

# Jordanian Accounting Bureau (From an administrative perspective)

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**Abstract :** *The Jordanian Audit Bureau is a supreme audit institution on behalf of the legislative authority in monitoring public money, preserving it from waste, extravagance, misbehavior, and ensuring efficient use, as well as developing the efficiency of the performance of the entities subject to its oversight and contributing to supporting the national economy, its growth and stability by using a set of measures that enhance This starts from the development of the supervisory work plan to the preparation of financial reports, and all state institutions and the public sector or any party that disposes of public funds are subject to levying, spending, planning, financing, banking, trading or other things under the control of the Bureau, and any party whose law or regulation provides for the oversight of And the audit of the Bureau, with the exception of the judicial authority with regard to its judicial powers.*

**Keywords:** *Administrative control, Jordanian Accounting Bureau.*

## I. INTRODUCTION

In view of the importance of the Audit Bureau in supervising the accounting policies and financial reports of the Bureau, adhering to its instructions and limiting the problems faced by that Bureau, such as those that caused the collapse of the largest international Bureau due to cases of fraud, manipulation and negligence by external parties or internal parties or both together, which forced the Bureau to Commitment to the laws and instructions in order to show them in a more transparent and clear way in the financial and structural aspects, and increase their credibility in the financial markets. The second half of the last century, especially the last quarter of it, witnessed a great development in the role of financial markets in the development of the economies of countries, and the speed of this development has increased the growth of the movement International trade and the fall of the concepts of directed and central economies, which led to opening new horizons for the so-called economic globalization.

As a result of the increasing globalization of the SAB's activity today in various countries of the world, and the increasing and continuous development of financial operations and their volume in light of the current local and international laws, regulations and standards, which have become characterized by different levels of complexity and strictness, it has become imperative today for members of the SAB's boards of directors working in various fields and members Its administrative apparatus pays more attention and is increasingly keen to control its activities, so that more precise standards and controls are imposed on them to hold them accountable for the results of their good management of this bureau.

## II. HEADINGS

### **Let's get acquainted with the Jordanian Accounting Bureau as (Concept and Origin)**

The researchers defined the Audit Bureau as permanent committees emanating from the Board of Directors, and consisting of three non-executive members with competence and experience. ; To provide a clear vision of the extent to which the principles of governance of the Bureau have been achieved and to carry out the task of oversight, auditing and accountability.

The establishment of the Audit Bureau in Jordan has gone through several stages that were related to the political, economic and legislative fluctuations in the Hashemite Kingdom of Jordan, and these stages:

The first stage: The Bureau began and was established in January 1928, as it was called the "Audit Department" in Transjordan to audit the financial records of the emirate, and according to the Ministerial Resolution issued in the Official Gazette No. (271) dated 9/8/1930, the name of this department was changed to Audit Department at the end of 1930.

The second stage: It dates back to 1931 when the law on auditing and verifying accounts was issued. Under this law, a department of auditing and verifying accounts was established based on Article (19) of the Basic Law of the Emirate of Transjordan. The application of the Auditing Law continued until the Court of Auditors Law No. (28) For the year 1952 was issued.

The third phase: With the issuance of the Jordanian constitution on January 8, 1952, the third phase of establishing the Audit Bureau in its constitutional capacity will have entered into force. Whereas Article (119) of the Constitution stipulates, "A law office shall be formed to monitor the state's revenues, expenditures and methods of disbursement." The State Audit Bureau has kept pace with regional and international developments in the field of oversight and everything related to its work in order to reach the goals that it seeks to achieve, similar to the supervisory bodies in developed countries. Therefore, draft amendments to its law were submitted in accordance with the economic and informational developments that the Kingdom is witnessing, until the year 2002, an amendment was made to the law accounting office. So, draft amendments to its law were submitted in accordance with the economic and informational developments taking place in the Kingdom, until in 2002 an amendment was made to the Law of the State Audit Bureau. This amendment was made pursuant to the Amended Temporary Law No. (3) Of 2002.

**But the question remains, what is the role of the Jordanian Accounting Bureau from an administrative perspective?**

Oversight is one of the main management functions, which begins with the process of planning, organizing, and directing and ends with the process of oversight, which is the main axis on which the current study is based. Oversight is a tool to assist the state in following up and implementing its plans in its various stages, detecting any deviations committed, and addressing them as quickly as possible. To achieve the planned goals in line with the agreed principles and policies, and oversight is a means to follow up on the rest of the administrative processes, as it protects them from fraud, deviation, manipulation, and other manifestations of corruption.

One of the bodies responsible for the oversight process in Jordan is the Jordanian Audit Bureau, which carries out oversight operations over public funds in the country, ensuring its safe use, and managing it efficiently and effectively. While recognizing the primary role that the State Audit Bureau poses in controlling state revenues and expenditures, it is necessary to search for the basic ingredients that constitute the elements of its success, and to ensure its efficiency and effectiveness.

In view of the great role that banks play in the process of economic development, as they acquire the savings and wealth of many investors, and for the important and numerous banking services they provide, it has become necessary that the performance of the managements of these banks be controlled according to a general framework of sound practices and procedures that suit their responsibilities. Hence, the importance of the role of audit committees as a control and supervisory body whose goal is to ensure that all controls and mechanisms of internal and external audit are carried out with a great deal of efficiency and effectiveness, in order to enhance confidence in the financial statements published by those banks and financial institutions.

Perhaps cases of manipulation and fraud in financial reports, cases of financial corruption and money laundering crimes are among the most important reasons that prompted the bureau and banks to form audit committees, especially in the wake of financial collapses and failures in major bureaus and banks, In addition to the pressures exerted by the administration of the Bureau and the banks on the auditor, which negatively affects his independence and impartiality, especially that the administration has the authority to determine his fees and the authority to dismiss him. The idea of audit committees arose, which also acts as a coordinating link between the work of the external auditor and the administration in a way that leads to supporting the independence of the auditor and increasing the effectiveness of the audit process and the effectiveness of the structure and internal control systems.

We believe that the importance of the Audit Bureau is manifested through the expected benefits that it can provide to all relevant parties such as the Board of Directors, the external and internal auditor, shareholders and stakeholders. The benefits provided by the Audit Bureau to the previous parties can be clarified as follows:

1. Its importance for the Board of Directors: the establishment of the Audit Bureau will lead to assisting the executive members of the Board of Directors in carrying out their tasks and responsibilities, especially with regard to aspects of accounting and auditing by improving communication between the Board of Directors and the external auditor, by meeting with the external auditor during the process of auditing. Audit and at the end of it and communicate the outcome of these meetings to the Board of Directors and help in solving problems that the auditor may face with the management of the Bureau in relation to the preparation of financial statements.

2. Its importance for the external auditor: the role played by the Audit Bureau in strengthening the independence of the external auditor in a way that leads to him performing his duties without pressure or interference from the administration, and accordingly there are some criteria that concern the nature of the relationship between them in terms of the role of the Audit Bureau in appointing the external auditor Determining his fees and solving problems that may arise between the management and the external auditor, as well as increasing the interaction between the external and internal auditors.

3. Its importance for internal auditing: The Audit Bureau chooses the head of the internal audit department, provides the necessary resources for this department, and meets with them continuously to solve problems that may arise between them and the administration, which leads to increasing the independence and activating the role of the internal audit department.

4. Its importance for investors and external parties: the establishment of the Audit Bureau within the Bureau leads to increased reliability and transparency in the information and accounting reports issued by the Bureau, which in turn leads to an increase in the confidence of investors and external parties in those reports. The primary objective of the formation of the Audit Bureau is to ensure that the financial statements are free from errors and fraud and to seek to detect manipulation and fraud by management.

As for researchers who have examined the subject of the Bureau from an administrative perspective, they believe that the Audit Bureau is to support the credibility of the annual financial statements that are audited to ensure the safety of disclosure and comprehensiveness of these lists, and to provide a channel of communication between them and the internal and external auditors and between them and the Board of Directors, which ensures the consistency of information within the Board, coordination of work between internal and external auditors, and support of managers in carrying out their responsibilities to the fullest. However, the most prominent tasks of the administrative bureau are:

1. Verify the efficiency of risk management systems and the efficiency and effectiveness of operational processes.
2. Verify that the financial operations and people's actions comply with the applicable laws and regulations.
3. Working on solving issues and problems that are due to various reasons through using the committee as an independent internal investigation tool that discusses any case of discontent or complaint that affects the work of the Bureau.
4. Paying attention to the reputation of the Bureau and preserving it by strengthening relations, or conducting dialogue and contacts with all interested parties.

It is important to note that the role of the Audit Bureau is to assist the Board of Directors in carrying out its oversight tasks on the internal control systems, audit work and financial reporting processes, and to ensure that the Audit Bureau performs its work in accordance with the applicable regulations, laws and rules of conduct, and that the Committee has the authority to investigate any matters that fall within its responsibilities. Maintaining independent consultants from all disciplines necessary to provide advice and obtain all information required to achieve its objectives from outside or within the Bureau. As the main objective of forming the Audit Bureau is to apply strong control systems based on feedback and exchange of information with different departments and sections, in order to achieve cooperation and increase confidence between all employees and other parties in the Bureau.

The Jordanian Audit Bureau issues multiple oversight reports in accordance with special legal legislation according to the objectives of each type of these reports, and that diversity is important as it directs the reports to the appropriate administrative level to take action against him and at the utmost speed to know the content of the report, and these reports include:

1. Annual Report: This report is prepared at the end of the fiscal year and is submitted to the House of Representatives within 120 days from the end of the fiscal year, as stipulated in Law No. (31) Of 2011, Article Notes and recommendations for the bodies subject to its control.

2. Special Reports: The Bureau prepares these reports, commissioned by the House of Representatives, to scrutinize specific aspects as stipulated in Article (6/5) of the Law of the Bureau in force.

3. Ministerial annual reports: This type of report is submitted to the competent minister, and contains summarized notes from other reports submitted regarding departments affiliated with the competent ministry, such as the Ministry of Electricity, whether periodic, final or special reports.

4. Performance evaluation reports: This type of report contains the results of evaluating the performance of the activities of the entities subject to control by making sure to check how and the safety of managing various resources according to efficiency, economy and effectiveness, and it is one of the important reports, as it identifies weaknesses and defects in the performance of those entities to raise their level And stand on weaknesses and strengthen them to achieve the issue, justice and transparency.

5. Report at the level of the audited institution: Under this title falls the financial statements reports and it is a means by which the Bureau expresses the opinion of the neutral technician on the fairness and validity of these financial statements prepared in accordance with the accounting standard and their compatibility with the financial records and books. It also includes another type of reports, which is an internal report that holds the audit results for the activities of the entities subject to oversight, as they are translated into the form of monitoring notes that identify the negatives of these activities because there is a solution to address them. There are also reports of visits that include a schedule of inspection tours for the inspecting teams, and this type of reports gives a reality The status of those branches, stores and projects, and their compatibility with what is recorded in their books, records and accounting statements. And the last contract reports. This type includes supervisory notes regarding any negatives in the conduct and implementation of contracts for the benefit of the entities subject to control.

6. Final accounts reports: It is a summary of the results of auditing the total accounts and expressing a neutral technical opinion regarding them. We summarize what was presented to us that the supervisory reports are related to the multiplicity of tasks entrusted to the supervisory body to carry out them and achieve their objectives. indicators and take the right appropriate action.

Hence, the accounting bureaus have controls that govern their behavior. The Auditors Board has determined that the audit committee consists of three to nine members, in addition to that all members are independent and not affected by any authority, in order to maintain their independence, and appoint one of the members who has experience and is qualified to lead the committee Informing the Auditors Board of any changes and their reasons, in addition to the availability of financial and accounting expertise for the purpose of examining and evaluating the financial statements. Among these controls, the committee must hold at least four meetings per year, and record what is happening in these meetings as agreed upon.

In addition to that, determining the work is due to the head of the Bureau, and preparing the committee's work system, which is prepared by him clearly, in which it defines its objectives, conditions for appointing its members, their powers, duties and responsibilities, and the dates of their meetings. Work and hold meetings to discuss what was done, as the increase in the number of meetings of the members of the audit committee leads to a decrease in the possibility of fraud in the financial reports, and the availability of financial and accounting expertise among the members of the audit committee helps to detect fraudulent financial reports.

Accordingly, the committees of the Board of Directors play an important role in the governance structure of the Bureau, and among those committees: The Audit Bureau, which plays a pivotal role as one of the mechanisms of the oversight activity, in addition to the fact that the Audit Bureau is considered to be the most important task of the Audit Bureau. It is related to the direction of the Bureau to provide greater disclosure to users of financial reports. Previous studies identified many different characteristics of the State Audit Bureau, such as the performance study on the impact of these characteristics, such as the level of disclosure of the financial social responsibility of the company, the value of the Bureau, the audits and performance of responsibilities of the mechanisms of the Bureau's governance and disclosure.

The functions of the accounting bureaus are to perform many tasks that include auditing all matters related to how to nominate the auditor, in addition to making sure that this auditor meets the requirements of the auditors' body, and making sure that there is nothing that affects his independence, and the level of influence based on the work of government departments by Auditors, and one of the tasks of the Audit Committee is also that the members of the Committee research and study all work related to the work of the auditor, monitor and evaluate them, and evaluate the ability of the Committee to follow up on the work of government departments, and make recommendations on financial

and accounting matters. related to the auditing body and its instructions, the law of the court, and the regulations, instructions and decisions issued thereunder, studying periodic reports before submitting them to the board of directors and making recommendations in their regard, in addition to studying the auditor's work plan, and ensuring that the departments provide him with the necessary facilities to carry out his work.

The Audit Committee studies and evaluates the procedures related to the internal audit, monitors and evaluates the auditor on the correctness of the procedures, and reviews the reports prepared by the internal auditor. To make the necessary recommendation to the Board of Directors on matters related to internal audit procedures and the work of the internal auditor, and its function to ensure that there is no conflict in the administrative work that may result through the administration, its administrative structure and its functional work, and to work on supervising the preparation, examination and evaluation of financial reports, and to strengthen the function of external audit and support, evaluation and evaluation of internal control systems, in addition to strengthening the internal audit function.

### **III. CONCLUSION**

The Jordanian Audit Bureau is a supreme audit institution on behalf of the legislative authority in monitoring public money, preserving it from waste, extravagance, misbehavior, and ensuring efficient use, as well as developing the efficiency of the performance of the entities subject to its oversight and contributing to supporting the national economy, its growth and stability by using a set of measures that enhance This starts from the development of the supervisory work plan to the preparation of financial reports, and all state institutions and the public sector or any party that disposes of public funds are subject to levying, spending, planning, financing, banking, trading or other things under the control of the Bureau, and any party whose law or regulation provides for the oversight of And the audit of the Bureau, with the exception of the judicial authority with regard to its judicial powers. The Jordanian Audit Bureau includes the examination and audit of revenues, public expenditures, and all financial obligations. It also includes planning assets of all kinds to verify the correctness of their evaluation and registration in the regular books and records.

The need for the Jordanian Audit Bureau emerged as a result of the need to conduct an examination and verification process for multiple objectives, the most important of which is the desire of the supreme audit institutions to improve and develop the procedures and results of its work, or to give a convincing argument for its use of advanced standards and its commitment to quality requirements in the audit work. Evidence of the correctness and integrity of the procedures for his disbursement of funds allocated to institutions and others, and the efficiency and effectiveness of his use of the available financial resources to complete the tasks entrusted to him to the fullest.

Despite the effective role entrusted to the Jordanian Audit Bureau, an independent external body has not been approved to monitor and audit the works and accounts of the Bureau, and to express an impartial technical opinion on whether the financial statements express clearly and fairly its financial position and the results of its activities in accordance with the accepted principles and standards adopted in this The field, and this task has been assigned to the cadres of the Bureau, which raises many questions about the extent of impartiality of these cadres when expressing their technical opinion on the work and accounts of the Bureau.

We believe that the supreme audit institutions and their functional cadres, which are often characterized by scientific qualifications and sufficient practical experience in the field of control and auditing, have the ability to examine and audit their work and accounts, measure the quality of the supervisory work in them, and make observations on all matters related to their accounts and their disposal of public funds or assess the efficiency of their performance in Completing the tasks and duties assigned to it, and this method is characterized by saving the time, effort and financial resources necessary to complete the examination process compared to using corresponding international regulatory institutions.

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