The Relationship between the Information Systems of Accounting, Auditing, And How to Provide Reliable Information to Characterize the Service Auditor

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Abstract

This study sought out to get to a relationship information directed by the accounting system checker accounts that depend on this information permanently to be used in the audit process for being in the event that the recommendations that we suggested at the end of search obtains information are characterized by reliability and Alto malicious, accuracy and integrity are far from What makes it non-expressive or unreal hope to God that this research is useful for each of the required knowledge and science.

Keywords: accounting, auditing, information, auditor, economic condition.

Introduction

The role of accountant and auditor under the computerized information systems becomes different, the machine shorten the effort of human, and make it often more accurate. But to make this role more complex, requires either an accountant or auditor skills in the use of computers, maintenance and update files and make backups.

The role of the accountant is no longer confined to the analysis, registration, deportation, classification of economic processes in the project to clarify the result of the business and financial center, but also deals with the evolution of information analysis and decision-making. It also enjoined the auditor understand the environment and taking into account the characteristics of accounting information systems because of their impact on the design of the accounting system and internal controls, and choice of internal controls that intends to rely on.

Because of this evolution in information systems has become necessary to keep pace with this development in the audit by the fact that most companies have come to rely on automated systems and move away from manual systems because of its features, but there are several questions directed in this area; the reliability, accuracy of this information and its ability to service auditor to take the information and data for use in issuing his report and depend on it.

This is what we will to study in the search, which we will to divide it into three sections; talking in the first: information systems, in the second: audit, in the third we will take about control systems of information and accounting audit systems and vision researcher at the design and development of appropriate measures to reach the provision of information characterized by reliability and accuracy for the control of information systems.

The Problem of the Study

The problem of the study lies in ability of information technology in provide the information that characterize with liability, accurately and stability in information, financial statements and non-financial the able to feed auditor with information that he can through them to stipulate his report by depending on it as evidences. The problem also lies in determine the foundations of accounting information systems.

The Importance of the Study

1. The subject of computer networks is new topics that have entered into the audit process.
2. Reliability and stability of accounting system is dependant in administration decision-making.
3. Attempt to identify the weak and strong points and adjust statements reliability.

Methodology of the Study

It is a theoretical study relies on deductive approach where we use deductive approach in the preparation of the theoretical framework for the study and formulation of the problem and research hypotheses.

The Objectives of the Study

1. Study the environment of each (information systems) and audit completely.
2. Study the ability of information technology to provide an effective system serves the auditor.
3. To reach an effective system helps in making decisions by the auditor to issue final reports and decisions by management.

Procedural Definitions

1. *System*: It is a set of interrelated elements, which interact with each other in order to achieve a particular goal.

2. *Data:* they are facts be assembled, recorded, stored and processed by the information system.
3. *Information:* It is data that has been organized and processed to provide meaning for the user to take the appropriate decisions.
4. *Value of information:* A benefit provided by the information minus the cost of production. The main benefit is for information and reduces uncertainty.

Previous Studies

1. (Zahir Alakeshi, 2003) study entitled: "The effectiveness of accounting information systems to achieve safety and reliability confirmation in light of e-commerce" aimed to:
   - Identify the problems faced by the accounting information systems in light of the use of e-commerce.
   - Develop a model for linking the accounting information system and e-commerce.
   - Suggest some appropriate recommendations and to ensure the strengthening of the accounting system that is linked to e-commerce.

   To achieve these goals, the researcher familiarized himself with the most previous studies on the subject of e-commerce and what associated it with technical and accounting problems and ways to address them, he also analyzes one of the most important projects which is audit e-commerce, which was jointly set up by the American Institute of Certified Public Accountants and the Canadian Institute of Chartered Accountants.

   The Researcher reached to several conclusions, including:
   a. e-commerce as a very development technique effects all professional fields in general and the accounting and auditing professions in particular.
   b. E-commerce operates in a unique environment so that all the processes be done through intangible processes that loss the documenting technique in all its cycles.

   The researcher concluded that development a linking system between company's accounting system and its Web site on the Internet; it is composed of a number of policies and procedures that provide safety, reliability, confirmation of currency transactions, customers with the company and through its website on the Internet.

2. " privacy on and off the internet what consumers want" (2002) study:

   Since 1993, *Privacy & American Business* has commissioned and Dr. Alan F. Westin has served as academic advisor for a series of national surveys focusing on consumer privacy issues. And, since 1997, our surveys have explored what it would take for consumers to engage in e-commerce with confidence and a sense of security.

   The events of September 11 have created a new environment for these issues, and for understanding what would lead consumers to trust those they do business with both online and off.

   This survey, "Privacy On and Off the Internet: What Consumers Want," was designed to examine post- September 11 public attitudes about the ways that companies handle consumers' personal information. It was conducted in November 2001 for *Privacy & American Busin**ess*** by Harris Interactive. (The methodology is described in the survey report.) We are grateful to Ernst & Young and American Institute of Certified Public Accountants (AICPA), whose grant made it possible for us to commission this important survey.

   The survey results provide a clear alert to business, regulators, and the media on what consumers say is now needed to provide them with the confidence that companies actually follow their privacy promises. The findings are particularly striking because they document a dramatic change in the numbers of those who now view themselves as Privacy Fundamentalists, those more guarded in giving personal information in their business interactions — up 9 percentage points in just one year.

3. (Al-Taweel) study entitled: "Accounting technology in developing countries: aimed to:

   To study the relationship between the elements of circumstantial theory and adoption the automated accounting information systems in order to access to facilitate the procedures for the transfer and the adoption of information technology, fill the gap of the social sciences in relation to information technology, especially in developing countries in general and the study concluded many of the most important results of the following:
   - Cultural factors affect seriously in adoption of information technology, especially in the Arab countries where the cultural composition is characterized by complex and cultural characteristics are contradictory.
   - Cultural factors can be classified into constants and variables, which can work on variables to facilitate the adoption of information technology.
   - The study found that there is a marked decrease in the efficiency of accountants in the use, design and development of accounting systems in general and information technology in particular.

   The study reached to that accounting information system in public sector characterized by:
   a. Isolated from the external environment
   b. Directed to carry out routine procedures and not to serve the administrative decisions.

4. (Hartman et al, 1997) study aims to:

   The study indicated the presence of a major development in the field of industry , the use of databases that lead to the immediate improvement of the decision making process , assist management to add value by providing new products and services through the exchange and run information.

   The study also noted that the prevalence of distributed database systems that are trading their data in real time over the network and which are connected to each other by means of remote connectivity although it has led to increased flexibility and the ease and speed of trading data, but they may have led to a widening repast cases of fraud and computer viruses, and this led to the need to pay attention to the security of those rules, and through the use of passwords.

The concept of accounting information systems and their components.

Accounting information systems (AIS), is a system collect, record, store, and process the data for provide the information for decision-making as we clarify in the following figure:

| Data | → | Processing | → | Outputs | → | Decision |
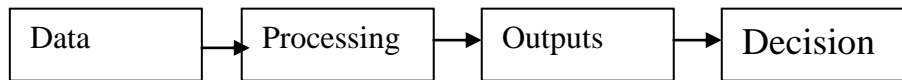
It can be defined as well as a set of processes of input, processing and output. In order to find information able to serve different administrative levels to make decisions capable of serving the facility as shown in the following figure.

Must be characterized by the information resulting from the accounting system of a range of characteristics, including the following:

1. Relevant: If the information is appropriate reduced uncertainty and improved the ability of decision makers to predict alleged or confirmed or corrected their expectations for the future.
2. Reliability: the information considers reliability if they are correct, non-biased and expresses accurately for events or activities of the company.
3. Complete: if not deleted an important aspects from the events or from activities that the information measure them, then this information be complete.
4. Understandable: information become understandable when provide it in understanding and useful form.
5. Verifiable: the information is verifiable when we reach to the same information by tow independent persons.

Components of Accounting Information Systems (AIS):

1. System operators and who do the different tasks.
2. Data relating to the facility and its operations.
3. The software used for data processing facility.
4. Infrastructure for information technology, which includes computers, peripherals, networks used for the collection, storage, processing and transmission of data and information.

Through the previous points, the facility can achieve the following tasks that represent in 1-2 figures

| Collect and store The data | Data processing and storing | Obtain information for decision-making |
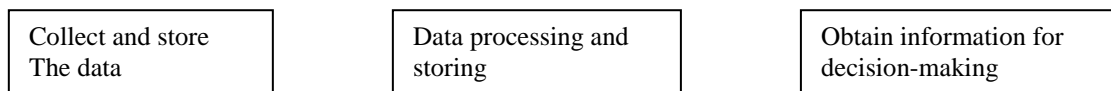
Feedback

Environment of accounting information systems

Organization Environment is the place in which the facility operates within it, several studies pointed to clarify and analyze the external and internal environment of the system so that the environmental is analyzed and the study of the acceptability of external and internal influences on its financial statements, they have divided internal and external environment to direct and non direct indication on the facility.

System environment is defined as anything relevant to the system and located outside its boundaries. It can be defined as the writer sees it is the limits that system works within it, as we say that the environment of Amman city is all the area located between Madaba, Zarqa and Salt and what within them. Jordan environment is what locate between Saudi Arabia, Syria, Iraq, Palestine and Red See. System environment is divided into tow components:

I.   Internal environment

Internal environment consists of customs and traditions that the facility is working on and the administrative and organizational structure of the facility as a whole. It is the internal procedures of the system, such as documents that prove the transfer of raw materials from the one production line to other production line. the importance of the internal procedures lies through internal reports and rely on these reports:

a. The type of information that we want to get them
b. Information user
c. Suitable time for obtain the information.

When we identify and know the previous points correctly, we reach to internal aspects for accounting system which represents the different administration level.

This information can be obtained from an integrated accounting system and homogeneous parts. But like other systems are being traded in the live environment if it is necessary to be influenced by a variety of external factors that affect the system is established:

- Economic Condition
- New Technologies
- Legal Constraints
- Market Standing

II. External Environment:

There is a range of effects is considered the external environment of the system that provides accounting information and accounting, which in turn affect the decision-making as well as interest in the process of data

- Customers
- Suppliers
- Stock Holders
- Employees
- Lenders

- Government

Audit

Audit is a word derived from the Latin word (audit) which means listen, In medieval, accounts were read on business owners or feudal or government officials, even comforted on them, this process called (Audit), which means the audit.

With the constant evolution of a career turned the target of the audit process from the discovery of accounting errors and fraud to ensure the compatibility of accounting data and report on it.

The study will address the audit to serve this research through the following aspects:

- The concept of auditing and audit environment
- Audit procedures
- Characteristics that should be enjoyed by the auditor.

Audit is the process of collecting and evaluating evidence about information to determine the extent of compliance with the criteria established in advance and report on it, it must perform an audit by an independent and competent person.

The responsibility and duties of the auditor's controversial and often increases the controversy when fraud and error take place. Where was the responsibility of the auditor before the twentieth century is the discovery of error and fraud.
But there are standards governing the work of auditor as a result of developments in the auditor profession, private standard clarifies the primary goal of the audit which is to provide reasonable assurance about the extent of the emptiness financial statements as a whole from the material deviations.

The second paragraph of private standard referred to fraud or error Auditor that the responsibility for the discovery of fraud and error represented in take into account planning for the audit, or the completion of the audit or evaluation of the results - the probability of the existence of material deviations.

Auditing & Review

Some use the term review as a translation of the meaning of auditing instead the term auditing that we defined it before. The aim of the review process as indicated by international standards is " empowerment the auditor, Based on the procedures do not provide all the evidence required by the audit process, from the statement of whether there is anything that has aroused the attention of Auditor, which causes the belief of Auditor that the financial statements are not prepared, in all essential aspects, according to the specific context of the financial reports (negative confidence) ".

Results and report

Audit report must contain a clear and written expression of negative confidence, and the Auditor examine and evaluate the results from the evidences that has been obtained and taken mainly to express negative confidence.
Through the review process indicate that the financial statements do not change in a true and fair view in accordance with the framework set for the financial reports.

Auditor's Report

Audit report on the financial statements includes the following key elements listed by the usual method of presentation:

a. Report Title

It is appropriate to use the term (independent) in the title to distinguish the auditor's report from reports issued by others, as the staff of establishment or reports of other auditors who do not adhere to the same requirements of professional conduct, such as the independent Auditor.

b. the body that report directed to

c. Opening paragraph include:

1. The identity of the financial statements that have been audited.
2. Clarify the responsibility of managing the facility or the responsibility of Auditor.

d. Paragraph in which describe the nature of the audit, included:

1. Reference to the International Standard for auditing- The international standard for audits in 2400 - applied to the tasks of the audit, or to the relevant national standards and practices.
2. Clarifying revision limited mainly with inquiries and analytical procedures.
3. Clarify the non-completion of the audit process, and that the actions taken provide less confident of the audit and that it is not giving any audit opinion.

e. Clarify the negative confidence

f. Date of report

g. Signature

Audit program is designed in most cases the audit in three parts:

1.   Tests of controls and tests the basic operations
2.   Analytical procedures
3.   Detailed tests of balances

Probably, there will be a separate sub-program for each district of financial operations.

1.   Tests of controls and tests the basic operations

Program usually includes tests of controls and tests the basic operations of a section to describe the closer understanding reached at control. It is also possible to include a description of the procedures used to reach an

understanding of internal control and risk assessment and control, These affect the special audit program with control tests and tests for basic operations.

2.   Analytical procedures

The purpose of the design tests of controls and tests of basic financial operations in achieving the objectives of the audit-related financial operations. The approach is composed of four steps when the auditor plans to reduce the risk of censorship. Namely:

a.   Application of audit objectives related to financial operations on the class of financial operations that has been selected.
b.   Identify the types of control that should reduce the control risk for each audit objective associated with financial operations.
c.   identify the tests for appropriate control by which reduce the risk of control.
d.   Design appropriate tests of basic operations.

3.   Detailed tests of balances

Many auditors use analytical procedures extensively because of the relatively low cost of implementation.

In the planning stage to assist the auditor in the report other types of evidence that must be collected to reach an acceptable amount of risk an audit.

a.   During the process of implementing the audit in conjunction with all of the tests of controls and tests of basic financial operations and detailed tests of balances
b.   The end of the audit process a final test of logical

3- Detailed tests of balances

The methodology of detailed tests of balances related to the objectives of the audit-related balances

The importance of the review in light of computerized information systems:

Auditing is one of the most important means of preventive control, it means that you can check the path of accounting processes in the organization starting from the end of the original documents and the disclosure of information in the financial reports.

The route of review make the administration determine the fate of operations data through processing various stages, both in light of the manual accounting system or electronic.

Even reviewer can do to track the course of review successfully, it must:

• Define and distinguish each arithmetic operation
• Define and distinguish each operation to update the records clearly

Auditor function in light of accounting information systems

Advisory function to assist management in the planning, organization and control functions, auditor is interested in studying and examining computerized information systems to ensure their effectiveness and the development of methods and techniques used by the control and discover their weaknesses to work on improving it.

Audit function include under the accounting information systems of electronic checking all the components of an electronic information system:

Workers , the hardware , software and the database

These components are integrated with each other in order to achieve the objectives of review.

1. Control over workers, particularly dealing with:

a. Separation of functions.

b. Verification of access controls by using passwords and specialized software to the first of licensed users only, in order to prevent:

• Unauthorized access to the hardware, software and database.
• The introduction of unauthorized information.
• Use of applied computer programs by non-licensed staff.
• Use of computer programs that have not been approved.

2. Devices control include:

• Choosing a safe location for the devices.
• Identify employees who are allowed to connect to your computer.
• Keep backup copies of files, records and keep them in a safe place.

3. Software control:

• Verification procedures for the accreditation of programs.
• Verification tests of aggregates for regulatory programs itself.
• Sudden review procedure programs during the time of use.

Control over the database: it must ensure the protection of databases in the enterprise and for the following reasons:

• To contain a huge amount of data.
• To contain basic data and confidentiality of the facility.
• Databases are one of the assets of the facility.

International Standard on Auditing (401)

• The auditor, taking into account how the environment effects on computerized information systems to process the check.
• The use of computer processors will lead to change, save and reporting financial information.
• In the case of the need for specialized skills required to assist audit from professionals who have these skills.

Planning

- Adequate understanding of the accounting system and internal control system to be able to planning the audit process.
- Understand the importance and complexity of the activities of computerized information systems.
- The magnitude of the volume of transactions so difficult to diagnose and correct errors during operation.
- The completion of complex calculations for financial information or results in a self-important limitations transactions (interest expense based on the number of days of the debt discount granted on the basis of the volume of sales).
- Information is exchanged electronically with other institutions (as systems of exchange information electronically) and without follow-up manual (use of bank cards).
- And control risks include:

a. Processors similar to the data:

b. Lack of separation between functions.

c. The possibility of errors and irregularities.

d. Reliance on other supervisory systems by computer processors.

e. Increase the supervision of management.

f. The possibility of using computer-aided methods of auditing the implementation of the audit tests.

The International Statements (1009) for the audit profession and auditing ways to help the computer

The purpose of this statement is to provide instructions for how to use the methods of auditing by computer-assisted.

The description methods of auditing by computer-assisted:

1. Auditor software

Composed of computer programs used by the auditor, as part of the audit procedures to address the importance of data auditing, and include:

a. Packages Software: They are computer programs designed to perform data processing functions, which include reading computer files.

b. Programs written for a specific purpose: programs are designed to perform the functions of auditing in special circumstances, to be prepared by the auditor or the facility.

c. Programs utilitarian: used by the facility to perform data processing functions in common.

2. **Tests Data**

Method of experimental data used when performing audit procedures, and that the introduction of such data (sample transactions), including, for example:

Â. Test data controls passwords, controls access to the data.

B. Private transactions for the selection of the properties of special treatment for the computer system established.

Auditing with Computer

Accountants do not know enough about computer operations, it starts references checked the original documents to verify their accuracy, and whether the documents are real. Then checks the step of preparation of input data preparation health properly, this move references to the other side of the computer to get the output, and match them with the results of arithmetic operations manual for the same input as a test of the validity of electronic data processing.

Review about the computer is limited to review of input and output is only about the advantages of computer audit:

1. The simplicity and ease of steps and low cost performance.

2. May be performed by reviewing the actual data (and not hypothetical - Tests).

3. Can be performed with the least amount of prejudice in the order of accounting records.

4. Can be performed entirely using computers in the facility.

The disadvantages

- Ignoring controls on data processing.
- It does not use the computer, which is an effective tool in testing and data processing.

Review of electronic accounting information as follows:

First: Control over inputs

a. Data control

- The feedback control: customer authentication on the invoice "model dependence".
- The use of "counter-documents"
- The use of traditional means of communication (telephone - fax - e-mail).

b. Data record

- Using the models that are preparing before as: the model of receiving the goods.

d. Prepare the data for processing : The order of the original documents.

e. Test revision: to examine a certain number of fields, input data, a logical test data.

Seconds: Control over the data processing

We can't see the data as we enter them in computers, but we can put them under good methods of control.

1- Control the processing operations when we get the data.

A. Complex control

Financial complex control: total amount of cash payments and the sum of total sales, total futures, cash payments to creditors and the total salaries.

B. Use special control software using computer to verify the absence of spaces and sequence numbers of accounts.

2- Control data processing

A. Verifying maintenance software.

B. Duplicate calculations operations, doing the same calculation operation more than ones, and doing conformity.

Third: Control of outputs

1- Control methods of saving data (using backups for the data): this operation usually applying by automatic control methods, through odd and even comparing tests.

2- Printed outputs control methods:

A. Control printed and numerated outputs forms by the computer (checks, management reports, obtain orders, and paying orders)

B. Control of distributing printed outputs (salary lists, employees' names, customers' names and balances), using adopted distributing form.

Documentation

Documentation of the work sheets and auditing operations using computers, doesn't different in case of manual work.

1- Planning:

- The aims of auditing methods using computers.
- Controls used.
- Employees and dates and cost.

2- Implementation:

- Preparing auditing methods using computer, and testing the controls and procedures.
- Details of input, processing, outputs.
- Suitable technical information about the accounting system of the company.

3- Evidences:

- Available outputs.
- Describing the auditing operations on the outputs.
- Auditing results.

Recommendations

We will get benefits of each science, if we deal with it like if we deal with the fire, and like everything in the nature. But if we were familiar in what we do, then we will be mastered in. through this simple study, the searchers wanted to pay attention in things may help the auditor to understand the automatic and manual accounting system, to deal with it and to provide credible and real information. As the following:

1- Dealing with the accounting system primarily, that is studying the system from A to Z, to specify the weak points.

2- Using technical new methods applied on computers.

3- Studying the hierarchy and knowing how to distribute the tasks and authority, as to know if the tasks separated or entrusted to one person, like the data entry, processor, and data security.

4- Not to deal with the automatic system in absolute, dispensing the manual system, but we should document each automatic operation in manual one to proof it.

5- Putting complete control on data entry and the person who has the authority of the software to modify, update and delete.

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