

The extent of the application of internal audit standard in the Jordanian private universities

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Abstract

This research focus on whether the private universities in Jordan apply the international standards for internal auditory, in the field of interior auditory those who work in these universities. That was through a questionnaire suits with the aims of the study service the exam of theories t this study and was distributed on the whole auditors in these universities where the number of good questionnaires for the study was (23) questionnaire and the proportion of take back (100%) the study authorized the analysis descriptive statistical method to describe and analyze the study changes and examine its theories. The study attain to the internal employees auditors in the Jordanian private universities have the knowledge of the international interior auditing standards and they apply in their daily work and put future plans to their work. On the other hand, some develop himself professionally, but the private universities don't attract the qualified in accounting and auditing for the work in these universities in the internal auditing sector / department.

Introduction

Increasingly, the private companies in the globe has interested in internal auditing, this interest represent in different shapes, the most important that these companies particularize individual departments for internal auditing separated from the financial departments which specialized in companies accounts. These departments were attached to the human resource to achieve the company's aims at the end. We can't deny the separation of the administration from the property was the main core to develop much of financial and accountancy science which led to appear many of specialized fields for whole professional and administrative businesses. Which became essential for the high administration to focus on internal auditing to help the administration to find internal strong control system controls the different branches of the companies according to obvious instructions.

According to the high value if the internal auditing in the companies, no doubt there is a big importance of it also in the Jordanian private universities since they are private companies belonging to a group of investors in the Jordanian educational sector, where they assigned the managers to run their money, here we add the power of expenditure in the private universities is the power of the president of the university not the authority of the managers / investors according to the Jordanian laws by recommendations from the ministry of higher education and scientific research. The success of internal auditing

through the investment path in the education of the Hashemite Kingdom of Jordan.

In general, the standards of auditing aims to specify how to practice that profession (auditing), it became a standard to the level of the required professional fulfillment from the individual accounting auditor through the auditing standards which was published in 1978, which developed and edited till the date

The internal auditing in the private universities enforce with a separate unite in 2001 based on the edited law of the private universities, this research concern a study of how applicable standards of internal auditing in the Jordanian private universities.

1. Problem of the study

Observed in recent years, the existence and unity of control and internal auditing in the organizational structure of companies in general , including private universities in Jordan . This has been assigned to these units, different functions and duties, and the successes of the university president by chosing employees who are experienced and highly skilled operated by the control unit to provide the best monitoring accounts internally to the managers without errors . And this study became to answer the following:

- a) Does the Jordanian private universities committed in applying the standards of internal auditing ?
- b) Are taking into account the performance of standards in the auditing in the Jordanian private universities ?

2. Importance of the study :

The internal auditing units in the Jordanian private universities and the units built under the law , a line of defense that gives the managers of the universities some reassurance because they don't manage the private universities directly (direct foreman of the university is the president of the university) . In this study, and we will discover the reality of internal auditing in the Jordanian private universities and its subsequent obstacles , and making recommendations that limit the weaknesses and shortcomings of thee units , which contributes to increase the reliability of the outputs of the financial system for these universities .

3. The objective of the study:

This study aimed to achieve the following :

- a) Identify the extent of the application of internal auditing standards in the Jordanian private universities ?
- b) Identify the extent and mechanisms of action of the internal auditing units at the Jordanian private University?

4. Hypotheses of the study

The main Hypothes : the Jordanian private universities do not abide by in the application of internal audit standards in their work , and the ramifications for this hypothesis is as follows:

- a) No independency and objectivity of internal auditors working in the private Jordanian universities ?
- b) No care professional for internal auditors working in the private Jordanian universities?
- c) No output quality of internal auditors working in the private Jordanian universities ?

5. Methodology of the study

The researcher used in this study two methods to get useful data of this study , The deductive methodology used in obtaining data on the ethics of the study and the theoretical side of all available scientific sources of books , letters, paper and electronic journals to illustrate the basic concepts of the study .

This researcher has designed a questionnaire for the study to achieve beneficial results of the study ,the researcher has been used inductive methodology to collect all the data relating to the phenomenon under study , and this has been directed to all internal auditors working in the Jordanian private universities.

6. Publish of the study

The publish of study consists of all private universities in Jordan which are (19) University , and the sample was selected randomly, the volume of the sample was (19) University , distributed (23) questionnaire to auditors working in universities (auditors working in units of Internal Auditing , and auditors working in the Department of Finance) . The researcher extracted (23) valid questionnaires for the study , with the percentage of get back (100%) .

7. Statistical methods

The researcher deals in the analysis of the raw data extracted from the questionnaire using statistical packages (SPSS), where the descriptive and analytical statistical methods used in processing such data , like **frequencies and percentages and averages and standard deviations** . And use as well as (T-Test) as adopted at the center hypothesis (3) , a medium degree of approval for these factors, the answers were compared with a sample to test hypotheses concerning trends in the study sample about areas of study .

8. Previous studies

8.1 - study (Altaweel 2009) entitled: " the effectiveness of the internal auditing services in the Palestinian universities in the Gaza Strip in light of international standards of internal auditing _ An Empirical Study ."

The researcher conducted the study at universities in Palestine to recognize the effectiveness of the performance of the devices internal audit which by knowing the extent of the commitment of organs of internal audit in these universities standards issued by the Board of Internal Auditors , and the study was based on the design of the questionnaire scientific study distributed them on (16) Checker factor in Palestinian universities , and recovered them (15) questionnaire , and after analysis of these questionnaires statistically concluded that the auditors in internal Palestinian universities have knowledge of medium standards of internal audit international , despite the fact that this university is developing a management plan describes the site audit department of organizational structure explaining the objectives and the powers and responsibilities of auditors , and also found that the qualification specialist in the field of control and scrutiny over the effectiveness of the internal audit staff .

The researcher in the study went to several recommendations , and it was the most important:

- recommended concentration of universities to attract professionally qualified staff in

the field of internal auditing and training existing staff in this area with the need for universities to take advantage of emerging from the experiences of universities that preceded it in the field of standardization of its audit activity .

- the need to prepare an annual plan for the unity of the audit in the Palestinian universities are built on the basis of generalization risks and training of these units on internal auditing standards issued by the International Council of Internal Auditors .

8.2- Study (Alsharayri 2013) tilte : The Operating Islamic Banks in Jordan Applying the International Internal Auditing Standards IIA's.

The researcher aimed in the study to know the standards of International internal auditing in Jordanian Islamic banks , which are four banks , and through the design of the questionnaire distributed on the internal auditors working in Islamic banks in Jordan , where he analyzed (35) questionnaires which were valid for analysis using the statistical Analysis System (SPSS) even reached in the study of this that all Islamic banks operating in Jordan are applying international standards for internal auditing in general and is working to implement a high degree of accuracy with the exception that it does not apply the standards of performance in these banks , it turns out that the obstacles the application of auditing standards are minor constraints do not limit the application. And researcher in the study came out this recommendation to apply the standards of performance that combines the efficiency and effectiveness of the internal audit , which works to support the risk management of these banks .

8.3- Article pop&Bota (2008 title : The Outsourcing of Internal Audit – internal audit is a solution in increasing the quality of internal audit).

The aim of this article to see if the resulting companies extra cost due to the presence of internal audit of the company, in addition to knowing the justification of these costs in relation to the usefulness of this cost after the implementation of the internal audit function of the company, also saw researchers need to adhere to the standards of the internal audit of linking internal audit with the highest levels of management in the company in order to enjoy full independence and exit to the main objectives of the internal audit , and researchers criticized the results of the internal audit observations it is mandatory for the administration , and the researchers believe that the linking of internal audit with senior management is not sufficient to ensure objective scrutiny. Advised to deal with companies specializing in internal audit. Was a comparison between the advantages of using specialized companies, internal audit and the disadvantages of using this method in the internal audit and then the Pthalilleha out recommendations on this:

- that outsourcing of the internal audit often gives higher efficiency factor in the company.
- in SMEs third-party outsourcing is less expensive than the appointment of staff in the company.
- when taking the option of outsourcing should pay attention to the field of management experience and the company's activity , and the geographical dimension of the company (internal and external environment of the company) .

9. What auditing standards :

The Institute of Internal Auditors (IIA) defined standards as :

An official announcement issued by the professional standards of internal audit determines the performance requirements of a wide range of activities of the internal audit and evaluate the performance of Internal Audit (IIA, 2004: P8).

It is known that there are a lot of standards issued by different specialized sources issuing this kind of standards , however, more standards traded and application in the world are the standards issued by the Institute of Internal Auditors (IIA), as these standards according to the researchers , judges, experts and auditors in their judgments about certain financial data .

We note here that these standards issued by the International Federation of Accountants and is an international organization interested in organizing the affairs of accounting , which was established this union in 1977 and announced the goal of a constituent that provide the best service to the community, where the International Federation of Accountants permanent quest for increased commitment to providing international standard quality high . (Dhunaibat , 2006, p 81)

He was the first versions of the Institute of Internal Auditors (IIA) standards of internal audit is in 1987 , were not these standards inclusive of all that is required for the internal audit profession , where the subject of these standards for renovation continuing to be able to these standards of solving all the problems of the profession (Rahahleh 2005 , p 65) .

10. The objectives of the internal audit standards :

The Institute of Internal Auditors (IIA) to develop and define the objectives of the internal audit standards , and in the following manner (IIA, 2004: p7):

- a) statement of basic principles that determine how they should be by internal audit.
- b) develop a general framework for the management of the internal audit and enhance the added value generated by the internal audit activities to a wider extent possible .
- c) lay the foundations for measuring and evaluating the performance of the internal auditors .
- d) foundation for regulatory processes and processors sophisticated and encourage improvements.

11. Sections of Internal Audit standards : where dividing the IIA (IIA) into two parts , namely:

11.1 Standards : This group includes four criteria , namely:

- 11.1.1 goals , responsibilities and powers of internal audit.
- 11.1.2 Individuality and objectivity
- 11.1.3 efficient and professional due diligence .
- 11.1.4 program of quality control and the development of the audit process .

11.2 performance standards : This group includes seven criteria , namely:

- 11.2.1 management audit activities .
- 11.2.2 nature of the work .
- 11.2.3 planning the audit process .
- 11.2.4 Tniv performance and audit process .
- 11.2.5 communicating the results of the internal audit .
- 11.2.6 monitor the implementation of the recommendations.
- 11.2.7 the level of acceptable risk after the implementation of the recommendations .

12. *Internal audit in the Jordanian private universities.*

Jordanian Private universities is one of the investment sectors in Jordan , like other sector is looking for a different supports towards success in their work . It must be examine and evaluate the results of its financial, administrative and operational from time to time to maintain the level of operational activity where , which supports the internal audit where being an assistant to the bodies of managers in the private universities to work to exploit all the capacity of the private universities , and the law of private universities Jordan for the year 2001 provision in Article 25 , paragraph c / 1 on the necessity of the establishment of a unit called unit internal Audit and financial Control at those universities (private universities Act 2001 / site and the Jordanian Ministry of Higher Education)

13. *The objectives of the internal auditing in the Jordanian private universities:*

There is no doubt that the internal audit in the private universities in Jordan has many objectives , may vary from one university to another , or in terms of views , and here some of them :

- a) assist the administration in decision-making by providing periodic reports on the operational , administrative and financial activities in private universities .
- b) support the system of internal
- c) procedures and evaluation and to make suggestions about improving it.

14. *Scientific analysis to the study tool:*

14.1 **First: statistical description:**

23 questionnaires were distributed on the internal audit working in the Jordanian private universities, and here a exhaustive resumption of the results:

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bachelor	17	73.9	73.9	73.9
	Master or higher	6	26.1	26.1	100.0
	Total	23	100.0	100.0	

The above table shows that the questionnaire distributed on 17 people with a bachelor degree the percentage of 73.9% while only 6 with higher degrees where the percentage of obtaining high studies 26.1%.

Specialization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Accounting	19	82.6	82.6	82.6
	Financial	3	13.0	13.0	95.7
	Management	1	4.3	4.3	100.0
	Total	23	100.0	100.0	

The above table shows that 19 people from the sample specialized in accounting

with percentage of 82.6% where only 3 in finance and banking with percentage of 13% and only (1) specialized in administration with percentage of 4.3% of the sample.

Job

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Inspector	8	34.8	34.8	34.8
	section head	2	8.7	8.7	43.5
	manager	13	56.5	56.5	100.0
	Total	23	100.0	100.0	

According to the job the sample consists of 8 auditors with percentage of 34.8% and 2 directors with percentage of 8.7% while 13 were auditing managers with percentage of 56.5%. obviously, most of the Jordanian private universities appoint manager for internal auditing to do the direct auditing, that means there is no big stuff for the internal auditing.

Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-5	5	21.7	21.7	21.7
	5-10	9	39.1	39.1	60.9
	10-15	4	17.4	17.4	78.3
	15 or higher	5	21.7	21.7	100.0
	Total	23	100.0	100.0	

The above table shows that 5 people from the sample have less than 5 years experience in internal auditing with percentage of 21.7% and the sample consists 9 with 5 – 10 years experience in IT with percentage of 39.1% also the sample consists of 4 people with 10 – 15 years experience with percentage of 17.4%. finally, the sample consists of 5 people with more than 15 years experience with percentage of 21.7%.

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-25	1	4.3	4.3	4.3
	25-35	13	56.5	56.5	60.9
	35-45	2	8.7	8.7	69.6
	more than 45	7	30.4	30.4	100.0
	Total	23	100.0	100.0	

The above table shows the age of the sample where one person was less than 25 years with percentage of 4.3%, 13 people between 25 and 35 years with percentage of 56.5%, 2 people between 35 and 45 years with percentage of 8.7% and 7 people more than 45 years old with percentage of 30.4%

Certificate

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	ACPA	1	4.3	4.3	4.3
	none	22	95.7	95.7	100.0
	Total	23	100.0	100.0	

Those who carry a specialized profession certificates in auditing and accounting, only one person has a profession certificate with percentage of 4.3% of the sample which is (ACPA), this percentage concerned very low for a whole sector from the Jordanian sectors.

14.2 **Secondly: Statistical analysis:**

The questionnaire was designed according to one main hypothesis divided into three sub-hypothesis according to this seven sentences were given to evaluate how much the first divide hypothesis is validity or nullification while (8) sentences were given for the second divided hypothesis and (10) sentences for the third divided hypothesis.

14.2.1 The first sub-hypotheses:

(there is no individuality and reasonability for the internal audit working in the Jordanian private universities)

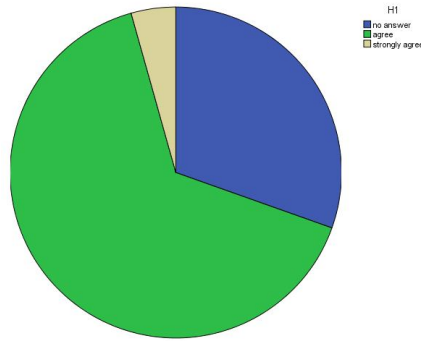
Since the answer in the seven sentences related to the first sub-hypothesis was concluded in (strongly disagree, disagree, neutral, agree and strongly agree) they took a gradation for the evaluation (1 – 5) as the follow.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
H1	23	2.43	4.71	3.3789	.58046
Valid N (listwise)	23				

We noticed from the above table after collecting the seven evaluations concerned to the first sub-hypothesis ,the lowest evaluation was (2.43) out of (5) , the highest evaluation was (4.71) out of (5) and the average was (3.3789) out of (5), this mean that the most individual of the sample answered with neutral, agree and strongly agree therefore we resulted the first sub-hypothesis has failed and there was independently and reasonability for the IT working in the Jordanian private universities.

The following pie chart shows the answers of the seven sentences of the first sub-hypothesis.



14.2.2 The second sub-hypotheses
(there isn't a professional care to the Internal audit standard working in the Jordanian private universities)

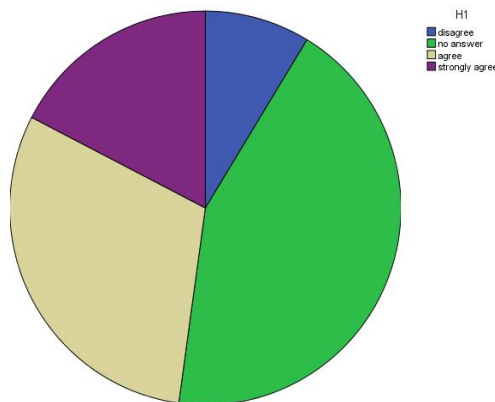
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
H1	23	1.00	4.50	3.0652	.87733
Valid N (list wise)	23				

We notice from the above table the evaluation was:

The lowest evaluation (1) , the highest was (4.5) and the average was (3.0552) where the average gives the most answers from the individual sample were (agree, strongly agree) so the second sub- hypothesis failed and we conclude there isn't a professional care to the internal auditors working in the Jordanian private universities.

The following chart shows the examined answers to the second sub-hypothesis



14.2.3 The third sub- hypotheses
(there were no quality outcomes from the internal auditors working in Jordanian private universities)

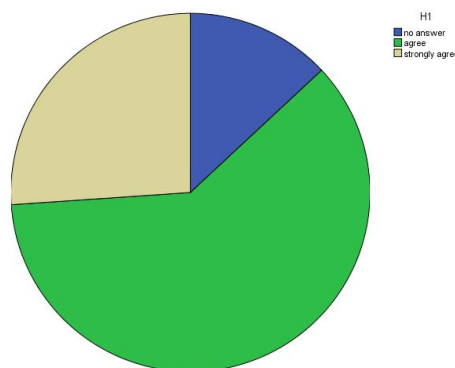
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
H1	23	2.80	4.50	3.7304	.45770
Valid N (list wise)	23				

The above table shows the evaluation was:

The lowest evaluation was (2.8) while the highest evaluation was (4.5) and the average was (3,7304) from here the majority of the evaluations were (strong agree or agree). Hence, the secondary third theory failed and we conclude that there are good quality of outcomes from the internal auditors who work in the Jordanian private universities.

The following chart shows the evaluations distribution to the individuals of the sample



After rejecting all the three hypotheses , we conclude that the main hypothesis failed according to the taken sample in the study, and we conclude that the Jordanian private universities imply the IT standards in their work

15. Results:

- 1) The study showed that private universities in Jordan are applying internal auditing standards in their work , which tells us the knowledge workers in the internal audit standards of internal auditing and understanding .
- 2) The study showed the presence of autonomy and objectivity of internal auditors working in the private universities in Jordan , and it also means that they have placed plans in advance for the procedures to work thoughtfully .
- 3) study showed that comes from internal auditors working in the private universities in Jordan, work with quality outputs, and could rely on reports and opinions issued by the internal audit group at private universities in Jordan .
- 4) There is holds a professional specializing in accounting , auditing , however, this is a very small percentage in the development of the internal auditing system in private universities in Jordan .

16. Recommendations:

- 1) need to focus on internal auditing in the private universities in Jordan and give administrative powers in addition to the financial to be its power in the quality of its outputs .
- 2) must work on the rehabilitation of staff working in internal auditing in terms of

increasing the number of obtaining specialized professional certificates in accounting , auditing, and attracting these experiences from outside the university and also to benefit from the experience of the largest universities in this field .

- 3) work on the existence of a legal obligation to force the universities to comply with the standards of the internal auditing and the importance of appointing the Director of Auditing carrying a professional certificates in accounting and auditing at least .
- 4) increase the number of internal auditing staff working in private universities in Jordan .

17. References:

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- Al- Dhnaibat, Ali, accounts auditing under the international internal auditing standards and local laws and systems: view and applying, first edition, Amman: author, 2006.
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- www.theiia.org
- www.mohe.gov.jo

Index (1) study questionnaire

Mr Accounts Auditing Manager

Mr. dean of the department / director of the auditing department

Mr. Auditing Accounts

In order to make a study titled " The extent of the application of internal audit standard in the Jordanian private universities" I would be grateful to answer the questionnaire paragraphs by (X) in front of the statement which expresses your agreement. Therefore your answers will be private and be used for scientific research.

Thanks for corporation

Researcher
Ahmad Khwaileh
Mobile Phone: 00962 77 9905221

Section I: General Information.

Please tick (X) in the appropriate box below for questions:

1. The level of academic education : High studies Bachelor Diploma
 secondary or lower
2. Scientific specialization: Accounting financial Science administration
 economy other, please specify.....
3. Occupation : Audit Manager / or assistant head of auditing / or Chief,
Division Auditor
4. Work Experience : less than 5 years 5 years to less than 10 years from
10 to less than 15 years 15 years or more
5. Age : less than 25 years 25 years to less than 35 years old
 35 years to less than 45 years 45 years or more
6. professional certification Obtained : CPA CMA JCPA ACPA CA
 other , please specify No

Section II: study axes.

The first axis of this axis in relation to the independence and objectivity of the internal audit in the private universities in Jordan.

No	Paragraph	Strongly Agree	Agree	Do not Know	I Do not agree	Strongly Disagree
1	The President of the University authorizes of the internal auditor sufficient powers to do their jobs efficiently auditors.					
2	There is an obvious place for the internal auditing department in the functional structure of the University					
3	are internal auditors selected at the university based on the especial principles and criteria to this function exclusively to fit auditor with the job					
4	Affect the board of directors of the University on the Internal Auditing Department .					
5	There are systems and instructions within the university, especially the Department of Internal Audit for the organization of work .					
6	There are specific standards on internal auditing in Jordan .					
7	Consequent financial costs of the university as a result of its commitment to the standards of internal auditing.					

The second axis: this axis relation to the professional care of the internal auditing in the Jordanian private universities.

No	Paragraph	Strongly Agree	Agree	Do not Know	I Do not agree	Strongly Disagree
1	The performance of the internal auditor is affected by his personal relationship to the internal auditor who will check it.					
2	The director trains the internal auditors on all sectors and areas that will be the task of auditor to audit.					
3	Internal auditors introduced to internal auditing standards.					
4	The internal auditor will be involved in training sessions and constant patrol.					
5	The internal auditing department provides a copy of internal auditing standards to brief staff on the ongoing updates.					

6	The Internal Auditing Department to strengthen the internal control system at the university.					
7	There are what it takes to comply with the standards of the internal audit and implementation in the universities					
8	The external auditor confirmed the commitment of internal auditing for the University to apply standards of internal auditing.					

The third axis: this axis in relation to the quality of internal auditing in the private universities in Jordan.

No	Paragraph	Strongly Agree	Agree	Do not Know	I Do not agree	Strongly Disagree
1	The Internal Auditor Checksum processing program without affecting from the senior management.					
2	The internal auditing raises reports directly to the presidency of the university to take corrective immediate action.					
3	budget depends estimation as a way to control the internal auditor in his work					
4	The external auditor see the reports on internal auditor regularly and continuously.					
5	Application of International Accounting Standards is one of the things that are subject to internal audit.					
6	The internal auditor do a study to the regulations and instructions in force in the university conducted prior to the audit process.					
7	The auditor makes sure that he is protecting the assets of the university well and appropriately.					
8	A sudden inventory take place to asset of the enterprise and control by the internal auditors at the university.					
9	The internal auditor to follow up what has been the discovery of errors worthy follow- up to correct it.					
10	a benefit from the experience of such universities in order to develop the department of auditing and auditors.					