

Indication of the Determinants to Audit and Analyze Financial Statements is a Major Challenge to the Legal Accountant {Analytical Study to the Views of Jordanian Chartered Accountants}

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A summary of the Study

The study aimed at showing the auditor's responsibility in evaluating the reasonableness of the estimates reached to by the Management which require the implementation of a set of audit procedures to provide reasonable belief in the suitability of these estimates, to achieve this kind of estimates the auditor should obtain reasonable assurance that the information which the estimate was based on are correct and complete and related to the estimate, and that the management has dealt properly with that information in a way enables it to identify the estimates on reasonable basis.

The study adopted an analytical descriptive approach based on the nature of the subject and previous studies and scientific and audited periodicals and on the information which was obtained through questionnaires that were distributed to the study sample. The study sample was a group of audit offices, which reached to (22) Offices, (86) questionnaires were recovered out of 132 distributed questionnaires, retrieve rate was (65%) of the study sample.

Most important final results reached by the researchers is that the legal accountant should evaluate the entity's ability to continue its routine during the coming period, In case of doubt in this continuity, accountant must be conservative in his/her report or to refrain from expressing their opinion. Shareholders, project owners and users of financial statements expect the legal accountant to discover errors, fraud and illegal links that affect the financial and results of works.

The most important recommendation in this study is that the legal accountant should detect most of fraud cases and illegal behaviors since the users of the financial statements expect the auditor to discover that during the correct implementation of auditing progress, the legal accountant should also take into consideration the risks of financial misrepresentation in the financial statements resulting from fraud and illegal acts.

Introduction

Auditing is one of the branches of knowledge which gets affected in its birth and evolution by the social and economical development of communities that aim to meet the needs of individuals and stakeholders. The traditional function of the auditing profession is conferring more confidence on the financial statements; this function was not affected by the passage of time despite the evolution of the nature of audit procedures in the countries of the world in its first generation, when the audit was

submitted in its comprehensive concept and interested in examination and testing everything in the records and financial statements, and then to the second generation during which reliance on the methods of sampling and analytical auditing to reduce the scope of the audit was applied. And then to the third generation, which is accompanied by the emergence and development of the perspective of auditing based on the integrity of accounting and control, and the fourth generation through which reliance on highlighting the added value to auditing service. Auditing, in the last two centuries, has a obvious impact on financial operations as its importance has increased in the past half-century. Audit profession emerged in Jordan in 1944, and the issuance of first law regulating audit profession in Jordan was, Law No. 10 of 1961 "Law of practicing the audit profession", trying to organize the profession and upgrade it.

Despite attempts by Jordanian law to regulate and develop the auditing profession, but it needs more regulation and development, however it needs more regulation and development, and that the process of developing requires recognition of the current status of the profession and whatever problems faces the auditors in Jordan which were characterized by its multitude and diversity. Some of which are related to legislation and laws regulating the profession, others related to vocational Assemblies in Jordan, some related to the customers and other problems. So our study aimed to show the determinants of auditing the financial statements as a major challenge to the Jordanian legal accountant.

The Importance of the Study

The importance of study is to clarify the determinants of auditing financial statements facing the external auditor while examining those statements. especially when there are fundamental errors affecting the calculations and the establishment inability to continue its routine during the coming period, which must not exceed (12) months from the date of signing the financial statements, and existence of fraud and irregular links to the financial statements.

Objectives of the Study

- The need has become urgent for the auditing profession and external auditor has the right to view the serious errors in the financial information which is increasing significantly when calculations based on estimates rather than historical facts. Therefore, This study aims at showing the auditor's responsibility in evaluating the reasonableness of the estimates reached to by the Management which require the implementation of a set of audit procedures to provide reasonable belief in the suitability of these estimates, to achieve this kind of estimates the auditor should obtain reasonable assurance that the information which the estimate was based on are correct and complete and related to the estimate, and that the management has dealt properly with that information in a way enables it to identify the estimates on reasonable basis. As well as showing the estimated time required for the completion of the auditing process and determine the cost of obtaining the adequate and appropriate evidence to prove the external auditor's opinion on validity of the financial statements. In addition to showing risks of using the statistical sample method and reliance on financial analysis in the audit process and showing responsibility for detecting errors, fraud and illegal acts the in the financial statements.

Problem of the Study

1. Is the external auditor responsible for detecting fraud, illegal acts; does later detection of fraud and illegal acts mean that the external auditor is not carrying out their professional duties properly?
2. Can the external auditor, through financial analysis, predict the non-continuity of the facility to carry out its business as usual during the coming period?

Hypotheses of the Study

To answer the problem of the study, researchers adopted a set of hypotheses:

The first Hypothesis:-

1. There is no connection between the auditor's responsibility for the discovery of error and fraud and illegal acts after the issuance of his/her report and his/her failure to carry out their professional duties.

The second hypothesis:-

2. There is no connection between the of the external auditor's using of financial analysis and prediction of the noncontinuity of a facility to carry out its business as usual during the coming period.

Methodology of the Study

This study will adopt an analytical descriptive approach based on the nature of the subject and on previous studies, scientific periodicals and auditor's information that is obtained either through questionnaires or interviews.

1. 1. Previous Studies

Note: we view and arrange studies that are relevant to the subject of study from newest to oldest:

1. (Dergham, 2009) a study entitled "The problems faced by auditors in Gaza Strip" This study aims to identify the problems faced by the auditors of legal practice in Gaza Strip whether problems related to legislation and laws regulating the profession or to the Palestinian vocational associations or to customers or any other problems as well as propose solutions to these problems. The researcher prepared a questionnaire which was distributed to a sample of (30) legal practice auditors in Gaza Strip, The researcher used methods of descriptive statistic and t-test and the most important results of the study were the following:

The absence of binding, by profession regulators, to the international accounting and auditing standards and that the main purpose of auditing process is to discover errors and fraud. The study concluded several recommendations including: auditors' sensitize of the importance of commitment to ethics and professional conduct, holding more workshops and training courses by professional associations, so that to keep members of the profession in pace with the innovations and developments in auditing profession.

2. (Karajh, 2004) A study entitled: "The compliance of the auditor's to professional conduct rules in Jordan and the means to encourage them to it. " The study aimed to measure the compliance of external auditors to rules of professional conduct in Jordan and to identify means to encourage them to abide by professional conduct and then make some suggestions that can contribute to the development of those means. The researcher conducted a study by a questionnaire aimed to find out the compliance of the auditors in professional conduct rules in Jordan, from the point of view of: External auditors, users of financial statements, bodies supervising audit profession in Jordan. The main findings of the researcher were: The external auditors in Jordan often adhere to the professional conduct rules issued by the Jordanian Association of Chartered Accountants, also the researcher concluded at the end to propose a set of recommendations That may contribute to raising the level of the professional conduct of external auditors in Jordan and to encourage them to abide by the rules of professional conduct.
3. (Halas, 2002) A study entitled "Accounting estimates, the problems arising from their use and the external auditor's opinion of them. " About the risks of miscalculating the amounts related to allotments and possible losses, as any increase or decrease from right appreciation will lead to the formation of the secret reserve or to avoid paying taxes payable on the facility, and recommended in this study the need to check the estimates adopted by the management of the facility and make sure of its validity and reasonableness.

4. (Jerboa, 2001) A study entitled "The continuity of the Facility's business as usual in the upcoming period. " Fundamentals of practical framework in the audit" About the responsibility of the external auditor for the events subsequent to the work of the financial statements and the discovery of fundamental errors affecting calculations after the issuance of his report, in his study he explained that the external auditor is responsible for subsequent events and should do extended audit procedures for this period because some of these events have direct impact on the calculations and must be settled and adjusted, and some of which has no effect on the accounts of year under audit, but must disclose those events because it is considered appropriate and suitable for users of financial statements.
5. Study. (Gay, G. schelluch, P. and reid, I. 1997) Who concluded the fact that users of financial statements have believed that should external auditor, in the implementation of the audit process, ensure that the discovery of all important fraud cases, and some of the researchers support previous findings by saying that most users of financial statements have expectations that auditors should discover all important cases of fraud.
6. Study. (Kaplan, S. and Reckers, P. 1995) Who made clear that the accounting estimates are the accounting policies adopted by the facility management when preparing financial statements, and that accounting principles has given to this administration the choice to select methods of accounting to be used in the treatment of financial operations. This flexibility in the use of accounting methods enabled the facility administration to influence financial statements being prepared by management itself. Inability of the external auditor to obtain decisive evidence to prove that the administration had given these estimates in a reasonable manner. the study recommended the need for external auditors auditing these estimates and ensure its safety, reasonableness and correctness.
7. (Alhmoed et al. 1992) study entitled " Problems facing auditors in Jordan) The study aimed at contributing to the process of developing the accounting profession by standing on the problems facing auditors in their work and the degree of its importance. The biggest problems in importance, from the viewpoint of the auditors, were: The absence of specific rules of professional conduct and lack of awareness of these rules on the part of auditors, the weakness of the internal control system of the companies under auditing, disproportionate fees of the auditors with the size of their duties, insufficient representation of auditors in Auditing Profession association, lack of adoption of accounting and auditing standards in the Jordanian environment, unfair competition, inadequate accountants of companies, and the low level of trust between the auditors and Income Tax Department.

The most important recommendation of this study was the need to develop specific rules of professional conduct to auditors by the Jordanian Auditing Association and Income Tax Department.

8. Study. (Ryan Commission, 1992) who believes that the intense competition among audit firms make it difficult for auditors to always maintain their independence when they make decisions in the audits, many researchers confirm this result; they believe that auditors, under the pressure of competition, may be hesitant to be much conservative in their reports on the financial statements for fear of losing the customer.

Accounting Estimates

The accounting policies are those principles, rules, norms, and scientific applications adopted by the facility management in preparation and processing of financial statements, facility administration is responsible for the work of the accounting estimates including the financial statements, These estimates are often prepared in conditions of uncertainty for the outcome of events that have occurred or are likely to occur, which include the use of personal judgment; and as a result, the risk of material deviations increase when the financial statements include accounting estimates (ISA-540,1998).

The auditor is responsible for the material deviations if he/she does not adopt one or more of the following methods to audit accounting estimates:

- A Examine the processes used by the administration to prepare the estimate, and usually the examination include the following steps:
 - Evaluation of the financial statements and understand the assumptions on which the estimate was based.
 - Testing of the calculations contained in the estimate.
 - Compare the estimates prepared in prior periods with actual results for these periods.
 - Study of the administration procedures for the adoption of these estimates.
- B Using an independent estimate for comparison with estimate prepared by the facility management.
- C Examine the subsequent events that support the work of estimate.

(1) Events Subsequent to the Work of the Financial Statements

The facility management often prepare financial statements on 31/12 of every year, but they do not be ready for publication in the newspapers before three months from the date of preparation, The Companies Act in most countries of the world has given these companies out of three months to correct the financial position, the period from the date of preparation of financial statements to the pre-release of the report time is called (the period of subsequent events). The Committee of Audit procedures following the American Association of Certified Accountants has divided these events into three types as follows:

1. Events subsequent to the work of the financial statements before the issuance of the auditor's report and which have an effect on the accounts and must be adjusted and resolved in the books and records, such as amending the provision for doubtful debts as a result of the collection of large amounts of debtors and arranging settlements with the other, which calls for reducing this allowance.
2. Events subsequent to the work of the financial statements before the issuance of the auditor's report and which have no effect on the accounts of the year under audit, but disclosure to third party of users of financial statements is necessary and appropriate, such as buying a new company, or merge with another company, or buy shares and bonds in large quantities, or for earthquakes and floods and fires, or any other natural disasters.
3. Events subsequent to the work of the financial statements before the issuance of the auditor's report, which does not have the nature of accounting, and disclosure is left to the discretion of the auditor, such as significant changes in the management of the company, change the form of products, doing a media campaign to promote products in the next year.
4. The existence of future events affecting the accounts:-
 - These future events have impact on the accounts, the properties of these obligations is that it will occur, but determining its amounts on closing date in balance sheet is unknown, and these conditional obligations, the external auditor must be interested in, particularly are: Unresolved lawsuits regarding the violation of patent rights to another facility, a commitment for product defects, or any other actions.
 - Disputes relating to income tax.
 - Product licensing operations.
 - Deduction of notes receivable.
 - Guarantees are provided for the obligations of others.
 - Auditing standards explained that the management and not the external auditor, is responsible for determining the appropriate accounting treatment of conditional obligations, and in many of the audits would be impractical for auditors that they discover conditional obligations without the existence of cooperation from the management of the facility.

- The objective of the external auditor is the verification of conditional obligations in the evaluation of the accounting treatment.

(2) Studying and Evaluating the Internal Control System

It is well known that the term "internal control", include in its wide content all forms of economic control within the facility, it includes the administrative, financial accounting, and technical control. internal control is established and implemented by the Project Management In order to protect the facility and its property assets from tampering, theft, embezzlement and abuse, And acquire data and accurate information to help the administration to carry out planning and decision-making, encourage productive efficiency, the eradication of waste and exhaust in the industry and production at the lowest cost possible, and to ensure that all project personnel carrying out the policies and procedures established to them by project management. In the case of the presence of gaps or deficiencies in internal control system, the auditor must report about that to raise it to this administration, and audit procedures Committee of the American Academy of Certified Accountants the under its recommendation No. (20) Of 1977 has supported (Steinberg,1993) (William & Miles, 1988) (Mclemore, 1999) (Petra vick, 1997) (Marcella, 1995).

(3) Doubts about the Facility's Ability to Continue its Business

Financial reports the of the external audit Must include that project management is responsible for the preparation of financial statements, and therefore must ensure the appropriateness of the imposition of continuity for the preparation of the lists, if there is no justification to this imposition, The project cannot achieve the asset values recorded in the its books. And a change in values and due dates of commitments occurs, therefore the need arises to modify the values and tabulation of all the assets and liabilities in the financial statements of the project.

- That the imposition of continuity in acts is one of the basic concepts which are the basis to prepare financial statements; it also means that the book value of assets traded will be collected, and that current liabilities will be paid during normal business practice. (Clark, R. L. and Newnan, M. S., 1986) The external auditor must take into account several factors to estimate the possible exposure of the project for lack of continuity: the difficulties in liquidity, and the direction of profit to decline from year to year, and the reluctance of banks and credit institutions to provide credit facilities for the project (Jerboa, Mahmud yousif, 2001).

(4) Fraud and Illegal Connections in the Financial Statements

The term fraud refers to intentional act by one or more members of the Board of Directors (Ghali, Gorge Danial, 2002-2003) see for example (Robson, D., 1988) or staff resulting in an incorrect view of the financial statements, fraud may involve on the following:

- Manipulation of records, documents, or falsifying or altering them.
- Misallocation of assets.
- Delete or cancel the effects of the operations on records or documents.
- Registration of fictitious operations.
- Misapplication of accounting policies.

Also, illegal links are the result of paying bribes or illegal payments by the facility, and that users of financial statements expect external auditor to detect illegal acts during the implementation of the audit process, the researcher believes that these expectations are reasonable, despite the importance of internal control systems which is its effectiveness in reducing the possibility of committing illegal acts to the lowest possible extent, in addition to increase the possibility of discovering them case of commission, it is necessary to expand the scope of responsibilities of auditors regarding the discovery of these behaviors.

(Goldbery, S. R. and Godwin, J. H. ,1995-1996) (Miller, G. ,2001) (Al-Hawari, Muhammad nasr et al 1992-200).

- External auditor is not responsible for the prevention of fraud and illegal acts, but he must make professional appropriate attention, which requires him to study and evaluate the internal control system, and determine the procedures and the necessary tests and their timing (Jancura & Lilly, 1977) and the work program of comprehensive audit includes additional measures, if the auditor detected a material misrepresentation in the books, records and financial statements.
- The auditor also should inquire from the facility management about the discovery of any serious error or fraud or any illegal acts in the accounts(Abdullah, Khaled Amin, 2000).
- The auditor should, when planning audit procedures and implementation; and when evaluating and reporting of results, take into account the risk of a material misrepresentation in the financial statements resulting from fraud and illegal acts, including:
 - Questions about the integrity and efficiency of the facility management.
 - Cases of fraud and deceit the management is involved in.
 - Material misrepresentations resulting from fraud and illegal acts.
 - Misrepresentations which refers to the existence of material weak points in internal control system including the design and operation of the process of preparing Financial reports for the facility.

(5) Problems Facing the External Auditor when Using Method of the Statistical Sample

- In our present era, the process of checking account has turned from full audit to the experimental audit (i. e. using the method of statistical sample) due to the emergence of large corporations and its large number of operations and the power of its internal control system (Simith, R. A., 1972) as well as save time and reduce costs when auditing the financial statements.
- Method of sample statistics derived from the probability theory in mathematics and its effect is that if we chose a sample of a group of financial operations at random, we will get good results from those operations which we withdrew the sample from, but auditor should take into account to be impartial (Stockton, J. R. 1962) when choosing the sample, impartiality means to give every single financial operation the same chance to be part of the sample.
- Also, the auditor should take pay attention to determine the degree of confidence required for the success of the process, to determine for example the degree of confidence in advance as a percentage of (95%), and leave within the limits of (5%) up to a maximum of falling into error, then the auditor select the (Arkin, H. ,1963) appropriate sample size, and begin the examination process. If he found the result of the sample after testing has reached (95%) or more he decides the success of the sample and publicize (Ibid, 2001) the result to the community the sample was drawn from.
- The auditor should also monitor the risks associated with using statistical sample from which the risks of material misstatement in the preparation of financial statements, as well as inadequate and inappropriate sample of the auditor in the discovery of these mistakes.
- the auditor Should take into account that in the application of the statistical sample for the purposes of finding the statistical conclusion, some of the problems of special nature appear that it need to take decisions such as choosing a preview plan that fit with the goal of the test, and determine the size of the community under study and appropriate sample size, and then choose a sample and a subsequent evaluation of the results of the sample.

(6) Limitations of Cost and Benefit

- The cost-benefit relationship is the basic measure that must be taken into account when designing audit procedures, but the measurement of costs and benefits accurately is not always possible, and therefore, any evaluation of cost-benefit relationship is subject to an element of discretion on the part of facility management.

- (Badran, Sanaa muhammed, 2008) has conducted a study; the results showed that audit services in the majority of economic facilities of Egypt are almost exclusively on the financial and accounting sides. The study put a reason for that is the dependency of internal Audit Department to the financial management; also a field study showed the benefit derived by the application of the modern concepts of audit in some economic facilities exceeds the cost of a specialized department within the facility to do the work.

In addition to the need to take the relative importance of the limitations of cost and benefit when preparing financial reports, in the sense that it must balance the cost of obtaining information and evidence and the benefit is expected to obtain from them, the balance between cost and benefit is a restriction on the audit process as a whole. the benefits expected from the information and evidence should exceed the costs of providing them, It also should be noted that the process of assessing costs and benefits related to the production of information and evidences is largely judgmental process.

Introduction

There was an interest in organizing the auditing profession in Arab countries, but this was not enough interest for the advancement of the profession to meet their counterparts in the advanced world, It is noted in this regard that foreign audit firms still dominate the greater part of the Arab market for auditing, Arab countries like other developing countries suffer from inadequate information systems and accounting systems, And as the audit profession is closely linked to accounting systems, the status of accounting and its systems is directly reflecting on the auditing profession. (Dergham,2009).

Thus, the sufferings of the profession of accounting and auditing are lack of qualified accountants in addition to low social view of career for it is not treated as an independent profession with its own entity but as a profession dictated by legal considerations, this leads to say that the profession in the Arab world still lack the spirit to keep pace with the rapid development of the world. (Dargham, 2009).

- The various problems facing auditors are classified into the following:
 - First - problems related to laws regulating the profession:
 1. Rules of professional conduct related to neutral are unspecified.
 2. The Exemption of Facilities, except shareholding companies, from keeping audited accounts.
 3. Ambiguity of laws related to the audit profession in Jordan.
 4. Law does not the auditor the right to discuss the isolation.
 5. the law does not require to qualify and train auditors on an ongoing basis so they can continue in carrying profession license .
 6. Jordanian Companies Law does not give the auditor the opportunity to render a counter opinion.
 7. There is no standard in the Jordanian law on the basis of which the auditor's fees are calculated.
 8. Inviting the general assembly of the shareholding companies in the necessary conditions is no longer the right of the auditor by the new law.
 9. Jordanian law permits to license a graduate of field other than the field of accounting in certain cases (Hamoud et al, 1992).
 - Second- Problems related to associations of profession:
 1. The absence of rules of professional conduct.
 2. Professional associations are not authorized to grant licenses to practice the profession of auditing under applicable law.
 3. Lack of awareness of some auditors of the important role played by professional associations.

4. professional associations did not play assigned to it; in organizing and developing the auditing profession.
5. Professional associations do not play an active role in educating the community about the nature of audit process and auditor's role and duties.
6. Lack of training courses conducted by professional associations to inform the auditors on the latest developments related to the auditing profession (Dargham, 2009)

Third - Problems related to customers:

1. Weak internal control system in firms that the Auditor audits its accounts.
2. Auditors' fees do not fit with the size of the responsibilities and duties imposed by law.
3. There is no binding standard for determining fees.
4. There is an overview that the main objective of the audit is to discover errors.
5. Some customers do promotion of some of the audit institutions (Hamoud et al, 1992).

Fourth- Other problems facing auditors:

1. Willingness to present the results of the audit in a form which is consistent with the wishes of the owners and management.
2. Some members do not to keep up with developments of auditing profession.
3. Low level of efficiency of the firms' accountants.
4. Unfair competition between auditors.
5. Lack of specialized bodies training and rehabilitate auditors to high scientific and practical qualifications.
6. Lack of sufficient awareness of the auditors and customer in the professional ethics and auditor's independence.
7. Low level of interest by the government in the profession compared with other professions such as medicine, law and engineering.
8. Use of computer by companies has led to an increased risk of audit.
9. Low level of trust between the auditors and related parties.
10. Lack of connection between examination and profession licensing.
11. Non-participation of academic and professional groups in the formulation of laws and legislations governing the profession.
12. Existence of international auditing institutions deprived the local offices from large volume of work and of an important opportunity to develop and acquire new skills.
13. Lack of full and complete separation between the accounting profession and the auditing profession. (Dargham, 2009).

Fifth- There are other problems posted by the auditors:

1. The license terms for auditors are not sufficient.
2. Lack of specification of the qualifications of workers in the offices of the audit.
3. License a large number of auditors according to the previous laws.
4. Lack of respect for the auditor's report by any of the tax evader or accounts manipulator which make the auditor to withdraw and give up his rights in silence.
5. Accountants assume many of the issues that must be undertaken by auditors, such as the bankruptcy trustee (the liquidator).
6. Lack of respect for the profession in the official and judicial circles.
7. Easy to harm the reputation of the auditor by any of the tax evader or accounts manipulator which make the auditor to withdraw and give up his rights in silence.
8. Exemption of certain groups of doing exam; with the possibility of lack of knowledge in the Jordanian laws.
9. Withdrawal of the license due to lack of practice in contrast to other professions such as medicine and law. (Hamoud et al, 1992).

The Field Study

Community of Study

Community of study consists of audit offices in Jordan, whom the questionnaire was distributed to, and their number (619) Office of Audit.

The study sample

The study sample included (22) Office of the audit which were selected randomly, where the researchers distributed questionnaires to the auditors who work in these offices, (86) questionnaire were recovered out of the (132) questionnaire, and the recovery percentage was (65%) and no exclusion of any questionnaire happened.

Analysis of the results

The researchers used Likert five standard to measure the answers to the paragraphs of the questionnaire (see questionnaire in Appendix 1) The answers used are as follows:

1. Strongly Agree
2. Agree
3. Neutral
4. Disagree
5. Strongly disagree

Questionnaire was divided into two axes, the first axis shows the relationship between the responsibility of the legal accountant after the issuance of his report on the discovery of fraud and illegal acts and the failure to carry out their professional duties, This axis and contained(10) paragraphs, whereas the second axis shows the relation between financial analysis use by auditors and prediction facility's non- continuity of the normal conduct of its work during the coming period, and this axis contained (11) paragraphs.

The researchers used the questionnaire to study the determinants of audit of financial statements, which is great challenge for the legal accountant.

Internal Consistency in the Questionnaire

The researchers codified the questionnaire, before distribution to the study sample, to make sure of its honesty as follows:

The Statistical Treatment

The researchers discharged and analyzed the questionnaire by the statistical program SPSS.

Premises Test

The first hypothesis: "There is no relationship between the legal responsibility of the accountant after the issuance of his report on the discovery of fraud and illegal acts and the failure to carry out their professional duties"

The average of each paragraph is greater than 3, indicating statistically at a level sign of 0. 01 and T-test value of each paragraph is greater than the tabular value which confirms the accord views of the community study that chartered accountant is legally bind to do new procedures on the financial statements after the issuance of his report if there is an error or fraud or illegal acts, and that in case of errors and fraud they must discuss the matter with the management and ask them to amend the financial statements according to the new circumstances and amend the report as appropriate for the errors and illegal acts and the facility should disclose the new information even after the issuance of progress reports, in case of refusal to disclose the new information, must be reported to each member of the Board of Directors, and notifying control bodies that the facility subject to their authority as not to rely on the report of the auditor in the future, and the facility should take responsibility for the existence of errors or fraud. and also in view of the results of Table (1) we find that the overall rate of

paragraphs 3. 75 and, the value of a test T is equal to 28. 15, and level of significance equal to 0. 00 i. e. the Community of study accord on that the relationship between the responsibility of the auditor after the issuance of his report on the discovery of fraud and illegal acts and the failure to carry out their professional duties statistically significant at the level of significance 0. 01.

Table 1:

Paragraph No.	The paragraph	The arithmetic average
1	Is the external auditor legally bind to do new procedures on the financial statements after the issuance of his report if there is error or fraud or illegal acts?	4. 14
2	In the event of the presence of errors and fraud and illegal acts after the issuance of the report, do you discuss the matter with management and ask them to amend the financial statements according to new conditions?	3. 17
3	Do you amend the report i. e. new report appropriate with the errors, fraud and illegal acts?	5. 62
4	In the event that facility issue progress reports every 3 months or 6 months and the remaining period to issue a progress report is near, do you wait to disclose this new information until the issuance of this report?	4. 33
5	In approval by management on what you have asked earlier, do you decide or take the necessary measures to ensure that a facility disclosed as required?	5. 38
6	In the facility's management refusal to disclose new information discovered, do you notify each member of the Board of Directors about this, and in this case no link between the financial statements and auditor's report from now on?	4. 56
7	Do you notify control bodies which the facility is under its authority of such an incident and not rely on the auditor's report in the future?	4. 75
8	Do you notify every person you know he depends on the published financial statements about the necessity not to rely on the report in the future?	4. 60
9	Is the facility management responsible for of the existence of errors or fraud or illegal acts in the financial statements?	3. 19
10	Is it easy for the auditor to discover the fraud carried out by the upper management of a project?	3. 29

Table 2:

Paragraph No.	The paragraph	The arithmetic average
1	Do you think that the imposition of continuity on projects bind it to continue its routine during the next foreseeable period?	3. 53
2	Do you think that the imposition of continuity on the project bind it not to stop work or reduce its business significantly?	3. 74
3	Do you think that the imposition of continuity means that unwillingness to liquidate the project because it draws bad image of the national economy?	7. 17
4	Is the external auditor responsible for assessing the project's ability, on which the financial statements are made, to continue its regular work?	3. 21
5	Do you think that in case of doubt in the continuity of the project to carry out its work through the use of financial ratios such as liquidity difficulties, and in case of lower profits and increasing losses, must be conservative in their report?	4. 30
6	Do you think that in the absence of the project's ability to continue its work, the auditor should refrain from expressing an opinion in his report?	6. 56
7	Do you think that in the absence of continuity in the project, the auditor should withdraw from the audit process after taking legal advice?	4. 53
8	Do you think that the failure of auditors to provide early warning instructions about the dangers of failure of projects in the near future has to do with the non-continuity of those projects?	3. 74
9	Do you think that the uncertainty of the project's ability of continuity has a negative reaction on stock prices in the financial market?	3. 83
10	Do you think that if there was a difficulty in cash flow, and gradual decrease of the profits, project entered in speculation operations, the reluctance of banks to provide facilities will that lead to a Non continuity?	3. 89

Table 2: - continued

11	Do you think that the financial ratios and rates by some experts, such as financial analysis of capital to assets, retained earnings to total assets, sales to total assets, are related to the continuity of the facility?	3. 76
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The overall rate of paragraphs 3. 75 and, the value of a test T is equal to 28. 15 and level of significance equal to 0. 00 i. e. the Community of study accord on that the enforcing of continuity on projects obligate it to continue its regular business during the next foreseeable period, and should not stop working or reduce its work significantly, and should not liquidate the project because that draws bad image of the national economy. community of study Also agreed that the external auditor is responsible for assessing the project's ability to continue in its regular work on which financial statements is based the work of and if the legal accountant is certain about inability of the project's continuity in its work he should not give his opinion in his report, reserve upon it and withdraw from the audit process after taking legal advice from the Legal Counsel, As well members of the Community of study believed that the failure of auditors to provide early warning instructions about the dangers of failure in the near future has to do the non-continuity of those projects and the uncertainty of the project's ability to maintain continuity has a negative reaction on stock prices in the financial market, And that if there is difficulty in cash flow, the gradual decline of profits, project's entering in speculation operations, and the Bank's reluctance to provide facilities would lead to a Non continuity, As well as members of the Community of study agree that the financial ratios and rates carried out by some experts, such as financial analysis of capital and retained earnings and sales to total assets related to continuity facility. In view of results of Table No. (2), we find that the overall rate of paragraphs is equal to 4. 05 and value of T test is equal to 28. 72 and the value of level significance equal to 0. 00 i. e. difference between the rate of the paragraphs and the overall average, which is equal to 3 indicates statistically sign at the level of 0. 01 i. e. there is relationship between the auditors' use of financial analysis and prediction of non- continuity of facility to carry out its regular work during the coming period.

The Study Determinants

Researchers have faced series of difficulties during their work on this study were as follows:

1. There was a problem which is presence of inventory during the distribution of questionnaires among a sample of the study in the offices of Audit.
2. There was another problem in some offices' refrain from responding to the questionnaire distributed as complement of the study.
3. There was a problem finding addresses of offices of Audit.
4. There was a problem retrieving the questionnaires so that researchers distributed a large number of questionnaires, but the number recovered was low compared with what has been distributed.

The Results and Recommendations

Study Results

- The shareholders, owners of the project and third party who uses the financial statements expect the external auditor discovered errors, fraud and illegal links that affect the financial position and business results.
- The need to obtain information from the Legal Counsel of the project on important legal issues that may affect the project's ability to continue its work during the coming period.
- The auditor should assess the facility's ability to continue its regular during the coming period, and in case of doubt in this continuity they should be conservative in their report or to refrain from expressing an opinion.

- Study of the events subsequent to the balance sheet date with respect to their impact on the minutes of meetings of the General Assembly and the Board of Directors and other important committees to find out what refers to the existence of difficulties related to funding.
- The cost-benefit relationship is the basic measure, which must be taken into account when designing audit procedures, and therefore, any evaluation of cost-benefit relationship is subject to an element of discretion on the part of management of the facility.

Recommendations

- The external auditor should discover most of fraud cases and illegal acts as the users of financial statements expect Auditor to find that during the implementation of the audit process properly Auditor should also, when planning audit procedures and their implementation, take into account the risks of material distortion in the financial statements as a result of fraud and illegal acts.
- The external auditor should control the risks associated with the use of statistical sample from which arise the fundamental errors in the preparation of financial statements, as well as inadequate and inappropriate auditor's sample in the discovery of these errors.
- External auditor should take into account that in the application of the statistical sample for the purposes of the statistical conclusion; there appear some problems of special nature which need to take decisions such as choosing a preview plan that fit with the goal of the test, and determine the size of the community under study and sample appropriate size, and then choose a sample and doing subsequent evaluation of the results of the sample.

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Questionnaire

In the Name of Allah most merciful most gracious

Brother, Prof.

May Allah preserve him

Sister, Prof.

May Allah preserve her

Deep heartily thanks for your cooperation, and with full respect we ask you to complete this study by filling in questionnaires; number of attached (2) on the topic of:

"Determinants of audit financial statements is a great challenge to the legal accountant"

{An analytical study of the views of Chartered Accountants in Jordan}

(Note: all the information we will get will be treated confidentially and will only be used for research purposes.)

Yours sincerely,

List of Questionnaire No. 1

"It was found that there is no relationship between the responsibility of the external auditor after the issuance of his report on the discovery of fraud and illegal acts and the failure to carry out their professional duties. "

No.	Clarifications	1. Strongly Agree	2. Agree	3. Neutral	4. Disagree	5. Strongly disagree
01	Is the external auditor legally bind to do new procedures on the financial statements after the issuance of his report if there is error or fraud or illegal acts?					
02	In the event of the presence of errors and fraud and illegal acts after the issuance of the report, do you discuss the matter with management and ask them to amend the financial statements according to new conditions?					
03	Do you amend the report i. e. new report appropriate with the errors, fraud and illegal acts?					
04	In the event that facility issue progress reports every 3 months or 6 months and the remaining period to issue a progress report is near, do you wait to disclose this new information until the issuance of this report?					
05	In approval by management on what you have asked earlier, do you decide or take the necessary measures to ensure that a facility disclosed as required?					
06	Do you think that in the absence of the project's ability to continue its work, the auditor should refrain from expressing an opinion in his report?					
07	Do you notify control bodies which the facility is under its authority of such an incident and not rely on the auditor's report in the future?					
08	Do you notify every person you know he depends on the published financial statements about the necessity not to rely on the report in the future?					
09	Is the facility management responsible for of the existence of errors or fraud or illegal acts in the financial statements?					
10	Is it easy for the auditor to discover the fraud carried out by the upper management of a project?					

List of Questionnaire No. 2

"There is no relationship between the auditors' use of financial analysis and prediction of non-continuity of facility to carry out its regular work during the coming period. "

No.	Clarifications	1. Strongly Agree	2. Agree	3. Neutral	4. Disagree	5. Strongly disagree
01	Do you think that the imposition of continuity on projects bind it to continue its routine during the next foreseeable period?					
02	Do you think that the imposition of continuity on the project bind it not to stop work or reduce its business significantly?					
03	Do you think that the imposition of continuity means that unwillingness to liquidate the project because it draws bad image of the national economy?					
04	Is the external auditor responsible for assessing the project's ability, on which the financial statements are made, to continue its regular work?					
05	Do you think that in case of doubt in the continuity of the project to carry out its work through the use of financial ratios such as liquidity difficulties, and in case of lower profits and increasing losses, must be conservative in their report					
06	Do you think that in the absence of the project's ability to continue its work, the auditor should refrain from expressing an opinion in his report?					
07	Do you think that in the absence of continuity in the project, the auditor should withdraw from the audit process after taking legal advice?					
08	Do you think that the failure of auditors to provide early warning instructions about the dangers of failure of projects in the near future has to do with the non-continuity of those projects?					
09	Do you think that the uncertainty of the project's ability of continuity has a negative reaction on stock prices in the financial market?					
10	Do you think that if there was a difficulty in cash flow, and gradual decrease of the profits, project entered in speculation operations, the reluctance of banks to provide facilities will that lead to a Non continuity?					
11	Do you think that the financial ratios and rates by some experts, such as financial analysis of capital to assets, retained earnings to total assets, sales to total assets, are related to the continuity of the facility?					