

# THE ROLE OF AUDIT BUREAU IN ERADICATING FINANCIAL CORRUPTION IN LIBYA

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**Abstrak: Peran Biro Audit dalam Memberantas Korupsi di Libya.** Penelitian ini bertujuan untuk memahami peran anggota Biro Audit Pemerintah dalam pemberantasan korupsi keuangan di Libya, melalui langkah-langkah yang diperlukan dalam tugas audit serta semua perubahan yang mempengaruhi audit tersebut. Penelitian ini menggunakan metode deskriptif kualitatif melalui observasi partisipan dan wawancara pada enam informan. Hasil penelitian menunjukkan temuan bahwa terdapat kelemahan pemahaman fungsi auditor. Biro Audit Pemerintah belum memiliki sertifikat berstandar internasional untuk pengawasan, dan mengabaikan pemberian pelatihan yang diperlukan kepada para auditor untuk memenuhi kualifikasi mereka.

**Abstract: The Role of Audit Bureau in eradicating financial corruption in Libya.** Auditing has become an important and integral function of the organization in achieving its goals and protecting its assets. This study aims to understand the role of members of the State Audit Bureau (SAB) in combating financial corruption in Libya, through the necessary steps in the task of auditing and the changes that affect them. This study employed a qualitative descriptive method through participant observation and interviews with six informants. The results showed that there were weaknesses in understanding auditor function. The SAB does not possess a certificate of international control standard and ignores the provision of the necessary training to auditors to fulfil qualification as auditors.

**Key Words:** Biro Audit, Korupsi keuangan, Standar pengawasan, Pelatihan.

The development of auditing can be traced to early ancient civilization of Egypt, Greece and Romans (Flesher *et al.* 2003:378). Historical evidence shows that from 500-300 B.C, auditing originated in the city of Greece, Athens, by state Board of Auditor in municipal administration (Wallace 1980). In medieval period, English manorial auditing began. This became the foundation of the statutory audit in the 19th century and later spread throughout Europe. In Libya, after the 19th century industrial revolution and stock market crash debacle, the State Accounting Bureau (SAB) was established by the law No. 31 of 1955 under the responsibility of the Ministry of Treasury. The SAB played a key role in the development of an accountancy profession in Libya (Ahmad and Gao 2004).

Auditors' roles are important to protect wealth and stakeholders want to be reassured that the assets of the company are correctly stated and safeguarded (Alleyne and Howard 2005), inclusive state companies (Baltaci and Yilmaz 2006). Corruption in a state has been seen as the most serious economic crime endangering the national security economic growth and public safety of any country (Fantaye 2004; Kaufmann and Vicente 2005).

The world in late 20th century experienced a dramatic change in the public sector management (Hood 1991; O'Flynn 2007). This change in the public sector reform or New Public Management (NPM) is a broad theme and trend which led to a change in the role of accounting and auditing. Especially, in early 1970s the role of govern-



ment auditors began to change radically. This change began in the USA, Canada and some European countries such as Sweden and West Germany and many countries also followed this new trend at their own pace of events. The elected representatives of the people of these countries started demanding information on the efficiency and effectiveness of public expenditures. They expressed dissatisfaction with the traditional role of audit, which focused merely on compliance with rules and regularity of expenditure. They expected a greater accountability from public managers for the collection, spending and management of public funds. Thus, the performance audit function has emerged with this trend as a by-product of public sector reform which previously concentrated on output of public administration function (Guthrie and Parker 1999, Funnell 2001). Auditors have a duty to fight corruption. According to the 16th International Congress of Supreme Audit Institutions (INCOSAI), held in Montevideo, Uruguay in 1998, SAIs can and should endeavor to create an environment that is favorable to fraud and corrup-

tion. The 16th INCOSAI was partly devoted to prevent and detect fraud and corruption. Performance and regularity audit can be seen as attaching corruption from different approaches. Both are needed and necessary in the fight of corruption. For that reason, today, Supreme Audit Institutions (SAIs) used performance audit as a tool in combating corruption in most developed and developing countries (Sundgren 2009).

This study has comprehensively studied the role of SAB in eradicating financial corruption in Libya. It commenced by extensively investigating the causes of corruption. Corruption has been widespread in Libya as politics and business in Libya were in great part based on personal relationships with bribery as a common means of winning favor and contracts. At the same time, there was no independent judiciary such as media or civil society body that could effectively challenge such corruption. This study may add to the current literature by a number of novel findings concerning both the understanding of the role of SAB members to eradicate financial corruption in Libya.

**Table 1. Key Informants in SAB of Libya**

<b>Name</b>	<b>Position</b>	<b>Academic Qualification</b>	<b>Length of serving bureau</b>
Kamal Zaied	Technical auditor (follow-up to the implementation of public enterprises in terms of matching technical specifications).	Bachelor in engineering (Civil engineer)	10 years
Hesham Amar Assaddi	Technical auditor.	Bachelor in engineering (Mechanical Engineer)	11 years
Osama Ashour	Auditor for decisions-making of ministries council.	Licentiate in Law	9 years
Masaud Shabban.	Auditor for ministries of Financial.	Bachelor in Finance	13 years
Ali Omar Ghana	Technical auditor	Bachelor in Engineering	21 years
Mohammed Derbaal	Technical auditor	Bachelor in Management and Finance	13 years
Alla Aldean Abdalsalam	Project management	Bachelor in engineering	10 years
Abdulhakim Musbah	Auditor for Council of Ministers	Bachelor in engineering	17 years

## METHOD

This study has taken deep observation about the phenomena in natural setting, known as qualitative approach (Patton 1980; Bogdan and Biklen 1982; Denzin and Lincoln 1994). That source were obtained through interviews or written form collected by document analysis or surveys. Research's data sources were eight informants who work as auditors in the Audit Bureau of Libya.

To comprehend meanings and interpretations of phenomena and interaction symbols found in the site, researcher's presence in a qualitative research is necessary. Hence, the key instrument in researches is the researcher itself (Guba and Lincoln 1981; Bogdan and Biklen 1982). Only human that can grasp well the meaning of individual's statements and conducts.

To reveal the whole background, a researcher's ability to comprehend research's focus in depth is necessary to obtain optimum and credible data. Therefore, researcher's presence to observe phenomena intensively in the research site is necessary. A researcher not only has to understand in-context phenomena but also its background to find data and facts about the role of audit bureau's members in reducing financial corruption in Libya. Hence, I should be able to build natural and close relationship that yields trust.

Research's data sources are informants and documentary study. Even though everyone is possibly taken as an informant but not everyone can be a good informant (Spradley 1980). This study interviewed eight key informants as shown in Table 1.

Data collection technique applied in qualitative research emphasized on interview, especially in-depth interviewing. Guba and Lincoln (1981) state that this technique is indeed a special data collection technique for qualitative researchers. This opinion conforms with Patton's (1980), that the main method used by qualitative methodology experts to understand perception, feeling and knowledge of the people is in-depth and intensive interviewing; to grasp basic meaning and specific interaction as well (Danzim and Lincoln 1994, Bertrand and Mullainathan 2001)

Data analysis in qualitative research is a process of review, ordering and categorizing data for structuring and makes it a theory as the output of the research (Miles and Huberman 1994) that enables the researcher

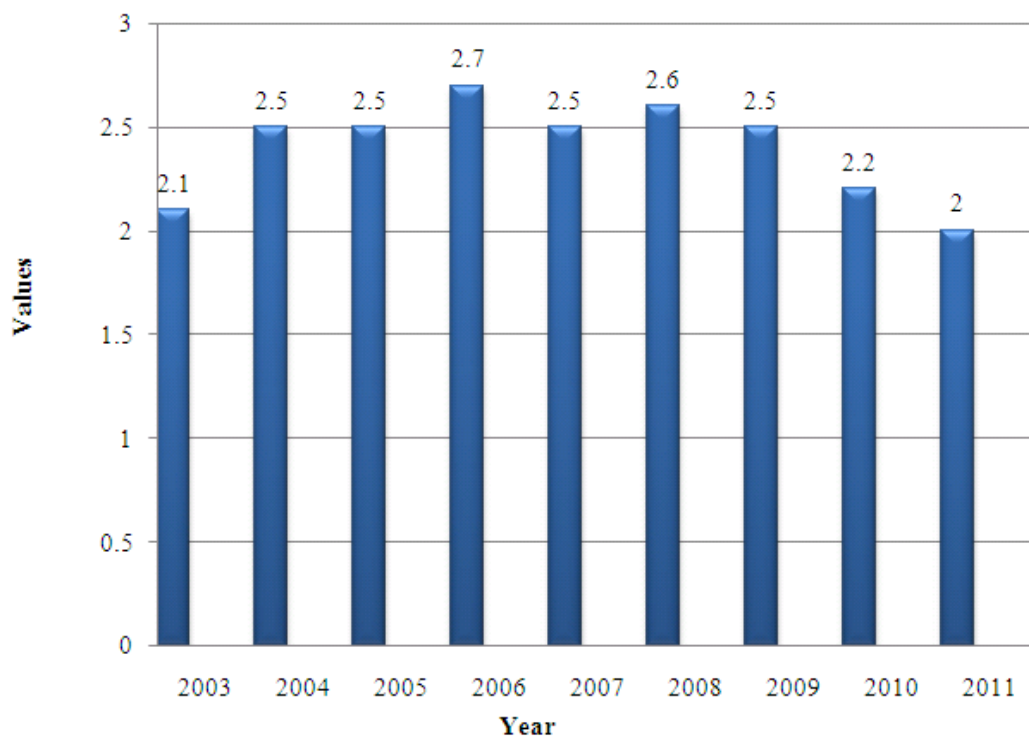
to report the findings to other parties. Therefore, analysis is conducted through review, coding, categorizing into data elements that can be organized, synthesizing, giving pattern and finding meaningful things and what is going to be studied and determined by the researcher to be reported systematically (Bogdan & Biklen 1982).

Data analysis technique applied in this research is descriptive technique through three levels: (1) data reduction, (2) data display, and (3) summarizing/verifying Miles & Huberman 1994). In qualitative research, the benchmark of data validity and reliability is determined by some criteria, as suggested by Lincoln and Guba (1985): (1) credibility, (2) transferability, (3) dependability, (4) conformability.

## FINDING AND DISCUSSION

The audit roles are strengthened by the audit standard to eliminate fraud. Statement on Auditing Standards (SAS) No. 82 identified two categories of fraud as fraudulent financial reporting and misappropriation of assets (Crawford and Weirich 2011). Fraudulent financial reporting (management fraud) is where management seeks to inflate reported profits or other assets by overstating assets and revenues or understating expenses and liabilities in order to embellish the financial statements. Misappropriation of assets (employee fraud) is where employees steal money or other property from their employers (Belkaoui and Picur 2000, Hemraj 2004). Various fraud schemes could include embezzlement, theft of company property and kickbacks.

Indices of perceived corruption such as the Corruption Perceptions Index published by Transparency International and a corruption rating constructed by the Political Risk Services have been often used to measure corruption in many cross-country studies. These indices are actually based on the subjective assessments of experts or survey respondents of the extent of corruption in various countries. But those subjective indices are indeed closely correlated with each other although they are compiled by different organizations with different methodologies, suggesting "that these different spyglasses are aimed at a common target" (Treisman 2007:216). Furthermore, the perceptions indices are proved to be highly correlated with a range of generally believed corruption de-



**Figure 1. The Libyan Corruption Statistic Index**

Source: the Archive of Corruption Perception Index, 2003 – 2011.

terminants, indicating that they are "a helpful contribution to the understanding of real levels of corruption" (Lambsdorff 2004:6). However, as Treisman (2007) argues, corruption perception data actually reflect impressions of corruption intensity rather than corruption itself, meaning that the data are actually correlated with survey. The Libyan Corruption Statistics index is shown in Figure 1.

In 1955 the Libyan SAB was established by the law No. 31 of 1955 under the responsibility of the Ministry of Treasury. The SAB played a key role in the development of an accountancy profession in Libya (Ahmad and Gao 2004). Under Law No. 79 of 1975 the SAB became responsible directly to the Revolutionary Command Council (RCC) to guarantee its dependence. According to law No. 79 of 1975, the function of the SAB is to exercise effective control over public resources in terms of (1) audit of government revenues; (2) audit of government expenditures; (3) audit of government obligations; and (4) Reporting of audit findings. In addition, article 18 of this law states that the SAB is responsible for examining and auditing the accounts of the state, organizations and public agencies (Libyan government 1955).

In 1974 the General People's Committee for Control (GPCC) replaced the SAB through the introduction of Law No. 88 of 1974. The GPCC was responsible for reviewing LBE in terms of financial and management audit. However, after issuance of Law No.11 in 1996 by the GPCC, the GPCC separated into two organizations which are the General People's Committee for Financial Audit (GPCFA) and the General People's Committee for Management Audit (GPCMA). Under this Law Libyan public enterprises are required to undergo audit by auditors general (Libyan Government 1996). These auditors are assigned by the GPCFA to review public organizations. Due to the increased number and size of accounting firms, where there are no professional standards and international professional bodies, there was an urgent need to set up a professional body to take the responsibility for developing a general framework of accounting. Therefore, Law No. 116 of 1973 was issued to organize the profession of accounting and auditing in Libya. This law led to the establishment of the Libyan Association of Accountants and Auditors (LAAA).

The LAAA was established in June 1975 with the aim of organizing and improving the conditions of the accounting profession and raising the standards of accountants and

auditors professionally, academically, culturally and politically and to be involved in organizing and participating in conferences and seminars related to accounting (Ahmad & Gao 2004). The primary professional qualification of accountancy in Libya is membership of the LAAA. Auditors must be members of the LAAA to practice. Accountants who want to qualify as members must meet the following requirements: (1) hold Libyan nationality; (2) have a bachelor's degree in accounting; (3) have five years' experience in accountancy-related jobs in an accounting office after obtaining the bachelor's degree; (4) be active in political and civil rights; and (5) be of good conduct, reputation and respectability commensurate with the profession (Libyan Association of Accountants and Auditors 2010). However, the LAAA has failed to achieve its objectives of holding and participating in activities such as research, conferences, seminars, continued education and training programs, and following recent developments in the profession through accounting publications to improve the status of the profession and its members (Ahmad and Gao 2004).

In Libya, as in many other countries, an attempt has been made to regulate accounting practice through direct governmental laws and regulations. Thus, the significant impacts on accounting and auditing in Libya have come from a) the Commercial Code (LCC); b) the Law Rules in Respect of Trades and Commercial Companies and Supervision Thereon; c) the Law Organization of the Accounting Profession in Libya; and d) The Libyan Income Tax Law.

LCC, issued on November 28 1953, is the first legislation to cover particular topics related to the accounting and auditing profession in Libya. For instance, article 573 of the LCC requires every corporation's board of directors to prepare an annual report, including an income statement and a balance sheet, but there is less emphasis on producing information for internal managerial use. The financial statements are to be reported to the general assembly of shareholders for approval (Libyan Government 1953). Article 583 of this law indicates that a copy of an approved balance sheet and profit and loss account must be submitted to the Commercial Register within thirty days of its approval. This is to be accompanied by the directors' report and auditing board's report. Furthermore, the LCC enforces public enterprises to

appoint external auditors, but without any terms regarding the external auditor's professional qualifications. To protect the independence of the Auditor and the possibility of being subjected to arbitrary dismissal, the LCC requires a necessity issuance decision of the Court after 27 hearing the findings of the auditor for the validity of the dismissal decision (Libyan Government 1953).

Law rules in respect of trades and commercial companies and supervision thereon No (65) issued in May 1970 is complementary to articles of the commercial law referred to above. Articles 13, 25 and 26 of this law state that nominating an auditing board is only required when a company's capital reaches five thousand dinars (Libyan Government 1970a). Also, this auditing board consists of three employed members and two members who act as reserves in the case of sickness or other absence. In addition, the members are nominated by the General Assembly of Shareholders which has the right to choose them from non-participants (Libyan Government 1970a). They are also required to be of Libyan nationality, be qualified, and have experience in accountancy and financial affairs. The General Assembly of Shareholders fixes the annual bonus for the controllers whose term of office is three years, with the possibility of being re-employed (Libyan Government 1970a). But the Law did not specify the quality qualifications required and necessary practical experience.

In 1970, the executive regulation of Law No. 131 was issued regarding supervision and control of insurance companies. It requires external auditors who are assigned to audit insurance companies to hold a bachelor degree in economics and have experience of more than five years or be a member of the Association of Accountants and Auditors Arab, or the holder of a certificate from one of the institutes or foreign accounting associations (Libyan Government 1970b). However, the development of the accounting and auditing profession began after issuance of Law No. 116 of 1973 which organizes the profession of accounting and auditing in Libya.

Before issuing Law No. 116 of 1973, there was no specific law which required that the financial statements of business be certified by an independent auditor. Different tax laws have only required financial statements from the taxpayer, as well as other attached documents to be signed by the legal representative of the taxpayer, for example,

a chartered accountant. The introduction of law No. 116 of 1973 led to increased attention to the accounting and auditing profession (Ritchie and Khorwatt 2007) and the same law (Article 53) established the LAAA (Libyan Government 1973b). This Law comprises the following sections: the establishment of the LAAA, registration of accountants, exercise of the profession, fees, pension and contribution fund, responsibility of accountants and auditors, penalties and general and transitional provisions (Libyan Government 1973b). Therefore, the accounting profession has become limited to those registered with the LAAA. In other words, an accountant in Libya cannot practice the auditing profession in the country unless he/she is registered as a chartered accountant with the LAAA (Libyan Government 1973 b).

The Libyan SAB consists of auditors with various qualification and experience. In this study I employ my closeness as one of the members of audit bureau to investigate how these auditors perceive their role as eradicator of corruption. First, it is interesting to note that the SAB members academic qualification are various (ranging from mechanical engineering to economics). This condition actually suffice the state requirements. Hesham stated:

“With regard to the law No (3) of 2006 of Libyan Financial Audit Apparatus, it was stipulated that the members of the Audit Bureau and its staff technicians and administrators to be of the Libyans who have high qualification or a university in law or accounting or economics or engineering or in specialty required by the nature of the work to the device. It also stipulated that article (19) stated that who is nominated for membership of the audit bureau must have spent a service not less than five years later to get qualified... and to have good behavior and not to have been convicted of a felony or misdemeanor involving moral turpitude, unless he has been rehabilitated”.

The ‘power’ that was bestowed upon the SAB is, according to rules, quite high. To ensure that the auditors are able to do their tasks, they are given immunity and their

power extends to investigating all state institutions. This statement was confirmed by Ashour:

“Yes... the immunity of members of the Audit Bureau is guaranteed because it is regulated. Article (21) of the law states that members of the Bureau must enforce implementation of the law. It is not permissible to arrest or take any action of investigation procedures with members of the Audit Bureau except with the written permission of the commission. The entities subject to the Audit Bureau are all public authorities and public companies, public bodies, institutions, stand-alone devices and interests, public administrations, public enterprises and other entities subject to the court pursuant to the provisions of this law.”

Although the SAB members could review all the necessary documents to perform their functions without any obstacles, they did not achieve the level of safety insurance of financial activity and the proper use of the public money and was failed to match the financial and administrative activity of the laws, rules, regulations and executive decisions. There was lack of verification of the existence of integrity and transparency to strengthen the credibility policy and confidence among entities subject to the Audit Bureau's supervision. Audit Bureau did not encourage its members to obtain higher scientific and professional certificates. The nepotism and favoritism in appointing some of Audit Bureau members based on kinship or tribal affiliation despite their competency, integrity and professionalism particularly during Gaddafi's rule, as I experienced myself.

Audit Bureau members had performed their tasks permanently and regularly. Audit Bureau procedures did not impede the function of government institutions. An interview with Ghana confirmed this statement:

“Yes... in the auditors inspection process there are several criteria must be followed, and linked to these standards in how the auditor will perform work of which This standards require the need to implement the audit process in accordance with a clear plan and

appropriateness and be able to achieve the level of a professional review process has the confidence of others, delegate some of the tasks of the assistants, and follow-up tasks assigned to them according to plan and order be planning the audit proper and adequate planning, the auditor should perform many steps and the most important of which are collecting the information about the required audited, and understanding the nature of their work... conducting an initial evaluation of internal control systems, which the auditor intends to rely on them. [We] examine the circumstances in which we may need to increase or modify in the case of transactions with parties of common interest. We also study the legal responsibility towards the client who reviews the calculations.

Due to the sensitivity of the audit work practiced by audit bureau staff and the specific nature of audit work, the audit bureau's law ensured them some necessary guarantees to maintain their independence. This ensures their impartiality and keeping their distance from everything that can affect the performance of their tasks and issued their opinions. Under article 23 of the audit Law to form Staff Affairs Committee, the committee was established based on the decision of the President of the audit bureau. The committee holds all matters for functional members of the cabinet and his staff and shall have all powers vested in the laws and regulations organization for the work of the committee stipulated in the civil service law.

Further analysis of the law indicated that there was no scientific merit system or process any form of continuing professional education in spite of its importance in raising the level of professional performance for practitioners. There was also no mention of a financial audit and its implementing regulations to due professional care in the performance of audit and the preparation of related reports, other than those contained in articles (16 - 46) and thus omitted several points including: (1) a clarification of the professional care that must be made and the adequacy of the procedures that apply, (2) a need for use of the standard to evaluate the

work of others (peer auditors) to achieve professional care and the required quality, (3) an inadequate rehabilitation programs of scientific and practical references SAI to meet the demand for audit services, and (4) exclusion of a financial audit law No (3) of 2007, and Law No (11) of 1996 on the inspection and control of the executive and their list of detailed basic rules governing the professional conduct of auditors of the audit bureau. The SAB members feel that the process of education and training in Libya suffers from many flaws, making it insufficient as a basis for the preparation of the scientific and practical to practice.

Unfortunately, the SAB did not keep pace of the scientific and technical progress based on International Standards on Auditing and did not fully contribute to the rise of efficiency in the performance of government institutions. The plans of Audit Bureau to fulfill their tasks were insufficient to face the responsibilities and tasks required. The recommendations of Audit Bureau members were taken seriously had received considerable attention by officials. Their reports were characterized by accurate observations in which the content could be understood easily and their observations contained in the reports could be addressing the fraud risks and processing the deviations. The scientific and technical conditions were complicated even further by the inadequate technical capacity to perform audit function. Assaddi explained that:

"...the SAB did not keen to establish the seminars and scientific conferences specialized in improving the performance of audit work. Some of Audit bureaus members had the personality required, high moral character and extensive knowledge to fulfill auditing tasks but their performance of the tasks was below the required level."

The relationship between the Audit bureau members and government institutions sometimes was characterized by cooperation and a spirit of responsibility and they were committed to the laws and regulations in fulfilling their auditing tasks. The SAB members felt that the SAB did not keen to provide the budget for modern technological means to assist in the completion of audit functions. Therefore, the SAB members did not use modern technological means to strength-

en the evidence that they received, and did not have electronic library facilities refers to the laws, regulations and instructions which was necessary to facilitate their work. Audit Bureau adopted the subsequent control only in the performance of its work, thus delayed the discovery of the deviations and made the correction became very difficult.

Six informants agreed that this condition occurred because the SAB has not complied to the implementation of the regulatory and business development of Audit Bureau according to the scientific and technical progress in the international apparatuses controls. They felt that the present audit standards do not determine the steps and control procedures relied upon by the inspectors during the performance of their supervisory based on the criteria established by the organizations of international monitoring. It was worsened by their lack of commitment when carrying out these tasks, as there was no clear understanding of those standards when inspectors suggested to keep up with the international SAI and that the regional office should adopt and issued those standards. However, the SAB power was still deemed important by the auditee as their recommendations were taken seriously as stated by one of the informants:

“Audit bureau’s members recommendations are taken seriously, [and they] have received considerable attention by officials”.

Despite the availability of regulation, the SAB did not link the promotion system and supreme occupants’ job with training courses and was not giving any attention to develop its members’ performance with the best and most distinctive competencies. This is because the Audit Bureau had high salaries range which would attract the qualified and trained officers and the Audit Bureau maintained them. Such situation justifies the condition that there was no special budget for training and programs that provided regular opportunities for training and development of the members. Of course it would have a logical consequence that leads to the weakening of the performance level of Audit Bureau members.

Audit Bureau members had independence and impartiality during performance of their auditing and they were not subjected to external influences without being obscured by them with any information they needed

to perform their tasks. Audit Bureau had not enough financial autonomy sufficient when it prepared the visualization of the budgets. The perceptions of the SAB members are summarized in Table 2.

The findings confirm the danger of corruption in Libya. Previous research indicated that the total amount of bribes collected from corrupt transactions as a measure of corruption creates problems when it is used to compare the level of corruption between countries. Bardhan (2006:342) argues that when an African country with a great deal of corruption is compared to, say, an East Asian country that is also corrupt, the actual amount of money that is transacted in the corrupt deals may be much more in the East Asian country than that in the African country. He further points out that extreme corruption may have choked off the economy in the African country so that the total amount of money collected from corrupt transactions is much smaller than in the East Asian country. Moreover, a country with a lower level of Gross Domestic Product (GDP) seems to be more corrupt than a country with a higher level of GDP, even if the amount of money collected from corrupt transactions in both countries is actually equal. This is because the higher level of GDP brings down the ratio of total amount of money collected from bribes and GDP. It was the President of the World Bank, who stated that the fight against corruption is a part of the fight against poverty, not just because corruption is wrong and bad but because it really retards economic development. To show how corruption destroyed economy of countries, it is estimated that the annual corruption industry worldwide is close to US \$1 trillion (Svensson 2005).

According to systemic approach, there is an initial need for a comprehensive anti-corruption strategy that is strongly backed with political will determined to bear all its consequences. That strategy should be composed of institutional and administrative reforms on public-financial management and control system and should also ensure the involvement of civil society and citizens. Furthermore, since international cooperation would create fruitful circumstances to gain knowledge of successful and/or bitter experiences of other countries; to develop a mutual understanding of corruption and to take necessary measures in international law, contributions of international society should



**Table 2. The Perceived Role of SAB Members in Eradicating Financial Corruption**

The perceived role of auditors functions in eradications corruption.

Audit bureau did not achieve the level of safety insurance of financial activity and the proper use of the public money; also did not adopt the prior censorship (prior to implementation) or auditing during implementation which would lead to the delay of the financial deviations detection and made it extremely difficult to correct the deviations. Audit Bureau failed to match the financial and administrative activity of the laws, rules, regulations and executive decisions. It also lack of verifying the existence of the integrity, transparency to strengthen the credibility policy and confidence among entities subject to the Audit Bureau's supervision.

The perceived role of auditors in carrying out auditing procedures.

Audit Bureau members could review all the necessary documents to perform their functions without any obstacles. Audit Bureau did not give any opportunity to its members to obtain higher scientific and professional certificates. The nepotism and favoritism in appointing some members based on kinship or tribal affiliation despite their competency, integrity and professionalism particularly during Gaddafi's rule. Audit Bureau members had performed their tasks permanently and regularly. Audit Bureau procedures did not impede the function of government institutions and did not keep pace of the scientific and technical progress based on International Standards on Auditing.

The tasks feasibility of audit bureau members to eradicate of corruption.

Audit Bureau did not fully contribute to the rise of efficiency in the performance of government institutions. The plans of audit bureau to fulfill their tasks were insufficient to face the responsibilities and tasks required.

The perceived role of audit bureau member's reports.

Observations of audit bureau members contained in the reports could be addressing the fraud risks and processing the deviations. Also their recommendations which were taken seriously had received considerable attention by officials, and their reports were characterized by accurate observations in which the content could be understood easily.

The perceived role of performance of audit bureau members.

Audit bureaus members had not extensive experience and technical capacity to perform their function. SAB members did not keen to establish the seminars and scientific conferences specialized in improving the performance of audit work. Some of Audit bureaus members had the personality required, high moral character and extensive knowledge to fulfill auditing tasks but their performance of the tasks was below the required level. However, sometimes the relationship between the Audit bureau members and government institutions was characterized by cooperation and a spirit of responsibility. Audit bureaus members committed to the laws and regulations in fulfilling their auditing tasks.

The perceived role of modern technology machinery and equipment and modern programs.

Audit Bureau did not keen to provide the budget for modern technological means to assist in the completion of audit functions. Audit bureau members did not use modern technological means to strengthen the evidence that they received, and did not have electronic library facilitates refers to the laws, regulations and instructions which was necessary to facilitate their work.

The perceived role of auditing methods.

Audit Bureau adopted the subsequent control only in the performance of its work, thus delayed the discovery of the deviations and made the correction became very difficult. Audit Bureau members could conduct auditing process without any obstacles. Entities subject to the Audit Bureau's supervision allowed members to perform snap audit without any obstacles. Audit Bureau members could examine all the necessary documents to perform their functions without any obstacles.

The perceived role of training and experience.

Audit Bureau did not link the promotion system and supreme occupants' job with training courses. Audit bureau was not giving any attention to develop its members' performance with the best and most distinctive competencies. Audit bureau had high salaries range which would attract the qualified and trained officers and the Audit Bureau maintained them. There was no special budget for training and programs that provided regular opportunities for training and development of the members, which led to weaken the performance level of Audit Bureau members.

The perceived role of independence of the Audit Bureau of controlled entities

Audit Bureau members had independence and impartiality during performance of their auditing and they were not subjected to external influences without being obscured by them with any information they needed to perform their tasks. Audit Bureau members detected also wrote irregularities and deviations that were resulted from the auditing process which was made without any influence from other parties. Audit Bureau had not enough financial autonomy sufficient when it prepared the visualization of the budgets.

be taken into account at each and every step of the strategy. Consequently, systemic approach implies that lack of any level would lead to a loopholes causing to corruption (Kayrak 2008:61).

## CONCLUSION

The Libyan SAB members perceive that although there were regulations that grant them "power" to combat corruption, they do not have as much role as they feel they should in conducting state audit. The reasons ranged from the insufficient regulations, training and education to technical apparatus necessary to conduct audit. This caused failure to match the financial and administrative activity of the laws, rules, regulations and executive decisions. This condition was added with the insufficient competence of the Libyan SAB members. Audit bureaus members did not have extensive experience and technical capacity to perform their function. However, sometimes the relationship between the Audit bureau members and government institutions was characterized by cooperation and a spirit of responsibility.

Regarding to the audit standards, the SAB members perceived that the Audit Bureau procedures did not impede the function of government institutions and did not keep pace of the scientific and technical progress based on International Standards on Auditing. In this way, the Audit Bureau did not fully contribute to the rise of efficiency in the performance of government institutions. The condition was worsened by the limited budget for modern technological means to assist in the completion of audit functions. Audit bureau members did not use modern technological means to strengthen the evidence that they received, and did not have electronic library facilitates refers to the laws, regulations and instructions which was necessary to facilitate their work.

There was also a need to revise promotion system to develop its members' performance with the best and most distinctive competencies, even if the members had high salaries range. Several actions to strengthen the Audit Bureau so that it can play its role in the eradicating financial corruption effectively follows are: (1) the SAB should open its doors to public interaction and devise some mechanism to involve general public or concerned citizens in planning the audit work, (2) the SAB needs honest, able and well-mo-

tivated members as essential in fighting corruption through selection of public servants according to their integrity and capability, (3) the SAB gave the right to accountability of all staff members who may commit offenses, investigate and stop them up for work and the use of administrative and judicial measures necessary to ensure that the maintenance of public money.

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