

:

*

New York Stock and Exchange Commission (SEC)
(Knapp, 1987) Exchange (NYSE)

.1

(Treadway, 1987) (AICPA, 1978)

)

(Wolf, 1994) (

⁽¹⁾Sarbanes-Oxley Act

2002

(Whittington and Pany, 2003)

(Securities

Cadbury Committee (1992)

(Higson, 2003)

2006/11/30

2005/3/13

*

: (Corporate Governance)

-1

(Stakeholders)

-2

1998

-3

.2

:

1998

.(Collier, 1997)

(Turley and Zaman, 2004)

Blue Ribbon Committee (1999)

Cadbury Committee

(1992)

Sarbanes-Oxley Act

2002

.1998

-1

()

-2

.(Tackett, 2004)

SEC

.(Rezaee et. al., 2003)

-3

(Collier, 1997)

:

-1

.3

-2

)

(Morse and Keegan, 1999)

)	(Stakeholders)	.(
	(Collier, 1997)	(Moxey, 2004) ((Abdel-Khalik, 2002)	
					-3
					-4
		1998		(Zaman, 2001)	
1					
23		1998			
		1997			
				(Higson, 2003)	
				.(Smith, 1776)	
		:(25)		(Cadbury Report, 1992)	
		/	-1		
			-2	(Accountability)	
			-3	(Tricker, 1984)	
)			"	(Cadbury Report, 1992)
	.(1287	4274	"	(Parkinson, 1994)	"
			(Tricker, 1984)	"	"
1998					
	2004		"		
				(Solomon and Solomon, 2004)	
				(Accountability)	
	(1998)			

(Proxy Variables)

(2003)

(Collier, 1993)

(2003

.4

(Chambers

(Mautz and Neumann,

and Snook, 1979)

1977)

(DeZoort, 1997)

(Pincus et. al., 1989)

NASDAQ

Logit

(Teoh and Lim, 1996)

(Bradbury, 1990)

(Agency Theory)

(Beattie et. al., 1999)

(Green, 1994)

(Goodwin and Seow, 2002)

(Code of Conduct)

(McMullen, 1996)

(DeZoort and Salterio, 2001)

(DeFond and Jiambalvo,

1991)

(Beasley et. al., 2000)

(Scarborough et. al., 1998)

(Turley and Zaman, 2003) (Menon 200 and Williams, 1994)
(Case Study)

(1998) (Cohen et. al., 2002)

(Al-Twaijry et. al., 2002) :

)

(

)

(

(Joshi

and Wakil, 2004)

30

(Big Four)

)

(2001

(Hussain and Mallin,

2002)

.5

(2001)

-1

-2

()

-3

-4

-5

)
108
.2004
)
(
%69.4

.((2)

21
)
(2003

75

)
(

-1
-2

0.7521 ()
 .Cronbach's Alpha
 0.8020 6 1
 (3)0.8001 16 7
 0.7 Likert Scale
 .() 7 () 1
 .(Litwin, 1995)

:
) -1
 () One-Sample T-Test -2
 (%5) 4 (" ")
 Kruskal-Wallis " " : " -1
 ()
)

75
 .(%69.4) " " " " " "
 72
 25 %27 " "
 %20 30 25 %39 " "
 40 31
 " " (Jargon)
 10 5 5
 (%83) -2
 .(%9)
 %24
 %59
 %63

%73 .(/)

(1) -

(1)

%96	72	
%4	3	
%100	75	
%26.7	20	25
%38.7	29	30 25
%20	15	40 31
%8	6	50 41
%6.6	5	50
%100	75	
%52	39	5
%25.3	19	10 5
%10.7	8	15 11
%4	3	20 16
%8	6	20
%100	75	
%4	3	
%0	0	
%82.7	62	
%4	3	
%0	7	
%9.3	0	
%100	75	
%24	18	
%76	57	
%100	75	
%58.7	44	
%41.3	31	
%100	75	
%62.7	47	
%37.3	28	

%100	75	
%72.6	53	
%27.4	20	
%100	73	(2)

(1)

6 1

.()

(2)

(Interim Financial

Statements)

.5

(2)

P- Value				
0	1.44	5.63		1
0	1.14	6.08		2
0	1.04	6.10		3
0	1.19	5.79)	4
0	1.16	5.49	()	5
0	1.01	5.77		6

(3)) ((Creative Accounting)

(Whittington, 1993; Collier, .(Short-Termism)
.1997)

(2)

)

(

.()

()

(2)

) 4

(4) P-Value (" "

0.05

)

(16 15 10 7

)

() (9 8)

(3)

P-Value				
0.001	1.82	4.75		7
0.447	1.99	3.82		8
0.381	2.01	3.79		9
0.021	1.94	4.53		10
0	1.28	5.44		11
0	1.56	5.67		12
0	1.46	5.08		13
0	1.30	5.15		14
0.001	1.92	4.74		15
0.008	1.82	4.57		16

(3)

(3)

0.05 P-Value
9 8

(4)

9 8

)

.(

(4)

)

(20 17

-

-

(5)

(4)

P-Value				
0.727	2.30	3.91		17
0	1.78	2.68		18
0.097	2.10	3.58		19
0.007	2.13	4.69		20
0	1.52	5.88		21

)

3)

(75

.(

P-Value

(4)

(6)

Kruskal-Wallis

Kruskal-Wallis

21

21 20

()

18 17

(7) 147

(5)

18

(5)

147

%5

%1

2 18

(5)

:						
P-Value	40	40-31	30-25	25		
0.038	6.45	6.64	6.04	5.55		2
0.019	5.91	6.13	5.10	5.35)	5
0.042	2.60	3.13	4.36	4.20	(8

						:
P-Value	15	15-11	10-5	5		
0.016	2.75	2.13	4.05	4.29		8
						:
P-Value						
0.021	6.30	5.52				1
0.029	6.60	6.00				2
0.050	6.40	5.67)	(4
0.010	6.30	5.71				6
						:
P-Value						
0.002	5.35	6.50				1
0.032	5.93	6.56				2
0.022	5.32	6.06	()		5
						:
P-Value						
0.014	4.75	5.39				14
0.016	3.79	5.04				16
						:
P-Value						
0.036	4.68	3.48				9
0.041	5.33	4.26				10
0.039	6.25	5.40				12
0.035	2.74	3.94				19
0.003	5.84	4.23				20

.6

()

.(Tackett, 2004)

(Abdullatif, 2003)

)
(

.)
)

)
(

-2

-3

-4

-1

21 17 (3) 2002 (1)
(4)

(World Com Enron)

.(ISA 720

-25 (5)

1998 1
.1997 23

(6) (2)

) 7 () 21 (7)

.(

1998 1
1997 23

Governance Mechanisms, *Accounting Horizons*, 14(4): 441-454. .1291-1269 4274

Beattie, V., Brandt, R. and Fearnley, S. 1999. Perceptions of Auditor Independence: UK Evidence, *Journal of International Accounting, Auditing and Taxation*, 8(1): 67-107. .2002 76 2004

Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees. 1999. Report and Recommendations of the Blue Ribbon Committee on, *Improving the Effectiveness of Corporate Audit Committees*, New York: NYSE and NASD. 1998 35 34 .18-13

Bradbury, M. E. 1990. The Incentives for Voluntary Audit Committee Formation, *Journal of Accounting and Public Policy*, 9, 19-36. 2003 2003 :

Cadbury Committee, Committee on the Financial Aspects of Corporate Governance. 1992. *Report of the Committee on the Financial Aspects of Corporate Governance*, Gee, London. .2003 () 2001

Chambers, A. D. and Snook, A. J. 1979. 1978. Survey of Audit Committees in the United Kingdom: A Summary of Findings, Working Paper No. 10 City University Business School. 1998

Cohen, J., Krishnamoorthy, G. and Wright, A. M. 2002. Corporate Governance and the Audit Process, *Contemporary Accounting Research*, 19(4): 573-594. .2003 ()

Collier, P. 1993. Factors Affecting the Formation of Audit Committees in Major UK Listed Companies, *Accounting and Business Research*, 23, 421-430. Abdel-Khalik, A. R. 2002. Reforming Corporate Governance Post Enron: Shareholders' Board of Trustees and the Auditor, *Journal of Accounting and Public Policy*, 21, 97-103. .68-37 11 2003

Collier, P. 1997. Corporate Governance and Audit Committees in M. Sherer and S. Turley (eds.) *Current Issues in Auditing*, 3rd edition, Paul Chapman Publishing Ltd., London, 70-84. Abdullatif, M. A. 2003. *The Role of Auditing in Jordan: An Empirical Study of Responsibilities and Expectations*, Ph.D. Thesis, The University of Manchester, UK.

DeFond, M. L. and Jiambalvo, J. 1991. Incidence and Circumstances of Accounting Errors, *The Accounting Review*, 66, 643-655. Al-Twajjry, A. A. M., Brierly, J. A. and Gwilliam, D. R. 2002. An Examination of the Role of Audit Committees in the Saudi Arabian Corporate Sector, *Corporate Governance: An International Review*, 10(4, October): 288-297.

DeZoort, F. T. 1997. An Investigation of Audit Committees' Oversight Responsibilities, *Abacus*, 33(2): 208-227. American Institute of Certified Public Accountants (AICPA). 1978. *Commission on Auditors' Responsibilities: Report, Conclusion and Recommendations*, Cohen Commission, New York.

DeZoort, F. T. and Salterio, S. E. 2001. The Effects of Corporate Governance Experience and Financial, Reporting and Audit Knowledge on Audit Committee Members' Judgments, *Auditing: A Journal of Practice and Theory*, 20(2): 31-47. Beasley, M. S., Carcello, J. V., Hermanson, D.V. and Lapedes, P. D. 2000. Fraudulent Financial Reporting: Consideration of Industry Traits and Corporate

Goodwin, J. and Seow, J. L. 2002. The Influence of Corporate Governance Mechanisms on the Quality of

- Pincus, K., Rusbarsky, M. and Wong, J. 1989. Voluntary Formation of Corporate Audit Committees Among NASDAQ Firms, *Journal of Accounting and Public Policy*, 8, 239-265.
- Rezaee, Z., Olibe, K. O. and Minnier, G. 2003. Improving Corporate Governance: The Role of Audit Committee Disclosures, *Managerial Auditing Journal*, 18(6/7): 530-537.
- Scarbrough, D. P., Rama, D. V. and Raghunandan, K. 1998. Audit Committee Composition and Interaction with Internal Auditing: Canadian Evidence, *Accounting Horizons*, 12(1): 51-62.
- Smith, A. 1776. *An Inquiry into the Nature and Causes of the Wealth of Nations*, Volume 2, 1976 Reprint, R. H. Campbell, A. S. Skinner and W. B. Todd (eds), Oxford, Clarendon Press.
- Solomon, J. and Solomon, A. 2004. *Corporate Governance and Accountability*, John Wiley and Sons, Ltd. Chichester, England.
- Tackett, J. 2004. Sarbanes-Oxley and Audit Failure: A Critical Examination, *Managerial Auditing Journal*, 19(3): 340-350.
- Teoh, H. Y. and Lim, C.C. 1996. An Empirical Study of the Effects of Audit Committees, Disclosure of Non-audit Fees, and Other issues on Auditor Independence: Malaysian Evidence, *Journal of International Accounting, Auditing and Taxation*, 5(2): 231-248.
- Treadway Commission. 1987. *Report of the National Commission on Fraudulent Financial Reporting*, National Commission on Fraudulent Financial Reporting, New York.
- Tricker, R. I. 1984. *Corporate Governance: Practices, Procedures and Powers in British Companies and Their Boards of Directors*, Gower Press, Aldershot, UK.
- Turley, S. and Zaman, M. 2003. Audit Committee Effectiveness: A Case Study of Informal Processes and Behavioural Effects Forthcoming.
- Turley, S. and Zaman, M. 2004. The Corporate Governance Effects of Audit Committees, *Journal of Management and Governance*, 8(3): 305-332.
- Whittington, G. 1993. Corporate Governance and the Regulation of Financial Reporting, Accounting and Business Research, *Corporate Governance Special Issue*, 23(91A): 311-319.
- Financial-Reporting and Auditing: Perceptions of Auditors and Directors in Singapore, *Accounting and Finance*, 42, 195-223.
- Green, D. L. 1994. Canadian Audit Committees and Their Contribution to Corporate Governance, *Journal of International Accounting Auditing and Taxation*, 3(2): 135-151.
- Higson, A. 2003. *Corporate Financial Reporting: Theory and Practice*, Sage Publications Ltd., London.
- Hussain, S. H. and Mallin, C. 2002. Corporate Governance in Bahrain, *Corporate Governance: An International Review*, 10(3): 197-210.
- International Standard on Auditing 720, Other Information in Documents Containing Audited Financial Statements, *Handbook of International Auditing, Assurance, and Ethics Pronouncements 2005 Edition*, The International Federation of Accountants (IFAC).
- Joshi, P. L. and Wakil, A. 2004. A Study of the Audit Committees' Functioning in Bahrain, *Managerial Auditing Journal*, 19(7): 832-858.
- Knapp, M.C. 1987. An Empirical Study of Audit Committee Support for Auditors Involved in Technical Disputes with Client Management, *The Accounting Review*, 62(3): 578-588.
- Litwin, M. S. 1995. *How to Measure Survey Reliability and Validity*, Sage Publications, Inc., USA.
- Mautz, R. K. and Neumann, F. L. 1977. *Corporate Audit Committees: Policies and Practices*, Ernst and Ernst, New York.
- McMullen, D. A. 1996. Audit Committee Performance: An Investigation of the Consequences Associated with Audit Committees, *Auditing: A Journal of Practice and Theory*, 15(1): 87-103.
- Menon, K. and Williams, J. D. 1994. The Use of Audit Committees for Monitoring, *Journal of Accounting and Public Policy*, 13, 121-139.
- Morse, A. and Keegan, M. 1999. *Audit Committees: Good Practices for Meeting Market Expectations*, Price Waterhouse Coopers, London.
- Moxey, P. 2004. Corporate Governance and Wealth Creation, Occasional Research Paper No. 37, The Association of Chartered Certified Accountants, London.
- Parkinson, J. E. 1994. *Corporate Power and Responsibility*, Oxford University Press, Oxford.

International (UK) Limited.
Zaman, M. 2001. Turnbull, Generating Undue Expectations of the Corporate Governance Role of Audit Committees, *Managerial Auditing Journal*, 16(1): 5-9.

Whittington, O. R. and Pany, K. 2003. *Principles of Auditing and Other Assurance Services*, 14th Edition, McGraw-Hill.

Woolf, E. 1994. *Auditing Today*, 5th Edition, Prentice-Hall

Audit Committees' Responsibilities and Their Relevance to the Corporate Governance Process: Perceptions from Jordanian Auditors

*Modar A. Abdullatif**

ABSTRACT

This research aimed at studying the degree of relevance and suitability of audit committees' responsibilities, as they are stated in the Jordanian regulations, for fulfilling the audit committees' role in the corporate governance process. In addition, the research covers the degree of relevance and suitability of other suggested new responsibilities of audit committees in achieving the same goal, and it also covers the characteristics that should be possessed by an audit committee member. In order to achieve that, the study used a questionnaire which, was distributed to auditors who work at Jordanian audit firms, which audit Jordanian companies that are legally required to establish an audit committee.

Results of this study show that auditors consider the responsibilities of audit committees, as stated in Jordanian regulations, to be suitable for fulfilling the committees' role in corporate governance. Auditors also suggested additional responsibilities of audit committees to be added to the currently required ones, especially in areas expected to facilitate the audit process and improve corporate governance. However, auditors rejected any suggested role for audit committees in decisions of hiring or dismissing auditors or determining audit fees, despite the expected benefits of such a role. Auditors also preferred that members of audit committees to be persons who have ample financial knowledge and are independent from the company, not being members of its board of directors or senior executive management.

Keywords: Audit Committees, Corporate Governance, External Auditors, Auditing.

* Department of Accounting, Faculty of Economics and Administrative Sciences, the Hashemite University, Jordan.
Received on 13/3/2005 and Accepted for Publication on 30/11/2006.