

\*

100

-

(Kruskal-Wallis)

(Mann-Whitney)

One- sample Kolmogorov-Smirnov

100

.1

\*

(IIA, 2003; Arens, et al., 2006)

\*\*

\*\*\*

(Simmons, 2004)

:

-1

\*\*\*

.2007/6/18

2006/8/27

\*

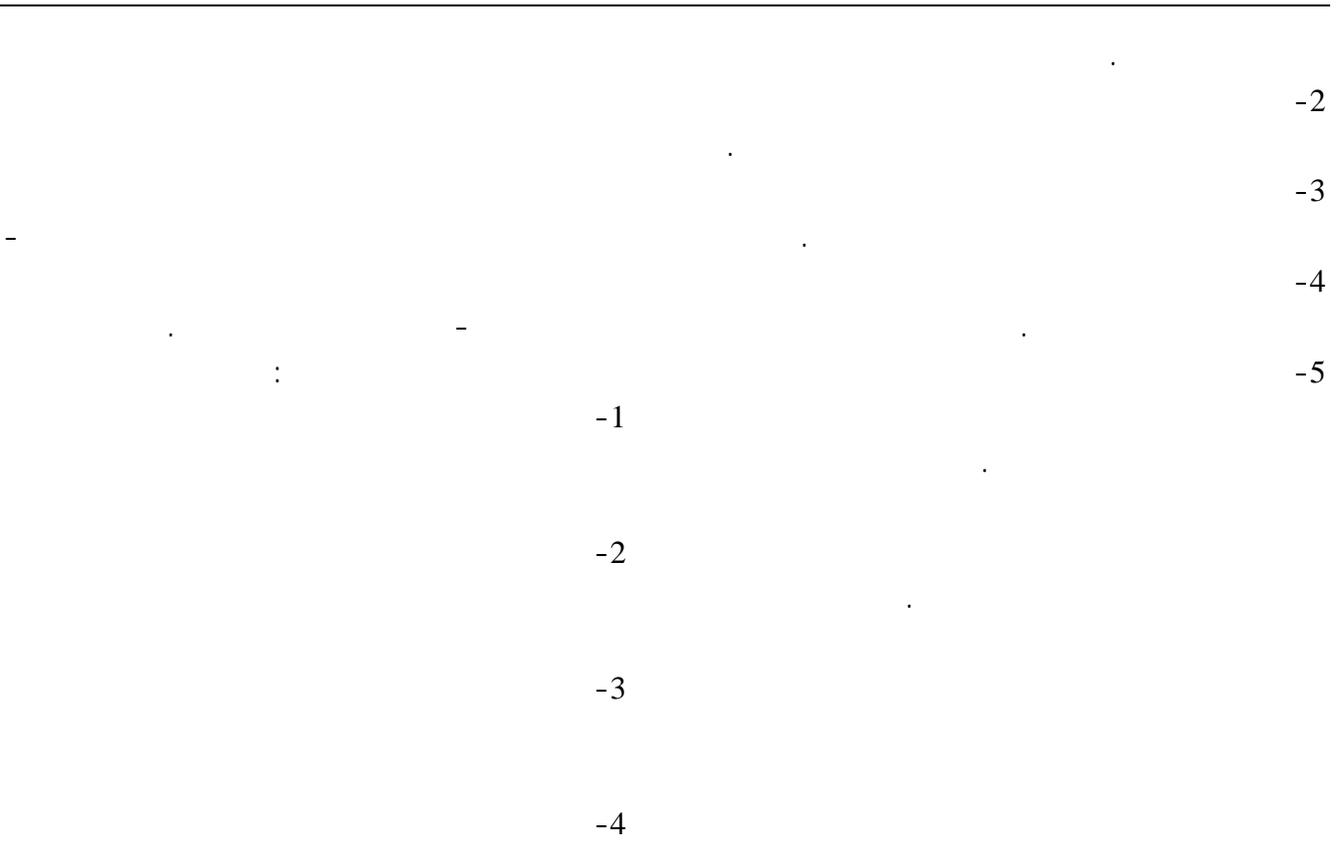
(Arens, et al., 2006)

:

\*\*

(IFAC, 2006)

/



(Outsourcing of internal audit)

)  
(  
)

(IIA, 2003)

( )

:

-1

.(Bushman, et al., 2004)

-2

-3

.( )

-4

.( )

.2

(2005 )

(Vishwanath and

.(IFAC, 2006: 1997 )

Kaufmann, 1999)

1994 )

.(2002

(Goodwin and Seow, 2002;

(Hyatt and Prawitt, 2001)

(Levitt, 1998; 2000)

Boynton, et al., 2006)

---

(Acciani, 1995)

(Lowe et al., 1999)

(Enron, First Bank System,

and Unicom Corporation)

(Aldhizer and

Cashell, 1996)

Sarbanes-

(SEC)

(Aldhizer et al., 2003)

Oxley Act

(Geiger et al., 2002)

(Wallman, 1996)

(Geiger et al., 2002)

( )

:

-1

:

-2

:

-3

:

-4

(Lowe et al., 1999)

( )

:

-5

:

-6

**.3**

(Swanger and Chewning, 2001)

250

:

(Kevin, 2003)

SEC

%40

(Goodwin and Seow, 2002)

(Bushman et al.,

2004)

(Rogers, 2004)

.Sarbanes- Oxley Act

(Allegrini and D'Onza, 2003)

Contingent

Liabilities

(Kuizick, 2004)

2002

(Enron, WorldCom, Adelphia, Tyco and Global

Crossing)

.Arthur Anderson

(Sarbanes- Oxley

Act)

(Chiang, 2005)

( )

.4

			:		-1
	.2006				
.2006	(226)	/			-2
		100			
					-3
	%73	73			-4
.%63	63				-5
			(	)	
					-6
			(	)	
					-7
			(	)	
					-8
			(	)	
		:			-9
					-1
					-2
					-3
					-10
					-4
					-11
	(	)			

.5

Cronbach's Alpha : Cronbach's Alpha

%76  
%74

(Descriptive Statistics)

-1

.(Sekaran, 2003) %60

One sample

-

-2

-

Kolmogorov-Smirnov

(1)

%67

%94.6

(Mann-Whitney)

-3

%72.6

( )

(Kruskal-Wallis)

-4

( )

(1)

%1.4	1	5-1	%94.6	69		%33	24	
%11	8	10-6	-	-		%57.5	42	
%15	11	15-11	%2.7	2		%6.8	5	
%72.6	53	15	%2.7	2		%2.7	2	
%100	73		%100	73		%100	73	

%60.3

(2)

%98.4

%82.5

(2)

%39.7	25	5-1	%82.5	52		%1.6	1	
%31.7	20	10-6	%1.6	1		%73	46	
%19	12	15-11	%6.4	4		%23.8	15	
%9.6	6	15	%9.5	6		%1.6	1	
%100	63		%100	63		%100	63	

-

:(3 )  
:

-1

3.65

.%73

%73.2

3 ) 3.60 - 3.32

1.14 - 0.85 (

:  
- 2.87

-3 3.6

%72

3.34

%66.4 3.32

%67 3.34 1.19 - 0.92

%57 2.87

: -2

3.66 - 3.39

1.30 - 1.01

(3)

1.14	3.23	1.11	2.92	0.85	3.65	1.05	3.60	
1.06	3.37	1.05	3.13	0.88	3.56	1.11	3.43	) (
0.93	3.59	1.13	3.34	0.90	3.56	0.92	3.46	
0.85	3.49	1.12	3.22	1.01	3.52	1.09	3.33	
0.95	3.43	1.10	3.24	0.99	3.52	0.98	3.32	
0.92	3.35	1.05	3.26	0.98	3.50	1.08	3.42	
0.83	3.39	1.02	3.22	0.92	3.50	0.96	3.49	
0.95	3.29	1.01	3.09	0.97	3.54	1.01	3.44	
1.02	3.52	1.07	3.17	0.94	3.60	1.04	3.46	
1.04	3.49	1.05	3.17	1.02	3.68	1.11	3.52	
1.05	3.36	1.18	2.87	1.08	3.41	1.19	3.36	
1.08	3.30	1.30	3.09	1.14	3.39	1.13	3.49	
1.04	3.46	1.20	3.11	1.08	3.53	1.15	3.34	
0.99	3.44	1.11	3.19	1.09	3.66	1.16	3.49	
0.819	3.40	0.868	3.16	0.793	3.42	0.854	3.44	

:

-4

3.59 - 3.23

(%38) 1.91 (%37) 1.85

-0.51

3.59

1.00

%72

:

-2

%65

3.23

)

3.2 -1.91

%67

3.36

(

1.14 - 0.83

(%41) 2.03 (%38) 1.91

:

0.89-0.63

:(4 )

:

-3

:

-1

-3.69

4.71

( )

) 3-1.85

( ) 3

)

(

( )

0.77-0.53 %94 4.71

4.68

%94

(4)

0.54	4.08	0.53	3.84	0.67	2.50	0.63	2.50	
0.53	4.29	0.55	3.89	0.83	2.03	0.81	1.91	) (
0.62	4.80	0.56	4.53	0.70	2.79	0.55	2.83	
0.67	4.08	0.66	3.84	0.72	2.53	0.62	2.56	
0.43	4.63	0.73	4.23	0.66	2.70	0.51	2.65	
0.55	4.05	0.77	3.70	0.71	2.23	0.61	2.22	
0.50	4.08	0.67	3.69	0.89	1.91	0.80	1.85	
0.54	4.29	0.68	4.10	0.68	2.58	0.66	2.57	
0.64	4.75	0.58	4.67	0.68	3.34	0.63	3.28	
0.39	4.84	0.66	4.58	0.63	3.43	0.55	3.49	
0.54	4.69	0.63	4.71	0.64	2.65	1.00	2.75	
0.57	4.68	0.68	4.54	0.81	2.68	0.96	2.63	
0.66	4.64	0.70	4.50	0.71	2.60	0.98	2.56	
0.56	4.80	0.64	4.68	0.69	3.20	0.64	3.00	
0.273	4.38	0.468	4.11	0.419	2.45	0.331	2.5	

4.84 – 4.05

%97 4.84

:(5)

:

%96 4.8

( )

One sample

)

.Kolmogorov-Smirnov (

(5)

One sample

.%96

.Kolmogorov- Smirnov

0.67 – 0.39

(5)

0.000	0.019	0.002	0.205	0.040	0.006	0.066	0.005	
0.001	0.058	0.000	0.134	0.157	0.123	0.053	0.025	) (
0.000	0.002	0.000	0.049	0.000	0.000	0.000	0.003	
0.000	0.005	0.003	0.208	0.020	0.077	0.023	0.157	
0.000	0.002	0.007	0.047	0.208	0.021	0.013	0.000	
0.015	0.058	0.006	0.230	0.038	0.029	0.008	0.070	
0.008	0.046	0.004	0.269	0.005	0.001	0.006	0.003	
0.040	0.198	0.055	0.131	0.010	0.001	0.032	0.006	
0.000	0.002	0.000	0.004	0.000	0.000	0.000	0.001	



. :  
 (5) )  
 0.05 ( (5) )  
 0.05 )  
 ( ( ) )  
 : :  
 . :  
 ( ) 0.208 0.157 0.05  
 . (5) )  
 ( ) 0.05 :  
 : ( )  
 . (5) )  
 ( ) 0.05 )  
 : ( )  
 : :  
 : 0.05 :  
 . :  
 ( ) :  
 . (5) ) 0.05  
 0.05 )  
 ( ) :  
 ( ) :

(6)

)

3.44-3.16

(

1.77  
(0.05)

:

)

(

:

(6)

3.40	3.16	3.42	3.44	
0.8196	0.8682	0.7931	0.8541	
1.77				

(7)

4.38	4.11	2.45	2.5	
0.2735	0.4682	0.4197	0.3316	
0.000				

:

(4.38-2.45)

(0.000)

(7)

( )

(0.05)

)

(

:

(8)

(0.000)

(8)

4.38	4.11	2.45	2.5		
0.2735	0.4682	0.4197	0.3316		
3.40	3.16	3.42	3.44		
0.8196	0.8682	0.7931	0.8541		
0.000	0.000	0.000	0.000		

-2

:

:

-1

:

:

-3

)

.(

:

:

:

-7

-4

:

-8

:

:

:

-5

-9

:

-6

---

( ) -10

-11

: -1 )

-2 .(

) (

-3

-4 .6

- Financial Reporting and Auditing: Perceptions of Auditors and directors in Singapore, *Accounting and Finance*, (42): 195-223. 2002
- Hyatt, T. A. and Prawitt, D. f. 2001. Does Congruence between Audit Structure and Auditors' Locus of Control Affect Job Performance, *the Accounting Review*, 76 (2): 263-274. 2005
- International Federation of Accountant IFAC. 2006. Hand Book: International Standard on Auditing, ISA No. 610, Considering The Work of Internal Auditing. 1997
- Institute of Internal Auditors IIA) 2003. Definition of Internal auditing, [http:// www.theiia.org //iia /index.cfm? doc-id=271](http://www.theiia.org//iia/index.cfm?doc-id=271). 1994
- Institute of Internal Auditors IIA) 2003. Standards for the Professional Practice of Internal Auditing, IIA, London. .158-71
- Kevin, J. 2003. The Effects of Internal Audit Structure on Perceived Financial Statement Fraud Prevention, *Accounting Horizons*, 17(4): 1-17.
- Kuizick, R. S. 2004. Sarbanes-Oxley: effects on Financial Transparency, *SAM Advanced Management Journal*, Winter, 69 (1): 43-49.
- Levitt, A. 1998. The Numbers Game, [http:// www.rutgers. edu/ accounting/ raw/ aa/ new\\_sarc/ pr101898.htm](http://www.rutgers.edu/accounting/raw/aa/new_sarc/pr101898.htm).
- Levitt, A. 2000. Chairman's Statement on Market Structure Initiatives, Auditor Independence Rules, [http:// www.sec.gov/ news/ extra/ levonai.htm](http://www.sec.gov/news/extra/levonai.htm).
- Lowe, D. J., Geiger, M. A. and Pany, K. J. 1999. The Effects of Internal Audit Outsourcing on Perceived External Auditor Independence, *Auditing: A Journal of Practice and Theory*, 18 Supplement, 7-26.
- Rogers, G. 2004. Environmental Transparency Areas for Concern, *Financial Executive*, 20, (4): 53-55.
- Sekaran, U. 2003. Research Methods for Business, Third Edition, New York: Wiley and Sons Inc.
- Simmons, M. R. 2004. Internal Audit Objectives, [http:// www.dartmouth. edu/m~msimmons/ internal-auditing/ spiacoso.htm](http://www.dartmouth.edu/m~msimmons/internal-auditing/spiacoso.htm).
- Swanger, S. and Chewning, E. G. 2001. The effect of Internal Audit Outsourcing on financial Analysts' perceptions of external Auditor Independence, *Auditing: A Journal of Practice and Theory*, 20 (2).
- Acciani, N. 1995. Outlaw Outsourcing. *Internal Auditor*, 50-51.
- Aldhizer, G. R. and Cashell, J. D. 1996. Internal Audit Outsourcing, *The CPA Journal US*. 66 (8): 30- 37.
- Aldhizer, G. R., Cashell, J. D. and Martin, D. R. 2003. Internal Audit Outsourcing, *The CPA Journal US*, 73 (10): 40 42.
- Allegrini, M. and D'Onza, G. 2003. Internal Auditing and Risk Assessment in Large Italian Companies: an Empirical Survey, *International Journal of Auditing*, (7): 191-208.
- Arens, A. A., Elder, R. J. and Beasley, M. S. 2006. *Auditing and Assurance Services*, Prentice Hall, USA.
- Boynton, W. C., Johnson, R. N. and Kell, W. G. 2006. *Modern Auditing*, John Wiley and Sons Inc., USA.
- Bushman, R. M., Piotroski, J. D. and Smith, A. J. 2004. What Determines Corporate Transparency, *CFA Digest*, 34 (4): 27-28.
- Chiang, H. 2005. An Empirical Study of Corporate Governance and Corporate Performance, *Journal of American Academy of Business*, Cambridge, 6 (1): 95- 101.
- Geiger, M. A., Lowe, D. J. and Pany, K. J. 2002. Outsourced Internal Audit Services and the Perception of the Auditor Independence, *The CPA Journal*, 1-6.
- Goodwin, J. and Seow, J. L. 2002. The influence of Corporate Governance Mechanisms on the Quality of

---

Wallman, S. M. H. 1996. The Future of Accounting, Part III: Reliability and Auditor Independence, *Accounting Horizons*, 10 (4): 61-62.

Vishwanath T. R. and Kaufmann, D. 1999. Towards Transparency in Finance and Governance, The World Bank.

## **The Effects of Internal Audit Structure on Financial Transparency**

*Ali Thenaibat \**

### **ABSTRACT**

The study aimed at identifying the effects of internal audit structure on financial transparency, by studying four cases including: the responsibility of the board of directors or the audit committee over the internal audit function or outsourcing internal audit from the same external auditors or other external auditors. To achieve the objectives of the study, a questionnaire was designed and administered to a sample of 100 external auditor and another of 100 of internal auditors. Descriptive statistics, One- sample Kolmogorov-Smirnov, Mann-Whitney and Kruskal-Wallis were used to analyse the data. The conclusions of the study showed that, from the view point of the internal auditors, there were no significant differences between the various cases of the internal audit structure on the achievement of the financial transparency. On the other hand, from the point view of the external auditors, the conclusions showed that there were significant differences between the various cases of the internal audit structure on the achievement of the financial transparency, and that the best case is when internal audit outsourced from other external auditors. The external auditors assumed that this case may result in a high degree of financial transparency and internal auditors assumed that it may result in a moderate degree of financial transparency. The study concluded by many recommendations including the need for benefiting from external auditors' experience in performing the internal audit function.

**Keywords:** Internal Audit Structure, Internal Audit Outsourcing, Financial Transparency.

---

\* Department of Accounting, Faculty of Business Administration, University of Jordan. Received on 27/8/2006 and Accepted for Publication on 18/6/2007.