THE ROLE OF INTERNAL FINANCIAL CONTROLS, IN RAISING THE EFFICIENCY OF THE ACCOUNTING AND AUDITING OF GOVERNMENT REVENUE, EXPENDITURE CONTROL AND CORRUPTION CHECKING: THE CASE OF JORDAN

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ABSTRACT

The study aimed at identifying the effectiveness of the control of the accounting and its relationship to adjust the internal oversight and renewal of the strengths and weaknesses in the control system, where distribution was designed to identify a sample of (200) Member of the community of study and retrieve (180), one of the most important findings of the study is the role of the staff in the process of adjusting government spending as a result of being trained by the use of technology in the interest of the supervision and auditing, which facilitated the setting process and expenditure control and reduces corruption as recommended study given of internal controls and auditing accounting debt service and the fight against corruption of sufficient care for spending control to reduce tax evasion and to increase government revenue and drying up the sources of administrative and financial corruption in governmental units and workshops of each of the staff members and the community. The establishment of controls and the lack of exchange outside the budget items.

Contribution/ Originality: The study is one of very few studies which have investigated of government revenue, expenditure control and corruption checking because Jordan these a day's need to reduce the tax evasion to decrease the deficit of the government budget.

1. INTRODUCTION

Oversight is one of the functions of the president's administration, which starts the process of planning, organizing, directing and ending control process, which is the basis of the present study.

Censorship is a tool to assist the State in the follow-up of the implementation of their plans in various stages, and the detection of any significant deviations committed and processed as quickly as possible, to achieve the planned objectives, consistent with the principles and policies agreed upon, as a means for follow-up to the rest of the oversight is the administrative processes, protecting them from fraud, delinquency, manipulation and other manifestations of corruption.
It is the responsibility of the oversight process in Jordan and the Jordanian accounting office to control the public money in the state and ensure the safety of its use, in order for it to be managed efficiently and effectively, as well as the internal oversight in the paintings.

Due to the fact that the consent of the citizens were not sought to increase the tax burden on them and for there to be effective control of the public money, so there emerged the need to establish effective control over strict legislative controls to deal with public money for grants and tunnels by qualified staff and trainees and a high degree of ethics where put in place, with the acknowledgment of the fundamental role of the threat posed by the SAB in the oversight of the income and expenses of the State, it is necessary to search for the basic elements of success, and to ensure its efficiency and effectiveness.

1.1. The Objectives of the Study

The capacity of the accounting office in the discovery of the deviations and errors as they occur, and to prevent their reoccurrence in the future. as well as deploring the internal oversight capacity, to fight against corruption as effectively integrated, and also the preventive and regulatory measures in the societal and governmental consent for access to each of the set goals.

1.2. The Hypotheses of the Study

This study proposes and tests the following hypothetical statements;
The role of internal oversight controls accounting debt and combats corruption in government spending. The above statements further subdivided into the following hypotheses:
The effect of the existence of specific budget, authenticated by the legislative power is statistically significant. There is a link between the impact of internal oversight and supervision of the accounting and government control over spending and debt.

2. STAGES OF THE REGULATORY PROCESS

The supervisory work aims to reveal deviations in the work, to carry out corrective actions necessary to ensure the achievement of the goals established in advance of the plan, thus, the regulatory, and this stage provides labor specific performance expectations for each process stages are as follows:

1. The performance standards major duty. They are the observable behaviors and actions which explain how the job is to be done, plus the results that are expected for satisfactory job performance. This stage is used to pre-determine the appropriate remedial actions to be taken, should the set standard fail or become non-compliant.

2. Corrective action, are improvements to an organization's processes, taken to eliminate causes of non-conformities or other undesirable situations. Step without which there is no systematic control and outputs may be corrected. This stage therefore covers organizational performance, and measurement of results, comparing with the scheme, and verification of the achievement of the goals, to the systematic implementation of the completed stages of the regulatory process, and finally achievement of the objectives sought by the Organization.

2.1. The Control Reports

The report is one of the official means of communication, it provides information on financial matters, in line with the International Financial Reporting Standards (International Financial Reporting), consequently prepared to take a decision in the light of all information and facts, and aims at using regulatory reports to improve performance and effectiveness in the public sector, and also to ensure respect for and application of financial and accounting laws and regulations.
2.2. Types of Reports

Regulatory reports multiple types, the most prominent of these reports as follows:

The initial report or the first report, which includes the presentation of the observations that have been discovered as a result of control operations relating to controlled substances, and this report to those actors, and discussed its views and arguments to respond to what came in the initial report of the reviews.

The final reports are to be prepared after the end of the task, which is the codification of oversight observations made at the preliminary reports or be final itself, or summarize the final results of the oversight process carried out.

Annual report: Under the law of Accounting Office, the Chairman of the Audit Bureau reports annually to the special account for each financial year which simplifies his remarks, and he/she submit it to the Council of Representatives, and send pictures of him to the prime minister, minister of finance, and therefore ensure that he report his remarks about the Chambers, and the report is assigned to an audit of its accounts under the fourth article of this law with the statement of offenses, and liability implications at the beginning of each regular session of the house or whenever requested to do so.

Financial reports: These are special reports to express an opinion on the financial statements of companies and institutions to show that its accounts are in accordance with standard accounting system and trade practices.

The report of the Secretary-general: These are reports which deal with several issues on the administrative units of the year as subject to the Sai and it is issued annually.

Special report: a report at any time during the Sunnis on financial issues.

The President of the great importance, and dangerous, and which require that the responsible authorities are informed of them.

The secret reports: These are reports of limited circulation, and they take in the issuance and circulation of special arrangements, and these include data, information of the supreme organ of financial control, the need to maintain confidentiality, non-traded, only within certain levels.

Clean Report Clean view) the report shall be clean of the following cases, and not a part of it, that the auditor has completed the review process in accordance with generally accepted auditing standards without any pressures or restrictions of management;

That the financial statements are prepared in accordance with generally accepted accounting principles or norms. These principles applied even from time to time. Financial statement requires the meet of adequate disclosure. There are no any violations of the statute of the Organization or the provisions of the law.

2.3. The Objectives of the Internal Oversight

1. To ensure the credibility of information in order for the Department to rely on.
2. Protection of assets and records of risks such as, theft and loss.
3. The development of the production efficiency and optimal use of resources.
4. Encouraging commitment to the administrative policy.
5. Reduction of fraud and irregularities and misuse.

2.4. Previous Studies

1. This study offered specific problems in the area of (Filipina Beat, study) 2012 internal oversight in the local government units in Poland, the study not only outlines the mandatory procedures in the operation of internal control in these units, but pointed to the results of empirical research in the field of action of these procedures, taking into account the definition of changes in the area of internal oversight, based on the indicators of respondents, as well as critical analysis of internal control procedures. The study and evaluation of internal control used in governmental administrative units, 60.7% Treasury Unit, and the entities of the units of the separate systems for purposes of internal oversight for 42.4%, oversight got used
by the scrutiny of 37.2 % of the administrative units of governmental organizations discussed. The study found that the assessment of the role of the oversight procedures in place for the local government units makes it necessary for changes not only in the use of information control, but in initiating the oversight, and legal request for the establishment of separate units.

2. The study, Ghanimat (2011) aimed at knowing the factors influencing the effectiveness of internal control systems in the Jordanian Ministries, and stands on the most critical constraints which limit its effectiveness and its evolution, the study found that the most influential factors in the effectiveness of the systems of internal control in the Jordanian Ministries is the accounting system and its components, the least influential factors is the efficiency of workers and control performance, the study showed a weakness in the application of policies for the selection and appointment of staff training, in addition to the weakness and lack of administrative leaders, the role of the legislative power, the study recommended that the Jordanian government internal oversight systems in the ministries needs more attention, and should focus on the administrative and financial components of the stakeholders, and activate the foundations and criteria for selection and recruitment, and also develop precise criteria for measuring and evaluating government performance.

3. Ahmro (2005) study aimed at developing proposals and recommendations to address the weaknesses in the accounting system of the central government of Jordan, the use of the analytical method of samples including 191 cases of fraud, embezzlement and fraud in the public funds that have occurred in the central governmental units for the period of 1982 to 2002, which made the sub annual reports for that period, the study found that there are ten gaps or weaknesses in the accounting system through the conclusion of the 10 indicators outlined in the analysis, including the cases of embezzlement and fraud and manipulation of both cash receipts and expenditure and fund balances stock of supplies and warehouses, where some workers participated in the government accounting and others from the outside, and diversified methods where longer books, records, documents and files, etc., the study provided a set of proposals and recommendations Preventive and curative measures that can help prevent or reduce the incidence of such irregularities, and quickly discovered and tuned, those proposals on the accounting system, the documentary session accounting and control system, the money, and the confinement of dealing in financial affairs, specialists in accounting and auditing, the study also confirmed the success of these proposals and recommendations that depends on the continuation of the government orientation that strive towards the fight against corruption in all areas.

2.5. Internal Control

The role of the internal control system in the Jordanian governmental units in controlling government spending on 273 posts, the reason is the lack of efficiency on the part of secretariat staffs in the performance of the tasks given to them, as to their ability and integrity is not a guarantee in itself to increase the effectiveness of internal control without the benefit, through attention to the humanitarian aspects when organizing work, and the relations (Abdullah, 2006; Al Khatib and Ragheb, 2010).

Various preventive measures: Internal oversight in this area, proposes various measures of challenging/checking fraud and accounting manipulation, and also ensure that their impact are avoided/reduced, through written and specific application of written instructions that clearly indicate the work procedures and controls in all the sections of operation (Arens et al., 2000; Boynton et al., 2001).

The use of the Machinery and electronic means: The electronic accounting information system unit serves as a guide to identify the causes of errors, and how to address them quickly, and gives the regulatory information that will lead to the recording of the time errors occur and the time of detection, this time matching allows quick reaction, which affects the treatment process, the internal control structure and that the use of electronic means to
ensure the validity of the registered accounting data and maintain the assets from any manipulation (Mark et al., 2003; Mahmoud, 2010).

There are several tools and methods adopted by the internal control system:

1. **Budget Planning**: These are tools of internal oversight, with estimates of the amount of financial and all operations expenses expected to occur during the coming period of time as well as the expected goals.

2. **The Statistical statements and scheduled Fees**: These shall be in the form of graphs and forms showing the achievements or statistical tables of data aggregated or compared with targets, and are displayed for the administration to take the appropriate decision.

3. **Periodic reports**: The reports of the department at various intervals containing a set of historical data compared with historical data of different periods or with the targeted figures, and it is used to judge the efficiency of the administration.

4. **The movement studies and time**: It is one of the administrative controls aimed at the development of the productive efficiency of personnel during the study process for all steps, and to exclude the performance of unnecessary steps to simplify procedures and reduce costs.

5. **Human resource training programs**: These programs are designed to raise the efficiency and productivity of human resources by providing them with all that is new and evolving to keep pace with modern productivity.

6. **Quality Control**: Through Statistical Quality Control using maps for quality control. The government controls the internal control system in Jordan: it consists of the internal legislative control measures put in place by the Jordanian government to regulate many disciplines and procedures in the financial area, and these controls are:

   A. **Legislative controls**: There are many Jordanian legislation that helps in controlling the assets and expenditures of government income, such as the Constitution of the Kingdom (Act of 1952), as amended, which devoted a special chapter to financial affairs, and the Financial Regulations No. 3 of 1994, as amended, which shows all the procedures to be followed when the revenue, expenditure, and Controls recorded, the report, peacekeeping operations, as well as monetary controls, the system supplies No. 32 of 1993, as amended, which sets out the procedures for the purchase of state assets, receiving and recording, preservation and storage and disposal, as well as the system of government works No. 71 of 1986, which defines the bidding procedures and implementing government messages.

   B. **The general budget**: Committed to the Jordanian Constitution and the issuance of the general budget, under the law of the estimated expenditures for the next financial period, and committed not to exceed allocations for programs and activities, and to select the Egyptian-Syrian-controls allocations.

   C. **Controls**: There are many regulatory procedures, such as self-censorship, based on the distribution of tasks, responsibilities and powers, and records of the interview, the immediate and periodic reconciliations, and inventories, regulatory, internal oversight affiliation which continuously vets all financial operations in the unit, and control of the Ministry of Finance, which monitors the unit allocations and spending, and control of periodic reports, and external oversight of the divan of the accounting control of the organs of the State and to report to the Council of the nation.

**Types of internal oversight:**

- The anti-lock control-
- The control reagent-
- Corrective control-
- Budgets-
- The statistical tables -
Periodic reports enough-
The movement studies and time
Human resources training programs
Quality Control
The government controls the internal control system in Jordan:
Legislative controls
The General Budget
Controls
The selection and training of human resources
The manifestations of financial and administrative corruption in governmental units:
Waste and nepotism
Cronyism
Extortion and fraud
The looting of public money.
Corruption in the community environment
The slowdown
Corruption, according to the degree of regulation:
Systematic corruption
Corruption-Catch
The comprehensive corruption
Corruption, according to the domain from which it is divided into:
Economic Corruption
The Cultural Corruption
Judicial corruption
Administrative Corruption.
Social Corruption
Financial Corruption
Political Corruption
Demographic the

<table>
<thead>
<tr>
<th>Alternatives</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>120</td>
</tr>
<tr>
<td>Female</td>
<td>60</td>
</tr>
<tr>
<td>Qualification</td>
<td></td>
</tr>
<tr>
<td>Diploma</td>
<td>12</td>
</tr>
<tr>
<td>bachelor</td>
<td>130</td>
</tr>
<tr>
<td>Master</td>
<td>28</td>
</tr>
<tr>
<td>PhD</td>
<td>10</td>
</tr>
<tr>
<td>Specialization</td>
<td></td>
</tr>
<tr>
<td>Accounting business</td>
<td>155</td>
</tr>
<tr>
<td>The law</td>
<td>10</td>
</tr>
<tr>
<td>Others</td>
<td>3</td>
</tr>
<tr>
<td>Function</td>
<td></td>
</tr>
<tr>
<td>The director</td>
<td>54</td>
</tr>
<tr>
<td>Head of Section</td>
<td>114</td>
</tr>
<tr>
<td>Others</td>
<td>12</td>
</tr>
<tr>
<td>The Experience</td>
<td></td>
</tr>
<tr>
<td>Less than 5</td>
<td>14</td>
</tr>
<tr>
<td>5-10</td>
<td>23</td>
</tr>
<tr>
<td>11-15</td>
<td>45</td>
</tr>
<tr>
<td>16-20</td>
<td>28</td>
</tr>
<tr>
<td>More than 20</td>
<td>70</td>
</tr>
</tbody>
</table>
The number of males are twice the number of females and the number of bachelor’s degrees are twice the other qualifications, which refers to the great attention required to cope with work and responsibilities on their shoulders; this is also linked to the appropriate accounting specialization, which means that there is a vision and the interest of the recruitment of appropriate as far as a suitable place for the experiences with the work to be accomplished in the work.

### Table 2: The results of the application of the test (Independent Samples T-Test) Sample study regulatory controls

<table>
<thead>
<tr>
<th>Area</th>
<th>Average</th>
<th>S.d</th>
<th>T</th>
</tr>
</thead>
<tbody>
<tr>
<td>The pattern of censorship.</td>
<td>3.733</td>
<td>.460</td>
<td>3.35</td>
</tr>
<tr>
<td>Check the systems and procedures for the supervisory work.</td>
<td>3.914</td>
<td>.782</td>
<td>6.45</td>
</tr>
<tr>
<td>The criteria for supervisory work.</td>
<td>3.575</td>
<td>.851</td>
<td>4.71</td>
</tr>
<tr>
<td>The pressures of supervisory work.</td>
<td>2.450</td>
<td>.920</td>
<td>1.13</td>
</tr>
<tr>
<td>The restructuring of the supervisory work.</td>
<td>3.325</td>
<td>.821</td>
<td>4.62</td>
</tr>
<tr>
<td>The moral principles of the regulatory action.</td>
<td>4.217</td>
<td>.857</td>
<td>5.67</td>
</tr>
<tr>
<td>(Effectiveness) zero matrix.</td>
<td>3.606</td>
<td>.596</td>
<td>7.08</td>
</tr>
</tbody>
</table>

### Table 3: The results of the application of the test (Independent Samples T-Test) In the area of the effectiveness of the control of the accounting office due to the nature of the work.

<table>
<thead>
<tr>
<th>The Nature of the Work</th>
<th>The Number</th>
<th>The Arithmetic Average</th>
<th>The Standard Deviation</th>
<th>T</th>
<th>Degrees of Freedom</th>
<th>Statistical Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saba</td>
<td>40</td>
<td>3.61</td>
<td>0.60</td>
<td>7.41</td>
<td>262</td>
<td>0.00</td>
</tr>
<tr>
<td>Financial Control</td>
<td>140</td>
<td>2.74</td>
<td>0.70</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3 shows the value of (T) at the extent of the effectiveness of the control of the Accounting Office, due to the nature of the work (7.41), the value of the statistically significant function at the level of 0.00 and this indicates the existence of differences at the level of the significance between the answers of the staff at the Office of the accounting and staff of the financial office know the effectiveness of the control of the Accounting Office, where it was four (3.61), while the arithmetic average of 5,955 for the staff of financial control (2.74).

### Table 4: The role of the oversight system in governmental units in controlling government spending

<table>
<thead>
<tr>
<th>Paragraph</th>
<th>The median</th>
<th>The Standard Deviation</th>
<th>The relative importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>The clarity of the Instructions for Spending</td>
<td>3.70</td>
<td>.65</td>
<td>74.1</td>
</tr>
<tr>
<td>The obligation irrespective of supplies according to instructions</td>
<td>4.204</td>
<td>.904</td>
<td>84.1</td>
</tr>
<tr>
<td>Be sure to abide by the Government Assets</td>
<td>4</td>
<td>.77</td>
<td>80</td>
</tr>
<tr>
<td>The inventory will be according to the instructions and the differences and processing</td>
<td>3,136</td>
<td>.610</td>
<td>62.7</td>
</tr>
</tbody>
</table>

Table 4 indicates that the commitment item regardless of supplies according to instructions the highest rate was got from the relative importance while spending instructions came second and got inventory item ala carte instructions on the lowest.

### Table 5: Regression analysis of the impact of oversight in the public expenditure control

<table>
<thead>
<tr>
<th>The variable</th>
<th>Correlation Coefficient</th>
<th>The proportion of influence</th>
<th>The value of f</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls</td>
<td>.359</td>
<td>.129</td>
<td>6.22</td>
<td>.016</td>
</tr>
</tbody>
</table>

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Table 5 refers to the existence of a link between the controls and control of government spending and thus rejected the hypothesis and accepted the alternative hypothesis that shows the existence of the impact between controls and government spending.

Table 6. The selection and training of staff in financial

<table>
<thead>
<tr>
<th>Paragraph</th>
<th>The median</th>
<th>The Standard Deviation</th>
<th>The relative importance.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff are selected according to the technical requirements</td>
<td>3.47</td>
<td>1.21</td>
<td>70.5</td>
</tr>
<tr>
<td>Staff are trained according to modern requirements</td>
<td>3</td>
<td>1.34</td>
<td>62.7</td>
</tr>
<tr>
<td>Staff Performance</td>
<td>3.45</td>
<td>1.12</td>
<td>70</td>
</tr>
<tr>
<td>The new legislation is the definition of</td>
<td>3.67</td>
<td>1.23</td>
<td>75</td>
</tr>
</tbody>
</table>

Table 7. Regression analysis of the impact of the selection of staff in adjusting Government Spending

<table>
<thead>
<tr>
<th>The variable</th>
<th>Correlation Coefficient</th>
<th>The proportion</th>
<th>The value</th>
</tr>
</thead>
<tbody>
<tr>
<td>The selection and training of human resources</td>
<td>0.711</td>
<td>0.506</td>
<td>13.63</td>
</tr>
</tbody>
</table>

Table 7 shows high correlation between the variables of the study and training of staff and government spending.

Through the analysis and testing of the hypotheses of the study, we reached the following conclusions:

1. The presence of a large role in the selection process in controlling spending and increasing government revenue.
2. The lack of staff to keep up with technological methods in the control operations, which makes it difficult to control, especially in the control of financial corruption cases.
3. There is little impact on the presence of a general budget and expenditure outside its relationship to adjust the expenditure and lack full coordination between all the works of the oversight of government units.

There is little impact because we can't afford staff and links with the laws, regulations, and directives in force, thereby missing some opportunities of the adjustment to reduce tax evasion.

The recommendations of the study:

The need for the accounting office to head towards the exercise of prior censorship:

1. The necessity of activating the legal accountability systems on the basis of transparent and being fair on the objective according to the best international standards and practices, so that the control of the Accounting Office effectively to external control.
2. Internal oversight should not be linked to the same Ministry as the reporting structure, but should be established as a neutral and independent ministry in these conditions, which should stimulate those administratively affiliated to the ministry.
3. The use of the media as a means of control over the dissemination of culture and awareness of and commitment to the legislation.
4. The review of all the privileges and immunities of the supreme authorities in the government to control expenditure and to convince the public of the restructuring operations and its impact on the society.
5. Tightening the control of the Council of the nation on the budgets of the independent units of the seizure and the mitigation of their preparation.

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REFERENCES

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