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The Impact of Disclosure of Related Parties in the Auditor's Report and its Reflection on Enhancing Investment Decisions

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Abstract. The research aims to investigate the importance of disclosing related party transactions in the auditor's report, and to explain the nature of the misstatements involved in related party transactions according to professional publications. In addition to showing the impact of disclosure of related parties in the auditor's report to enhance the investment decisions of users of those statements, and to achieve the research aims , the inductive method was relied upon as well as the deductive analytical method was used to reach the research objectives. The study tool was used, which was represented in a questionnaire for all Data from the research sample, as the questionnaire was distributed to a number of sample members, and the number was appropriate for conducting statistical analysis as it reached 50 questionnaires, of which 48 questionnaires were suitable for analysis through the Statistical Package for the Social Sciences (SPSS) program. After analyzing the study variables and testing the hypothesis. The research reached the most important conclusions that disclosing the transactions of related parties, especially the essential transactions of members of the Board of Directors, executive administrators, and major shareholders in the auditor's report, helps to enhance confidence in investment in the economic entity. The most important recommendations were the necessity of developing the content of the audit report in disclosing related parties, because of its impact on increasing the percentage of responsibilities incurred by the auditor, as well as its impact on rationalizing investment decisions and on decision makers in the economic entity.

Keywords. auditor's report, disclosure, related parties, investment decisions

1-Introduction

The process of identifying related parties in accordance with the International Auditing Standard (ISA 550) and the auditor's assessment of the adequacy of disclosure about them and the transactions they carry out is considered one of the most difficult audit procedures due to its nature, as well as the existence of relationships of control and effective influence, and because it is considered a fertile field for committing material misstatements in the statements. Finance due to informal relationships within the same family and financing outside the statement of financial position and pricing agreements, so the auditor must take into account all the surrounding factors in light of the available facts and in light of his understanding and evaluation of the nature of the client's business and risks, so that he can rationalize his performance regarding the investigation and disclosure of Related parties and their transactions, and the extent of their impact on the fair presentation of financial statements. Therefore, additional disclosures and more stringent rules should be applied to the relationships and transactions between the entity and related parties in order to enable users of financial statements to understand their nature and the actual or potential effects on the business. Therefore, it was necessary to activate and increase The level of assurance that the auditor provides to the client and users of the financial statements, especially investors, which contributes to rationalizing their decisions.

1.1 Literature review

There are Several Studies that have Discussed Disclosure of Related Parties (ISA550) in the Auditor's Report

Shaghadari and Shakur (2011) Conducted study by Linked corporate governance with the disclosure of related party transactions, and regarding, the dual effect of related party transactions (RPTs), it is difficult to characterize such as transactions beneficial or detrimental to the company's performance. However, disclosing RPTs can provide stakeholders with the information necessary to either discipline companies that engage in RPTs or take precautions against them. In fact, information asymmetry between relevant parties involved in RPTs and other stakeholders is the key issue in these transactions.

Ryngaert and Thoma (2012) Studied related party transactions (RPTs) are a potential means for insiders to expropriate ownership of outside shareholders through self-dealing. However, there are potential benefits to these arrangements for external shareholders.

Mustakarini et al. (2017) Asked Do related party transactions matter to auditors? Evidence from the Audit Opinion The purpose of this study is to examine the impact of related party transactions (RPTs) on the modified audit opinion (MAO).The nature of our risk management procedures may, in some circumstances, increase the risk of material misstatements in the financial statements rather than in transactions with third parties. Because material misstatements are associated with audit risk, a company will receive a modified audit opinion (MAO) from the auditor if its financial statements have a high audit risk indicated by high material misstatements. This study determines the RPTs of related party sales, related party purchases, related party receivables and related party payables .

Kolbeck and Mayhew (2017) Conducted they created a new dataset that includes two types of transactions with related parties. They use experimental archival methods to investigate the impact of such transactions on the likelihood of data being returned and on audit fees. Their findings suggest that related party transactions involving directors, officers and major shareholders are associated with poor "tone at the top" and that this leads management to negotiate for lower quality audits to reduce monitoring costs.

Pasc and Hategan, (2023) Indicated study To disclose key audit matters, the aim of this paper is to examine the nature of RPTs, which auditors have identified as a key audit matter (KAMs), the challenges and solutions to problems related to risk management, and to reveal the factors that Affects audit quality .

Wang and Zhou (2023) Studied investigated the impact of auditors' engagement with related parties on the timeliness of the financial report. As the Chinese economy enters a new normal of development, the market size of China's sharing economy continues to expand. There is no doubt that Joint auditors are the breakthrough and embodiment of the joint economic model in the audit market.

There are Several Studies that have Discussed disclosure of related party transactions

Jorgensen and Morley (2017) Studied the impact of disclosure of related party transactions may vary depending on the country, with different degrees of development of the capital market, the regulatory environment, characteristics of the firm's ownership, etc. In this sense, the arguments of related party transactions based on transaction costs are probably more applicable to the Eastern European market than to markets in developed countries with mature stock markets.

Rahmat et al. (2020) showed that disclosure of related party transactions is crucial to providing useful information to stakeholders, either disciplining companies that participate in RPTs or taking necessary precautions against them. Therefore, investors can use disclosure information about RPTs to evaluate whether RPTs implemented by companies are value enhancing or value destroying .

Waad et al. (2021) Clarified the attributes of reputable audit quality and disclosure of related party transactions by examining the relationship between the attributes of reputable audit quality (international brand name and industry experience) and disclosure of related party transactions (RPT) among the respondents. In the list. Companies in Malaysia. The decline in the volume of RPT disclosure in recent years may indicate that companies tend not to report RPT appropriately, especially transactions with entities involving individual related party (RPT) interests .

Dang and Nguyen (2021) Identified the factors that influence audit quality and disclosure of related party transactions ,by identifying critical factors related to audit quality, it is possible to better control and manage the audit process and thus increase the effectiveness and efficiency of the audit. Although some risks may be impossible to eliminate or even influence, risks that are economically significant are critical to the success or failure of business operations, and therefore, business organizations generally devote significant resources to managing significant business opportunities and the risks inherent in them.

There are Several Studies that have Linked between auditor's report and related party disclosure

Epstein and Jermakowicz (2008) showed auditor's report that disclosure of transactions with related parties is necessary to allow users of financial statements to capture a complete picture of the facility's position and results of operations .

Tong et al. (2014) point out that transactions with related parties "can distort financial statements, leading to greater information asymmetries and a general erosion of investor confidence in the company.

Velte and Issa (2019) studied the need to disclose the main audit procedures in the auditor's report, as the study includes a review of the organized literature on disclosing those procedures based on stakeholders' reactions. The study showed that there are five main streams of empirical research that analyze the impact of related party disclosure on stakeholder reactions, which are as follows: (1) shareholders (for example, investors' perceptions of auditors' responsibility, litigation, and investor decisions) (2) debt holders (2) debt holders (for example, investors' perceptions of auditors' responsibility, litigation, and investor decisions) (e.g. loan contract terms) (3) external auditors (e.g. audits and fees) (4) boards of directors (e.g. earnings management) and (5) other stakeholders (e.g. information value of suppliers and customers).

Auditor and related party disclosure (ISA550) and investment decisions Auditor's report

Olatunji and Osho (2020) posit that the study of decision-making processes is important not only for explaining financial market dynamics, but also for assisting financial advisers in better developing their prescriptive advising activities. The investment decision refers to the decision made by investors or top-level management on how much money to put into investment opportunities. It is significant because the financial statements issued by firms present accurate and timely information. Investors evaluate the financial status and operating results of companies before deciding whether to invest in their shares

As for the study Carvalho (2021) it studied the effect of disclosing the main audit procedures on investors' reactions, audit quality, and audit fees as this study showed that the need for more relevant information led to standard setters reforming the audit reporting model, and thus Providing a disclosure of the main audit procedures, and indicating whether this additional disclosure has an impact on investors' reactions, audit quality, and audit fees.

Adeleye (2022) Lenders and investors use audit reports as part of their decision-making process. Research has revealed that the audit report has a positive impact on investors' decision-making, implying that a lack of proper audit reports will result in poor investment judgments. As a result, the audit report should be detailed and comprehensive because users rely on it to make economic and financial decisions. This study concludes that the audit report is certainly valuable for users when making decisions, as evidenced by the fact that it has an impact on investors' investment and financing decisions (PDF) Relevance of Audit Report in Decision Making.

After clarifying previous studies, the current study clarifies the impact of disclosure of related parties (ISA550) in the auditor's report and its impact on enhancing investment decisions by addressing international standards that dealt with disclosure of related parties.

The research problem can be formulated through the following main question: "There is no statistically significant effect of the auditor's report on disclosure of related parties in enhancing investment decisions".

The Research Objectives to investigate the importance of disclosing related party transactions in the auditor's report, and to explain the nature of the misstatements involved in related party transactions according to professional publications. In addition to showing the impact of disclosure of related parties in the auditor's report to enhance the investment decisions of users of those statements.

The importance of the research comes from identifying the relevant parties and their transactions, and the auditor's evaluation of the adequacy of disclosure about them and their transactions in the Iraqi environment, as this is considered one of the most difficult audit operations due to its nature and the existence of relationships of control and effective influence in it, and the importance of that disclosure in rationalizing investment decisions. In the Iraqi environment.

2.Material and Methods

2.1 Research methodology

The Inductive approach to study and extrapolate some previous studies, on the topic of current research, was combined with the deductive approach, to interpret and analyses research, results to test its hypothesis, and verify test results, using appropriate statistical analysis, of respondent's responses, to questions designed to collect data, from sample study.

Appropriate statistical analyses, were used for the respondents' reactions to the questions, of the questionnaire designed, to collect data from the study sample, 50 questionnaires were distributed and 48 valid questionnaires were retrieved, for analysis.

2.2.Hypothesis test

The research hypothesis can be formulated as follows: "There is a statistically significant effect of the auditor's report on disclosure of related parties in enhancing investment decisions."

2.3 Research variables

2.3.1 Disclosure of related parties

The concept of related parties is considered a complex and ambiguous concept, in addition to subjectivity and personal appreciation about the concepts associated with the concept of related parties: such as control and effective influence. The Financial Accounting Standards Board (FASB) has provided a definition of related parties as the affiliation of entities, entities that are Accounting for investments in it using the equity method Unions established for the benefit of workers, such as pension funds Main owners who own more than 10% of the common shares of the economic entity's capital Members of close family members of both the owners of the capital and the management of the economic entity and other parties who have the ability to have significant influence It depends on the administrative and operational policies of the economic entity or has the right to benefit to the extent that one party is prevented from following its interest and achieving its future goals (AICP, 2001)

This definition is consistent with the International Auditing Standard (ISA550, 2017), as it states that the related party is a person or another entity that has control or significant influence over the economic entity preparing the report, directly or indirectly through one or more intermediaries. or another entity over which the reporting economic entity has significant control or influence, directly or indirectly through one or more intermediaries; or another entity that is under the same control as the reporting economic entity through common ownership control; or their owners who are close family members; Or under the same management However, entities under the same control of a state are not considered, in other words, a relevant national, regional or local government, unless they engage in significant transactions or share resources to a significant extent with each other.

It is also consistent with the International Accounting Standard (IAS.24), as the standard clarifies that related parties represent a person or entity that is related to the economic entity whose financial statements were prepared (referred to in this standard as the economic entity preparing the report). If one of them is able to control the other party or exercise significant influence over it in making financial or operational decisions.

The International Accounting Standard for Related Party Disclosures (IAS.24) indicates that a person, or a close member of that person's family, is related to the economic entity preparing the report, if that person has control, or joint control, over the economic entity preparing the report; or has a significant impact on the economic entity preparing the report; Or a member of the key management staff in the economic entity preparing the report, or in the parent economic entity of the facility preparing the report.

Likewise, an establishment is considered to be related to the economic entity preparing the report if any of the following conditions apply (IAS.24, 2015):-

-The economic entity and the economic entity preparing the report are members of the same group.

-One of the entities is an associate or joint venture of the other entity.

-Both facilities are joint projects of the same third party.

-One of the two facilities is a joint venture of a third facility, and the other economic entity is an associate facility of the third facility

2.3.2 Disclosure of a transaction with a related party

The relationships between the parent economic entity and its subsidiary facilities must be disclosed, regardless of whether there are transactions between them. Any facility must disclose the name of the economic entity to which it is considered a parent, and the ultimate controlling party, if different. If neither the parent economic entity nor the ultimate controlling party

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prepares consolidated financial statements available for public use, the name of the next largest entity to do so must be disclosed. It is appropriate to disclose the relationship with a related party when control exists, regardless of whether there are transactions between related parties. The disclosure requirement in this standard for related party relationships between the parent economic entity and its subsidiary entities is in addition to the disclosure requirements contained in the standard IAS 27 and IFRS 12.

To understand more thoroughly the importance of related party transactions as well as their effect on the users of financial statements and not least on the jurisdictions in which they arise, we studied the importance they have in a global economy where coordination between countries offers countless opportunities to fairly achieve these desires compared to tax competition (Dang and Nguyen ,2022).

The economic entity must disclose the compensation of senior management employees in total for all categories as follows: - Short-term employee benefits - Post-employment benefits - Other long-term benefits - Termination benefits - Share-based payments.

2.3.3 The nature of the misstatements involved in related party transactions according to professional publications

Professional organizations have paid attention to the nature of errors and distortions that the auditor may discover in the financial statements in general, and resulting from related party transactions in particular. Professional standards and publications have been issued in this regard, perhaps the most prominent of which are:

Audit Standards Bulletin (SAS. 45) which clarified that related parties may be a tool for fraud and deception by management, and added that due to the nature of the relationships of control and effective influence, transactions between related parties may not be carried out on the same conditions prevailing for transactions between independent parties, which increases Of the possibilities of error and distortion; This requires the auditor to exercise due professional care (AICPA: AU Section 334, SAS 45)

International Auditing Standard (ISA.550) The standard emphasized the increasing risk of material misstatements resulting from the risk of not identifying the economic entity and not appropriately accounting for or disclosing the existence of related parties and their transactions, and the risk of fraud; This is through complex interconnections, informal relationships within the same family, arrangements outside the financial position, and transfer pricing agreements between related parties that may differ fundamentally from the prevailing market value. The standard (ISA550) added to the increased chances of deliberate management collusion, and the risk of ignoring controls. Oversight, and insufficient disclosure of related parties in the event that management is included in related party transactions, which increases the risk of including financial statements and misappropriation of assets.

American Standard (SAS.99) The Standard Bulletin clarified fraud considerations when auditing financial statements, stating that the auditor must be alert to material transactions that are outside the usual scope of the economic entity's business, especially between related parties, and emphasized that related party transactions may be A potential source of material misstatements. The auditor must evaluate the presence of material misstatements resulting from related parties in light of the risk factors and the fraud triangle (incentive – opportunity – justification).

International Accounting Standard (IAS.24) related to the disclosure of related parties stipulates that the mere presence of related parties may be sufficient to influence the outcome of the activity and the financial position of the facility even if no transactions occur between those parties, in addition to the presence of a degree of flexibility in the process of determining the

price. Among the transactions of those parties may not be found in transactions with independent parties.
The Toolkit issued by the AICPA confirms that it assists accountants and auditors with regard to accounting and auditing of related parties; However, the presence of related parties and transactions with these parties in themselves do not necessarily increase the risk of the audit, but the auditor should take into account that these operations may be carried out with the aim of improving the financial position and showing gains to support the share price by misleading, and he adds that the parties Related parties are a potential source of material misstatements. We have identified indicators that indicate the presence of material misstatements resulting from related parties, which are as follows:
Complex and substantial operations, especially near the end of year .
The presence of related party transactions that are material and unusual due to the nature of the activity, or with related entities that have not been reviewed, or are being reviewed by another auditor .
Extremely complex practices that increase management's ability to hide the economic impact of transactions.
The presence of significant bank account balances and operations of subsidiaries within areas that provide tax exemptions without clear justification.
The presence of a very complex organizational structure that includes many unusual legal entities .

2.3.4 Investment Decisions

2.3.4.1 The Concept of Investment Decisions

The main aims of investment is to achieve a return on the invested funds, as investment is defined according to International Accounting Standard (25) as an asset held by the economic entity with the aim of increasing wealth through distributions (profits, rent, returns), capital increase, or other benefits accruing to the investing entity. Like the ones you get from business relationships Investment decisions are decisions made by someone in allocating their funds for an asset with the expectancy of making a profit in the future (Aristiwati and Hidayatullah, 2021). According to (Afriani and Halmawati,2019) investment decision-making is challenging for investors. Stock investment decisions are decisions made by an investor to distribute their funds in the form of stocks with the hope of gaining profits for the future.
Risk Tolerance As defined by (Grable,2000), risk tolerance refers to the maximum level of uncertainty an individual can handle when making financial decisions. (Budiarto and Susanti,2017) describe risk tolerance as an individual's ability to accept a certain level of risk when engaging investments. Each investor has a unique tolerance level for investment risks. Risk tolerance plays a crucial role in enabling investors to manage and align their investment goals with the risks they are willing to undertake. Several previous studies have explored the impact of risk tolerance on investment decisions.

Some overconfident investors believe that their investment decisions will yield greater returns than others. However, overconfident investors in the stock market experience losses due to making wrong decisions. Previous researchers have widely researched the influence of overconfidence on investment decisions (Febriyanti and Yuniningsih,2013)

2.3.4.2 The role of using audited financial statements in rationalizing investment decisions

Seidmann and Mehta, (2005) Showed that investment decisions depend on information found in more than one list, and this information forms the basis for evaluating expected profitability and choosing from among different investment alternatives. Investment decisions use data for the previous period to develop estimates of future financial performance .

The study (Saleh and Hassan,2013) Indicated that investors use important information to rationalize their decisions, whether to buy shares, hold a contract, or sell when necessary, and that this information is one of the important information in making decisions that can be used as an indicator about the future of the economic entity.

3. Discussion of Results

3.1 Data collection tools: To complete their research paper, the researcher relied on two types of tools, as follows:

3.1.1 Theoretical side: It includes the various scientific sources to from sources that were used in the research variables, various scientific and academic sites, articles, reports, research, dissertations, and letters related to the research variables .

3.1.2 The practical aspect: It included the questionnaire, which represents the main research tool, through which information and data were collected, to complete the practical aspect, and to see the opinions of the research sample directly. It was designed based on a number of criteria related to the research variables, which were adapted to suit its nature, sample, and place. Application from (1) to (5), because it is one of the criteria that is characterized by accuracy and is frequently used in research and studies.

3.2 Statistical methods used

A set of statistical methods were used that helped to complete this study and reach relevant results by analyzing the relationships and influence between the study variables and testing hypotheses. Among these methods is the arithmetic mean to find out the average values, as well as the use of the percentage method in analyzing the study sample's answers to the questionnaire questions. And reach results. The simple correlation, R, measures the relationship between two variables: the independent variable and the dependent variable. The coefficient of determination (R^2): It is defined as the percentage of the total change in the dependent variable that the independent variables explain. This percentage ranges between zero and the correct one. The closer the coefficient of determination is to one, the more it indicates the quality of the model and vice versa. The (F) test is used to test the significance of the assumed linear relationship to estimate the parameters of the study model. And a test (T) to test the accuracy of b1 to determine the effect of academic qualification on the responses of the study sample. In addition to simple linear regression to determine the degree of influence of the independent variable on the dependent variable, it can be written as follows :

Y = B0 + B1 x1

Since:

Y: represents the dependent variable

B0: represents the stator

B1x1: represents the independent variable

The simple regression analysis depends on two hypotheses:

A- Null hypothesis (H0): The absence of a significant relationship between the independent variable and the dependent variable (i.e. the absence of a significant effect of the independent variable on the dependent variable).

B- Alternative hypothesis (H1): There is a significant relationship between the two variables(i.e. there is a significant effect of the independent variable on the dependent variable).

It is a mathematical measure to estimate the relationship between the dependent and independent variables to measure the need for disclosure about related parties in enhancing investment decisions to prove or deny the main hypothesis of my agency's research.

3.3 Analysis of Sample Response Results

By presenting and analyzing the results of the questionnaire, distributed among the sample members, and to know the nature of the sample's answers regarding the items in the questionnaire's main axis, ratios, frequencies, weighted arithmetic means, and standard deviation were used. To know the direction of the answers, the AM. will be compared with the hypothetical mean. If the value of AM is greater than The value of the hypothetical mean, this means that the tendencies of the sample members' answers were directed toward agreement. However, if the value of the AM was smaller than the value of the hypothetical mean, this means that the answers were headed toward disagreement. The value of the hypothetical mean was calculated in the following way: Hypothetic mean = sum of alternatives for the scale/ Number of alternatives:-

Hypothetical mean = $\frac{(5+4+3+2+1)}{5} = 3$

The main focus of the questionnaire: ***The importance of the auditor's report in disclosing related parties and its impact in enhancing investment decisions*****.**

The sample answers show that the value of the AM of this axis is (1.670), which is greater than the hypothetical median value of (3). This means that the sample answers in this axis are geared towards the strongly approved compatibility, with a standard deviation (0.605).

1-Respondents agree (89.8%)with what was stated in paragraph (1): The auditor should establish appropriate audit procedures to obtain sufficient and appropriate evidentiary evidence related to identifying related parties and knowing the impact of important transactions of those parties on the financial statements.

2-Respondents agree(82%) with what was stated in Paragraph (2). The auditor's report helps explain how the resources available to the economic entity are used when dealing with related parties.

3- Respondents agree(89.8%) with what was stated in paragraph (3)The auditor's report contributes to verifying that the financial statements are free of any influences or distortions in favor of related parties

4- Respondents agree(84.6%) with what was stated in paragraph (4)The auditor's report contributes to giving reasonable assurance about the fairness of the financial statements through his evaluation of accounting practices based on the evaluation of the client's performance as a whole.

5-Respondents agree (92.3%)with what was stated in paragraph (5). The auditor's report helps in providing sufficient and appropriate evidentiary evidence regarding the verification and disclosure of related parties and their transactions and evaluating their effects on the fairness of the presentation of the financial statements.

6-Respondents agree(88%) with what was stated in paragraph (6) that many cases of fraud and embezzlement result from non-disclosure of related parties, which affects the rationalization of investment decisions.

7-Respondents agree(94.7%) with what was stated in Paragraph (7) Failure to disclose related parties and their transactions increases the risk of material misstatements, which affects the rationalization of investment decisions

8-Respondents agree(87.4%) with what was stated in Paragraph (8) that non-disclosure of transfer price agreements between related parties that differ fundamentally from the prevailing market value affects investment decisions.

9-Respondents agree (95.5%) with what was stated in paragraph (9). There are transactions between related parties that inflate profits, which affects the rationalization of investment decisions.

10- Respondents agree(93.4%) with what was stated in Paragraph (10) that failure to adequately disclose related parties may be for the purpose of misleading to improve the financial situation and remove doubt about the ability of the economic entity to continue.
11-Respondents agree (84.6%) with what was stated in Paragraph (11) When disclosing related parties, the auditor's report contributes to drawing attention to the fact that there may be an impact on the outcome of the activity and the financial position of the economic entity, even if no transactions occur between those parties.
12-Respondents agree (96.5%) with what was stated in paragraph (12) The auditor's report contributes to providing confirmation that the transactions of related parties are of high risk, requiring the necessary professional care to be exercised
13-Respondents agree(93.5%) with what was stated in paragraph (13) The auditor's report helps indicate the existence of important transactions with related parties that are not in the usual direction of activity, providing the opportunity to engage in preparing misleading financial reports.
14-Respondents agree(97.4%) with what was stated in paragraph (14) Disclosing the complex practices carried out by the economic entity, which increases management's ability to hide the economic impact of transactions in the auditor's report, affects the decisions of current and prospective investors.
15- Respondents agree (88.8%) with what was stated in Paragraph (15) The auditor's report helps in disclosing the transactions of related parties, especially the essential transactions of board members, executives, and major shareholders, which enhances confidence in investing in the economic entity.

3.4 Presentation of the Results of the Test of the Research Hypothesis Statistically

Null hypothesis: - (There is no statistically significant effect to measure the feasibility of disclosure about related parties in enhancing investment decisions at a significance level (5%)).
Alternative hypothesis: - (There is a statistically significant effect to measure the feasibility of disclosure about related parties in enhancing investment decisions at a significance level (5%)).
The effect of the auditor's report on disclosure about related parties in enhancing investment decisions can be measured at a significance level of (5%) through a simple linear regression model represented by the following equation:

$$y= 0.460 + 0.526 X$$

whereas:
Y: investment decisions
X: Disclosure of related parties

It is clear from the above model that disclosure of related parties in the auditor's report leads to enhancing investment decisions, and this can be clarified through the following table- :

Table (1)

Significance	Calculated T Value	Calculated F Value	R Value	R^2 Value	Beta coefficient value	B Value
Having an effect	**2.999**	**9.258**	**.340**	**0.583**	**0.460**	**0.526**

Source: Table is prepared by the researcher based on SPSS

The table above shows the results of testing the main hypothesis of the research, as it showed that the calculated F value amounted to (9.258), which is greater than its tabulated value at the level of significance (0.05), and the degree of freedom (48), which indicates the rejection of the null hypothesis and the acceptance of the alternative hypothesis. The calculated T value was (2.999), which is greater than its tabulated value at a significance level of (0.05) and a degree of freedom (48) of (2.024). This means that there are significant differences in the dimension of disclosure about related parties in rationalizing investment decisions. Since the sign of the beta coefficient is positive, this indicates that the effect is positive, meaning that there is a (direct relationship) between the research variables. The value of the coefficient of determination R^2 was (0.583), which means that (58%) of the changes occurring in the rationalization of investment decisions can be explained through the contribution of the auditor's report to the disclosure of related parties. This means accepting the alternative hypothesis and rejecting the null hypothesis, that is"there is There is a statistically significant effect of measuring the feasibility of disclosure about related parties in enhancing investment decisions at a significant level (5%)."

4.Conclusions

Rationalizing the auditor's judgment and improving his disclosure about related parties is through analytical study of professional publications and international guidelines that would provide guidance to auditors regarding verification and adequate disclosure of related parties, and Auditing relationships and transactions with related parties is an important aspect of performing the audit of financial statements in accordance with international auditing standards, which enhances the rationalization of investment decisions. Also, Disclosing the transactions of related parties, especially the essential transactions of members of the Board of Directors, executive management, and major shareholders in the auditor's report, helps enhance confidence in investment in the economic entity. There is a statistically significant effect to measure the feasibility of disclosure about related parties in enhancing investment decisions at a significant level (5%).

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Appendix (1)

Phrases	**Totally agree%**	**I agree%**	**Neutral %**	**disagree %**	**Totally disagree %**	**AM.**	**SD.**
The sample confirmed that the auditor must establish appropriate audit procedures to obtain sufficient and appropriate evidentiary evidence related to identifying related parties and knowing the impact of the important transactions of those parties on the financial statements.	43,6	46,2	10,3	--	---	1.667	0.662
The auditor's report helps explain how the resources available to the economic entity are used when dealing with related parties	56,4	26,4	17,9	--	--	1.615	0.781
The auditor's report contributes to verifying that the financial statements are free of any influences or distortions in favor of related parties	30,8	59,0	10,3	--	--	1.794	0.614
The auditor’s report contributes to giving reasonable assurance about the fairness of the financial statements through his evaluation of accounting practices based on the evaluation of the client’s performance as a whole.	30,8	53,8	15,4	--	--	1.846	0.670
The auditor’s report helps in providing sufficient and appropriate evidentiary evidence regarding the verification and disclosure of related parties and their transactions and evaluating their effects on the fair presentation of the financial statements.	43,6	48,7	7,7	--	--	1.641	0.627
Many cases of fraud and embezzlement result from non-disclosure of related parties, which affects the rationalization of investment decisions.	53,0	35,0	10,3	1,7		1.564	0.680
Failure to disclose related parties and their transactions increases the risk of material misstatements, which affects the rationalization of investment decisions.	28,0	66,7	4,0	1,1	---	1.769	0.536
Non-disclosure of transfer price agreements between related parties that differ materially from the prevailing market value affects investment decisions.	35.9	51.5	2.6	--	--	1.666	0.529
There are transactions between related parties that inflate profits, which affects the rationalization of investment decisions	44.2	51.3	4.6	--	--	1.554	0.552
Failure to adequately disclose related parties may be for the purpose of misleading to improve the financial situation and reduce doubt about the ability of the economic entity to continue.	45.7	47.7	6.6	--	--	1.538	0.554
When disclosing related parties, the auditor’s report contributes to drawing attention to the fact that there may be an impact on the outcome of the activity and the financial position of the economic entity, even if no transactions occur between those parties.	23.1	61.5	15.4	--	--	1.923	0.623
The auditor's report contributes to providing confirmation that the transactions of related parties are of high risk, requiring the necessary professional care to be exercised	38.5	58.0	3.6	--	--	1.641	0.537

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The auditor's report helps indicate the existence of important transactions with related parties that are not in the usual direction of activity, providing the opportentityy to engage in preparing misleading financial reports.	42.2	51.3	14,0	2.6	--	1.564	0.552
Disclosing the complex practices carried out by the economic entity, which increases management's ability to hide the economic impact of transactions in the auditor's report, affects the decisions of current and prospective investors.	53.8	43.6	2.6	--	--	1.487	0.555
The auditor's report helps in disclosing the transactions of related parties, especially the essential transactions of board members, executives, and major shareholders, which enhances confidence in investing in the economic entity.	30.8	58.0	11.3	--	--	1.794	0.614
AM						1.670	0.605

Source: Table is prepared by the researcher based on SPSS