

The role of Audit Bureau in eradicating financial corruption in Libya

Jaber Emhemed Masaud Shariha¹, Dr. Ali Djamhuri², Dr. Ari kamayanti²
^{1,2,2} (Accounting, Faculty of Economics & Business, Brawijaya University, Malang, East Java, Indonesia)

Abstract:- Auditing has become an important and integral function of organizations in achieving their objectives and protecting their assets. The study aimed to evaluate the role of Audit Bureau members to eradicate financial corruption in Libya, through necessary measures for the auditing task and changes that affect it, and that represent in giving certifying International control standards, giving training, earning experience for the auditors who work in Audit Bureau. The study focused on assessing the factors affecting auditors and performance audit development, on identifying pitfalls faced while performance audit conducted and used as a tool to eradicate financial corruption. The researcher used the qualitative methodology for analysis. The study showed weakness in the level of realizing the finds to its function which consider as main reason to its establishment. The researcher analyzed qualitative data from e-mail, interviews, observation and personal experience. The study proved the Audit Bureau had not certified its control standards to international standards. The Bureau also neglects in giving necessary training programmers to qualify the auditors and using the new of modern manners instead of the methods of governmental performance in doing control works. As a result of study, the researcher introduced some recommendations such as: revising legal provisions that support the Auditing of Audit Bureau members, and certifying the international control standards in order to walk beside the advance that happened in regional and international establishments. The study recommended giving necessary training courses to auditors to enable them to perform their work and use new technology that support proof of documents for auditors.

Keywords:- Audit Bureau, eradicate, financial corruption, performance, international control standards, and training.

I. INTRODUCTION

The development of auditing can be traced to early ancient civilization of Egypt, Greece and Romans [1]. Historical evidence shows that from 500-300B.C, auditing originated in the city of Greece, Athens, by state Board of Auditor in municipal administration [2]. In medieval period, English manorial auditing began. This became the foundation of the statutory audit in the 19th century and later spread throughout Europe. Furthermore, the 19th century industrial revolution and stock market crash debacle in Libya; in 1955 the State Accounting Bureau was established by the law No. 31 of 1955 under the responsibility of the Ministry of Treasury. The SAB played a key role in the development of an accountancy profession in Libya [3].

The world in late 20th century [4] experienced a dramatic change in the public sector management [5]. This change in the public sector reform or New Public Management (NPM) is a broad theme and trend which led to a change in the role of accounting and auditing. Especially, in early 1970s the role of government auditors began to change radically. This change began in the USA, Canada and some European countries such as Sweden and West Germany and many countries also followed this new trend at their own pace of events. The elected representatives of the people of these countries started demanding information on the efficiency and effectiveness of public expenditures. They expressed dissatisfaction with the traditional role of audit, which focused merely on compliance with rules and regularity of expenditure. They expected a greater accountability from public managers for the collection, spending and management of public funds. Thus, the performance audit function has emerged with this trend as a by-product of public sector reform which previously concentrated on output of public administration function [6]. Auditors have a duty to fight corruption. According to the 16th International Congress of Supreme Audit Institutions (INCOSAI), held in Montevideo, Uruguay in 1998, SAIs can and should endeavor to create an environment that is favorable to fraud and corruption. The 16th INCOSAI was partly devoted to prevent and detect fraud and corruption. Performance and regularity audit can be seen as attaching corruption from different approaches. Both are needed and necessary in the fight of corruption. For that reason, today, Supreme Audit Institutions (SAIs) used performance audit as a tool in combating corruption in most developed and developing countries [7].

This thesis has comprehensively studied the role of Audit Bureau in eradicating financial corruption in Libya. The thesis commences by extensively investigating the causes of corruption. Corruption has been widespread in Libya as politics and business in Libya were in great part based on personal relationships with

bribery as a common means of winning favor and contracts. At the same time, there was no independent judiciary such as media or civil society body that could effectively challenge such corruption. Overall this thesis may add to the current literature by a number of novel findings concerning both the understanding of the role of Audit Bureau members to eradicate financial corruption in Libya.

II. MATERIALS AND METHODS

Type of Research

This research uses qualitative approach. Survey conducted for data collection with Libyan Audit Bureau members where the data came from Audit Bureau in Libya.

Place and Time of Research

The study was conducted in Libyan Audit Bureau from July to December 2013.

The study samples

The samples for the study were some of Libyan Audit Bureau members.

III. RESULT AND DISCUSSIONS

Audit bureau did not achieve the level of safety insurance of financial activity and the proper use of the public money and was failed to match the financial and administrative activity of the laws, rules, regulations and executive decisions. Lack of verify the existence of integrity and transparency to strengthen the credibility policy and confidence among entities subject to the Audit Bureau's supervision. Audit Bureau members could review all the necessary documents to perform their functions without any obstacles. Audit Bureau did not encourage its members to obtain higher scientific and professional certificates. The nepotism and favoritism in appointing some of Audit Bureau members based on kinship or tribal affiliation despite their competency, integrity and professionalism particularly during Gaddafi's rule.

Audit Bureau members had performed their tasks permanently and regularly. Audit Bureau procedures did not impede the function of government institutions. Audit Bureau did not keep pace of the scientific and technical progress based on International Standards on Auditing and did not fully contribute to the rise of efficiency in the performance of government institutions. The plans of Audit Bureau to fulfill their tasks were insufficient to face the responsibilities and tasks required. The recommendations of Audit Bureau members were taken seriously had received considerable attention by officials, their reports were characterized by accurate observations in which the content could be understood easily and their observations contained in the reports could be addressing the fraud risks and processing the deviations.

Audit Bureaus members did not have extensive experience and technical capacity to perform their function. Audit Bureau did not keen to establish the seminars and scientific conferences specialized in improving the performance of audit work. Some of Audit bureaus members had the personality required, high moral character and extensive knowledge to fulfill auditing tasks but their performance of the tasks was below the required level. The relationship between the Audit bureau members and government institutions sometimes was characterized by cooperation and a spirit of responsibility and they were committed to the laws and regulations in fulfilling their auditing tasks. Audit Bureau did not keen to provide the budget for modern technological means to assist in the completion of audit functions. Audit Bureau members did not use modern technological means to strengthen the evidence that they received, and did not have electronic library facilitates refers to the laws, regulations and instructions which was necessary to facilitate their work. Audit Bureau adopted the subsequent control only in the performance of its work, thus delayed the discovery of the deviations and made the correction became very difficult. Audit Bureau members could conduct auditing process without any obstacles. Audit Bureau members could examine all the necessary documents to perform their functions without any obstacles.

Audit Bureau did not link the promotion system and supreme occupants' job with training courses and was not giving any attention to develop its members' performance with the best and most distinctive competencies. Audit Bureau had high salaries range which would attract the qualified and trained officers and the Audit Bureau maintained them. There was no special budget for training and programs that provided regular opportunities for training and development of the members, which led to weaken the performance level of Audit Bureau members. Audit Bureau members had independence and impartiality during performance of their auditing and they were not subjected to external influences without being obscured by them with any information they needed to perform their tasks. Audit Bureau had not enough financial autonomy sufficient when it prepared the visualization of the budgets.

The perceived role of auditors in eradicating financial corruption

Understanding	Result
1. The perceived role of auditors functions in eradications corruption.	Audit bureau did not achieve the level of safety insurance of financial activity and the proper use of the public money; also did not adopt the prior censorship (prior to implementation) or auditing during implementation which would lead to the delay of the financial deviations detection and made it extremely difficult to correct the deviations. Audit Bureau was failed to match the financial and administrative activity of the laws, rules, regulations and executive decisions. It also lack of verifying the existence of the integrity, transparency to strengthen the credibility policy and confidence among entities subject to the Audit Bureau's supervision.
2. The perceived role of auditors in carrying out auditing procedures.	Audit Bureau members could review all the necessary documents to perform their functions without any obstacles. Audit Bureau did not give any opportunity to its members to obtain higher scientific and professional certificates. The nepotism and favoritism in appointing some members based on kinship or tribal affiliation despite their competency, integrity and professionalism particularly during Gaddafi's rule. Audit Bureau members had performed their tasks permanently and regularly. Audit Bureau procedures did not impede the function of government institutions and did not keep pace of the scientific and technical progress based on International Standards on Auditing.
3. The tasks feasibility of audit bureau members to eradicate of corruption.	Audit Bureau did not fully contribute to the rise of efficiency in the performance of government institutions. The plans of audit bureau to fulfill their tasks were insufficient to face the responsibilities and tasks required.
4. The perceived role of audit bureau member's reports.	Observations of audit bureau members contained in the reports could be addressing the fraud risks and processing the deviations. Also their recommendations which were taken seriously had received considerable attention by officials, and their reports were characterized by accurate observations in which the content could be understood easily.
5. The perceived role of performance of audit bureau members.	Audit bureau members had not extensive experience and technical capacity to perform their function. AB did not keen to establish the seminars and scientific conferences specialized in improving the performance of audit work. Some of Audit bureaus members had the personality required, high moral character and extensive knowledge to fulfill auditing tasks but their performance of the tasks was below the required level. However, sometimes the relationship between the Audit bureau members and government institutions was characterized by cooperation and a spirit of responsibility. Audit bureaus members committed to the laws and regulations in fulfilling their auditing tasks.
6. The perceived role of modern technology machinery and equipment and modern programs.	Audit Bureau did not keen to provide the budget for modern technological means to assist in the completion of audit functions. Audit bureau members did not use modern technological means to strengthen the evidence that they received, and did not have electronic library facilitates refers to the laws, regulations and instructions which was necessary to facilitate their work.

<p>7. The perceived role of auditing methods.</p>	<p>Audit Bureau adopted the subsequent control only in the performance of its work, thus delayed the discovery of the deviations and made the correction became very difficult. Audit Bureau members could conduct auditing process without any obstacles. Entities subject to the Audit Bureau's supervision allowed AB members to perform snap audit without any obstacles. Audit Bureau members could examine all the necessary documents to perform their functions without any obstacles.</p>
<p>8. The perceived role of training and gain experience.</p>	<p>Audit Bureau did not link the promotion system and supreme occupants' job with training courses. Audit bureau was not giving any attention to develop its members' performance with the best and most distinctive competencies. Audit bureau had high salaries range which would attract the qualified and trained officers and the Audit Bureau maintained them. There was no special budget for training and programs that provided regular opportunities for training and development of the members, which led to weaken the performance level of Audit Bureau members.</p>
<p>9. The perceived role of independence of the Audit Bureau of controlled entities.</p>	<p>Audit Bureau members had independence and impartiality during performance of their auditing and they were not subjected to external influences without being obscured by them with any information they needed to perform their tasks. Audit Bureau members detected also wrote irregularities and deviations that were resulted from the auditing process which was made without any influence from other parties. Audit Bureau had not enough financial autonomy sufficient when it prepared the visualization of the budgets.</p>

IV. CONCLUSIONS

- Audit bureau did not achieve the level of safety insurance of financial activity and the proper use of the public money; also did not adopt the prior censorship (prior to implementation) or auditing during implementation which would lead to the delay of the financial deviations detection and made it extremely difficult to correct the deviations.
- Audit Bureau was failed to match the financial and administrative activity of the laws, rules, regulations and executive decisions. It also lack of verifying the existence of the integrity, transparency to strengthen the credibility policy and confidence among entities subject to the Audit Bureau's supervision.
- Audit Bureau members could review all the necessary documents to perform their functions without any obstacles. Audit Bureau did not give any opportunity to its members to obtain higher scientific and professional certificates. The nepotism and favoritism in appointing some members based on kinship or tribal affiliation despite their competency, integrity and professionalism particularly during Gaddafi's rule. Audit Bureau members had performed their tasks permanently and regularly.
- Audit Bureau procedures did not impede the function of government institutions and did not keep pace of the scientific and technical progress based on International Standards on Auditing. Audit Bureau did not fully contribute to the rise of efficiency in the performance of government institutions. The plans of audit bureau to fulfill their tasks were insufficient to face the responsibilities and tasks required. Observations of audit bureau members contained in the reports could be addressing the fraud risks and processing the deviations.
- Audit bureaus members recommendations which were taken seriously had received considerable attention by officials, and their reports were characterized by accurate observations in which the content could be understood easily.
- Audit bureaus members did not have extensive experience and technical capacity to perform their function. Audit Bureau did not keen to establish the seminars and scientific conferences specialized in improving the performance of audit work.

- Some of Audit bureaus members had the personality required, high moral character and extensive knowledge to fulfill auditing tasks but their performance of the tasks was below the required level. However, sometimes the relationship between the Audit bureau members and government institutions was characterized by cooperation and a spirit of responsibility. Audit bureaus members committed to the laws and regulations in fulfilling their auditing tasks.
- Audit Bureau did not keen to provide the budget for modern technological means to assist in the completion of audit functions. Audit bureau members did not use modern technological means to strengthen the evidence that they received, and did not have electronic library facilitates refers to the laws, regulations and instructions which was necessary to facilitate their work.
- Audit Bureau adopted the subsequent control only in the performance of its work, thus delayed the discovery of the deviations and made the correction became very difficult. Audit Bureau members could conduct auditing process without any obstacles.
- Audit Bureau did not link the promotion system and supreme occupants' job with training courses. Audit bureau was not giving any attention to develop its members' performance with the best and most distinctive competencies.
- Audit bureau had high salaries range which would attract the qualified and trained officers and the Audit Bureau maintained them. There was no special budget for training and programs that provided regular opportunities for training and development of the members, which led to weaken the performance level of Audit Bureau members.
- Audit Bureau members had independence and impartiality during performance of their auditing and they were not subjected to external influences without being obscured by them with any information they needed to perform their tasks.
- Audit Bureau members detected also wrote irregularities and deviations that were resulted from the auditing process which was made without any influence from other parties.
- Audit Bureau had not enough financial autonomy sufficient when it prepared the visualization of the budgets.

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