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THE ROLE OF EXTERNAL AUDITORS IN ERROR AND FRAUD DISCOVERED IN THE FINANCIAL STATEMENTS IN THE JORDANIAN PUBLIC SHAREHOLDING COMPANIES (INDUSTRIAL)

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ABSTRACT: *The Purpose of this study is to identify the role of external auditors in error and fraud discovered in the financial statements in the Public shareholding industrial Companies in Jordan. It is also about recognizing the role of external auditors with the duties assigned to them when auditing financial statements and discovering error and fraud in those statements. The current study also concentrated on the principle of confidentiality whether it should prevent the external auditor from informing the competent authorities about any fraud or error that takes place in the company they are auditing. The researcher chose a random sample of external auditors affiliated to Jordan Association of certified public Accountants, who audited the financial statements of the public shareholding industrial companies in Jordan. The study produced a set of important results and recommendations the most prominent of which was that there is a statistically significant relationship between the prompt reporting by the auditor about the existence of error or fraud cases and the maintenance of privacy towards the establishment they are reviewing its accounts. There is also a statistically significant relationship between uncovering error and fraud in the financial statements of the companies and the responsibility shouldered by the external auditor. The researcher also advises the shareholders to follow up the financial systems of the companies they participate in and to demand for periodical modernization of those systems.*

KEYWORDS: Auditors, Error, Fraud, Financial Statement, Shareholding Company, Jodan

INTRODUCTION

The twenty- first century has witnessed a noticeable increase in cheat and fraud operations inside many international companies that have wide influence on the national economy of the country of origin and the other economically connected countries. The aggravation of physical damages upon those companies and countries led to pressing charges against the external auditors as a result of their issuance of wrong unreserved financial reports in spite of their complete awareness of cheat and fraud acts that affect the accounts and financial statements of those companies. This represents a clear evidence of the tumbling of the company and its disability to continue its work. (Shank J. K and Murdock R.K. (1978)). With the growth of such behavior by the external auditors in withholding the true point of view concerning the strength and efficacy of the internal control system of the establishment, financial collapses occurred in a number of colossal companies like the "Anglo Irish Bank" (2008) and the Indian company "System Computer Services" (2009), Which made the financial community lose confidence in the career of accounting, which could be called crisis of profession ethics which was based on the greed and private interests of some executives in those companies through the accountants and external auditors (Bahjat, 2002).

However, are the external auditors to blame for the collapse of those companies or else those companies resorted to the invention of complicated investment tools which the internationally

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adopted standards were unable to deal with? We can say that the external auditor is exposed to intended or unintended failure when preparing correct financial statements in case they adhere to auditing criteria. Auditors should escort the development of financial community to ascertain the lack of any financial corruption, cheat or fraud as well as reporting the existence of such situations when discovered (shafa Amri, 2014).

Problem of the study

It is agreed that when a company loses ground to continue or compete in the market, the shareholders, directly or indirectly, consider the external auditor as being professionally responsible for presenting incorrect financial report. There are usually questions about the role of external auditors in exposing errors and fraud in the companies audited by external auditors.

Here, a problem rises against the external auditors as they become accused with bleaching or complicity in presenting financial statements that disagree with the reality of the companies. This raises the need to determine the reasons that make the external auditor present incorrect financial report about the audited company giving necessity to answer many questions the most important of which are:

1. Is the external auditor convinced or aware that it is their duty to discover or limit the cases of error and fraud while auditing the accounts of companies?
2. Does the external auditor have to immediately inform the competent authorities about any error or fraud in the financial statements inside companies?
3. Does the principle of confidentiality prevent the external auditor from informing the competent authorities about any fraud or error within the audited company?

Hypotheses of the study:

1. There is no statistically significant relationship at the significance level alpha (0.05) between the prompt report by the accounts auditor about the existence of error or fraud and the principle of maintaining secrecy towards the establishment under auditing.
2. There is no statistically significant relationship at the significance level alpha (0.05) between discovering error or fraud in the financial statements of companies and the responsibility held by the external auditor.

Objectives of the study:

1. Revealing the real role of the external auditor when auditing the accounts of companies and presenting the financial statements of those companies.
2. Showing that the external auditor is not responsible for preventing the cases of cheat and error existed in the financial statements and that their responsibility is confined in taking into consideration the possibility of the existence of material distortion in the financial statements caused by error or cheat and illegal behavior.
3. Showing that the external auditor is required to adhere to the principle of confidentiality of the companies they audit their account and that this may prevent them in many cases from reporting any error or fraud in the financial statements of those companies.

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4. Confirming that, in some cases, the external auditor must overstep the principle of confidentiality and report the error and fraud acts they discover in the companies they are auditing and to inform the competent authorities and judicial bodies.

Previous studies:

Many studies are related to the subject of the research and here are some of those studies:

The study of (AL-Hilu, 2012) with the title "The vocational responsibility of auditors in discovering fraud and error in the financial statements "applied study of the auditing offices in Gaza strip". The researcher used the descriptive analytical approach in his study which aimed at identifying the aspects of professional responsibility of the auditor in discovering fraud and error in the financial statements according to the international auditing standards through recognizing the commitment of auditors to their professional liabilities and their ability to discover the risks of cheating the management. The researcher adopted the method of random choice of the study sample's members who totaled (40) individuals of academics and craftsmen from the auditing offices in Gaza strip The results showed the commitment of auditors to the international auditing standards , and that the practitioners of this profession are able to discover the risks of cheating the management in the financial statements.

The study of (Ja'arah , 2012). Under the title of the methods of the external auditor in discovering the fraud and cheat operations in the financial statements of the public shareholding companies, an exploratory study in the external auditing offices in Jordan. The researcher used the descriptive analytical method in his study which aimed at identifying the most important methods and measures to discover the acts of fraud and cheat when issuing the financial statements at a group of public shareholding companies in Jordan. The researcher used the method of random choice of the study sample which counted (50) auditors at the external auditing offices registered at the Jordan Association of certified public Accountants. The results revealed the ability of Jordanian external auditors in discovering the different ways and styles of cheat and fraud used in preparing and issuing false financial reports. The study presented a number of recommendations the most important of which are conducting researches about fraud and cheat in addition to sharing other stakeholders who use financial reports like suppliers, debtors and investors.

The study of (Ghawali, 2013) titled: the role of the auditor in meeting the requirements of financial statements users. The researcher used the descriptive analytical approach in his study which aimed at recognizing the role of external auditor in meeting the requirements of financial statements users and the responsibility of the external auditor in discovering all the illegal discrepancies in the financial statements to give absolute confirmation about the correctness and credibility of the financial statements to their users. The results showed that the role of external auditor does not differ from the role of a policeman. In their point of view, the auditor who does not discover errors and faults is not needed in the organization.

The study of (Shafa Amri, 2014) titled: the responsibility of the external auditor in discovering the financial corruption in the Jordanian public shareholding companies. The researcher used the descriptive analytical approach in his study which aimed at identifying the responsibility of the external auditor in discovering the financial corruption in the Jordanian public shareholding companies through the perspective of the financial managers and the workers in the public shareholding companies in addition to the external auditors and workers in auditing offices. The researcher adopted the method of random choice to the individuals of the study sample which counted (112) financial managers and external auditors. The results revealed

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

recognition among the external auditors in Jordan about their responsibility in discovering financial corruption and applying the measures stated in the international standard on auditing (240). The study produced a number of recommendations such as that the auditor has to plan the process of auditing using professional doubt especially in issues that increase the risk of material distortion resulted from financial corruption as well as the necessity of informing the management and the individuals authorized to control the company and the senior supervising authorities of the existence of financial corruption when found.

The study of (Abo Azzah, 2014) with the title: the responsibilities of the external auditor towards cheat in the financial statements; "A field study to a sample of accounting keepers in the state of workala." The researcher used the descriptive analytical approach in his study which aimed at highlighting the responsibilities of the external auditor about the illegal acts in the financial statements by assessing the commitment of auditors to their professional responsibility and their ability to discover those acts. The researcher adopted the purposive sample method where he was careful that the members of the sample were specialized people with professional experience (scientific and practical) from the municipality of warkala whereupon the study sample totaled (45) academics, keepers and accountants. The results showed that the external auditor is legally irresponsible for discovering fraud, but they have to exert professional care and practice professional doubt when reviewing the financial statements to discover manipulation as the financial community is expecting them to give their opinion about the correctness of the financial statements in the most transparent and credible manner. The study produced a number of recommendations the most important of which is supporting the conservative professional independence of the accounts to enhance the confidence in the financial statements.

METHODOLOGY OF THE STUDY

Population and sample of the study

The study's population consists of the external auditors members of Jordan Association of certified public Accountants in the year 2016 counting (500) accountants who audited industrial companies, while the study sample included (50) external auditors who were chosen on the basis of simple random sample.

The study approach: Considering the nature of this study, it depended on the descriptive analytical approach by referring to a number of studies which investigated the role of the external auditor in exposing error and fraud in the financial statements. In addition, the international auditing standards were also considered as well as a number of accounting offices.

The study tool: to realize the expected objectives of this study, a questionnaire was prepared depending on the previous literature and researches which were conducted upon the largest vocational organizations concerned with fraud and error. (annex NO.1). (55) Questionnaires were distributed on the external auditors registered in the Jordan Association of certified public Accountants. 50 questionnaires equal to (90%) of the questionnaires were retrieved, and likert scale Quintet was used to determine the significance level of each item in the questionnaire. As for the tool's reliability, the internal reliability of the study tool axes was calculated as well as the overall reliability using Cronbach's alpha reliability coefficient through test and retest, whereas the reliability coefficient of the tool's axes ranged between (68.3) and (79.9) while the overall reliability coefficient of the tool was (61.7) which is an acceptable rate in this type of study.

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

See table No.(1).

Variable	Cronbach's alpha
Immediate reporting and the principle of confidentiality	68.3
Responsibility of external auditor	79.9
Overall reliability	61.7

Limitations of the study:

Spatial limits: this study was restricted upon a random sample from the study's population which is the public shareholding industrial companies in Jordan located in Amman, Irbid and Zarqa.

Chronological limits: this study was conducted during the year of (2016 C.E).

Human limits: The study sample was limited only to the external auditors registered in the Jordan Association of certified public Accountants who verified the financial reports of the public shareholding industrial companies in Jordan.

Procedural Definitions:

Error: "It is the distortion or the unintended exclusion of amounts of money or information in the financial statements which is mostly committed due to the accounting department clerks ignorance with the agreed accounting principles and sound accounting categorization, and they are also made as a result to negligence while performing accounting procedures". (AL- Sahen et al ., 2000).

Cheat: It is the intended hiding or modifying the statements to achieve personal benefits, to mislead another party, make them hold more liabilities or to attain the assets and property of the company to use them in private actions, or it might be the intended distortion to information by the company's employees or any third party". (Jum'a ,2000).

Fraud: The International Federation of accountants (2010) defined fraud as "An intended act by one or more of the management's members, those accredited with control or third parties. This act involves resorting to deception to receive unjust or illegal benefits" . (translated by the Arab society for certified Accountants, 2010).

The Theoretical Framework of the study: we formerly talked about the spread of error and fraud operations in the financial statements of large companies in the 20th and 21st centuries where this burden was thrown on the shoulders of external auditors. This brings forth the importance to talk about the responsibilities of the external auditor in discovering and reporting error and fraud.

External auditors hold several professional duties to which they have to adher. Any act that breaches those duties exposes them to accountability which could be limited to damage compensation, extend to the level of criminalization or restricted within the limits of disciplinary responsibility. (Mohammad, 2005).

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

Legal and professional responsibility of external auditors: The determination of the legal and professional responsibility of external auditors is connected to the standard of the professional attention which should be paid. The law mainly concentrates on exerting appropriate care and attention as the basis of accountability of the external auditor. The professional responsibility takes a higher degree than the legal responsibility due to the imposed duties on the auditors by the professional organizations or by the international auditing standards or legal legislative duties, which all make auditing a complete changing process. Eventually, this leads to the existence of financial statements with errors, fraud or illegal behavior because of the failure of the auditor in discovering them. This makes the auditor liable to compensate against the damage caused by their deed to the third party who depended on the financial statements of the portfolio after reviewing them (Syrian Finance, 2008).

Disciplinary Responsibility of External Auditors: The commitment to professional behavior rules is the corner stone in the constituents of the disciplinary responsibility. The profession of external auditors is regarded as a preventative guard against error and fraud, and when the auditor does not uncover or report about any of those discrepancies this may expose them to disciplinary accountability which may cause them to lose their position or at least bring them a warning note (AL- Ramahi, 2009).

Criminal Responsibility of External Auditors: If the harm caused by the auditor affects the society, the auditor will be subject to criminal responsibility and exposed to the punishment determined by law for each crime. Therefore, auditors ought to take the necessary measures when they doubt any error or fraud and to inform all the competent authorities to avoid the punishment for any underreporting.

The role of the auditor in discovering error, fraud and illegal behavior in the financial statements: An auditor should assess the risk that may occur from the existence of errors or manipulation that clearly affect the financial statements in the companies or establishments they are auditing because it is the main reference for them in the auditing plan and the design of testing program. As we said before. Auditors are not responsible for preventing error and fraud, but they have to exert enough professional care when performing the process of auditing and writing financial reports. The auditor should also be careful when practicing their duties especially when they expect any distortion in the financial statements that may create clear effects on the financial statements and in case the auditor discovers errors or fraud or illegal behavior in the financial statements they should start the process of taking notes to be presented to the higher management concerned with the auditing to determine the measures which should be taken as a result of those remarks.

The disregard of the auditor to small mistakes could bring great danger to the auditing process which may lead to the inability of the auditor to discover the fraud and error in the financial statements, and since the auditors should adhere to the auditing standards, they cannot ignore any error if those errors were connected to an error or fraud operation. Based on the aforementioned, the auditing team should concentrate on the following concepts when they discover one of the formerly mentioned cases. (Je'arah, 2012).

1. The mechanism and method of reporting the error to the competent authorities in the higher managements according to the auditing standards to get an effective detection from them.

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

2. Following an appropriate method in collecting facts to determine all the factors that led to the error, fraud or illegal behavior in the financial statements and recognizing the consequences and the type of the occurred effect (physical or non- physical).
3. Following up the consequences of the previous years' auditing.
4. Getting familiar with the legal issues and revelation liabilities about the financial statements and consulting a number of solicitors before starting the discussions about the error and fraud operations or illegal behavior with third parties.

What distinguishes the current study from the previous studies:

First: It concentrates on the external auditors who have audited the public shareholding industrial companies in Jordan.

Second: It is attempting to prove that the external auditor is legally and professionally (morally) responsible for discovering or trying to limit error, cheat and fraud.

The implemented statistical methods: After the application of the study tool in it's final from and getting the required data, the researcher entered the data to the statistical program (SPSS) to perform the necessary tests which were represented in the following:

1. Cronbach's alpha coefficient to verify the reliability of the tool.
2. Frequencies, means, standard deviations and the percentages of the study sample and it's tool.
3. T- test.

Analyzing data and testing hypotheses:

First: The statistical descriptive results:

The characteristics of the study sample of external auditors.

Table No. (2); The demographic characteristics of the study Sample members

Variable	Category	Frequency	Percentage
Educational level	Diploma	5	%10
	Bachelor's degree	35	%70
	Higher studies	10	%20
Specialization	Accounting	45	%90
	Other	5	%10
Gender	Male	48	%96
	Female	2	%4
Years of experience	Less than 5 years	25	%50
	From 5 to 10	15	%30
	From 11 to 16	6	%12
	From 16 to 20	4	%8

Viewing table No. (2), we find that the results of the descriptive analysis of the demographic characteristics indicated that the majority of the sample's members have university degrees as

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

(90%) of them have bachelor's degree or Master degree and that most of them are specialized in accounting with the rate of (90%). Considering these statistics, we can say that the study sample members have enough knowledge, experience and qualifications to understand the study's questions, respond to the items of its tool and realize its importance in the field of scientific and practical research. It is also clear that the rate of the sample members whose experience is less than (5) years was the highest at (50%), followed by whose experience ranged between (5-10 years) at the rate of (30%), and the members of the category (11-16) years at the rate of (12%) and finally the members of the category (16-20) years at the rate of (8%), This reveals the high desire of the auditors to detach from their work offices to search for alternative opportunities after getting the professional certificate and experience.

Second: Study Results

A- Description of study data

To describe the study data, the arithmetic means and standard deviations of each of tool's items were found. Their results are stated in the following tables:

Table No. (3) : Views of the study sample concerning the responsibility of the external auditor in discovering the cases of error and fraud in the financial statements of the industrial companies

No.	**Item**	**Arithmetic mean**	**Standard deviation**
1	The external auditor is responsible for discovering the illegal financial behavior performed by the establishment under auditing	3.70	.863
2	The external auditor is responsible for discovering the cases of fraud and error in the financial statements	3.92	1.02
3	The external auditor is responsible for preventing the cases of fraud and error in the financial statements	3.16	1.07
4	If the error was discovered later, the external auditor will be held delinquent in performance.	2.78	1.09
5	The external auditor is legally obliged to perform new arrangements on the financial statements after the issuance of their report if any error or fraud occurs.	4.40	.4942
6-	The external auditor is responsible for the behavior of those under his/ her management in the process of auditing.	4.56	.501
7-	It is the obligation of the external auditor to compensate for the realized damage and the missed profits if he/ she erred in auditing.	2.82	1.27
8-	The external auditor is responsible towards the shareholders and financial statements users concerning the damages caused by their mistakes.	3.80	.606
9-	It is the duty of the external auditor to assess the capability of the audited companies to pursue their activities.	4.42	.641
10-	The management of the establishment must discover the cases of fraud and error in the financial statements.	4.68	.471
General mean		**3.82**	**0.80**

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The previous table shows that the arithmetic means ranged between (2.78- 4.68), and that the highest arithmetic mean was for item No. (10) Which stated "The management of the establishment must discover the cases of fraud and error in the financial statements" with an arithmetic mean of (4.68) and standard deviation of (0.471), while the least arithmetic mean was for item No. (4) Which stated "if the error was discovered later, the external auditor will be held delinquent in performance" With an arithmetic mean of (2.78) and a standard deviation (1.09). The general arithmetic mean was (3.82) with a standard deviation of (0.80). The results indicate the availability of knowledge and understanding by the external auditors to their duties and rights which they have to maintain to produce correct financial information, raise the level of auditing profession and not to fall in professional error that could cost them their reputation and career.

Table No.(4); The opinions of the study sample's members concerning the prompt report about the error and fraud operations in the financial statements and the principle of maintaining confidentiality towards the audited establishment.

No.	Item	Arithmetic means	Standard deviations
1-	Informing the management as fast as possible about the fraud or error in the financial statements.	4.10	1.24
2-	Accuracy in determining the authorized party which should be informed in the company.	4.08	1.02
3-	Hesitation in informing the management in case it was responsible for the fraud or error in the financial statements.	2.46	1.44
4-	Informing a higher administrative level in the audited company than the administrative level of the people suspected to be involved in the fraud or error operations in the financial statements.	4.02	1.28
5-	Presenting a conservative or negative opinion when it is concluded that the fraud and error by the management has a significant impact on the financial statements.	4.66	.626
6-	Abstaining from presenting an pinion if the external auditor was prevented from getting enough and appropriate evidence for the purpose of assessing the effect of fraud or error on the financial statements by the management.	4.84	.370
7-	When doubting that the error in the financial statements happened because of the circumstances and not intentionally, this should be taken into consideration in the final report.	3.28	1.29
8-	Reporting the cases of error and fraud in the financial statements to a third party if the law requires this.	4.66	.478
9-	Keeping the work papers even after the completion of the auditing process.	4.84	.370
10-	Having a legal advice based on the responsibility of the external auditor towards the public interest according to the law.	4.42	.498
General mean		**4.13**	**0.86**

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

The previous table indicates that the arithmetic means ranged between (2.46 – 4.84), and that the highest arithmetic mean was for item (6) which stated, "abstaining from presenting an opinion if the external auditor was prevented from getting enough and appropriate evidence for the purpose of assessing the effect of fraud or error on the financial statements by the management" with an arithmetic mean of (4.84) and a standard deviation of (0.37). The least arithmetic mean was for item (3) which stated, "Hesitation in informing the management in case it was responsible for the fraud or error in the financial statements" with an arithmetic mean of (2.46) and a standard deviation of (1.44). The general arithmetic mean was (4.13) with a standard deviation of (0.86). The former results reveal the awareness of the external auditor of sound behavior when discovering error or fraud in the financial statements considering the principle of secrecy towards the audited establishment, with their complete knowledge about the cases in which they can trespass this principle and inform that party when law allows such conduct.

Third: Testing the main hypotheses of the study:

First hypothesis: There is no statistically significant relationship on the significance level alpha (0.05) between the prompt report by the auditor about the existence of error or fraud and the principle of confidentiality towards the audited establishment.

Table No. (5) The arithmetic means, standard deviations and T value of the sample members' responses about the prompt reporting by the auditor about the existence of error and fraud and the principle of confidentiality towards the audited establishment.

Prompt report and principle of confidentiality	**Arithmetic mean**	**Standard deviation**	**F degree**	**T value**	**Significance level**
	41.36	2.154	49	135.723	0.000

Viewing the previous table we find that there is statistically significant relationship on the significance level alpha (0.05) between prompt report by the auditor about the existence of errors and fraud and the principle of confidentiality towards the audited establishment, where the calculated significance level was less than the significance level alpha (0.05) and consequently accepting the alternative hypothesis and rejecting the null hypothesis. Moreover, the arithmetic mean which indicated (41.36) refers to the strength and positivity of the relationship.

Second hypothesis: There is no statistically significant relationship on the significance level alpha (0.05) between discovering error and fraud in the financial statements of companies and the responsibility held by the external auditor.

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

Table No. (6): The arithmetic means, standard deviations and T value of the sample members' responses about discovering error and fraud in the financial statements of companies and the responsibility held by the external auditor.

Discovering error and fraud and the responsibility of the external auditor	**Arithmetic mean**	**Standard deviation**	**F degree**	**T value**	**Significance level**
	38.24	2.45	49	110.180	0.000

By viewing the previous table, we see that there is a statistically significant relationship on the significance level alpha (0.05) between discovering error and fraud in the financial statements of companies and the responsibility held by the external auditor, where the calculated significance level was less than the significance level alpha (0.05) and consequently accepting the alternative hypothesis and rejecting the null hypothesis. Moreover, the arithmetic mean which indicates (38.24) refers to the strength and positivity of the relationship.

RESULTS AND RECOMMENDATIONS OF THE STUDY

First: Results

1. The availability of enough knowledge by the auditors that it is their duty to discover the cases of error and fraud while auditing the financial statements of the public shareholding companies (industrial).
2. The external auditor is not liable of limiting the error and fraud acts in the public shareholding companies (industrial).
3. Limiting the acts of error and fraud is the responsibility of the companies managements in the first place.
4. There is no contradiction between the prompt reporting about the error and fraud operations in the financial statements and the principle of confidentiality towards the audited company if permitted by law.

Second: Recommendations

1. Conducting more studiers to verify the results reached by the researcher and on a wider range that includes all the financial categories in Jordan like the sectors of services and banking.
2. Directing the tool of the study to other financial categories other than the external auditors to identify the real level of the external auditor's ability to discover the cases of error and fraud in the financial statements.
3. The researcher advises the Jordanian public shareholding companies to be accurate and cautious in dealing with financial statements as well as publications issued by them.
4. Conducting a number of research studies to identify the styles of cheat and fraud currently used to warn the external auditors about them.

ISSN 2054-6319 (Print), ISSN 2054-6327(online)

5. The researcher recommends that it is necessary for the shareholders to follow up with the prevalent financial system of the companies in which they share and to demand for periodical modernization of those systems.

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Annexes

Annex No. (1)

Dear brother / sister,

Peace be upon you,

With due respect and appreciation. I kindly ask you for cooperation to complete this study by filling in the attached questionnaire which consists of three axes about the subject of:

"The Role of External Auditors in Error and Fraud Discovered in the Financial Statements in the Jordanian Public Shareholding Companies (Industrial)".

Please note that all the supplied information will be dealt with in complete confidentiality and will not be used except for the purposes of scientific research. We promise to provide you with a copy of the research's results once it is accomplished.

Please accept highest appreciation…

Researcher:

Dr. Hani Al-Ratashdeh

Assistant professor

Faculty of administrative and financial sciences

Accountion Division

Irbid National University

First axis:

Demographic data:

Academic qualification

1. Diploma
2. Bachelor's degree
3. Higher studies

Scientific specialization

1. Accounting
2. Other

Gender

1. Male

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2. Female

Years of experience

1. Less than 5 years
2. from 5 to 10
3. from 11 to 16
4. from 16 to 20

Second axis

The responsibility of the external auditor in discovering error and fraud in the financial statements of the industrial companies.

No.		Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1-	The external auditor is responsible for discovering the illegal financial behavior performed by the establishment under auditing					
2-	The external auditor is responsible for discovering the cases of fraud and error in the financial statements					
3-	The external auditor is responsible for preventing the cases of fraud and error in the financial statements					
4-	If the error was discovered later, the external auditor will be held delinquent in performance.					
5-	The external auditor is legally obliged to perform new arrangements on the financial statements after the issuance of their report if any error or fraud occurs.					
6-	The external auditor is responsible for the behavior of those under his/ her management in the process of auditing.					
7-	It is the obligation of the external auditor to compensate for the realized damage and the missed profits if he/ she erred in auditing.					
8-	The external auditor is responsible towards the shareholders and financial statements users concerning the damages caused by their mistakes.					
9-	It is the duty of the external auditor to assess the capability of the audited companies to pursue their activities.					
10-	The management of the establishment must discover the cases of fraud and error in the financial statements.					

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Third axis: The prompt reporting about error and fraud in the financial statements and the principle of confidentiality towards the audited establishment.

No.		Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1-	Informing the management as fast as possible about the fraud or error in the financial statements.					
2-	Accuracy in determining the authorized party which should be informed in the company.					
3-	Hesitation in informing the management in case it was responsible for the fraud or error in the financial statements.					
4-	Informing a higher administrative level in the audited company than the administrative level of the people suspected to be involved in the fraud or error operations in the financial statements.					
5-	Presenting a conservative or negative opinion when it is concluded that the fraud and error by the management has a significant impact on the financial statements.					
6-	Abstaining from presenting an pinion if the external auditor was prevented from getting enough and appropriate evidence for the purpose of assessing the effect fraud or error on the financial statements by the management.					
7-	When doubting that the error in the financial statements happened because of the circumstances and not intentionally, this should be taken into consideration in the final report.					
8-	Reporting the cases of error and fraud in the financial statements to a third party if the law requires this.					
9-	Keeping the work papers even after the completion of the auditing process.					
10-	Having a legal advice based on the responsibility of the external auditor towards the public interest according to the law.					

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