

## The importance of implementing the responsibility accounting features in Jordanian public companies in limiting the occupational fraud from the point of view of internal auditors and external auditors

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### ABSTRACT

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This paper was conducted to determine the importance of applying the features of responsibility accounting in Jordanian shareholding companies in limiting occupational fraud from the point of view of internal auditors and external auditors. It focuses on comparing their opinions and attitudes towards this issue. The study used a questionnaire that was designed and distributed to a random sample of 98 internal auditors who were shareholders of the firms and 93 external auditors who audited the accounts of the companies. The data collection tool included paragraphs about the seven features of responsibility accounting represented like dividing the organizational structure of the company into responsibility centers, and the existence of a system of delegation to the managers of responsibility centers with their powers in the shareholding. Statistical analysis of the data was performed using the SPSS statistical package. It was found that there is a role to adopt and apply all the features of responsibility accounting in Jordanian shareholding companies from the point of view of both internal and external auditors in limiting occupational fraud. The study recommended the adoption of an accounting system in companies that are in line with responsibility accounting given their role in limiting occupational fraud. The study also sheds light on the importance of external auditors giving attention to reviewing and evaluating the organizational environment and administrative procedures in the company to ensure that they are consistent with integrity and honesty.

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## 1. Introduction

The Shareholding companies in Jordan have recently witnessed a remarkable increase and diversity in cases of occupational fraud. New techniques were innovated to commit fraud and hide it by employees and workers in the companies that creates a burden on the company, and causes heavy losses. Therefore, it is one of the responsibilities of management and internal auditors of the companies to prevent fraud as much as possible. The company's external auditors adopt and implement procedures and methods that contribute to creating a safe and honest regulatory environment for the purpose of limiting occupational fraud. The decentralized method of management is the most common and requires control to ensure that departments implement what is required from them. This method requires delegating decision-making powers in the company, providing managers with the appropriate powers for their locations and the limits of their responsibilities, dividing the organizational structure of the facility into responsibility centers, defining the responsibilities of each center, comparing the actual performance of these centers with the company's plans, and rewarding the hardworking individuals as well as holding the negligent accountable and taking corrective decisions to address the deviations of the undesirable performance.

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The current study was designed to investigate the importance of adopting the features of responsibility accounting in limiting occupational fraud in Jordanian shareholding companies from the perspectives of the internal and external auditors. The opinions of the internal auditors were surveyed since their main task was to develop programs and plans that enable identifying fraud sites and taking measures to prevent its occurrence in companies hoping to provide a work environment dominated by integrity and honesty from one hand, and external auditors to carry out the necessary professional care to detect and report cases of occupational fraud on another.

### *1.2 Objectives of the study*

This study aims to determine the importance of adopting the features of responsibility accounting by Jordanian shareholding companies which are represented (in dividing the organizational structure within the facility into responsibility centers, having a delegation system for managers of responsibility centers with their powers, distributing costs and revenues according to the ability and responsibility of the departments to control them, linking planning budgets to each responsibility center in n companies, the use of planning budgets in monitoring and evaluating performance in responsibility centers, performance reports related to the statement of deviations of responsibility centers, the existence of a system of incentives and rewards related to the results of responsibility centers), to limit the risks of occupational fraud of all kinds. This study is conducted in relation to external and internal auditors.

### *1.3 Hypotheses of the Study*

The study hypotheses are represented by the following nihilistic main hypothesis: There is no role of applying the features responsibility accounting in Jordanian shareholding companies in limiting occupational fraud from the viewpoint of internal and external auditors?

The study attempted to test the following null- hypotheses.

Ho1: Dividing the organizational structure within the establishment into responsibility centers in Jordanian shareholding companies does not play any role in limiting occupational fraud from the viewpoint of internal and external auditors.

Ho2: Delegation system for responsibility centers managers with their powers in Jordanian shareholding companies does not play any role in limiting occupational fraud from the viewpoint of internal and external auditors.

Ho3: The distribution of costs and revenues according to the ability and responsibility of departments to control them in Jordanian shareholding companies does not play any role in limiting occupational fraud from the viewpoint of internal and external auditors.

Ho4: Linking planning budgets to each responsibility center in Jordanian shareholding companies does not play any role in limiting job fraud from the viewpoint of internal and external auditors.

Ho5: Using planning budgets in monitoring and evaluating performance in responsibility centers in Jordanian shareholding companies does not play any role in limiting occupational fraud from the viewpoint of internal and external auditors.

Ho6: Performance reports related to explaining deviations of responsibility centers in Jordanian shareholding companies do not play any role in limiting occupational fraud from the viewpoint of internal and external auditors.

Ho7: There is no system of incentives and rewards related to the results of the responsibility centers in the Jordanian shareholding companies in limiting job fraud from the viewpoint of internal and external auditors.

Ho8: There are no statistically significant differences between the opinions of the internal and external auditors towards all the hypotheses of the previous study.

### *1.4 The significance of the study*

The present study draws its significance from the fact that it attempts to determine the importance of applying features of responsibility accounting in shareholding companies in general and in Jordanian companies in particular in limiting occupational fraud from the viewpoint of both internal and external auditors. It compares between the viewpoint of two parties that are responsible for detecting fraudulent operations and taking measures to limit them.

Practical importance: This study is crucial in its nature for a number of reasons, most important of which is the departments of shareholding companies as they are responsible for the policies adopted by the company, its organizational structure, and for strengthening the internal control system in these companies. This study is also important for shareholders in companies as it aims to reach results. It is concerned with preserving their money from theft and fraud, and it is important for the external auditor due to its role in evaluating the lists and accounts of the company and the extent of their validity and their representation of the

financial position of the company as stipulated in the auditing standard No. 240. It is likewise considered for the internal auditor who works within the company and examines and evaluates the appropriateness of the application of accounting control and auditing the financial and operational system through evaluating the various control systems, and verifying how employees adhere to the policies, plans, procedures and laws that affect the activities of the facility.

## 2. Theoretical Framework

### 2.1 Responsibility Accounting and its Features

Responsibility accounting is defined as “a control system that aims to link costs and revenues to the persons responsible for their occurrence within the centers of responsibility and hold them accountable according to the powers and responsibilities vested in them.” (Al-Ruzi, 2007). Horngren and Sundem (2015) defined it as a system that measures plans represented by planning budgets with events and outcomes from each department or responsibility center. Responsibility accounting is characterized by the fact that it has become an administrative method that aims to design the accounting system to achieve effective performance control, as it relies on the system of planning budgets and the standard cost system in order to be able to see the role of planning, control and evaluate the performance of companies by linking the planned and actual performance and identifying deviations at all administrative levels. It also helps analyzing them to identify those responsible for them and take the necessary decisions to address and correct them (Meda, 2003). The features of responsibility accounting, as mentioned in the study by Gharaybah et al. (2011), are represented in seven basic elements:

- 1- Dividing the organizational structure within the facility into responsibility centers according to the nature of activities. Each center is under the responsibility of an administrative person, and this division constitutes the organizational structure of the facility.
- 2- Delegating the managers of responsibility centers with clear powers commensurate with the nature of the center’s activity and the responsibilities required of it, so that it can take decisions related to its center of responsibility and be accountable to the management for the outcome of the final performance of its responsibility center.
- 3- Distribution of costs and revenues among the responsibility centers, according to the ability of each center and its powers to control them, so that no overlap occurs between the centers' responsibilities, and so that the accountability is fair.
- 4- Linking planning budgets to each responsibility center, and this requires measuring the actual performance of the responsibility centers for the purpose of evaluating them, and having pre-set planning standards and budgets, in order for them to judge whether the actual performance of the various responsibility centers is acceptable or unacceptable.
- 5- The use of budgets for control and performance evaluation by comparing the actual performance with the planned performance of each responsibility center, as the planning budgets prepared for each responsibility center can be used to be the reference and standard for judging the actual performance result and identifying the deviations resulting from the difference of planned performance from the actual performance.
- 6- Preparing reports through which deviations of actual performance from planned performance are analyzed in order to determine the party responsible for the deviations. Each center manager must be held accountable for the activities that take place inside this center that fall within the scope of his control and oversight, and all responsibility center managers must participate in setting budgets for their centers, on which they will be held accountable. This is done by preparing reports that measure and analyze the causes of deviations from actual performance from planned performance. The performance of each responsibility center must be evaluated, and performance reports communicated through feedback to each manager quickly and in a timely manner.
- 7- Establishing a system of incentives linked to the results of the responsibility centers, so that performance reports are effective, their results must be strengthened by identifying the causes of negative deviations to prevent their recurrence in the future, and to identify positive deviations and the people responsible for their creation, in order to reward them so that this is an incentive for them and all employees to strive always to improve their performance. The incentive system should be linked to performance and this should be done during the planning and budgeting phase.

Responsibility centers in companies are divided into four types according to Garrison et al. (2009):

- 1- Cost centers: They are the departments or sections in which those responsible are held accountable for the costs that occur in them only.
- 2- Revenue centers: the responsibility for them is in controlling revenues only, and accountability for them is made for achieving revenues and comparing them with the planned revenues and stating the reasons for deviations, if any.

3- Profitability centers: Responsibility is represented in the costs that occur in them and for achieving revenues, as if the profit center is an independent establishment with its revenues and costs.

4- Investment centers: They are considered activity departments in which the manager is responsible for the use and possession of assets and the responsibility for managing revenues and expenditures.

## *2.2 Occupational Fraud and its Types*

Fraud is generally defined as an intentional act by one or more management personnel or those assigned to its governance, employees or third parties. It involves resorting to deception to obtain an unfair or unlawful benefit (IFAC, 2012, ISA No. 240: Par.11). Likewise, it is defined as the use of methods involving fraud, lying and deception with the aim of achieving personal benefits that lead to harm to others. Fraud is a disease that harms society, limits its productivity and economic efficiency, and incurs large costs to companies in all parts of the world (Albercht, 2009). With the presence of the internet, financial fraud has become a rapidly growing issue, especially with the emergence of modern communication technologies, mobile phones and internet mobility services. Fraud detection has also become an important process, especially financial fraud, which causes large financial losses (Choi & Lee, 2018).

According to Romney et al., 2013 and Wells, 2013, corporate fraud is divided into two main types namely occupational fraud which is related to the individual's exploitation of his position in the company to enrich himself through the deliberate misuse of the company's resources and other types of fraud that include non-functional fraud categories such as health insurance fraud, healthcare fraud, money laundering, and consumer fraud.

There are three types of occupational fraud. They are explained below:

1- Misappropriation of assets: It includes employees' stealing, misappropriation, or wrongly using company assets to achieve personal interests.

2- Fraudulent Statements: It means intentionally falsifying the financial position of the company through the wrong disclosure of the amounts in the lists with the purpose of deceiving users.

3- Corruption: it means the individual's use of his job position and not carrying out his work responsibilities for the sake of achieving personal benefits such as accepting a kickback.

## *2.3 Literature Review*

Maqbool and Dokhairy (2019) examined the effect of the internal auditor's competency in detecting financial fraud in contracting companies in the Kingdom of Saudi Arabia. The study discussed the problem of the competency of the internal auditor and its impact on detecting financial fraud. It also aimed at identifying the extent to which the internal auditor uses his skills in detecting financial fraud, and highlighting the role of the internal auditor's knowledge of the internal work environment. The study concluded that proper pre-planning of the audit and control process is of great importance in preserving companies' resources, and that companies attract highly trained professional competencies. Professionalism limits the phenomenon of financial fraud. The internal auditor's familiarity with the internal work environment plays a major role in discovering financial fraud. The study recommended the necessity of increasing the scientific and professional qualification of the internal auditor, and the necessity for him to obtain the necessary professional certificates. Raheel (2018) aimed to shed light on the role of internal audit in facing financial fraud, as the research community was represented in all Iraqi banks listed in the Securities Commission. The study data was collected through a questionnaire distributed among the employees in these banks, and the study found a tangible role there for the internal audit function. In the detection and reduction of financial fraud in banks, and that there is a need to expand the scope of internal auditing to include measuring and competence in operational and technical performance, with the necessity that the internal auditor submits a detailed periodic report to the Board of Directors on the extent to which financial departments adhere to the provisions of the law and rules governing their activities.

Ghanem (2017) aimed to shed light on fraudulent behaviors and acts that cause material distortions in the financial statements of various Iraqi economic units by focusing on auditing standards related to areas of fraud which contribute to limiting violations of some accounting standards and methods of preparing financial reports. The study concluded that the responsibility of oversight in discovering errors and fraud on the one hand, and the failure to establish audit evidence that would assist in carrying out the responsibility on the other hand, imposed on him to perform his duties and objectives in accordance with the approved rules and standards and with the generally accepted methods and means. The study recommended the importance of the audit departments preparing various reports that show the results of their examination and auditing results, and the errors that occurred, to avoid them in the future.

Dagheem (2017) aimed to clarify the effect of the effectiveness of the internal control system in limiting fraud in Kuwaiti public shareholding companies. The researcher followed the descriptive and analytical approach, by designing and distributing a

questionnaire prepared for this purpose to take the opinions of audit committee directors, audit directors, financial directors and their deputies in shareholding companies. The results of the study showed that there is a relationship between the effectiveness of the internal control system and the reduction of fraud and fraud in Kuwaiti public shareholding companies, by proposing four independent variables related to the internal control system, namely: the existence of an efficient organizational and administrative structure, the availability of efficiency in human resources, adoption Sound standards of job performance, and the quality of the accounting information system followed. One of the most important recommendations that came out of the study was the necessity to set rules and controls related to acts of fraud in the financial reports so that their users can ensure the fairness of these reports in expressing the financial positions and the results of the work of the shareholding companies. It calls for activating the role of the supervisory authorities and developing legislation to prevent fraud and error in the financial lists and the applying sanctions on the accountable.

This study by Sabagh and Dahdoh (2016) was designed to identify the extent of the commitment of auditors in Syria to assess the risk factors for material errors resulting from fraud. A questionnaire was developed that included the risk factors for material errors resulting from fraud, which are fraudulent financial reporting and misallocation of assets. The study found that there is a moderate commitment to assess the risk factors for material errors resulting from fraudulent financial reports, while there is a high commitment to assess the risk factors for material errors resulting from misallocation of assets. The study recommended that accredited auditors of the Syrian Financial Markets and Securities Commission pay greater attention to assessing the risk factors for fundamental errors resulting from fraudulent financial reports related to: motives and pressures, opportunities, and justification. The study by Mohammed (2016) was meant to shed light on the role of the auditor's procedures in detecting financial fraud operations by surveying the opinions of a sample of auditors in Iraq. The study concluded that the more or better the efficiency of the auditor's procedures, the financial fraud will decrease. The study recommended the importance of studying the particles and the details of the procedures carried out by the auditor and the gathering of the influencing factors, with the aim of developing them in view of their direct relationship in the detection of fraud.

Samara (2015) attempted to demonstrate the effect of using responsibility accounting on oversight and raising the performance efficiency of the industrial company sector. The study relied on the descriptive approach and the analytical method, using a questionnaire distributed to a sample of workers in the industrial companies listed on the Stock Exchange in Jordan. The study found that there is a high level of use. Responsibility accounting, a high level of oversight, and a high level of efficiency in performance in Jordanian industrial companies. The results also indicated a statistically significant effect of responsibility accounting in general on the efficiency of performance in industrial companies in Jordan. The study recommended that the Jordanian industrial companies should work to clearly organize the accounting work in line with the scientific foundations for accountability, and work to increase the awareness of the employees in the accounting department of accountability and methods and methods through holding training courses. It also recommended that the Jordanian industrial companies work to raise the level of linkage Planning budgets in centers, and raising the level of analysis of deviations.

Ja'arah (2012) identified the most important methods and procedures used to discover acts of fraud when issuing financial statements for a group of public shareholding companies in Jordan operating in industrial cities (Amman, Irbid, and Zarqa) from the viewpoint of external auditors, and the responsibilities that fall on them. The study focused on each of the risk factors related to errors resulting from fraudulent financial reports and misuse of company assets as well as the factors that lead to external auditors failing to disclose them. The study found that the presence of senior management interventions in the accounts of Jordanian companies leads to the availability of the possibility of error or fraud in preparing financial data and reports resulting from the misuse of company assets, and the risk factors related to errors resulting from fraudulent financial reports. The study demonstrated the ability of Jordanian external auditors in discovering the methods and methods of fraud and fraud used. The study recommended to consider at the efficiency of the organizational structure in companies, the way in which decisions are made and the relationships of organizational behavior in companies, and updating the financial control and internal audit system in Jordanian companies to enable them to perform their work efficiently in detecting fraud.

Gharaybah et al. (2011) investigated the extent to which the Jordanian industrial public companies apply seven basic components of responsibility accounting, and the impact of the extent of application of each of these components on the company's profitability and operational efficiency. The study data was obtained by distributing a questionnaire to the study sample of 42 industrial shareholding companies listed on the Amman Stock Exchange. The results showed a statistically significant relationship between each of the earnings per share rate and the rate of return on assets as measures of profitability and between each Among the elements of liability accounting covered by the study, with the exception of the first component of dividing the organizational structure of the company, and the existence of a relationship between the fourth component, which is linking the planning budgets to the center and the debtor turnover rate. Follow up the actual performance and compare it with the planned performance, and analyze and interpret deviations, whether they are acceptable or unacceptable, in order to determine who is responsible for them, to be rewarded in the event of positive results, and to prevent unacceptable deviations from occurring in the future.

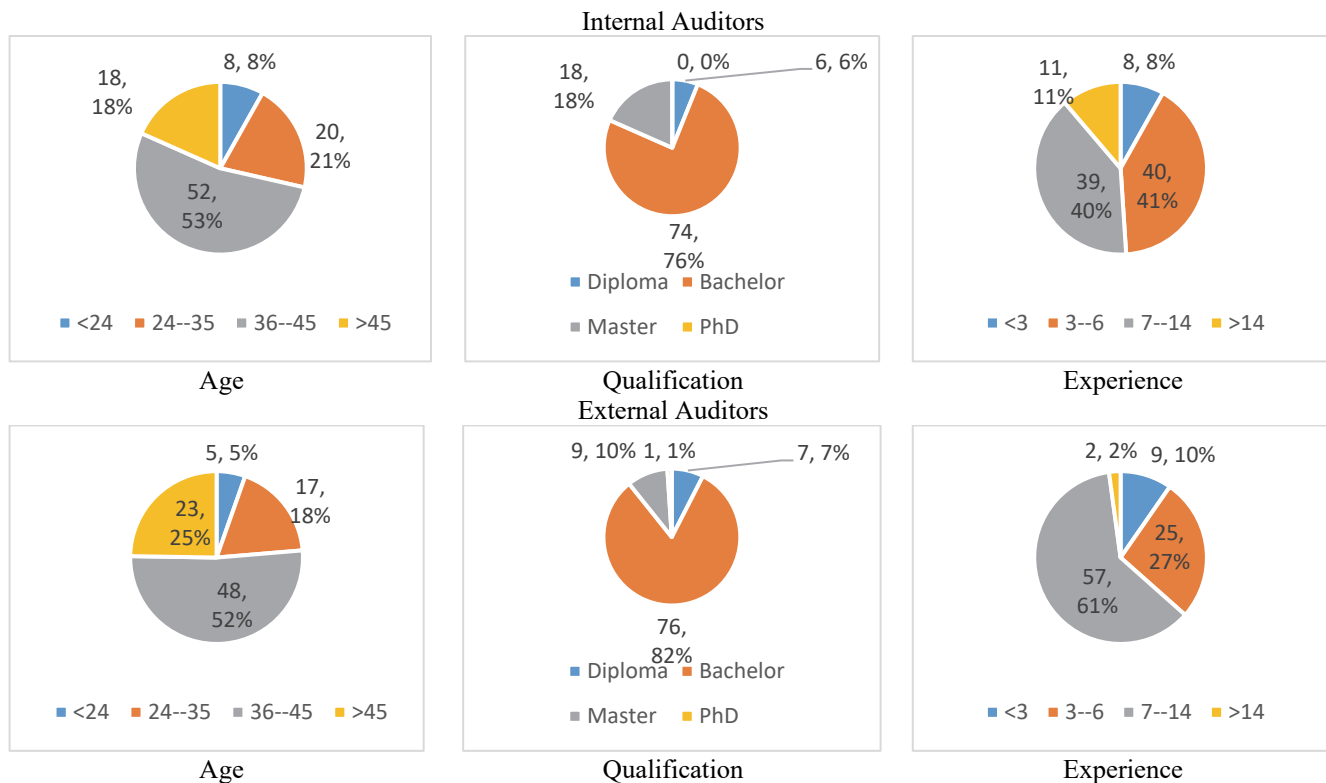
**What distinguishes this study from previous studies is that** it is concerned with measuring the role of the features of responsibility accounting - efficiently dividing the organizational structure within the company, which includes adopting the reports and budgets necessary to carry out effective control over the performance of workers in the different departments of the company, knowing the deviations and taking corrective decisions to address these deviations first-hand. In discovering and limiting fraudulent operations, based on the results and recommendations of the studies (Ghanem, 2017; Dagheem, 2017). These studies emphasized the importance of providing an efficient organizational and administrative structure, and detailed reports related to performance and the company's activities. This research paper differs from the studies (Sabagh & Dahdoh, 2016; Ja'arah, 2012; Raheel, 2018; Maqbool & Dokhairy, 2019) that the previous studies focused on the importance and role of internal and external auditors in detecting and limiting fraud. However, none of them dealt with the features of responsibility accounting, but they were relied on a sample represented by internal and external auditors, where the opinions and attitudes of auditors towards the role of a constituent are measured.

**3. Methodology**

In order to achieve the objectives of the study, the descriptive and analytical approach was used to describe the issue, analyze the data and investigate the relationship between its components and the opinions raised about it. It was also used to describe general information for users by converting non-quantitative data into a quantity that can be measured through a questionnaire designed specifically to serve the purposes and directions of the study. This questionnaire was in line with the hypotheses of the study, and the inferential approach as it helps analyzing and interpreting the digital data of a sample and circulating those results to the study population. Data analysis and extraction were carried out using the Statistical Package for Social Sciences (SPSS).

*3.1 Population and sample study*

The study population is represented by internal auditors working in the 230 Jordanian shareholding companies (Securities Depository Center, 2020) represented in all sectors (banking sector, insurance sector, services sector, and industry sector), and external auditors who audit the accounts of shareholding companies. The number of the respondents was 583 auditors according to the information of the Jordanian Association of Certified Public Accountants. As for the study sample, it was represented by a random sample in which 220 questionnaires were equally distributed between internal and external auditors. However, 98 questionnaires were retrieved from internal and 93 from external auditors to be subjected to statistical analysis. The characteristics of the study sample were represented in Fig. 1 as follows



**Fig. 1.** Description of the study sample

It is evident from Fig. 1 that the study sample was characterized by good scientific qualification, as the percentage of those holding a bachelor's degree were higher among external auditors 93% and 92% of internal auditors were also characterized by good practical experience, as the percentage of internal auditors who increased their practical experience in the field Auditing is 51%, and the percentage of external auditors 63%.

### 3.2 Data collection sources

The data of this study were collected based on primary sources, represented by the questionnaire and secondary sources consisted of books and websites related to the scope of the study.

### 3.3 Statistical analysis of data

The researcher used the following statistical methods in analyzing data and testing hypotheses according to the SPSS program:

1. Reliability Analysis test of the reliability of the measuring instrument: where the (Cronbach Alpha) test was used to measure the degree of internal stability of the paragraphs of the questionnaire, and the internal consistency between the responses of the subjects. It amounted to 87.4% for all respondents, while 87.3% for the sample of internal auditors. It reached 83.7% for the sample consisting of external auditors, and all of them are considered excellent compared to the accepted rate of 60%.

2. The normal distribution test (Kolmogorov- Smirnov)

The normal distribution test was used to test the extent to which the data follow the normal distribution for all respondents and for each of the respondents from the internal and external auditors separately.

**Table 1**

The Normal Distribution Test

		N	H1	H2	H3	H4	H5	H6	H7
K.-Smirnov Z		191	5.08	2.57	2.51	2.51	3.42	1.84	3.26
Sig. (2-tailed)	All		.000	.000	.000	.000	.000	.002	.000
K.-Smirnov Z	Internal	98	3.68	2.11	1.70	2.04	2.62	1.19	1.91
Sig. (2-tailed)			.000	.000	.006	.000	.000	.119	.001
K.-Smirnov Z	External	93	3.53	1.84	2.11	1.90	2.25	1.53	2.89
Sig. (2-tailed)			.000	.002	.000	.001	.000	.019	.000

### 3. Hypothesis testing

The study hypotheses were tested using:

1- One Sample T-Test at the level of 5% significance, according to the decision rule that includes accepting the hypothesis if the calculated T is less than its tabular value.

2- Using the Descriptive Analysis method, which includes occurrences, the arithmetic mean and the standard deviation to accept or reject the hypothesis paragraphs.

3- Analysis of Variance test to measure whether there is a difference between the opinions of the internal and external auditors towards the study hypotheses as showed in the table below.

**Table 2**

Results of Hypothesis Testing

Hypothesis	T calculated	T tabular	Sig. T	Result	Mean	Standard
H1	16.98	1.96	.000	Reject	3.87	0.71
H2	22.60	1.96	.000	Reject	4.02	0.63
H3	13.30	1.96	.000	Reject	3.64	0.67
H4	22.35	1.96	.000	Reject	3.95	0.59
H5	21.26	1.96	.000	Reject	3.97	0.63
H6	6.17	1.96	.000	Reject	3.37	0.83
H7	7.53	1.96	.000	Reject	3.47	0.86

Since the calculated T is greater than the tabular T for all the hypotheses of the study, this means rejecting the null hypotheses and accepting the alternative hypotheses which states that applying the elements of responsibility accounting in the Jordanian shareholding companies plays role in limiting occupational fraud from the viewpoint of internal and external auditors.

The arithmetic mean and the standard deviation for each hypothesis paragraphs were computed as shown in **Appendix** . The table shows the positive trends of internal and external auditors towards hypotheses paragraphs, where the arithmetic mean is above 3, and the standard deviation is less than 1. However, the standard deviation of the paragraph of the role of determining transfer rates between centers so that no overlap occurs between the responsibilities of the centers in limiting fraud, the mean is less than 1 for internal and external auditors. This reflects the positive trends of internal and external auditors towards the elements of responsibility accounting and its importance in combating occupational fraud in companies.

As for the eighth hypothesis, which states that there are no statistically significant differences between the opinions of internal and external auditors towards all the hypotheses of the previous study, it was tested using the ANOVA test to see if there is a difference in the opinions of the incoming and outgoing auditors towards the study hypotheses, and the following table shows the result of the test:

**Table 3**  
Test of Variance Analysis between Internal and External Auditors towards the Study Hypotheses

Hypothesis	Type	Mean	Standard Deviation	F tabular	F calculated	Sig.	Result
H1	internal	3.76	0.83	3.840	5.571	.019	difference
	external	3.99	0.53				
H2	internal	3.86	0.67	3.840	14.124	.000	difference
	external	4.19	0.53				
H3	internal	3.49	0.69	3.840	11.256	.001	difference
	external	3.81	0.61				
H4	internal	3.74	0.59	3.840	29.608	.000	difference
	external	4.17	0.50				
H5	internal	3.77	0.70	3.840			difference
	external	4.18	0.46				
H6	internal	3.20	0.79	3.840	8.377	.004	difference
	external	3.54	0.84				
H7	internal	3.34	0.87	3.840	4.312	.039	difference
	external	3.60	0.82				

The previous table shows that the value of F computed for all study variables is greater than the tabular value of F, which means that there are statistically significant differences between the opinions of the internal and external auditors towards all the hypotheses of the previous study, even if each of them has positive trends towards the hypotheses of the study, but the value of this approach will be different in the density of approval.

#### 4. Conclusion and Recommendation

The statistical analysis has proven the existence of a role for the shareholding companies to adopt the features of responsibility accounting all (division of the organizational structure of the company into responsibility centers, the existence of a system of delegation to the managers of the responsibility centers with their powers in the shareholding companies, the distribution of costs and revenues according to the ability and responsibility of the departments to control it, linking the planning budgets to each responsibility center in shareholding companies, using planning budgets in monitoring and evaluating performance in responsibility centers, preparing performance reports related to indicating deviations of responsibility centers in shareholding companies, and having a system of incentives and rewards related to the results of responsibility centers in limiting occupational fraud according to the opinions of internal and external auditors.

As shown by the results of the analysis statistically significant differences between the opinions of the internal and external auditors towards all the hypotheses of the previous study, the attitudes of the external auditors were more positive and the arithmetic averages were higher than the internal auditors. The researcher believes that this can be attributed to the external auditor's keenness to exert greater care due to the legal liability that h/she may be exposed to in the event of a fraudulent operation in the company that he/she did not discover or disclose in his/her report. Based on these results, the study recommends that shareholding companies should adopt an accounting system that is compatible with accountability due to their role in limiting occupational fraud. It also stresses the importance of external auditors paying attention to reviewing and evaluating the organizational environment and administrative procedures within the company to ensure that they comply with integrity and honesty, and take this into account when expressing His opinion on the report. Public shareholding companies need to use an appropriate incentive system that rewards hard-working employees and prevent them from thinking about committing any fraudulent act against the company.



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## Appendix

Paragraphs Related to the Hypotheses of the study

H	No.	Paragraph	Internal Auditor		External Auditor		Total	
			Mean	Standard Deviation.	Mean	Standard Deviation	Mean	Standard Deviation
H1	1	The division of the facility into administrative units (responsibility centers) according to the nature of activities contributes to limiting fraudulent operations.	3.74	.865	4.00	.593	3.87	.755
H1	2	That placing each responsibility center under the authority of a manager or head who oversees it and is responsible for its performance helps limit occupational fraud.	3.77	.883	3.99	.634	3.87	.778
H2	3	Delegating the directors of responsibility centers with clear powers commensurate with the nature of the center's activity works to limit occupational fraud.	3.80	0.84	4.06	0.73	3.93	0.80
H2	4	The manager of the center takes decisions regarding his responsibility center, which limits occupational fraud.	3.77	0.88	4.09	0.70	3.92	0.81

H2	5	The center manager takes responsibility of the final performance result of his responsibility center which limits occupational fraud	4.03	1.06	4.43	0.76	4.23	0.94
H3	6	Limiting and defining the responsibilities of each center with direct and indirect costs limits occupational fraud.	3.78	0.90	4.23	0.64	3.99	0.82
H3	7	Limiting and defining the responsibilities of each center with its own revenues limits occupational fraud.	3.82	0.87	4.25	0.64	4.03	0.79
H3	8	Fixing transfer rates between centers so that there is no overlap between the centers' responsibilities, and make sure that the accountability is fair, limits occupational fraud.	2.88	1.25	2.95	1.30	2.91	1.27
H4	9	The performance measurement standards for the responsibility centers in the company limits occupational fraud.	3.73	0.90	4.15	0.69	3.94	0.83
H4	10	Planning budgets helps in judging whether the actual performance of the various responsibility centers is acceptable or unacceptable and limits occupational fraud.	3.69	0.88	4.19	0.63	3.94	0.81
H4	11	Employees' participation in responsibility centers by setting goals for their centers and setting budgets related to achieving those goals limit occupational fraud.	3.79	0.92	4.16	0.71	3.97	0.85
H5	12	Linking standards and events to responsibilities in order for management to be able to evaluate the performance of these responsibilities separately, it limits occupational fraud.	3.76	0.94	4.17	0.64	3.96	0.83
H5	13	The use of planning budgets prepared for each responsibility center, to be the reference and standard for judging the actual performance result and identifying deviations resulting from the difference in planned performance from actual performance, limits occupational fraud.	3.78	0.95	4.19	0.74	3.98	0.88
H6	14	The accountability of each center manager is responsible for the activities that take place inside that center and that fall within the scope of his control and control, which works to limit occupational fraud.	3.72	0.93	4.13	0.73	3.92	0.86
H6	15	Preparing reports that measure and analyze the causes of deviations from actual performance and limit occupational fraud.	3.22	1.14	3.56	1.27	3.39	1.22
H7	16	Delivering performance reports through information feedback to every manager quickly and in a timely manner limits occupational fraud.	3.66	1.02	3.95	0.95	3.80	0.97
H7	17	Defining the positive deviations and the people responsible for causing them, in order to reward them so that this would be an encouraging motive for them and all employees to always strive to improve their performance, limits occupational fraud.	3.74	0.87	4.23	0.68	3.98	0.81
H7	18	The availability of performance reports to the responsibility centers that show the unpopular deviations to prevent their recurrence in the future helps limit occupational fraud.	3.94	0.97	3.97	1.36	3.95	1.28

