs to reduce exchange rate risks.

Distinguishing Features of the Current Research Compared to Previous Studies:

A. In terms of objectives: In light of previous studies, we find that there is a lack of research addressing the benefits of joint review programs in mitigating the risks of exchange rate fluctuations. This will be the focus of the current research.

B. In terms of variables: The research variables consist of joint audit programs as the independent variable and exchange rate changes as the dependent variable.

C. In terms of the field of application: The application will be limited to senior management officials, financial management, auditors, university faculty members specializing in accounting and auditing in Egyptian universities, managers, and academics in the egyptian environmental.

4. 4. Research Objectives

The main objective of the research is to determine **The Role of activating joint audit programs in reducing the exchange rate volatility risks for foreign currencies.** This will be achieved by identifying the key factors that lead to these risks, the mechanisms to address them, and accounting for the financial effects in financial statements.

Sub-objectives can be presented as follow

4/1. Explain the nature and risks of exchange rate changes and the factors that contribute to their existence.

4/2. Defining the nature and determinants of activating joint audit programs in light of academic studies and professional releases.

4/3. Measure the impact of activating joint audit programs on mitigating exchange rate risks.

5. Research Importance

The important of the research stems from the importance of its topic, which lies in clarifying the role of activating joint audit programs in mitigating exchange rate risks. The significance of the research can be divided into:

1. Scientific Importance:

The scientific importance of the research emerges from its alignment with contemporary accounting thought on a topic that has been scarcely addressed in existing literature. Specifically, the research explores the relationship between joint audits and exchange rate risks. It also tackles a critical aspect of the joint audit process: the challenges hindering its activation, which are among the major issues facing the profession and have implications for many audit beneficiaries. The current study aims to reduce these obstacles by outlining strategies to activate joint audit programs and understanding their role in mitigating exchange rate risks.

The importance of the research is evident in:

- Maximizing the benefit of transferring the global experience to Egypt.
- Enriching accounting thought with research that confirms the relationship between joint audit programs and exchange rates.

2. Practical Importance:

The practical importance of the research lies in its contribution to clarifying the role of joint audits and understanding their impact on reducing exchange rate risks. This is achieved through several pieces of evidence available in the Egyptian business environment, which in turn helps professional organizations support the voluntary adoption of joint audits to mitigate exchange rate risks.

6. Research Hypotheses:

The research hypotheses can be formulated as follows:

The First Hypothesis: There are significant differences in the opinions of respondents regarding the nature and risks of exchange rate changes, and the key factors influencing them.

The Second Hypothesis: There are significant differences in the opinions of respondents regarding the nature and determinants of activating joint audit programs in light of academic studies and professional publications.

The Third Hypothesis: There is a significant impact of activating joint audit programs on reducing exchange rate risks.

7. Research Approach

The research will use both an inductive and a deductive approach to achieve its objectives, and test hypotheses:

The Inductive Approach

In order to benefit from the accounting literature in Arab and international references connected to the benefiting from joint audit review in reducing the risks of exchange rate changes, the researcher used an inductive approach in reviewing it in order to formulate the theoretical framework of the research.

The deductive approach:

Deductive approach:

The deductive approach was used to study the elements that affect exchange rate changes, as well as the nature of the relationship between joint auditing and the risks of exchange rate changes.

8. Research plan: the research is divided into serveral points

The research was divided as follows in light of the research problem, in order to achieve its objectives, to reflect the test of its hypotheses, and to draw the most important results and recommendations based on its methodology:
First: the general framework of the research.
Second: Nature and importance of joint audit and its activation determinants.
Third: analytical study of exchange rate risk and its influencing factors.
Fourth: the field study.
Fifth: conclusion, results and recommendations.
References.
The following is a detailed presentation of the rest of the research axes:

Second: Nature and importance of joint audit and its activation determinants.

External auditing plays a significant role in increasing confidence in the information presented in financial statements. Since these data are prepared by a single auditor, users of financial statements can rely on them for decision-making. However, global financial crises and collapses of major companies have occurred, leading to the necessity of implementing joint audits to restore trust and reliability in the auditing profession.
This is where the concept of joint audits emerges, which requires the involvement of two or more independent auditors to conduct the audit process and prepare a single audit report, sharing joint responsibility for this report (Mohammed, 2024). This section aims to study joint audits and the determinants of their activation. Hence, the researcher will address this part through the following axes:

1. The Concept of Joint Audit and the Difference Between Joint Audit, Dual Audit, and Double Audit:

A. Concept of Joint Audit

Several studies have discussed the concept of Joint Audit (JA).
Nurunnabi et al. (2020), Joint Audit involves two independent audit firms conducting an audit of a company's financial reports. They issue a single audit report jointly signed by both firms, sharing joint responsibility for the audit process.
Blandon et al. (2021) describes Joint Audit as the appointment of two independent auditors signing a single audit report with joint responsibility for its contents.

The International Federation of Accountants (IFAC) defines Joint Audit as involving two or more independent auditors participating in the audit planning, execution, and signing a single audit report, collectively sharing responsibility for the report's conclusions.

Al-Bardouni (2023) defines Joint Audit as multiple audit offices independently auditing the financial statements of the same entity. These offices collaborate in the audit effort and jointly bear responsibility for the audit report signed by all participating auditors.

Sand (2024) further clarifies that Joint Audit entails multiple audit offices auditing a company's financial statements, collaborating in the audit planning, dividing audit tasks, and issuing a joint audit report with shared responsibility among them.

B. Differences Between Joint Audit, Dual Audit, and Double Audit:

Joint Audit:

- Joint Audit involves multiple audit firms auditing the financial statements of a company. The audit planning is coordinated among the participating auditors, and they issue a single audit report jointly signed by all firms involved. They share joint responsibility for the audit findings (Khalil et al., 2022).
- Tasks are not evenly divided among the participating firms in Joint Audit. There's no standardized ratio for task allocation; instead, tasks are allocated based on specific principles or standards, considering each firm's capacity without each firm necessarily controlling the audit opinion (Abdel Haleem & Sorour, 2023).

Double Audit:

- Double Audit refers to a single audit firm conducting multiple audits of the same client and issuing separate audit reports for each audit engagement (Barghathi et al., 2020).

This typically occurs when financial statements are reissued In Egypt, Double Audit is commonly applied in sectors where the state has ownership, such as public sector companies, banks, insurance companies, and mortgage finance companies, monitored by the Central Audit Organization in collaboration with one or more private audit firms (Mohamed, 2018).

Dual Audit:

- Dual Audit differs from both Joint and Double Audit in terms of task nature, responsibility distribution, and report issuance. In Dual Audit, specific financial data of the client is audited separately by two independent audit firms, each issuing a separate audit report on the reviewed aspects (Saman & Ahmed, 2019; Barghathi et al., 2020).

- Joint Audit is mandatory in some jurisdictions, such as for banks and mortgage finance companies in Egypt, due to their significant impact on national economic stability. However, it may be optional for Egyptian joint-stock companies under the Companies Law No. 159 of 1981 and its amendments (Mohamed, 2018; Al-Wakil, 2020; Salim& Ahmed,2021).

Thus, it is evident that the approach of Joint Audit distinguishes itself from Dual Audit and Double Audit in the following ways:

Joint Audit provides an interactive review of each auditor's procedures, enhancing auditor performance and ensuring quality in the auditing process (Hussein, 2018).

Through the Joint Audit approach, a unified audit program is developed and executed, encompassing the division of audit tasks in terms of planning, assignment, task execution, roles, and issuance of the report under joint responsibility, unlike Dual and Double Audit approaches where tasks are assigned, coordinated, planned, and executed separately, with reports issued under individual responsibilities (Abdelkawy, 2018).

2. The importance and objectives of applying joint audit

Studies have shown that the application of joint audits is important due to its benefits for both the audit firms involved in the process and the audit market in general. It achieves several objectives as follows:

1. Importance of Joint Audits

The researcher highlights the importance of joint audits as follows (Jum'ah, 2020):

1/1. Increasing the effectiveness of planning, coordination, and cooperation in performing joint audits between audit firms, with one being from the Big Four, which enhances mutual quality control and produces a unified audit report.

1/2. Implementing better audit procedures using shared expertise based on accepted auditing standards. Joint audits help achieve higher quality audits, which positively impacts financial statements and ensures auditors' independence from revenues. This reassures shareholders about financial statement results due to the ability to detect various types of fraud. There is a general trend toward using joint audits to mitigate the disadvantages of individual audits, thanks to auditors' independence and their ability to withstand pressures from the Company is being audited.

1/3. Although some believe that joint audits increase audit costs due to contracting with multiple firms and raising risks, these issues can be addressed by users conducting joint audits.

1/4. Supporting mutual oversight between auditors to minimize errors in subsequent reports as much as possible, increasing the completeness and impartiality, thereby enhancing trust in reports (Sanad, 2024).

The study by Lopo(2017) ; Elite (2017), The importance of joint audits lies in the ease of coordination between auditors and the increased likelihood of detecting errors and fraud. It reduces the dominance of the Big Four audit firms by allowing non-Big Four firms to pair with the Big Four, thereby decreasing market concentration in audit services, enhancing the credibility of financial data by appointing two different audit firms, and understanding the client's business operations. Joint audits enhance audit quality and increase auditor independence.

Based on the above, The researcher believes that the importance of joint audits lies in increasing auditors' independence, acquiring new skills, and obtaining strong evidence, which enhances audit quality and allows smaller non-Big Four firms to establish themselves in the audit market. This reduces the dominance of large audit firms, decreases market concentration, and strengthens trust in audit reports due to the experience of participating auditors.

A. Objectives of Applying Joint Audit

1. Assisting in obtaining reasonable assurance that the financial statements as a whole are free from material misstatements, with one of the audit firms being from the Big4, thereby achieving mutual monitoring of each other's performance and issuing a robust audit report (el ysarry, 2018).
2. Achieving increased independence for auditors in expressing their opinions and mitigating potential pressures from management that could influence auditors, thereby achieving higher audit quality (Alia et al., 2019).
3. Coordination, collaboration, and planning in the audit process will be more effective with the implementation of joint audits, contributing to achieving assigned tasks with a high degree of performance quality. This results in issuing a report indicating that the audit team exhibits complete integrity and ensures the financial data integrity of the audited client (Bianchi, 2018).
4. Enhancing the auditor's independence and reducing performance gaps, resulting in increased professional expertise and reduced coordination efforts compared to individual experience (Sharqawi, 2023).

5. The ultimate goal of the audit function is to instill confidence and credibility in the information contained in financial statements. However, recent crises and financial scandals in companies like Enron and Worldcom have impacted the credibility of published financial information, fluctuating users' trust in the auditing profession. Consequently, there is an increased need for greater oversight and activation of corporate governance mechanisms to restore confidence in the quality of financial statements through improved audit quality, with joint audits being a proposed mechanism (Abdel Halim, 2020).

Abdel Halim & Sorour (2023) clarified the main objectives of implementing joint audit;

6. Enhancing the company's reputation, especially if the audit firm is from the Big4, positively impacting the company's value and the quality of the financial report.

7. Improving the quality of financial reports and statements, achieving audit quality, and reducing earnings management practices, thereby positively influencing the financial report's quality.

8. Reducing information asymmetry between investors and management and providing decision-making information.

The researcher sees that one of the objectives of joint auditing is to enhance the independence of auditors, by avoiding financial pressures between the audit firm and the client. Audit fees are distributed between the two offices according to specific criteria or rules, aiming to reduce audit costs. Moreover, audit fees are reduced, especially when conducted by major audit firms.

3. Positives and Negatives of the Joint Audit

Researchers' perspectives on the implementation of joint auditing vary between supporters and opponents. Opponents argue that joint auditing poses obstacles to its effective utilization, while proponents highlight important advantages when implementing joint audit:

1. The positives of applying joint audit

1/1. Joint auditing enhances audit quality and the reliability of audit reports, thereby reducing deviations in financial statements and improving their quality by integrating the experience of two or more auditors (Seaman& Ahmed, 2019; Marnet et al., 2019)

1/2. It supports the independence of each auditing firm, thereby enhancing the overall quality of the auditing process. The presence of two audit firms can be considered evidence and an indicator of the company's governance under review (Abdel Halim & Surour, 2023).

1/3. Provides mutual verification of each auditor's efforts, aiding in dual supervision between auditors. This improves the quality of the auditing process by reducing the chance of collusion between any two audit firms and the management of the audited company (Abdel Halim, 2020).

1/4. The implementation of joint auditing improves the quality of the auditing process, leading to reduced information inconsistencies (Elaoud & Jarboui, (2021).

1/5. Limits financial statement restatements, enhances financial report quality, and increases the likelihood of detecting errors and fraud (Ali et al., 2019).

This has been confirmed by many studies (el wakel, 2020; Abd Elhalim, 2019; Marnet, 2021; Jarboui, 2021; Ali et al.,2019; okaro et al, 2018):

1/6. The diversity of accountants' experiences increases the effectiveness of well-planned audit performance, thereby speeding up audit tasks and reducing the time required to issue audit reports.

1/7. Reduces market concentration in large audit firms, as small and medium-sized audit firms can be involved in joint auditing processes alongside large firms. This provides them with opportunities for expansion, growth, and increased competition among audit firms, positively impacting professional performance improvement and consequently enhancing the quality of the auditing process.

2.The Negative of Applying Joint Audit

Just as there are positives to the process of joint audits, there are also many studies that highlight the drawbacks of implementing joint audits, including:

1-The implementation of joint audits may lead to an increase in audit costs, as the cost of more than one auditor will likely be higher than that of a single auditor (Okaro et al., 2018).

2- The presence of multiple auditors and their differences at times may result in the failure to reach a unified opinion, leading to delays in the audit reports (Abdollahiebli, 2018).

3- Implementing joint audits may increase the delay in issuing the audit report. Joint audits can lead to increased time spent between the audit firms conducting the audit in order to issue a technical opinion on the financial statements of the entity being audited, especially in the case of disagreements between them on certain transactions and accounting treatments (Amin et al., 2020).

4- The application of joint audits may lead to the emergence of what is known as the phenomenon of biased opinions among auditors in order to obtain a specific audit opinion on the financial statements This threatens the element of independence, which many researchers consider the essence of audit quality (Amin et al., 2020).

This is also highlighted in many studies such as Al-Wakeel (2020), Salim & Mohammed (2021), and Bianchi et al. (2019); Abdollahiebli, 2018).

5- The absence of fair distribution and balance of audit tasks, and the lack of standards relied upon when dividing tasks, and the dominance of one participating auditor can be obstacles to the implementation of joint audits.

6- Competition between audit firms may lead to difficulties in coordination and information exchange, and lack of cooperation between auditors participating in the audit process, resulting in increased time required to perform audit tasks, thereby delaying the issuance of the audit report.

7- The possibility of each auditor relying on the other in conducting tests and collecting evidence and means of proof necessary to detect errors and material misstatements that may exist in the client's financial statements, which may negatively affect the quality of the audit.

4. Professional Standards Related to Joint Audits

International auditing standards address the participation of more than one auditor in performing an audit. They provide guidance for the team's work, including the work of a joint audit team. The international audit standard offers guidelines on the involvement of one or more auditors in auditing the financial reports of a client with a multi-structural, functional, productive, or geographical organization. When each auditor audits a specific element within the group, the audit team must ensure sufficient and appropriate audit evidence is obtained regarding all components of the group's information. It is crucial to unify the audit team's opinion on whether the reports and statements of all group components are prepared, in all material respects, according to the applicable financial reporting framework.

International or local standards in countries that implement joint audits have not issued a specific standard for its application, except for Indian standards, which issued Standard 299 in 1966 by the Institute of Chartered Accountants of India (ICAI), French standards which issued Standard (NEB100) in 2007, and Singaporean standards which issued Standard.AGS No. 100, in 2012 by the Institute of Chartered Accountants in Singapore (Abdelkawi, 2018).

Joint audit standards have been divided into three standards: the Indian audit standard, the French audit standard, and the Singaporean audit standard. Below is a detailed presentation of these standards (Nagy, 2023):

1. Indian Audit Standard (SA, No. 100): This standard was issued by the Indian Institute of Chartered Accountants (ICAI) in 1966. This standard addresses the responsibilities of joint auditors in the audit process. It means that the primary auditor is responsible for the decisions made by the other auditor. Therefore, it is not appropriate for one auditor to review and audit the work done by the other auditor, nor is it their function to perform additional tests to ensure the other auditor's compliance with generally accepted audit standards. Joint auditors must agree on a unified opinion, and a unified audit report is issued accordingly. When a disagreement arises between them, each auditor issues a separate report (Nagy, 2023), The Indian standard is the first standard that addresses the professional responsibilities of auditors conducting joint audits. This standard includes several guidelines that auditors performing joint audits must adhere to, which are as follows (Mohamed, 2024):

1/1. Auditors agree to distribute work among themselves, usually based on principles such as asset verification, liability verification, or income and expenditure verification. The audit plan and tasks assigned to each auditor must be documented, and each auditor individually bears responsibility for the decisions regarding the nature, timing, scope, and procedures of the audit to be applied in their assigned work area. Other auditors are not responsible for this, and each auditor is jointly responsible for unspecified audit work performed by the auditors.

1/2. Additionally, as a result of reviewing the financial statements to ensure their compliance with mandatory disclosure requirements according to the applicable standards, each auditor must assume that the other auditors have performed the work assigned to them according to generally accepted audit standards. Therefore, it is unnecessary for one auditor to review the work completed by other auditors. They agree on the opinion and draft the final audit report. In the event of disagreement among the auditors on an aspect included in the report, each auditor has the right to express their opinion by issuing a separate individual report.

2. French audit standard (NEP No. 100):

This standard was issued in 2007 and includes many principles and regulatory guidelines that joint external auditors must adhere to during the audit process (Nagy, 2023).

2/1. Due Diligence Distribution and Work Division for a Balanced Audit: Each joint auditor must perform tasks that enable them to express an opinion on the financial statements. Auditors should also be familiar with the audited company and its environment and assess the risks of material misstatements in the financial statements. Work should be divided among joint auditors to execute the audit in a balanced manner, using qualitative criteria such as the expertise or qualifications of the joint auditors.

Coordination between participating auditors in work and task distribution is possible. This allows joint auditors to assess the volume of work completed in accordance with what was determined during distribution, verify the conclusions reached by the joint auditors during the audit, and finally, perform analytical procedures and verify the accuracy and truthfulness of the information in the financial statements being audited against the information from within the audited company.

2/2. Reporting: If there are differences in opinion among the joint auditors regarding the information in the financial statements, they must mention this in their reports.

2/3. Disputes Among Joint External Auditors: In case of disputes between joint auditors during the audit process, they must apply the provisions of the professional conduct rules.

3. Singaporean Audit Standard

In 2012, the Institute of Chartered Accountants in Singapore issued Audit Standard (10) AGS, which includes several guidelines to ensure an acceptable level of cooperation among auditors participating in the audit process. Since auditors conducting joint audits are jointly responsible for the audit opinion on the financial statements, they must agree on the distribution of tasks according to work units, subsidiaries, geographical locations, or asset and liability elements. Auditors continue to review and discuss the tasks assigned to each and completed, and if the procedures performed by the other auditor are found insufficient, they will be notified in writing to specify the additional audit required and execute it to complete the work. At the end of the audit process, the auditors agree and issue a single audit report signed by all auditors, confirming that the total assigned work covers all major components of the audited entity. If an agreement is not reached, each office refrains from issuing the report.

Regarding differences in opinion among auditors, the standard emphasizes the need to develop specific policies and procedures to adequately address and resolve these disagreements before finalizing the report. If the differences cannot be resolved, the auditor must inform management or the company's governance officials as soon as possible (Mohamed, 2024).

5. Methodology for Activating Joint Audit Programs

1. Have to be found of Establishing a Mechanism for Cooperation Among professional offices, especially large ones, to unify efforts in developing methods for practicing professional services, clarifying their importance, requirements, and additional benefits.
2. The Necessity of Continuous Development For professional offices to constantly enhance their employees' capabilities to keep up with the latest in professional practice fields through establishing a mechanism to schedule necessary and appropriate training courses in each office for all its professional staff.
3. Maintaining Auditor Independence Emphasizing the importance of having standards, rules, and professional controls that ensure their independence.
4. Activating the Role of Institutes and Regulatory Bodies In the accounting and auditing profession to monitor the development of professional practice methods and study the extent to which any new practice approaches are related to the fundamentals, standards, and ethical codes of the profession.
5. Reconsidering Auditing Standards and Legislation Reviewing auditing standards and the regulations and laws governing them in the Egyptian environment to improve their quality and keep up with international developments.
6. The Importance of Regulatory Legislation Allowing for constant oversight of audit offices and evaluating their performance, which encourages the practice of due professional care and reduces negligence and manipulation.

Third: Analytical Study of Exchange Rate Risks and Influencing Factors

1. Concept and Importance of Exchange Rate

A. Concept of Exchange Rate:

- According to a study by Zamanian et al. (2017), the exchange rate is the price of a foreign currency unit (such as the dollar) expressed in units of the local currency (Egyptian pound). There are two systems for determining foreign exchange rates in a country: the fixed exchange rate system and the floating exchange rate system.
- Suleiman's (2019) study defined the exchange rate as the rate at which one currency can be exchanged for another. Typically, there is an exchange rate for selling and another for buying the currency. The difference in the exchange

rate, for instance, when selling and buying dollars at a specific Egyptian bank, is attributed to the commission that the bank charges for providing currency exchange services. However, the problem is more complex, as exchange rates are rarely stable or fixed.

- Ibrahim & Talaat (2023) explained that the exchange rate is the buying and selling of a national currency of one country for the national currency of another country. There are various concepts for exchange rates, including the direct exchange rate, which is the dollar value of foreign currency units, while the cross exchange rate is the value of foreign currencies that the US dollar can purchase.

- A study by Ali (2024) described the exchange rate as the price of one currency expressed in another currency, indicating the value of one currency compared to another. It is a vital macroeconomic indicator used to determine the overall performance of the economy. It plays a dual role in maintaining international competitiveness and acts as a key axis for domestic prices.

B. Importance of Exchange Rate:

The importance of the exchange rate lies in representing the relative value of different currencies between peoples and regions of the world. It acts as the bridge linking creditor and debtor countries through a single transaction, highlighting its impact on the balance of payments. Its importance also stems from its relative role in completing individual-level transactions by determining the relative value of prices for goods traded between individuals. Due to its significance, numerous theories have explored its concept, how it is determined, the influencing factors, and how to benefit from it. According to Suleiman (2020), The exchange rate is not like other prices of goods and services. It controls the prices of other goods and services produced locally and imported from abroad. Therefore, it is a crucial tool in economic policy affecting macroeconomic variables. It is the primary influencer on foreign trade between countries. The exchange rate also addresses imbalances in the balance of payments, particularly the trade balance, by helping to increase exports and reduce imports. This is achieved by lowering the value of the national currency in foreign markets compared to the prices of foreign goods, which increases exports and raises import prices in the national market, thus reducing imports (Elsayed, 2021).

2. Factors Influencing Exchange Rate Changes

- The exchange rate is influenced by and affects numerous economic, political, social, and other factors. Some of these factors are related to the economic policies pursued by the country, while others are related to the conditions of supply and demand for currency in the markets. However, the exchange rate, like any other commodity, is economically determined by the supply and demand for foreign currency (Soliman (2019). The following are the most important factors influencing exchange rate changes:

2/1. Economic Activity and Labor Market: An increase in the value of the Egyptian pound leads to a decrease in the relative price of Egyptian goods and services in global markets, enhancing their competitiveness. Egyptian goods and services become cheaper compared to foreign ones, potentially increasing external demand for them. Consequently, this results in higher export volumes, increased total demand, and employment. Conversely, a decrease in the exchange rate raises the cost of imported goods and services, placing a burden on residents in Egypt. This prompts local consumers to reduce their consumption of more expensive imported goods and services and turn towards purchasing locally produced ones. Changes in import and export prices resulting from exchange rate fluctuations primarily affect the demand for exported and imported goods and services (Ali, 2024).

2/2. Inflation and Interest Rates: A decrease in the exchange rate leads to an increase in inflation through two channels:

- Demand Expansion: Increased overall demand and employment lead to higher wages and other production input costs, which are then passed on to prices, contributing to higher inflation (Kaphle, 2021).
- Imported Goods Prices: Higher prices for imported goods and services directly contribute to rising inflation (Ali, 2024).

2/3. Impact on Balance of Payments: Changes in exchange rates impact the balance of payments by influencing export and import prices and volumes. The direct impact of a lower exchange rate is to increase import prices relative to exports, leading to a decrease in net exports and an increase in the current account deficit (Ali, 2024). However, indirect effects of a lower exchange rate include increased export volumes and reduced import volumes, leading to higher net exports and a decrease in the current account deficit (Hamilton, 2018).

2/4. Trade Balance: There is a close relationship between the trade balance and the exchange rate. If a country's currency is overvalued, it will lead to higher prices for that country's goods from a foreign perspective, reducing external demand for those goods and resulting in a trade imbalance.

Conversely, if the currency is undervalued, it will expand exports and contract imports, leading to a trade imbalance (Ibrahim & Talaat, 2023).

2/5. Other Factors: Several other factors may affect the exchange rate of the local currency against foreign currencies, such as the country's trade position and the degree of political stability. These factors also include the import and export of services like insurance, maritime and air shipping, banking commissions, port and airport fees, waterway tolls, and oil pipeline transportation. All these elements affect the supply and demand for the currencies of different countries based on their involvement in these services. Other factors include internal and external political conditions, capital transfers, and international loans. Naturally, there is an interaction between some of the previous factors, causing changes in the exchange rate either upward or downward, souliman (2019).

3. Financial Effects of Exchange Rate Changes

According to International Accounting Standard No. 21, changes in exchange rates impact income statements and financial positions. The standard requires using the functional currency and mandates that all foreign entities present their financial statements in it. However, it excludes the accounting for exchange rate risk coverage (Tijani & Amin, 2017).

Therefore, the researcher believes that exchange rate fluctuations have a significant impact on the company's financial data. If the company's external operations are conducted in a currency different from the functional currency, exchange rates must be used when translating financial data. This could lead to inaccurate figures if transactions are analyzed in the local currency. By following accounting procedures and including foreign currency transactions and operations in the entity's financial statements, companies can understand the effects of exchange rate fluctuations on their financial resources.

4. Exchange Rate Risk Types

Exchange rate risks can be divided into several types:

4/1. Financial Risks: These arise from the possibility of sudden exchange rate fluctuations between two currencies during the period between transaction decision-making and payment date. These risks are prominent and occur continuously under a floating exchange rate system, where a currency can lose more than a quarter of its value within hours.

4/2. Financing Risks: When an organization faces difficulty in obtaining necessary balances to finance its activities, it is exposed to financing risks, especially if funding requires a foreign currency account.

4/3. Credit Risks: These appear in credit agreements denominated in foreign currency, where each party commits to deliver the currency specified in the contract to the other party at the agreed price and date. The risk arises from the possibility of either party not fulfilling its commitment.

4/4. Regulatory Changes Risks: Exchange rate risks may result from governmental actions affecting exchange rates and thereby the foreign currency holdings of their holders. For instance, if a country suddenly establishes a dual exchange rate system, where one rate is determined by supply and demand and another is directed by monetary authorities, initial inflows would go towards commercial operations and the latter towards financial operations. Losses may occur from capital transfers when implementing this system due to exchange rate differences.

4/5. Revaluation Risks: Financial institutions may incur losses when re-evaluating open foreign currency positions, typically done once a month, with revaluation methods varying. However, all open currency positions are evaluated at the highest announced market rate at the end of the revaluation day.

4/6. Transaction Risks: Transaction risks arise when a company has contractual obligations to receive cash payments on a specified future date in a foreign currency. Transaction risks are defined as the impact of unexpected changes in nominal exchange rates on cash flows related to assets and financial obligations.

4/7. Operating Risks: Operating risks related to exchange rates are important for the company's financial position, distinct from transaction risks which are easily identified through transaction contracts. Operating risks depend on evaluating the impact of exchange rate changes on transactions that have not been agreed upon. Therefore, to assess these risks, it is essential to measure changes in expected future cash flows in response to exchange rate fluctuations, with operating risks depending on actual exchange rates. It is defined as the impact of unexpected changes in exchange rates on the cash flows of a company's assets, liabilities, and competitive position.

4/8. Conversion Risks: After converting foreign currencies, one of the most challenging and controversial issues faced by companies operating internationally due to business globalization or fluctuations in foreign exchange and global stock markets. Conversion risks are sometimes referred to as accounting risks and are defined as risks encountered by the values of foreign assets, liabilities, expenses, and profits when converted at specified exchange rates into the local currency on a specified future date.

5.The Role of Joint Audit Programs in Mitigating the Effects of Exchange Rate Fluctuations:

Organizations, especially multinational ones or those engaging in transactions such as sales, purchases of goods, services, loans, or borrowing in foreign currency, practice the use of foreign currencies in their measurement and financial expression. Given the current economic conditions in Egypt, characterized by severe inflation waves and rapid changes in the exchange rates used in measurement and disclosure, several accounting problems arise affecting the value of transactions in foreign currency and the associated rights and obligations.

The researcher believes, that joint audit entry may represent a mechanism that can help mitigate the negative effects of exchange rate fluctuations. This can be achieved by verifying the extent to which the entity complies with sound accounting treatments that contribute to providing accurate and objective information, thereby reducing the negative impacts resulting from exchange rate risks. It also provides a guide for decision-makers to develop and preserve their investments.

From another perspective, joint auditing contributes to improving the quality of accounting profits by verifying the entity's disclosure of exchange rate fluctuation risks, whether in the core financial statements or in supplementary notes. Joint audit firms must verify the entity's compliance with the following disclosures according to Egyptian Accounting Standard (13), Effects of Changes in Foreign Exchange Rates:

5/1. Recognized currency translation differences in profit and loss (income statement) excluding those arising from securities measured at fair value through profit or loss.

5/2. Net recognized currency translation differences within other comprehensive income and accumulated in a separate equity component, in addition to settling the movement on that amount of currency translation differences at the beginning and end of the period.

In light of the researcher's view and the shortcomings of contemporary accounting thought in studies and literature addressing the relationship between activating joint audit programs and mitigating exchange rate fluctuations risks, the researcher seeks to test and analyze this relationship to support her theoretical vision regarding the significance of that relationship.

This will be done through conducting a field study to derive a set of practical results applicable in real-world scenarios.

Fifth: Field Study:

First: Study Methodology

The study methodology will be discussed in terms of defining the study population and sampling units, to which questionnaire will be distributed, as well as identifying appropriate statistical analysis tools for the purposes of analysis and testing hypotheses in light of the nature and types of study data.

1. Population and sample:

The research community consists of four main categories: senior management, financial management, auditors, academics, of companies restricted to the egyptian securities market, and faculty members of egyptian universities and due to the difficulty of limiting their numbers, has been contacted by a random sample of 250 individuals, as shown in the following table:

Table (1)

Statement of the study simple

	Categorize of the Research Sample	No.of Distributed List	No. of Correct List	The Percentage of Correct Listing is
1	Senior management	50	35	70%
2	Financial management	50	40	80%
3	Auditors	75	65	86%
4	Academics	75	70	93,3%
Total		250	210	84%

Resource: prepared by the Researcher

- It is clear from table No.(1), that the number of correct lists that were entered and tested statistically is 210, where the percentage of correct responses represents about 84%.

2. Data collection methods and sources:

- The primary data necessary to discuss the analytical aspects of the study was collected through a questionnaire distributed to senior management, financial management, auditors, academics in the In publicly listed companies on the Egyptian Stock Exchange, under study, as well as giving weights to each of the paragraphs according to a scale Five likert are as follows:

Spondents' responses	Strongly Agree	Agree	Neutral	Disagree	strongly Disagree
Coding	(5)	(4)	(3)	(2)	(1)

- The researcher relied on primary sources to gather data for the field study, by preparing and distributing a survey questionnaire that encapsulates the research variables. Below are the main axes of the survey questionnaire along with their respective number of items:

Axis 1: factors that affect in the exchange rate volatility and the risks resulting from the exchange rate volatility, and it includes 12 variable.

Axis 2: Methodology for activating joint audit programs, and includes 7 variables.

Axis 3: the role of activating joint audit programs in reducing the exchange rate volatility risks, and includes 9 variables.

Second: Results of the descriptive statistical analysis of the study variables:

1. Reliability testing of the measures used in the Research

The Researcher adopted to use the Cronbach's alpha as the most significant method of reliability analysis in evaluating the degree of consistency between the items of the scale under tests, through the association of variables within the same group, and the association of all variables with each other, based on the Cronbach's alpha test for reliability and validity, the following table shows the results of a Cronbach's test:

Table No. (2)
Value of Alpha Cronbach's Transaction for the Research Variables

	No. of statements	Alpha coefficient
1. Factors the affect the Exchange rate volatility and the risks resulting from exchange rate volatility.	12	,85
2. Nature and determinants of activating joint audit programs In light of academic studies and professional publications	7	,78
3.The role of activating joint audit programs in reducing the exchange rate volatility risks.	9	,82
The Entire Variables	28	,79

Source: Prepared by the researcher based on the results of statistical analysis.

The table illustrates Cronbach's Alpha reliability coefficient for study variables (three main dimensions with 28 items). The values of Cronbach's Alpha ranged between 0.85 and 0.78 with an average of 0.79 for all study variables. These values are considered acceptable, reflecting the reliability of the study variables. These results support confidence in and validate the suitability of the research variables.

2. Presentation of the results of hypothesis testing analysis:

In this section, The researcher presents and analyzes the results of statistical analysis of respondents' answers to test the validity of research hypotheses as follows:

2/1 - Statistical analysis results of hypothesis testing "Factors affecting exchange rate fluctuations and the risks resulting from exchange rate fluctuations":

Hypothesis 1 states: "There are significant differences between the respondent's opinions according to the nature and the exchange rate volatility risks, and the most important factors influencing them. To test the validity of this hypothesis, the results of the kruskal-waills test indicators can be relied upon.

Table (3)

The Results of Testing The First Hypothesis Regarding the Factors Influencing Exchange Rate Volatility and the Risks Resulting from the Exchange Rate Volatility Using Kruskal Wallis

Variables	Kruskal-wallis	
	Chi-square	p- value
Factors influencing exchange rate fluctuations		
X1.The nature of the economic activity and industry in which the company operates is one of the key factors influencing exchange rate fluctuations.	10.5	,014
X2. Inflation levels and interest rate decisions are factors that influ exchange rate fluctuations.	8.07	,045
X3. The balance of payments affects the prices and volumes of ex and imports, making it one of the factors influencing exchange rate	11.43	,05
X4. The trade balance and the exchange rate of a country's currency are related, making the trade balance one of the Factors influencing exchange rate fluctuations.	7.34	,09
X5. The interest rates on the currency used by the company are fa influencing exchange rate fluctuations.	8.8	,032
X6. Foreign investment flows are factors influencing exchange Rate fluctuations.	9.1	,029
Risks resulting from exchange rate fluctuations		
X7. Exchange rate fluctuations lead to financial and Non-financial risks.	7.1	,05
X8. Exchange rate changes affect financing decisions (internal-exte of the company.	10.4	,01
X9. Exchange rate fluctuations entail credit risk-related issues.	10.2	,01
X10. Exchange rate changes result in regulatory risk-related proble	8.8	,03
X11. Exchange rate fluctuations give rise to risks related to Foreign operations transactions (import-export transaction risks).	7.4	,05
X12. Exchange rate fluctuations lead to operational risk-related iss	7.9	,04
Total	22.9	,023

The source: Prepared by the researcher based on the results of statistical analysis.

- The Results of the Previous Table (3), There are Significant Differences between the respondent opinions according to the factors that affect exchange rate volatility and the risks resulting from these exchange rate volatility, there the value Chi-square was (22.9) with a level significance of (0.023), in light of the presentation and analysis of Kruskal - Wallis Test results, that is mean there is an agreement opinion between them about variables.

2/2. The results of the statistical analysis test the second hypothesis, activating joint audit programs in light of academic studies and professional publications

In the text of the second hypothesis of the study, which states that there are statistically significant differences in the opinions of the survey respondents regarding the nature and determinants of activating joint audit programs in light of academic studies and professional publications. The validity of this hypothesis can rely on the indicators of the Kruskal-Wallis test.

Table number (4)

The results of testing the second hypothesis regarding the methodology of activating joint programs in light of academic studies and professional publications.

N **Nature and determinants of activating joint audit progra** **In light of academic studies and professional publication**	**Kruskal-wallis**	
	Chi- square	**p-value**
X13. A detailed plan for the joint audit team - timing procedur for examining the factors and effects of exchange rate Fluctuations Should be Established.	**2.71**	**,04**
X14. Tasks and activities of the joint audit team should be def for examining the factors and effects of exchange rate Fluctuations.	**12.04**	**,018**
X15. Collaboration between professional offices to unify effor in developing professional service practices for examining the Factors and effects of exchange rate fluctuations.	**3.420**	**,03**
X16. Professional offices are committed to continuously Developing The capabilities of their staff to keep pace with the latest developments in professional practice, including exam exchange rate fluctuations.	**6.013**	**,05**
X17. Maintaining the independence of the auditor and Emphasizing the importance of professional standards, rules controls ensuring their independence in examining exchange r Fluctuations.	**9.510**	**,03**
X18. Reviewing auditing standards, legislation, and regula governing them in the Egyptian environment to enhance their	**11.708**	**,00**

N Nature and determinants of activating joint audit progra In light of academic studies and professional publication	Kruskal-wallis	
	Chi- square	p-value
quality regarding examining exchange rate fluctuations and keeping up with international developments		
X19. Regulatory legislation allows continuous oversight of auditing offices and evaluating their performance, thereby encouraging the exercise of due professional care regarding examining exchange rate fluctuations	**8.615**	**,035**
Total	**12.639**	**,018**

Source: Prepared by the researcher based on the results of statistical analysis

- The results of the previous Table (4), there are significant difference between the respondents opinions according to the activating joint audit programs in light of academic studies and professional publications, there the value chi- square was (12.639) with a level significance of (,018), in light of the presentation and analysis of Kruskal-Wallis Test results, that is mean there is an agreement opinion between them about variables.

2/3. The results of the statistical analysis for the third hypothesis regarding: the activation of joint audit programs to reduce the exchange rate volatility risks, indicate that there are significant impact between activating joint review programs and reducing the exchange rate volatility risks.

Table No. (5)

Results of the Kruskal-Wallis test regarding the Activation of joint Audit programs in reducing the exchange rate volatility risks

Variables	**Kruskal-wallis**	
	Chi-squa	**p- value**
▪ **The role of activating joint audit programs in reduceing the exchange rate volatili risks`**		
X20. Activating the joint audit programs contributes to verifying the extent of the establishment's compliance with risk Management strategies related to exchange rate volatility.	7.21	,05
X21. Activating joint review programs helps in reducing exchange rate volatility.	21.04	,019
X22. Activating joint audit programs helps verify the establishment's compliance with disclosure according to accounting Standard No. (13).	4.320	,034
X23. Joint audit contributes to improving the quality of accounting profits by verifying the establishment's disclosure of exchange rate risk.	7.014	,032

Variables	Kruskal-wallis	
	Chi-squa	p- value
X24. Joint audit supports verifying the company's compliance with accounting treatments.	10.50	,02
X25. Activating joint Audit programs reflects in minimizing the negative effects resulting from exchange rate volatility risks.	14.789	,01
X26. Joint audit of exchange rate risks enables company management to make sound investment decisions.	6.685	,043
X27. Joint audit of exchange rate risks helps streamline financing decisions.	7.987	,023
X28. Joint audit programs for exchange rate risks support improving companies' financial performance.	4.67	,06
Total	15.539	,019

Source: Prepared by the researcher based on the results of statistical analysis

- The results of the previous Table (5), there are significant difference between the respondents opinions according to the role of activating joint audit programs in reducing the exchange rate volatility risks, there the value chi-square was (15.539) with a level significance of (,019), in light of the presentation and analysis of Kruskal-Wallis Test results, that is mean there is an agreement opinion between them about variables.
- **To test the validity of this hypothesis, we can rely on the indicators of the results from the multiple regression analysis test.**

The researcher used multiple linear regression analysis to verify the impact of the independent
Variable (The Joint audit programs) on the dependent variable (The exchange rate volatility risks).

Table No. (6)
The Results of the Multiple Regression Analysis

Dependent Variable	**Exchange Rate Volatility Risks**				
Independent Variable	**B**	**R**	**R2**	**T. Test**	
				Value	**Level of Significance**
Joint Audit Programs	.543	.872**	.76	13.025	.000**
Correlation of Coefficient	.949				
Coefficient of Determination	.901				
Value of F	1003.586				
Degree of Freedom (DF)	209				
Level of Significance	.000**				

- ****** Indicate statistical significance at the 0.05 according to T-Test results.

The following can be found in the previous table:

- Each autonomous variable in the model also varied separately with the dependent variable according to the correlation coefficient (R) between (.872**) & (.838**), The results indicate the morale of the binding coefficient at a moral level5 (0,05%), it means there is a significant positive and strong correlation between the joint audit programs and the exchange rate volatility risks.
- The goodness of fit of multiple linear model illustrated in Table No.(6) according to the value of R2 equal 90.1% which means that independent variables(Joint audit programs & Determinants Variable (reducing the exchange rate volatility risks) explained 90.1% of the change in the dependent variable can be interpreted as being due to independent variables.
- To measure the impact of independent variables on the dependent variable, the regression analysis method was used, and a statistically significant effect was found among the views of the joint audit programs surveyors on reducing the risk of exchange rate changes where morale was valued .000** (P-value < 0.05).
- The level of significance is less than 5% and therefore there are no significant difference.

Sixth: Conclusion, Results and Recommendations:

Through the presentation and analysis of the theoretical framework and field study can be drawn as a set of findings and make a set of recommendations as follows:

The search results:

1. The joint audit is an important topic in the world, as it has received the attention of researchers and professional and supervisory bodies, all of whom have decided to support the importance and need to activate joint audit programs due to the many benefits offered by all parties interested in the review process.
2. One reason for resorting to joint audit is the restoration of trust and reliability in financial statements and reports, due to the collapse of major global companies.
3. The application of joint audit programs increases the efficiency and expertise of auditors, reduces the concentration of the auditor's market, reduces material misstatements in the financial statements, and thus results in the timely issuance of the audit report and increases confidence and

objectivity in the content of the information for the financial statements, thereby gaining investor confidence and increasing the quality of the audit process.

4. Joint audit enhances the accuracy of audit evidence, maintains audit independence and reduces auditors' likelihood of material misstatement, thereby reducing their exposure to legal accountability.
5. The factors affecting exchange rate changes are the State's balance of trade, political, economic and social factors, as well as most investment, savings and discounting of the reserves of international monetary reserves of the Central Bank.
6. The accounting treatment for the impacts and effects of exchange rate volatility (gains - losses) must be consulted to the accounting standards set by both Egyptian and international standards.
7. There is a statistically significant difference between the respondents' opinions the Factors is affect the Exchange rate volatility and the risks resulting from exchange rate volatility.
8. There is a statistically significant difference between the respondents' opinions The methodology for implementing joint audit programs in light of academic studies and professional publications.
9. There is a statistically significant difference between the respondents' opinions The role of implementing joint audit programs in mitigating exchange rate fluctuation risks.

Recommendation:

1. The methodology for implementing joint audit programs in light of academic studies and professional publications.
2. Work on organizing scientific seminars on the importance of using joint audits due to their positive impact on enhancing the independence of auditors and reducing fraud and deviations in financial statements.
3. Professional bodies and organizations should play an active role in improving the awareness of financial statement users about the importance and benefits of joint audits, in order to restore confidence in the auditing profession and increase its demand.
4. Achieving exchange rate stability through comprehensive economic policies, measures, and strategies positively impacts the stock market, particularly policies promoting economic growth and overall economic stability.

5. Egyptian authorities should take measures to ensure the stability of the Egyptian pound amidst the existence of multiple exchange rates in the market, addressing concerns of the Egyptian diaspora.
6. It is crucial to monitor the effects resulting from the implementation of Appendix (1) to Egyptian Accounting Standard No. (13) Amendment, especially if corrective measures are intensified in response to fluctuations in the Egyptian pound against foreign currencies.

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Appendix N0. (1)
Questionnaire

Dear Mr. ………………

After Greetings,

This questionnaire represents one of the basic aspects of completing a research in the commercial sciences "specializing in accounting" entitled: "The role of activating joint audit programs in reducing the exchange rate volatility risks".

The main objective of the research is to identify **The Role of activating joint audit programs in reducing the exchange rate volatility risks for foreign currencies.** This will be achieved by identifying the key factors that lead to these risks, the mechanisms to address them, and accounting for the financial effects in financial statements.

To achieve the goal of the research, we are confident in your sincere cooperation to fulfill the questions contained in this questionnaire, and we assure you that your answers have a great impact on drawing conclusions and making recommendations and will only be used for scientific research purposes.

Thanking you for your kind cooperation with us,,,,,,,,,,,

First: personal data:

- **General data for those who complete the questionnaire: please put a mark (V) in**

front of the degree of response that suits you. Qualifications:

Bachelor........ Postgraduate …………… Diploma…....... Master's. PHD…………

Management to which it belongs: Senior management……. Financial management……

Risk management…... Compliance and governance management Experience Years:

Less than 5 years….... From 5 to 10 years….... 10 to 15 years..... From 15 years and more......

Second: specific questions related to the research topic to test the research hypotheses

First group: Below is a set of statements Regarding the Factors Influencing Exchange Rate Volatility and the Risks Resulting from the Exchange Rate Volatility

- (please put a mark (V) in front of the degree of response that suits you)

		Strongly agree	agree	neutral	disagree	Strongly disagree
A	▪ **Factors influencing exchange rate fluctuations**					
1	The nature of the economic activity and industry in which the company operates is one of the key factors influencing exchange rate fluctuations					
2	Inflation levels and interest rate decisions are factors that influence exchange rate fluctuations					
3	The balance of payments affects the prices and volumes of exports and imports, making it one of the factors influencing exchange rates.					
4	The trade balance and the exchange rate of a country's currency are related, making the trade balance one of the Factors influencing exchange rate fluctuations.					
5	The interest rates on the currency used by the company are factors influencing exchange rate fluctuations					
6	Foreign investment flows are factors influencing exchange Rate fluctuations					

		Strongly agree	agree	neutral	disagree	Strongly disagree
B	▪ **Risks resulting from exchange rate fluctuations**					
7	Exchange rate fluctuations lead to Financial and Non-financial risks.					
8	Exchange rate changes affect financing decisions (internal-external) of the Company					
9	Exchange rate fluctuations entail credit Risk-related issues.					
10	Exchange rate changes result in Regulatory risk-related problems.					
11	Exchange rate fluctuations give rise to risks related to Foreign operations transactions (import-export transaction risks).					
12	Exchange rate fluctuations lead to operational risk-related issues.					

Second group: Below is a set of statements Regarding **The Nature and determinants of activating joint audit programs In light of academic studies and professional publications:**

(please put a mark (V) in front of the degree of response that suits you)

		Strongly agree	agree	neutral	disagree	Strongly disagree
1	▪ **A detailed plan for the joint audit team timing procedures for examining the factors and effects of exchange rate Fluctuations Should be Established.**					
2	Tasks and activities of the joint audit team should be defined for examining the factors and effects of exchange rate volatility.					

		Strongly agree	agree	neutral	disagree	Strongly disagree
3	Collaboration between professional offices to unify efforts in developing professional service practices for examining the Factors and effects of exchange rate volatility.					
4	Professional offices are committed to continuously Developing The capabilities of their staff to keep pace with the latest developments in professional practice, including examining exchange rate fluctuations.					
5	Maintaining the independence of the auditor and Emphasizing the importance of professional standards, rules, and controls ensuring their independence in examining exchange volatility.					
6	Reviewing auditing standards, legislation, and regulations governing them in the Egyptian environment to enhance their quality regarding examining exchange rate fluctuations and keeping up with international developments					
7	. Regulatory legislation allows continuous oversight of auditing offices and evaluating their performance, thereby encouraging the exercise of due professional care regarding examining exchange rate volatility.					

Third group: Below is a set of statements Regarding **The Nature and determinants of activating joint audit programs In light of academic studies and professional publications:**

(please put a mark (V) in front of the degree of response that suits you)

		Strongly agree	agree	neutral	disagree	Strongly disagree
1	Activating the joint audit programs contributes to verifying the extent the establishment's compliance wi risk Management strategies related to exchange rate volatility.					
2	Activating joint review programs helps in reducing exchange rate volatility					
3	Activating joint audit programs helps verify the establishment's compliance with disclosure according to accounting Standard No. (13).					
4	Joint audit contributes to improving the quality of accounting profits by verifying the establishment's disclosure of exchange rate risk.					
5	Joint audit supports verifying the company's compliance with accounting treatments.					
6	Activating joint Audit programs reflects in minimizing the negative effects resulting from exchange rate volatility risks					
7	Joint audit of exchange rate risks enables company management to make sound investment decisions					

		Strongly agree	**agree**	**neutral**	**disagree**	**Strongly disagree**
8	Joint audit of exchange rate risks helps streamline financing decisions					
9	Joint audit programs for exchange rate risks support improving companies' financial performance.					