

## Extent of Application of the Principles of Transparency and Accountability According to the of the International Organization Standards of Control and Accounting (INTOSAI) Field Study in the Libyan Audit Bureau (Benghazi Branch)

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### Abstract:

*The aim of this research is mainly to know the application of the principles of transparency and accountability according to the standards of the International Organization of Control and Accounting in the branch of the Audit Bureau in Benghazi. To achieve the objective of the study, a questionnaire was developed to collect and distribute data on a sample of (40) references. And the researchers used the SPSS program for data analysis. The research found that the mathematical averages of the study axes (the nine principles) fall within the scope of approval, except for principle Eighth and ninth, And related to the communication of the Audit Bureau with the media in terms of its activities and the results of its oversight, as well as the use of the Court of Audit for external consultation in order to improve the quality and credibility of his work. Therefore, the null hypothesis was rejected, and the alternative hypothesis accepted. "The Audit Bureau is committed to applying the principles of transparency and accountability issued by the International Organization of Supreme Audit Institutions (INTOSAI 20). This research recommended that to find appropriate techniques to benefit from academic and professional expertise from outside the SAI in order to improve the quality of audit work*

**Keywords:** Principles of Transparency and accountability, Audit Bureau, Benghazi Branch, International Organization of Control and Accounting (INTOSAI).

### Introduction

SAIs play an important role in combating corruption, strengthening governance and transparency, supporting accountability, and following up on the disposal of public funds, whether in the way they are collected or used. The effectiveness and efficiency of achieving results and reaching the planned objectives, and the importance of the work of SAIs, Explain the reasons for the absence of strategies and plans and non-compliance with laws, regulations, and decisions directed at the performance (Bracci, Reichborn-kjennerud, Jeppesen, & Carrington, 2015).

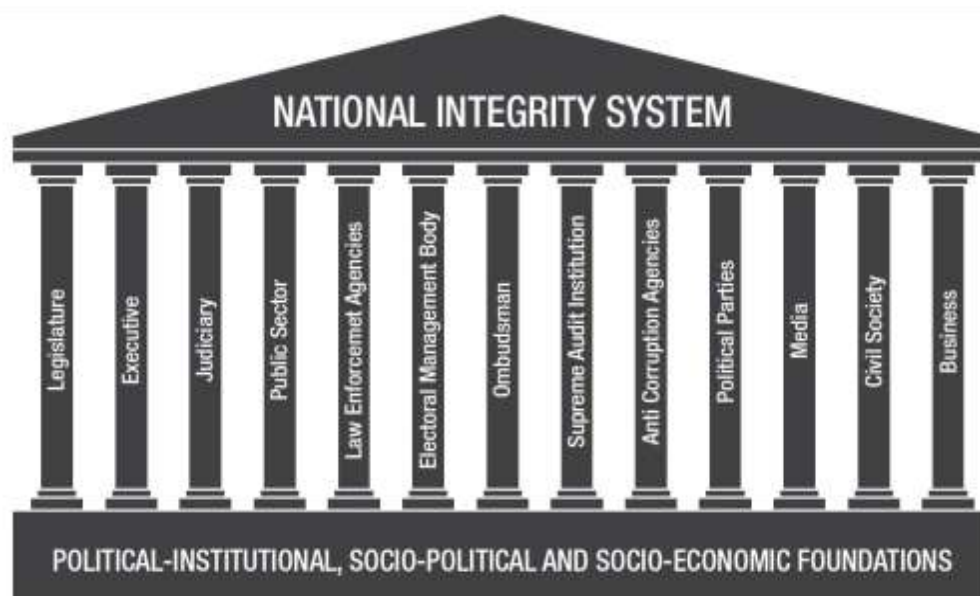
The Supreme Audit Institutions (SAIs) are considered to be the most important systems of the modern state, because they supervise the work of all state institutions and evaluate their performance, thus preserving public funds and ensuring access to sustainable development. All this will only come through the establishment of the rules of transparency and integrity, and the drying up of the sources of imbalance and corruption. As transparency and accountability are the principles and foundations that create administrative and organizational culture in public institutions, make relations between the government and its various administrative bodies and citizens, and improve social cohesion (Crindell, 1999), as the SAIs are mandated to play a variety of roles both politically and administratively (Pollitt & Summa, 1997), In the sense that it protecting state funds, ensuring access to sustainable development, and establishing transparency and accountability for the work of public agencies and institutions (Pollitt & Summa, 1998). Thus enhancing citizens' confidence in these bodies and institutions, these bodies should be the first to adopt these rules. The SAIs should have a high degree of transparency and accountability. The SAIs themselves must strengthen their independence, effectiveness, and credibility.

At the end of 2009, the (INTOSAI) directed to the issuance of the standard ISSAI 20 on Transparency and Accountability in order to enhance the quality of SAIs' work and to help them to give examples through their

governance and practice. The lack of transparency and accountability in the Supreme Audit Institutions will reduce the importance of the role entrusted to them. On the other hand, it raises many questions about the efficiency and effectiveness of the important role of these bodies and the location, status, and performance of SAIs in the organizational structure of the State and the general public. Therefore, this research comes to know the commitment of the Audit Bureau to the Libyan State to implement these principles, especially as they constitute a qualitative leap in the performance of the audit work of the Audit Bureau, if implemented in accordance with the guidelines issued by the International Organization of Supreme Audit Institutions (SAIs) in this regard.

### Research problem

This research was chosen because of its great importance and based on Transparency International's report on the State of Libya, which found that the current practice of the principles of transparency and accountability in the Libyan state is weak. Where the Transparency International has developed a study to evaluate the national integrity system in the Libyan state in 2014. The study developed degrees for indicators which summarizes the evaluation of the Supreme Audit Institution in terms of its capacity, its internal governance, and its role within the Libyan integrity system. The organization based its study on the methodology of international transparency. Where the international integrity system is based on the following model:



The primary purpose of the evaluation was to evaluate the efficiency of Libyan institutions in preventing and combating corruption and in supporting the principles of transparency and accountability, including the Supreme Audit Institution (SAI).

The study found that the basic Evaluation of the Libyan integrity system has been very bad, where the majority of the twelve columns in the national integrity system were weak. Moreover, the evaluation was given the following rates for the Supreme Audit Institution of the State of Libya (Audit Bureau) as a total assessment of 38/100 at a poor rate.

Table 1 shows the final Evaluation of the Audit Bureau of the Libyan State according to the National Integrity System:

**Table 1:** Final Evaluation of the Audit Bureau of the Libyan State

An overall score of valuation 38%			
Category	Index	Law	Practice
Capacity	Resources	-	25
	Independence	5	50
Governance	Transparency	5	50
	Accountability	2	25
	Integrity	7	25
Role	Effective financial audit		5
	Adjusting ethical behavior		25
	Improving financial management		25

From the above, it is clear that the current practice of the principles of transparency and accountability in the Libyan state, and in many Arab countries, is weak.

### Research questions

Accountability and transparency are important elements of good governance and can help combat corruption, improve operations, enhance accountability and increase citizen confidence, it is very important in the audit work that the SAI seeks to establish the principles of transparency and accountability and to reach best practices in the performance of the control process, and it is necessary that the SAI has the highest efficiency and effectiveness and has organizational and professional independence, it is essential that SAI has the highest standards of efficiency and effectiveness, In addition to being enjoyed that it should have organizational and professional autonomy. The SAI should be a model for the rest of the State institutions in the application of the principles of transparency and accountability. In this sense, this research raises the following main question:

- What the extent to which the Audit Bureau applies the Principles of Transparency and Accountability issued by the International Organization of Supreme Audit Institutions (INTOSAI)?

According to the main question, the following sub-questions are asked:

- i. How far does the Audit Bureau perform its functions within a legal framework that allows for accountability and transparency?
- ii. Does the Audit Bureau disclose its legal mandate, responsibilities, mission, and strategies to the public?
- iii. Does the Audit Bureau adopt objective and transparent standards and methodologies?
- iv. Does the Audit Bureau apply high standards of integrity and ethics to its employees of different grades?
- v. Does the Audit Bureau ensure that the principles of accountability and transparency are unmatched when outsourced to carry out its activities?
- vi. Does the Audit Bureau manage its operations efficiently and effectively according to laws and regulations?
- vii. How far does the Audit Bureau prepare reports for the public on the results of its control operations and its findings on government activities in general?
- viii. Does the Audit Bureau continue regularly and comprehensively about its activities and the results of its control operations through the media, websites, and others?
- ix. Does the Audit Bureau resort to independent external consultation in order to improve the quality and credibility of its work?

### Research importance

The importance of research comes from highlighting the current supervisory practices of the Audit Bureau, with regard to the application of the principles of transparency and accountability of the International Organization

of Supreme Audit Institutions, as one of the most important elements in the control work, especially as transparency and accountability play an important role in adding value to the function of the Audit Bureau, the adoption and application of the principles of transparency and accountability increases the degree of integrity of the work carried out by the debt, supports and enhances confidence in the Bureau and the resulting reports, And increase the efficiency and effectiveness of the audit work in the Audit Bureau. This also indicates that there is management with a conscious organizational culture and is aware of the importance of control work in a transparent and accountable manner.

### Research objectives

The research aims to achieve the following:

- i. Know the importance of applying the principles of transparency and accountability to SAIs. And the reality of transparency and accountability.
- ii. Detection the compliance of the Audit Bureau with best practices related to the implementation of the Transparency and Accountability Standard (ISSAI 20).

### Research hypotheses

The research examines the validity of the main hypothesis that “**The Audit Bureau dose not committed to applying the principles of transparency and accountability issued by the International Organization of Supreme Audit Institutions (INTOSAI 20).**”

by verifying the following sub-hypotheses:

- i. The work of the Audit Bureau is not within a legal framework that allows accountability and transparency.
- ii. The Audit Bureau shall not disclose its legal mandate, responsibilities, mission, and strategies to the public.
- iii. The standards, processes, and methodologies of the Audit Bureau are not objective and transparent.
- iv. The Audit Bureau is not committed to applying the standards of integrity and ethics to its employees of different grades.
- v. The Audit Bureau does not ensure that the principles of accountability and transparency are unmatched when outsourced in order to carry out its activities.
- vi. The management of the Audit Bureau for its operations is not conducted efficiently and effectively according to the laws and regulations.
- vii. No reports are made to the public about the results of its control and its conclusions about government activities in general.
- viii. The Audit Bureau does not regularly and comprehensively communicate its activities and the results of its control operations through the media, websites, and others.
- ix. The Audit Bureau does not resort to independent external consultation in order to improve the quality and credibility of its work.

### Literature review

A study on the impact of the application of transparency on the level of administrative accountability in the Jordanian ministries (Tarawneh & Al-Adayla, 2010), the aim of the study was to develop a questionnaire to collect data and distribute it to a sample of (661) employees (40%) of the total number of employees in centers (6) ministries were selected in a methodical manner, and the total number of employees in the centers of these ministries, 1653 employees. In data analysis, the SPSS program was used. The study found that a series of results, most notably that the perceptions of the study sample for both the degree of transparency and the level of administrative accountability in the ministries that were investigated were medium for each, And that there

are differences of statistical significance in the perceptions of the sample of the study to the degree of application of transparency in the ministries under study due to the variables of gender, age, years of experience, scientific qualification and administrative level. The study recommended that the concept of transparency in ministries under study should be strengthened because of its positive role in creating an environment conducive to improving the level of administrative accountability and increasing its efficiency based on transparency in various areas of work.

Work of the International Organization of Supreme Audit Institutions (INTOSAI) to promote and improve the transparency of information on SAIs, and working towards adherence to the principles of transparency and accountability aims to transform SAIs into a control organization, such as transparency and accountability. An article both of (Raquel; Manuel & Laura, 2014) that aim was to find out whether SAIs had used the Internet as a means to improve their business transparency and interaction with stakeholders according to the INTOSAI statement. The results indicate that although the Spanish SAIs have used ICT to improve communication and provide greater access to information, However, there is still a long way to go, especially as there is weakness in this side related to provide of a few formal techniques through the Internet, through which the stakeholders can communicate with specific complaints and suggestions on the controls considering that the information provided by SAI in Spain provides information in one direction only, with no option for stakeholders to communicate with reporting members or with the heads of audit and control teams to express any doubt or ask any questions about those reports.

In a study entitled: The role of transparency and accountability in reducing administrative corruption (international experiences). For both of Falaq and Hado (2015). The concept of transparency and accountability and its importance was reviewed through the concept of administrative corruption and some of its forms, with some of the leading international experiences in combating administrative corruption. The study presented a number of recommendations, the most important of which is the need to promote the concept of transparency because of its positive role in creating an environment conducive to improving the level of administrative accountability and reducing administrative corruption.

a study by Alnuaizi (2015), titled The Extent of the commitment of the Palestine Financial and Administrative Control Bureau to the principles of transparency and Accountability issued by the International organization of Supreme Audit Institutions (INTOSAI). The aim of this study was to determine the commitment of the Administrative and Financial Control Bureau to the principles of transparency and accountability. In order to achieve this objective and answer the questions, the descriptive analytical method was used, a questionnaire was consists of five axes based on theoretical framework and previous studies, distributed to 104 employees from the control levels and the response rate was 72%, as such (SPSS) program was used to analyse the results of the questionnaire and other statistical treatments in this field. The study found that there is an impact on the application of the legal framework and disclosure of the commitment of the Financial and Administrative Control Bureau to the principles of transparency and accountability. Moreover, that there is a significant impact on the application of the standards and processes and methodologies of the control which are objective, as well as there is an impact of the application of standards of integrity and good behavior of staff and consultants on the extent of the commitment of the SAI to the principles of transparency and accountability. The study ended with several recommendations, namely the need for the SAI to join the International Organization of Supreme Audit Institutions (INTOSAI) and to update the Law of Administrative and Financial Control Bureau to be more in line with international laws, especially the INTOSAI Law.

Al-Karawi and Jalab endeavored to build a model of an honest organization in accordance with transparency and accountability practices. The researchers relied mainly on the theoretical purpose of the research, administrative and legal literature and their analysis and interpretation. A direct impact was found on the application of the principles of transparency and accountability that would modify or enhance the building of models of fair organizations for the purpose of benefiting from them. The study resulted in some

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recommendations, including the need to adopt the concepts of transparency and accountability if the establishment of a fair and effective organization without administrative corruption.

González-Díaz; García-Fernández, and López-Díaz, (2013), presented a study entitled Communication as a transparency and accountability strategy in supreme audit institutions. In an endeavor to suggest ways, SAIs can communicate to promote transparency and accountability. A strategy was built on three basic concepts - the target audience, the message and the communication Instruments, the identification of the target audience and the message and the discovery of the most common way to communicate the message were the backbones of the theory presented in this study. Then the analysis highlights the need for SAIs to direct their communication strategy to a wider audience, which will receive different messages through both traditional and modern media. It concluded that the SAIs would be able to develop by using published materials available on the Internet. This study indicates that communication strategies can help the SAIs to promote transparency and accountability, an addition that their implementation requires a clear definition of who targets them, the message they want to convey, and a communication plan based on their relationship with traditional and new media.

Of the studies mentioned by the researchers on the subject of transparency and accountability in the higher institutions of auditing and auditing, note that it confirms the importance of adopting the principles of transparency and accountability both in the public sector institutions or in the SAIs.

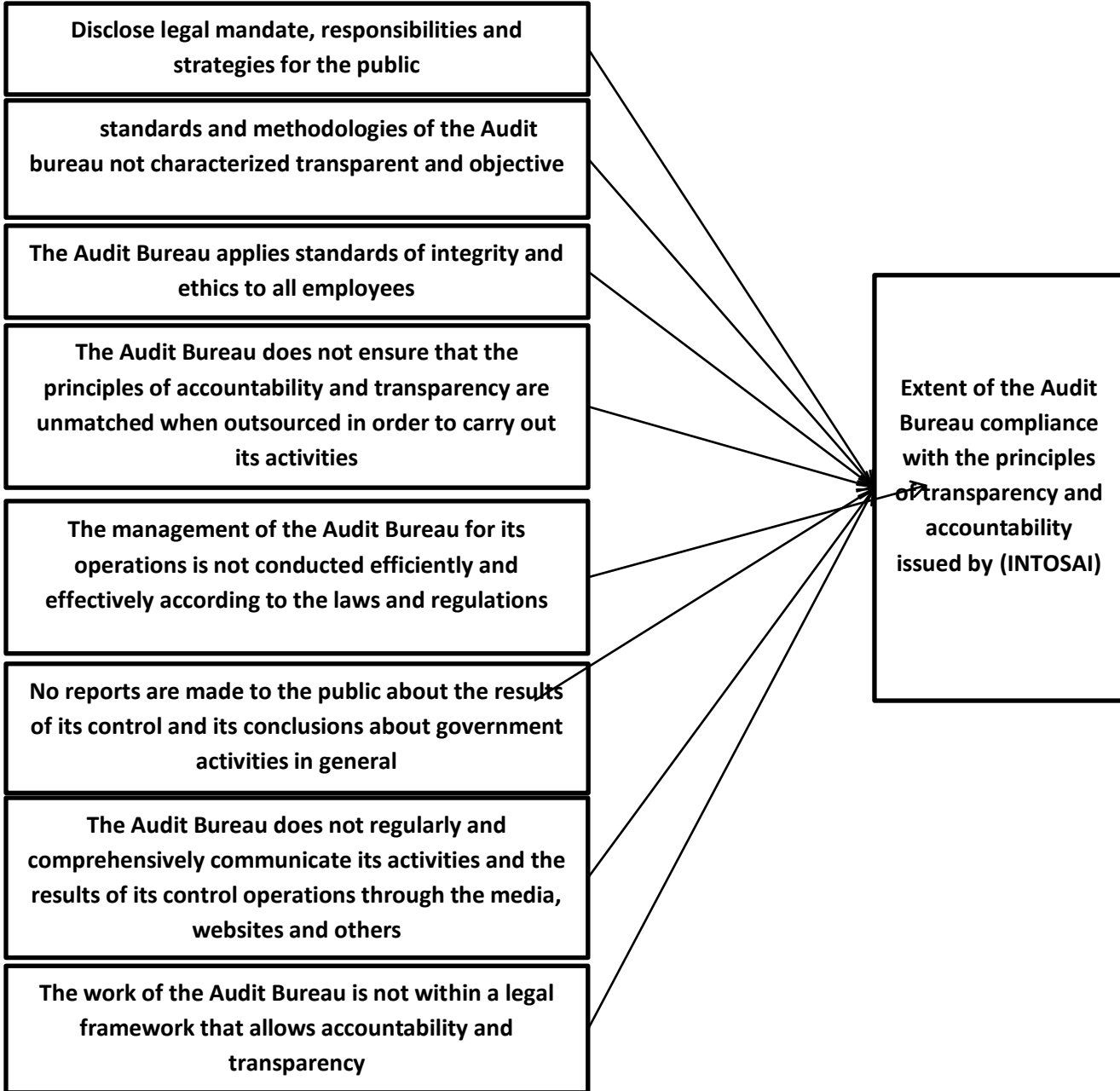
### **The methodology**

The researchers followed the descriptive approach, because it is appropriate and compatible with the subject, in addition to understanding its components. As for the practical side, researchers relied on the case study to project the scientific framework for research into the practice of applying the principles of institutions.

### **Research Variables**

IV

DV



**Research Tool**

In order to achieve the research objectives, the questionnaire was used. The questionnaire included two main parts: demographic data on the participants (scientific qualification, years of experience, scientific specialization), the second part of the study is represented in Principles of Transparency and Accountability Issued by (INTOSA 20).

**Reliability and Stability**

The Cronbach’s alpha coefficient was used to confirm the stability of the axes of the questionnaire, the stability coefficient was (.909) and the honesty coefficient (0.953), this indicates that the data is stable and reliable.

**Community and Sample Research**

The research community included auditors of the Audit Bureau in the city of Benghazi, numbering (40) auditors. Total of (36) questionnaires was distributed Based on Krejcie, and Morgan (1970) table, and (31) questionnaires were retrieved. The response rate is approximately 77%. When referring to Roscoe (1975) the sample size (30-500) is suitable for most studies.

## Data Analysis

**Table 2:** Demographic data

Data	Variable	frequency	Percentage
scientific qualification	Higher Diploma	2	6.5%
	BA	24	77.4%
	M.A.	5	16.1%
	Ph.D.	0	0
	Total	31	100%
scientific specialization	Accounting	24	77.4%
	Financial and management sciences	1	3.2%
	Others	6	19.4%
	Total	31	100%
years of experience	Less than 5 years	11	35.5%
	From 5 to 10 years	3	9.7%
	From 10 years to 15 years	5	16.1%
	more than 15 years	12	38.7%
	Total	31	100%

In this search will be used a number of statistical methods for data analysis and access to research objectives, through the use SPSS program, to verify the normal distribution of the data, the researchers conducted the Normality test and the Q-Q Plots NORMAL modulation test for each axis of the research (the nine principles). This test is necessary to determine the quality of the tests that will be used to test the hypotheses. It was found that the data followed the normal distribution allowing the use of the tests Parametric.

## Questionnaire Analysis

The researchers adopted in this research on the Likert scale. Also to determine the degree of approval, the numerator was calculated using the following equation (the largest value - the lowest value) divided by 5 or about 0.80. Accordingly, the levels of approval will be as shown in Table 3, and will then be determined at any of the levels mentioned in the table The research arithmetic averages are located. Accordingly, results are analyzed and hypotheses tested.

**Table 3:** Scale of approval scores

Measurement limits		Degree of approval
minimum	maximum	
1	1.79	Strongly Disagree
1.80	2.59	not agree
2.60	3.39	neutral
3.40	4.19	Agree
4.20	5	Strongly Agree

## Analyse the results and test the primary hypothesis

To test the basic hypothesis and its sub-hypotheses, one sample t-test was used, considering that the optional value (mean) of the five-dimensional Likert scale and the hypothesis is rejected or accepted based on the value of  $\alpha = 0.05$ . If the value of P is less than  $\alpha$ , the null hypothesis is rejected, and the alternative hypothesis is accepted.

**Table 4:** t-test for one sample

principles	N	Test Value = 3		t	df	Sig. (2-tailed)	significance
		mean	Std. deviation				
The work of the Audit Bureau is within a legal framework that allows accountability and transparency.	31	3.890	.5533	8.958	30	.000	statistically
The Audit Bureau shall disclose its legal mandate, responsibilities, mission, and strategies to the public.	31	4.112	.49514	12.514	30	.000	Statistically
The standards, processes, and methodologies of the Audit Bureau are objective and transparent.	31	3.693	.58705	6.578	30	.000	Statistically
The Audit Bureau is committed to applying the standards of integrity and ethics to its employees of different grades.	31	3.709	.48346	8.173	30	.000	Statistically
The Audit Bureau does ensure that the principles of accountability and transparency are unmatched when outsourced in order to carry out its activities.	31	4.016	.52415	10.794	30	.000	Statistically
The management of the Audit Bureau for its operations is conducted efficiently and effectively according to the laws and regulations.	31	3.672	.64649	5.794	30	.000	Statistically
Reports are made to the public about the results of its control and its conclusions about government activities in general.	31	3.895	.53141	9.379	30	.000	Statistically
The Audit Bureau does regularly and comprehensively communicate its activities and the results of its control operations through the media, websites and others.	31	3.266	.57350	2.584	30	.015	Statistically
The Audit Bureau does resort to independent external consultation in order to improve the quality and credibility of its work.	31	3.338	.74596	2.528	30	.017	Statistically
Total	31	3.732	.39376	10.362	30	.000	statistically

According to the results obtained from table 4, the arithmetical averages of the study axes (the nine principles) fall within the scope of approval shown in table 3 except for the eighth and ninth principles (The Audit Bureau does regularly and comprehensively communicate its activities and the results of its control operations through the media, websites, and others) and (The Audit Bureau does resort to independent external consultation in order to improve the quality and credibility of its work), where the averages were within the neutral range. The Level of Significance ( $P < 0.05$ ) for each axis; therefore, Sub-Hypotheses are rejected.

The general average of the research axes (principles) was 3.73, the standard deviation (0.393) and the mean value (P) for all axes that were less than level of significance  $\alpha$  (0.05). Therefore, the null hypothesis is rejected, and the alternative hypothesis is accepted (**The Audit Bureau is committed to applying the principles of transparency and accountability issued by the International Organization of Supreme Audit Institutions (INTOSAI 20).**)

### Results and discussion

The perceptions of the members of the research sample to the extent of applying transparency in the Audit Bureau (Benghazi Branch) were positive regarding the application of principles of Transparency and Integrity issued by the International Organization of Supreme Audit Institutions (INTOSAI). Where the statistical analysis proved that there is an application of seven principles:

- i. The work of the Audit Bureau is within a legal framework that allows accountability and transparency.
- ii. The Audit Bureau shall disclose its legal mandate, responsibilities, mission, and strategies to the public.
- iii. The standards, processes, and methodologies of the Audit Bureau are objective and transparent.
- iv. The Audit Bureau is committed to applying the standards of integrity and ethics to its employees of different grades.
- v. The Audit Bureau does ensure that the principles of accountability and transparency are unmatched when outsourced in order to carry out its activities.
- vi. The management of the Audit Bureau for its operations is conducted efficiently and effectively according to the laws and regulations.
- vii. Reports are made to the public about the results of its control and its conclusions about government activities in general.

While the responses of participants indicated that there are two principles that are not implemented:

- i. The Audit Bureau does regularly and comprehensively communicate its activities and the results of its control operations through the media, websites, and others.
- ii. The Audit Bureau does resort to independent external consultation in order to improve the quality and credibility of its work.

This finding is in line with the study of Raquel; Manuel & Laura (2014) that the Spanish SAIs have used information and communication technologies to improve communication and provide greater access to information, but there is still a long way to go, especially as there is weakness in this aspect related to the introduction of a few formal techniques over the Internet, as the information provided by the SAI in Spain provides information in one direction only, without any option for stakeholders to communicate with members responsible for reporting, or with the heads of audit and control teams to express any doubt or raise any question about those reports.

It is also in line with the findings of Alnuaizi (2015). The most important of these results is that there is a significant impact on the application of the legal framework and disclosure of the commitment of the Office of Administrative and Financial Control to the principles of transparency and accountability. Moreover, there is a significant impact on the application of control standards, processes and methodologies that which are objective, in addition there is the impact of applying the standards of integrity and good behavior of staff and consultants on the extent of the commitment of the Office of Administrative and Financial Control to the principles of transparency and accountability.

### Recommendations

Based on the findings of the research, the researchers have formulated some recommendations that can contribute to the promotion of the principles of transparency and accountability as follows:

- i. To continue the efforts of the Audit Bureau of the Benghazi Branch to support the effective and efficient application of the principles of transparency and accountability that the participants answer to their application.
- ii. The need to focus on working to find ways to activate the means of communication with all the beneficiaries of its services through the media and websites. Also, finding appropriate techniques to benefit from academic and professional expertise from outside the SAI in order to improve the quality of control work.

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**Appendix 1: Moderation Test**

A= (Legal Obstacles), B= (Human Obstacles), C= (Technical Obstacles), D= (Accounting Skills Obstacles).

