

## **Auditing the Traded Assets and Long Term Goods**

### **Second: Auditing the goods last term:-**

In order to ascertain what is contained in the statement of financial position, or institution should make sure of goods last term, this will be done through the actual stored inventory on the last financial period, because positive proof the existence of these goods is the vision and inventoried, this done through conceiting the number of each piece in the ground, or by the weight of those materials of the type that are weighed, measured, or through a process that evaluates whether those materials are made through measurement.

Here, the question arises : to what extend is the auditor responsible for the inventory of goods in the stores institution, and for the answer to this question has to be reviewing some of the views, as follows : not subjected to the law regulating the practice the profession of auditing in Jordan number (32) for the year 1985 for this.

On the other hand, the English law explain that not the auditor's to do the actual inventory of goods remaining in the last period, and the auditor should adopt in the field work done by the facility or institution has the supposed confidence in them but in case he- any auditor- note potential source doubts.

The American law has explained that the auditor must be present while inventory is complete, and that the actual under his supervision and he take samples of the goods and check of compliance with the numbers taken up by the teams that the presence of the inventory is complete and that the actual under his supervision has to take samples of the goods and checking of

compliance with the numbers taken up by the teams that they process the inventory.

### **Evaluating the good last term :**

The auditor must make sure that goods last term have been priced according to generally accepted accounting principles and have not been changed from year to year, and if the auditor noted that there is a change in these principles of the year again, it is his duty to draw the attention of project management for this change is to be avoided, otherwise, he said referring to the change in his report.

It is intended to show us the market price and the cost price, for a market price, there are several for interpreted, it is that it is a price to be paid any substitution in order to buy goods equal to replace the ones in the stores. Another view intended at the market price is the selling price of the goods excluding selling expenses pending full and discount commercial and other cost price.

The actual cost of the purchase price which is shown on the bill for that amount supplier invoice plus all expenses that were paid on the goods until these are ready for sale to the consumer of transport costs and customs duties and securing the goods.

### **Thirdly Auditing Financial Investment:**

#### **1/ Auditing Machinery and Automotives:**

The auditor should follow these steps during the auditing process:

- A- Perform matching between the balance of the budget contained machines with account balance in the general ledger and inventory sheets with the record of machinery that contains data on each machine, since the date of purchase until her life project.
- B- Make sure the ownership of machinery for the project by reviewing purchase invoices and edit the name of the project and car licenses in the name of the project.
- C- Make actual and ventory viewing to make sure there are machines.
- D- Confirm assessing any machinery equal to the purchase price plus its other expenses relating to procurement and processing consumption by an accrual.
- E- Make sure to address additions, repairs and maintenance of the machines during the financial period through inventory and record of machinery and preview.
- F- In the case of mortgage on the machines, must make sure there in notein front of the budget item of machinery means that.
- G- Make sure there is adequate insurance on the risks to machines.

## **2- Audit inventory:**

At the end of the financial period of the project keeps Auditing Storage Goods inventory quantities were not used or sold and transported to the next year to be used or sold, often what be inventory in industrial projects of row materials and finished goods. When an auditor wants to check the elements inventory he must follow these steps:

- a- Match the incoming data with budgetary accounting records.

- Audit calculation such as : Hit the main items contained lists and inventory and audit totals and migrated.
  - Matching final statements of the inventory with the initial statements dressing then matching the figure with the statement in the budget.
  - Matching detect inventory balances with different items in the stores ledger chosen by reference sample.
- b- Make sure there is commodity stocks: this item is important to be on the auditor to do,because the inventory item represents an important part of the total assess owned by the project so house debate on the subject who is responsible for achievable,it is clear that it is not reasonable to be concerned auditor some items and neglects to achieve other items to show he is responsible for his opinion on the financial whole not only in a part of, although this a large responsibility and cannot carry out an inventory the auditor, however, must be expanded to reassure sampling to accuracy of the statement in the books and so is the budget that he had to perform his duty, here are the steps involved:
- Examination procedures and evaluate the inventory made by management and whether consistent with the due process followed by will in the past years.
  - Auditor must ensure that the inventory method because there are two ways to inventory, the way first : closing stores at the end of the financial period a week, not to any input or output classes, and actually stripped items, here are lost opportunities to make profits. The second way: close all stores and the continuation of the project

activity in other sections, this method is flexible, but it is flawed in committing errors when adjustments.

- After confirming the validity of the inventory scans and matching inventory items contained therein cards with items, and that these acts fall within the scope of the project.
  - Make comparisons between the books and records of stores daily purchase and sales, returns, and here the auditor had done duty and he would receive a certificate from the administration to support his opinion.
- c- Achieve ownership of inventory: purpose of the achievement the property is to ensure that all the statements of the inventory is owned by the project, regardless of where they are, whether in the project stores or in trust for others or by road, as well as to make sure that the goods are no statements in the inventory owned by a third party in possession of the project for any reason, such as escrow and mortgage. to achieve ownership of inventory followed by the following :
- Make sure the movement of input and outputs by making comparisons between records stores and diaries assistance to purchases, sales and returns, to make sure that all of what has been purchased or refund it has entered in to stores actually, and that any goods sold or given out of the stores, and this requires the review of invoices copie for sale and purchase and discount notices and matching these documents with document store such as permission receipt and disbursement.
  - Get certificates from others who have their own goods owned by the project, such as: agents and stores leave.

- Make sure that exclusion of non –state- owned goods such as : consignment or sold by absurd bills but not delivered to the customer.
- d- Accurate inventory : when assess in inventory items must take in to account the precautionary principle caution,evaluating product cost or market whichever is lower, because these elements had assets because not advanced higher prices it expected an unrealized profits, thus inflating the profits of the current year, if distributed, means capital and profits, always prefer to show the goods at cost in the trading account, in the case of the low markets price cost it dedicated to falling prices of materials and of the profit and loss account, the goal is to keep a calendar constant from year to year , however, the decline in the market price for the cost and in rare cases, accidental.

### **3- Debtors:**

#### **When debtors the auditor follows the following steps:**

- a- Perform matching between the balance of debtors contained budget with the balance of the total debtors book general ledger balances with total customer accounts in the book of assistant professor debtors, this require action documentary and calculation of these accounts, there for expanding the sampling and choose accounts that handle huge feature size, as being auditing examines the deportation of diaries help and balances the first term and the combination and the monitoring.
- b- Achieving debt and achieve this by getting approvals from customers as previously reported, can be either positive approvals, negativity or blind, the monitor of approvals to a class of customers or to all clients, after they have printed models for these approvals and accompanied by an envelope and stamp it puts even not be a burden on the

client, and then the auditor has to make sure that customers who received what he called balances revealed in the fact that customers are customers, not the fake names were included in the books and by the inquiry ratifications, if there were no actual approvals auditor investigate the matter, even reassuring, has been assured by monitoring the collections during the next period, but confirms the existence of such a balance in the history of the end of the period following, and also must make sure that the components of the same balance and billing issues involved, which is still unpaid.

- c- The achievement of the Accurate assessment of the debt: prove the existence of debt origination and commitment to hand the property and the ownership of the debt has already proven at achieving sales.

**The evaluation of the achievement of this debt follows the following steps:**

- The auditor examined the customers, accounts and billing compliance.
- Examination the regularity of payment for customers to determine the percentage of bad debts.
- Examination centers customers who are in arrears to determine the status of the client and identify bad debts, and verify the accuracy of processed.
- Make sure the auditor establishing a provision for doubtful debts and either be based on percentage of the total assets of the customers, based on census or inventory accounts and extract the Misk, in the event that the allocated more or less than the face of bad debt that it refers to the administration to amend the situation, and if the

administration insisted it must refer to the objection in the report conservatively.

- After all this auditor to obtain a certificate of project management stating the existence of the debt and the Accurate assessment to reinforce his position, however, this certificate for relieve him of responsibility, except if it has the performance of his duties and the reasonable standard.

#### **4- Notes receivable :**

5- It is of commercial paper, the project which handles and qualify these securities to maturity, or acting out, either sent to the bank or turning to it is creditors bonded on a project loan as collateral when you achieve auditor for notes receivable it follows these steps:

- a- Perform matching notes receivable balance the budget contained with account balance notes receivable, then review this accounts with the daily papers from being arrested and deported and review of documentary and then called the total computational limitations in daily total public and migrated to two accounts and notes receivable total debtors.
- b- Checking the stages through which such notes receivable conversion or debit the bank or payment before the date of maturity, or by emphasizing the promised or rejection and renovated, and algoidprotestorand, the benefits of the delay.
- c- Make sure there are notes receivable inventory through bills of exchange and promissory notes, and they are correct legally, being inventoried at the inventory of cash, then matches the result of the inventory with the balance notebook with daily notes receivable,

taking into account all the data mandatory in the bill and in the case of a bank bills I have,for the auditor to obtain a certificate from the bank describes the purpose of preservation. in the case of notes receivable, but the project remains guarantor, no official until repaid.

- d- When assessing the commercial paper to follow auditor repay commercial paper in the following periods to ensure accurate of the balance of the last year. and examines all the papers that did not deserve the end of the fiscal years, whether I have a project or in any other, based on this foundation determines the amounts of provision for doubtful debts and to be configured, and make sure that the administration made it,, in the case of deposits with the projects as collateral to repay commercial paper on the auditor that sends approvals for customers to prove this guarantee and kind.

## **5- Audit rights holders of the project:**

And the rights of the owners of the project include: capital owned reserves, retained earnings, allowances, and when you achieve capital auditor does the following steps:

A-in the case of individual projects:

- Auditor capital stock in the first period within the balance of the previous budget contained, with are view of the incident, additions during the current year documentary, and checks the value of the capital and to make sure the estimated value.

- Auditor investigation to increase capital through profits and losses with the scrutiny from the reduction of personal with draws by reviewing drawings with supporting documents.

b-in the case of individual companies:

- Knowledge of partners, shares through access to the company's contract and make sure the repayment terms and interest rate and capital
- Recognize the special conditions by withdrawals and interest accrued there on, and the term of the distribution of profits and losses.

c-In the case of joint stock companies:

You must make sure the auditor of the following things:

- Rules printed stock certificates and the presence of serial numbers and save them in a safe place and determine responsibility
- There is no record of the shareholders with allocation page for each shareholder.
- A system for recording the concessions after approval of the board of directors.
- Make a match between the balances of the issued share capital account in the general ledger balances with the total set a record of shareholders.
- The need to obtain delivery of shares delivered to the share holders
- Audit subscriptions with records under writing and customization
- Audit the board's decisions for the allocation of subscription shares with record and customization and with the register shareholders.

- Audit heels certificates issued shares with the shareholders register matching capital stock with total balances of individual pages for shareholders in the shareholders register.
- If there were no funds for new shares during the year he was content with the auditor to review balance of the first period with what was stated the previous budget.
- If there are lots of references in kind must be found on the restrictions that have liberalized between the general assembly.
- In the case of a capitalincrease should make sure that it is not permissible to increase only after the payment of all the original capital.

### **Audit obligation and short and long term property rights:**

When you achieve as result of the industrial project through the list as a result of the business, they come in successive phases, in the first stage is called the operating account and show the cost of production of finished units, and the second phase and claims trading account and appear as a result of acts of commercial activity, and the overall profit and loss account, and the means to clarify this point as a result of net business profit or loss.

**The following explanation of how to audit the elements of the business result for the financial period ended:**

#### **First:Suppliers**

To audit the account of payments to suppliers of materials must follow the following:

- Ensure that all supporting documents for the supply of materials supplied from the purchase invoice in addition to all the documents.
- Ensure that all documents stamped and signed by the party that has supplied materials.
- Examine and audit the internal control system or institution established on the operations and payment system in place with it
- Audit receipts received from the party that has the provider and make sure of the amounts contained in the bills and the amounts recognized on the payment receipts.
- Ensure that the enterprise or institution to debit syndrome given by the supplier.

- Matching vendor accounts with statements from them to an institution of facility.

## **Second: audit futures**

- 1- Audit documentary's purchases futures:
  - a- Invoices received with the name of one of the original supplier and carry data complete and certified and belong to the period designated goods examined.
  - b- Under scrutiny proof books daily purchases futures with the corresponding invoices.
  - c- Audit review of purchase invoice futures before officials recognized the books.
  - d- Matching invoices with attached documents, such as purchase order and receipt.
  - e- Increase the volume of tests in recent periods of the fiscal year for fear of manipulation.
  - f- Purchases of trading on the project expense and bills to by project assets. There is connection between Purchases and return her so we must study the return of Purchases because they are related to some in order to audit the documentary returns to the procurements follow the following steps :
    - a- Audit notices discount with restrictions contained book of daily return of Purchases made with accompanying documents such as the report of receipt.
    - b- Audit with a focus on the discount notices in the last period of the year.

## **2- Accounting audit the futures purchases:**

Follow while checking arithmetic steps:

- a- Audit the calculations by multiplying the quantities in the unit price, the collection of the total value in the voice and then check the quantity discount and trade.
- b- Audit daily totals for the forward Purchase and deportation totals from page to page vertically and horizontally.
- c- Audit the deportation of daily Purchases futures personal accounts in professor creditors.
- d- Audit totals futures Purchases during the period with total restrictions in daily public scrutiny, and then deportation to account Purchases general ledger.

The auditing returns for Purchases, which follows the following steps:

- a- Audit calculations notices discount from the supplier to make sure the Accurate value of each notice.
- b- Audit totals for daily Purchases and returns deportation totals from one page to another.
- c- Audit deportations of daily returns of Purchases to personal accounts ledger creditors.
- d- Audit totals by returns restrictions in the total daily general ledger and then review the deportations to my returns and total Purchases creditors.

### **3- Audit documentary sales futures :**

follow the following steps to achieve the objective of audit:

- a- Audit invoice image in terms of history and the sequence of numbers and signatures of the responsible officer and the name of the client and then match the on price attached documents, if there is a difference between them must investigate why.
- b- Photos auditing bills with restrictions proof in daily sales futures.
- c- Focus on auditing futures sales in the last period of the fiscal years. for fear of manipulation.
- d- Audit the invoices and canceled figures originally then kept in special file.

**The audit for sales returns documentary, follow the following steps:**

- a- Photo audit notices opponent with daily sales returns.
- b- Matching daily sales returns with records to track goods stores as well as from re founded entered the stores and recorded.
- c- Data card discount notices and data received when selling the bill to make sure that the goods are received in the same export price.
- d- Audit register returns the sale department to make sure that the goods received for the project, has been issued them notices discount.

### **4- Accounting audit of futures sales:-**

Follow the following steps during the audit :

- a- Audit the calculation of images and sales invoice with total revision bills and make sure to address trade discount and quantity discount.

- b- Audit daily sales totals in the futures and the deportation of aggregates from page to another.
- c- Audit deportation of daily futures sales to personal accounts receivables.
- d- Audit total sales period, which conducts periodic restrictions on the basis of the total deportation and then to the general ledger accounting for sales returns, follow the following steps:
  - a- Audit calculations are discount notices sent to customers for validation of the value of each notice.
  - b- Auditing in daily aggregates sales and deported total from another page.
  - c- Auditing deportations own by returns of daily sales returns to personal accounts.
  - d- Audit calculation own by returns sales total at the end of each period to make a total restrictions and deportations to audit my sales returns and total debtors' ledger.

## **Auditing property right and provisioning and other payables:**

### **Preamble:**

Representing the rights of the owners of the project or the net assets of the enterprise business, in other words, the different between total assets and liabilities facility available to third parties, they can be summarized as follows :

- A- Capital : the capital varies depending on the quality of the facility being established in individual firms money here represent pay owner of the facility in order to fund his work.as for individual companies is represented in the capital, including the pay of these people in the capital. the companies in the funds is to shares of equal value to gather constitute.
- B- Precaution: it is the amount that will be deducted from the profit of the project in order to meet a specific goal or goods. Here, we must distinguish between the reserve and allotted, reserve comes from the net profit of the institution or the project, while the custom comes from the revenue made during the financial period, in other words, that precautions be rights for the shareholders, while the provisions are considered current liabilities on the institution.
- C- Retained earnings: they represent the remaining amounts of the rest of the items and the duty show in the calculation of the distribution of profits and losses by the spare compulsory and optional, the income tax and bonuses and soon.

## **First: audit procedures capital:**

### **1- the individual in project:**

- a- Verify the validity of the capital at the beginning of the financial period and that by returning to the previous financial period.
- b- Check on the new additions made during the period of the current financial and audit documents that supports the additions, and that those additions, and that those additions were recorded in the appropriate records.
- c- Examination and cuts may be made during the financial period as a result of personal with draws' and make sure of it.
- d- Scrutinizes calculate profits and the losses and confirm those profits or losses.

### **2-The People in companies:**

- a- Found on the company's contract and the amendments there to, and specifically with regard to partners, and then examine the documents for registration of the company with the component authorities.
- b- Identify the stakes withdrawals partners and do not exceed those as scheduled in the articles of incorporation.
- c- Screening method of distribution of profits to partners as to what is contained in the articles of incorporation.
- d- Make sure that the company applied stated in the companies act, in term of increase and the reduction of capital.

### **3- in joint stock companies:**

- a- Found on the company and the rules of procedure of the company as well as the resolution of the general authority and to identify the nominal capital and un authorized, and the type of stocks in the capital and the rights of those shares by species.
- b- Identify what has come to capital increase to minutes of meetings of the general authority for shareholders.
- c- Audit premiums un paid in timely manner and to ensure that legal proceedings have been taken in this regard.
- d- Ensure that the company's shares traded in the capital market was in accordance with the legal requirements for the corporate law and the rules of the stock market.
- e- Confirm capital in the lists of the financial position in terms of authorized capital and issued capital and paid – up.

### **Second: Reserves:**

Reserves are the amount that the project booked profits to support its financial position or for specific purposes, are either optional or mandatory, and after the determination of net profit.

When you achieve auditor reserves upon audit balances first period with what was stated in the previous budget and follow the decision of the general assembly regarding the adoption of the distributions within the rules set forth. Here are some of the actions that the auditor should take into account:

### **1- Statutory reserve :**

- a- Make sure to book legal reserve decision, which is different in different countries and laws in force. In Jordan, for example, booking by 10% of the net profits until such time as the reserve was less than the upper limit on the auditor to make sure that there decision of the board of directors of the company.
- b- In the event of an increase or decrease of auditor to make sure that the company has dealt with those changes by law and internal regulation of the company.
- c- At the insistence of new shares at a premium insistence on the auditor to make sure that the premium that has been added to the statutory reserve.
- d- In case of the use of this reserve or part of the auditor to make sure of this reserve may be used in accordance with the laws and regulation.
- e- Make sure that the company has restored what has been taken from this reserve in the previous year.

### **2- Optional Reserve:**

- a- To ensure that the voluntary reserve ratio does not exceed a legal varies each country and it's laws in force in Jordan, 20% annually. And not exceed the total of those precautions prescribed percentage 50% except banks and insurance companies, which hold higher limit less.
- b- Make sure voluntary reserves and uses it within the laws and regulations in force.

### **Thirdly: operating account:**

He is the first account of the final accounts opens in industrial project in order to limit the total cost of production during the period. The following elements of this account with the duties of the auditor for each element:

#### **1- The goods of cost under operating in the first term:**

This is about the cost of units that have not been produced by the end of the previous period and left its total to the current period, which represents one of the elements of the financial position of the project in the previous period, the auditor must be reviewed financial statements from the previous year to match the balance of these goods with what was stated in the budget and only it is not being inventory because it underwent monitoring the previous year.

#### **2- The Direct Costs of Elements of Direct Costs, Consisting of :**

- a- Direct materials: the materials that go into the formation of the period and keep him until his extinction, its can easily customize the product units and to bear the cost of these materials at the expense of operating after the settlement of purchases of these materials at accost of inventory in the first and last time.

### **Audit procedures:**

The auditor confirms settlement procedure for the inventory stock of materials first and last time, either procurement procedure or screening has been achieved in prior periods.

- b- Direct wages: the cost of the work, which was used directly in the production units, which ended which can be customized easily to complete the units and assume this cost at the expense of operating.

**Audit procedures:**

The auditor verify the validity of the analysis of wages to pay directly and indirectly, and load the operating account of direct only, data for wages and salaries have already been audited by the references in the past.

- c- Industrial direct costs: the costs of other industrial and easily as possible to increase the production units, such as the costs of the designs.

**Audit procedures:**

It is sure to be allocated at the expense of Accurate of running because they represent part of the direct costs.

**3- Industrial indirect costs:**

These costs consist of expenses that cannot be easily customized as well as the manager of the factory, such as salary and lubricants.

**4- Cost of goods under another operating duration:**

The cost of products, which commenced its production during the current period have not been produced during the same period, these goods are items from the financial period, the account appears operating creditors side.

**Fourth: trading account:**

It is the second stage of the list business results, and it costs on interview occur revenue expenditure for the financial period After making inventory adjustments for the goods in full first and last term and appears in the result of this calculation the total profit or loss for the period.

**Audit procedures:**

The auditor must be sure to match the incoming data and calculates the trade data contained books.

**Fifth:The profit and loss accounts:**

A third and final phase of the stages of a list of business results, and includes both a result of trading profit or loss, in addition, at this stage as well as profit offs and non profits as ordinary gain on sale of fixed assets.

Then load this account expenses related to the financial period which had not previously loaded on an earlier stage of the stages of the list as a result of the business.

Regarding the marketing costs if they carried a trading account or for the profit and loss account, that will not ultimately affect the net result of the business profit or loss.

And the role of auditor is to match the data contained profit and loss account and the data were reviewed in the books before and confirm processing inventory adjustments.

## **Law NO – 32 of 1985**

### **Audit profession law:-**

#### **Article 1:**

This is called law ( the law profession audit for the year 1985) and runs from the date of its publication in the official journal.

#### **Article 2:**

The following words, where ever used in this act have the following meanings unless the context indicates otherwise.

Profession: Auditing profession.

Council : Council auditing profession author under this law.

President : Chairman of the board.

Auditor : Auditor licensed to practice.

#### **Article 3:**

It is not permitted for anyone to pursue a carrier in auditing kingdom unless has licensed auditor by the board in accordance with the provisions of this act or registered with the audit bureau in this capacity.

#### **Article 4:**

Required in the request the license to practice the profession to practice the profession to be :

- a- Jordanian nationality
- b- Enjoy civil capacity

- c- Is Not convicted of a felony or a crime involving moral turpitude moral
- d- Subject to the provisions of paragraph ©of this article holder of the following qualification :
  - 1- First university degree of equivalent bachelor of accounting specialization and has practical experience for a period of not less than three years in business accounting and auditing including one year at least in the audit and after obtaining such a certificate.
  - 2- University degree in the second masters equivalent of auditors has and has practical experience of not less than two years in business accounting,auditing, including one year at least in the audit and after obtaining such a certificate.
  - 3- PhD certificate in accounting and has practical experience for at least one year in the work of auditors has auditing after receiving such a certificate or taught accounting or auditing of the universities or colleges of Jordan for at least two years after winning the qualification.
  - 4- Under graduate bachelor or equivalent of at least one of the faculties of commerce and economics or law with the practical experience of not less than five years duration in accounting or auditing, including one year at least in the audit after receiving qualification.
  - 5- Community college certificate (diploma) accounting specialization and has practical experience for a period of not less than six years in the audit after receiving such testimony.
  - 6- All of the work in the audit bureau or in the circle of official or public institution of the state for seven years auditor functions key and holds

an undergraduate degree (bachelor's or equivalent ) contrary to what is stipulated in item (4) of this article.

- 7- Degree in a profession of institutes or associations of chartered accountants internationally accredited certifications such as (chartered) or certificate (certified) and, according to the council of those institutes or associations shall be made and published in the official newspaper.
- e- Consequences of any of the persons who have any of the certifications set forth in the headings (1,2,3,4,5 and 6) and paragraph (d) of this article to pass a test conducted by the council in its accounting and auditing and financial matters and multiplicative force in the kingdom.

#### **Article 5:**

The committee on the equivalence of diplomas at the ministry of education, the competent authority equivalency certificates and appreciation of scientific stipulated in article (4) of this law, the documents and other documents what's over the council appreciated.

#### **Article 6:**

May be granted a license to practice in the kingdom that holds non – Jordanian nationality if he is licensed to practice in the state of nationality the savings which the license conditions stipulated in this law, provided reciprocity.

#### **Article 7:**

A-companies may be established between the ordinary general council auditors to practice in that capacity that the company registered with the

ministry of industry and trade, in accordance with the legislation in force and requires the following:

- 1- Make it clear that the auditor partner in more than one company, and that does not practice the profession outside the scope of the company, whether independently or with third parties.
- 2- Council to be notified when the auditor to join any company or with drawing them.

b- if the auditor died in any of the companies established under the provisions of paragraph (a) of this article follows from the heirs of non – auditors adjust their situation in the company with en three years from the date of death according to the provisions of this law, including the availability of the license conditions for the exercise of the profession and the only place the company in liquidation right by agreeing to the board shall estimate these rights and determine the method of liquidation and the decision shall be final and binding on all parties.

#### **Article 8:**

- a- The board of auditing profession is Formed in the following manner:
- 1- President of the court of audit president.
  - 2- Agent audit bureau a member and vice – president.
  - 3- Undersecretary of the ministry of finance member.
  - 4- Undersecretary of the ministry of industry and trade- member.
  - 5- Direct general of income tax department member.
  - 6- Deputy governor of the central bank of Jordan member.
  - 7- General manager of the Amman financial market member.

- 8- Two of the specialists in the accounting faculty in Jordan universities two members.
- 9- Three of the auditors members.
- b- Member appointed by the council of ministers referred to in items (8, 9) of paragraph (a) of this article for period of two years, subject to renewal, with the placement of the three auditors appointed by the board of auditors associations Jordanian laws after its founding.
- c- The vice president acts and powers of the president in his absence, including the presidency of the council and his call to hold its meetings.
- d- The meeting of the council is if it is attended by eight of its members at least to be president or vice president in his absence, and one of them, issued its decisions unanimously or by a majority vote of those present and if the votes are equally likely side which was endorsed by the president of the meeting.
- e- The work of the secretariat of the council of a staff of the court of auditors appointed by the president to be a full time to the work of the council and assisted by number the staff of the court of accounts to the extent that was needed and be responsible for all acts and minutes of its meeting and decisions and correspondence and keeping the restrictions and the files and records and its own auditors and determine bonuses from the council of ministers upon the recommendation of the board.

## **Article 9:**

Council should exercise the following duties and powers :

- a- License auditors in accordance with the provisions of this act
- b- Classification auditors
- c- Propose draft rules of procedure for auditors and other systems projects crisis to implement the provisions of this law in cooperation with the association of certified public accounts of Jordanians after its founding.

**Article 10:**

- a- An application for a license to practice professions to the secretary of the council on the form prescribed by the council against a receipt attached to the applications and receipt of certificates and other documents that prove that the qualifications and conditions required for a license, the council may ask the applicant to provide any certificates or other documents to boost demand.
- b- The council must decide the application with-in a period not exceeding sixty days from the date of submission, and to inform the presenter decision on the application with in fifteen days from the date of issuance, and is considered any written notice sent by the council to the applicant assume to him within ten days from the date of sending it by registered mail to the address you insert it on the license application, or in any book which he submitted.

**Article 11:**

If the council has refused to grant a license to practice, may be the introduction to challenge the council's decision to the supreme court within thirty days from the date of notification. Decision as everyone is entitled auditor exercise to challenge the council's decision to accept the granting of

a license to any person with that court with fifteen days from the date of publication of the decision in the official newspaper.

- a- Score auditor that permits him to practice in the register of auditors practice in the register of auditors practicing in the court of audit and the degree to which it licenses to practice the profession which is given license to practice on the form to be signed by the president and sealed with the seal of the council, and that after paying legal fees assessed under the regulations issued under the act.
- b- Divides auditors defending granting the license before exercising the legal profession right next to the president.

((I swear by all mighty God that I am in my carrier auditing duties honorably, faith fully, impartially and without being bounded by the laws and regulations to safe guard the secrets of the profession and safe guard the literature and rules ))).

- c- The decisions of the council to grant a license to practice in the official inventory.

### **Article 13:**

The persons authorized to practice before this law, and if they are licensed under the provisions of their practice and that is a license granted to any of them canceled if a ruling does not have to practice really as laid down in this law within one years from the date of entry into force of provisions that take into account in establishing the actual practice of the profession in this case the provisions of article 14 of this law in particular.

**Article 14:**

All of his licenses to practice that teaches secretary of the council entitled library which will exercise the profession for its own account or the office that it exercised to the detriment of others and within six months from the date of notification decision granting the license, this is to avoid judgment if they do not, that he is entitled to apply, for to get a new license for the practice of the profession and of the council or those authorized representative of its disclosure to the office for the exercise by the auditor profession to verify adherence to the provisions of this article including full time to the practice of the profession.

**Article 15:**

The auditor who wants to work outside the kingdom in the profession of auditing or in the work related to the audit that asks president transfer his name to the record auditors non – practicing in the court of audit and allows him to practice after his return to the UK if requested re-named to log auditors practitioners and the terms of its license does not to be paid in this case, the prescribed fee in accordance with the regulations issued under the act.

**Article 16:**

In this license void a provision in all cases, if you do not practice the profession auditor three consecutive years, including the duration of his work outside the kingdom if allowed him to their practice in this manner under the rule of the law.

**Article 17:**

- a- Audit bureau keeps records following the secretary of the board should organize:
  - 1- Record of certified public accountants licensed PR actioners of the profession.
  - 2- Record of certified public licensed practicing on their own.
  - 3- Record auditors laws is licensed practitioners of the profession.
  - 4- Record of certified public accountants licensed workers to the detriment of others.
  - 5- Or any other records prescribed by the board.
- b- Recorded in each of the records set forth in paragraph (a) of this article all information and data for auditors who respect their record and organizes log model accommodates such information and data and any a amendments there to.
- c- Records are being organized under the provisions of this article formal legal evidence to prove its contents.

**Article 18:**

Originates in the kingdom under this law professional of auditors called (association of certified public accountants Jordanian ) are goals to take care of the interests of its members and promote the development of the spirit of cooperation between them, and seeks to raise the level of scientific and technical and, their employees to identify all things detailed related under a regulation issued for this purpose that includes the rules and practice of the profession and literature and membership fees and subscription fees in the assembly and their amount and the method of collection.

b-auditors have an affiliation to the assembly after its Founding mandatory, subject to the ban from practicing.

**Article 19:**

Symptoms of exercise profession classified auditors practitioners by the council to the categories that define conditions and considerations that depend on the auditors under the classification system issued for this end, and to be issued the order mentioned auditors profession practiced manner that was allowed before the entry into force of this law.

**Article 20:**

Auditor entitled to in addition to the examination and audit the accounts of individuals, companies and institutions and bodies in accordance with the requirements of the profession and the rules and origins of scientific and technical work to do the following :

- a- Provide advice and expertise in the areas of professional accounting, tax and finance.
- b- Doing arbitration and the playoffs and expertise in the areas set forth in paragraph (A) of this article.

**Article 21:**

The auditor in the context of the exercise of this profession in to accounts the following:

- a- Access to all records and registers and budgets relating to persons who deal with them and the audited accounts and ask them to provide it as it deems necessary to do his job best.

- b- Installation of the books, records and accounts audited by the fundamental a list organization to any violation of his show, and asked to be addressed and corrected.
- c- To prepare reports adequately on the accounts examined and audited and adhere to follow the rules of classification adopted are recognized professionally in his testimony on the Accurate and safety of accounts and budgets off by the review.

## **Article 22:**

Prohibits the auditor practitioner, under penalty of disciplinary sanctions set forth in this law includes:

- a- Employees work for the government or at any of the official public institutions or municipalities or any other private non practitioners and therefore devote themselves to the practice of the profession in all cases.
- b- Engages in trade, industry or work in any other profession
- c- Conduct audits of any company to be a partner in it.
- d- Do publicity for himself by any means of advertising against the integrity of the profession
- e- Speculation or any competition last auditor for work disservice to the profession.
- f- Disclosure of information and secrets that accessed through his work as an auditor, except in areas of tobacco permitted by law and for those that are allowed or requires submission of such information and secrets to it.

- g. To express an opinion contrary to the fact that the content of the books, records and accounting data and report on the signing of the accounts have not scrutinized by him or by personnel under his command.
- h. Certificates and the signing of the Accurate data and final accounts and budgets do not reflect the financial position of the right hand, which cost the audited accounts.
- i. Commit any negligence or error professional particle damaging to others.
- j..Violation of regulation and directives issued under this act and other applicable legislation relating to the profession, including the lack of report competent authorities for embezzlement which reveals that thefoundns in the audited accounts or manipulation or fraud in theseaccounts.

**Article23:**

It is not permitted for any institution or company required by law to have an auditor including individuals change auditor accounts during the fiscal year in which the audited accounts of those reported.

**Article24:**

- a. If the auditor has committed any violation of this act, or the oldest behavior or prejudice to the responsibilities of the rules and principles and manners of practicing the profession or committed any act to harm the dignity of its employee shall be referred to the disciplinary committee under this article the problem of trial and the signing of one of the following disciplinary sanctions in the case of his conviction.

1. Linear alarm.
  2. Linear warning.
  3. Accepting signature work for period not exceeding, three years and prevented him from practicing the profession through.
  4. Cancellation of his license and the name was removed permanently from the register of auditors.
- b. The council members and a licensed auditor for a period of two years, subject to renewal, the committee shall elect one of its members as president and meets the full committee issued its decisions unanimously or the majority of the votes.

**Article25:**

- a. Submit a complaint against the auditor in writing to the president, who in turn referred to a commission of inquiry to investigate the three auditors with the defendant composed of staff of the audit bureau and a licensed auditors.
- b. Commission shall submit the results of its investigation on the complaint to the president to provide the opportunity for referring him to defend himself and make his statement and that allows him access to a lawyer if requested to attend with him in front of her.
- c. If the president finds that the results of the investigation warrant the prosecution of the complainant, it would refer the complaint with the disciplinary investigation conducted there on, and other papers relating to the disciplinary committee, which entails report auditor charge against him and has right to respond in writing within eight days of notification by him.

- d. Specify the date of the disciplinary committee to consider the complaint, and respondent auditor called him come in front of it and has to be assisted by a lawyer for him to attend disciplinary hearing, and is defending him after hearing the statements of the complaint ant, and upon consideration of the papers presented by the disciplinary committee issued its decision either innocently auditor defendant, or his conviction, and sentence one of the penalties stipulated in article 24 of this law.
- e. The complaint ant did not attend the auditor it before the disciplinary committee at any meeting of the trail is being conducted in absence, but if appeared before the disciplinary committee and then by the decision to end the right of commission and proved that his absence had a legitimate excuse accepted by the committee.
- f. The decision of the disciplinary committee shall be subject to ratification by the council if it requires the auditor to condemn any of the penalties 3 and 4 set forth in the items of paragraph (a) of articles 24 of this law.

**Article 26:**

- a- If it appears to the commission of inquiry or disciplinary committee during the investigation of the complaint against the auditor or during the consideration and should take auditor it follows the lifting of papers relating to complain to the president in turn refers them to the competent public prosecutor to take legal action against the auditor.
- b- The acquittal of the auditor general before the courts or the referee after the charge of the responsibility entrusted to him to switch

without him for the same charge under the provisions of this law, if the board finds that justifies.

**Article 27:**

Shall be punished by imprisonment for a term not exceeding one year but less than one month by, a fine not exceeding one thousand dinars and not less than two hundred and fifty dinars each march profession without obtaining a license to practice during the period of shutdown his license or after the write off, Of his name from the register of auditors, and shall be punished by imprisonment set forth in this article in the case of redundancy, and cannot be converted into a fine in any case.

Taking into account what was stated in the companies act in force shall be punished auditor penalties stipulated in the penal code in effect if he commits any of the following acts or attempted booked.

- a- Without sufficient data in any report or document prepared by in the context of the exercise of the profession.
- b- A report different from the reality or honest to the fact of a different investigation in any document issued to be levied by virtue of a law or rules of practice of the profession.
- c- Approved a dividend mock or unreal.

**Article 29:**

The minister of finance or the minister of industry and trade or anyone else may find it from any damage done by the auditors oldest complaint disciplinary or penal, as appropriate, regarding the act of hand, judicial or disciplinary authority.

**Article 30:**

The council of ministers issued required to implement the provisions of this law, including the fees to be spectrum to grant a license to practice, refurbishment and for registrations and subscription fees for examination and to issue those regulations specifies that fees shall be collected according to the schedule that.

**Article 31:**

The law of practicing the profession of auditing No 101961 year and any amendment there to shall be repealed as any legislation, i.e. the extent to which its provisions are in compatible with the provisions of this law.

**Article 32:**

Prime minister shall be responsible for the implementation of the provisions of this law.