

## **Accounting Disclosure And Its Role In Supporting The Efficiency And Effectiveness Of Control Over Public Money-An Exploratory Study Of The SAI In The State Of Libya**

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**ABSTRACT:** The aim of this research is to identify the extent to which the auditors of the SAI recognize the importance of adhering to the application of accounting disclosure standards by the audited institutions. Also, identify the quality of the data disclosed, and its role in the success and facilitation of the oversight process carried out by the Supreme Audit Institution efficiently and effectively. In order to achieve the objectives of the research and test its hypotheses, the descriptive and analytical approach was used in the general framework of the research. Where a questionnaire was designed containing a set of questions distributed to the sample of the study, and the results were tested based on the Statistical Package for the Social Sciences (SPSS). This paper came to the conclusion that the auditors of the Supreme Audit Institution in the State of Libya are aware of the importance of applying the standards of international disclosure and reporting to the institutions subject to audits. Moreover, these institutions are not based on accounting disclosure standards when preparing and presenting financial statements and reports, this reflected negatively on the performance of the Supreme Audit Institution (Audit Bureau) because of the absence of a lot of data and information that must be shown in the reports and financial statements.

**Keywords:** The Supreme Audit Institution, State of Libya, Accounting disclosure, Effectiveness, Efficiency, Control over Public Money.

### **I. INTRODUCTION**

El Khoury (2003) confirms that “the disclosure is an important pillar of corporate governance to ensure fairness, integrity and confidence in corporate governance and good decision-making, this pillar ensures the delivery of accurate, clear and complete information to all stakeholders of the Organization's activities”. Whereas disclosure is intended to provide appropriate information for decision-making by all stakeholders who using the financial statements and reports. Therefore, the scope of the disclosure has expanded to include all financial and non-financial information, on which investors, lenders, financial analysts and regulators rely on their decisions and judgments on the performance of the organization.

Disclosure, according to Hendrickson and Vanbreda (2002), is “a presentation of the necessary information on economic units for the optimal operation of effective capital markets”. Accounting disclosure serves to organize, present and communicate accounting information to different parties in an appropriate and understandable manner, which increases the value and usefulness of this information to its users. According to the American Institute of Certified Accountants, the concept of disclosure relates to the form and content of the financial statements and the terms used in them, which would increase the value and quality of the information contained in those statements from the point of view of its users (Alloush, 2018).

The accounting disclosure provides information on the accounting principles, conventions, rules and practices adopted in the preparation and presentation of the financial statements, any change in accounting policies used, and the associated effects on the financial position and results of the business. Also, this disclosure also provides information on the operational, financial and investment risks affecting the return and financing structure. as well disclosure helps to assess the ability of the regulated entity to generate cash flows, provides information on income and its components and forecast future income trends, resources and financial and economic events. Furthermore, the disclosure provides information on compliance with the rules of governance, the effectiveness of the internal control system, and the reduction of uncertainties in future economic events. In the same vein, the Organization for Economic Co-operation and Development (OECD, 2001) emphasizes the need to disclose future management plans and objectives, potential events, and future management decisions.

In this context Lantto and Maija (2007) emphasizes that accounting information based on disclosure standards is appropriate, documented and highly reliable to make decisions on the distribution of economic resources, and given the importance of disclosure and emphasizing its importance by academics and

professionals, IASC has turned Towards the issuance of the International Financial Reporting Standards (IFRS), of which (7) standards have been issued as well as (41) standards issued by the previous Committee (IASB). The Board issued the Framework for Accounting Standards and Financial Reporting Standards Issued by IASB because of its critical impact in improving the quality and completeness of the information contained in the financial statements. Moreover, International Accounting Standards have paid great attention to disclosure considerations, with a view to further improving the quality of information, since there is only one standard dealing with accounting disclosure, the International Accounting Standards Committee (IASB) has established disclosure rules in all International Accounting Standards regarding how the financial statements are presented in terms of form and content. In addition, how to present and disclose information relating to the subject matter of each of these Standards.

In the context of the relationship of accounting disclosure with the financial control carried out by the Supreme Audit Institution (SAI), the standards of accounting disclosure play an important role in supporting financial control systems by providing information, whether quantitative or qualitative, as disclosure in the financial statements and reports is the main source. For information, this enables the Supreme Audit Institution to understand the reality of economic conditions and financial transactions carried out in the economic unit under review.

Since the success of the supervisory work depends to a large extent on the quantity and quality of data and information disclosed in the financial reports and statements, therefore, the failure of the economic units subject to the control process to present financial statements and reports in accordance with the disclosure standards, this would negatively affect the performance of the SAI's oversight work.

## **II. RESEARCH PROBLEM**

The economic units in the state of Libya suffer from several problems related to accounting disclosure, represented in the lack of good knowledge of disclosure standards, and the existence of obstacles that limit the ability to apply the standards of disclosure, the most important of which is the instability of the political situation and the quality and nature of the economy followed in the country (Fatima, 2012).

On the other hand, all evidence points to deficiencies in the accounting profession in the state of Libya, in the absence of a complete set of standards and rules of professional ethics, which, if any, are found in scattered texts of the Commercial Law, or Law No. 65 of 1979 on trade and commercial companies and supervision. Law No. 31 of 1970 on the Supervision and Control of Insurance Companies, Income Tax Law, Law No. 116 of 1973 on the Organization of the Accounting and Auditing Profession, its Executive Regulations and Laws Relating to the Profession (Darwish& Al-Ghali, 2006). Moreover, Several studies and researches that have concerned the reality of the profession and the ways of its development in the state of Libya have confirmed the shortcomings and weaknesses of the accounting profession in the state of Libya in general and from several academic, organizational and technical aspects, (Ben Gharbia, 2006; Abu Zaid, 2012; Al-Taweel& Al-Sriti, 2013).

Whereas the Supreme Audit Institution (SAI) has the function of supervising the government administration, supervising the performance of all its public bodies and institutions, and imposing supervisory measures on all institutions entrusted with managing and investing public funds. Whereas, these regulatory institutions operate in accordance with the principles of work set out in the 1977 Lima Declaration and the 1977 Mexico Declaration adopted by the International Organization of Supreme Audit Institutions (INTOSAI), These declarations include, among other things, the need for the Supreme Audit Institution to have a broad mandate and authority to work, and the duty of supervisory staff to have full access to information; Therefore, the SAIs rely primarily on the financial statements and reports submitted by the economic units subject to the audit, Which is prepared in accordance with the Disclosure Standards, through which financial and accounting information is prepared, presented and disclosed in accordance with international standards, this improves the quality of accounting data and information shown in the financial statements and reports.

The breach of the application of the principle of disclosure would negatively affect the performance of the Supreme Audit Institution in examining and reviewing the financial statements and reports, due to the absence of a lot of data and information that should be reflected in the financial reports and financial statements as mentioned above, this is reinforced by the fact that many studies have been carried out on assessing the reality of the supervisory work carried out by the Supreme Audit Institution in the state of Libya (the Audit Bureau), it refers to the lack of general standards for the auditors of the Supreme Audit Institution in the state of Libya, and some of them do not adhere to the standards of field work, as well as some of them also do not adhere to the standards of issuing the report, and the lack of tendency to benefit from recent developments in the field of audit and financial control. Also, the absence of clear and specific programs for evaluating the tool in controlled institutions (El Mazoughi, 2017; Albadri, 2006; El Ayat, 2012; Fattouha; Kurdi; Abu Sbaia 2016). Which invites us to ask the following questions?

- To what extent do the auditors of the Audit Bureau understand the role played by the accounting disclosure standards in supporting the efficiency and effectiveness of the audit work?
- Is there a role for the nature and quality of the data disclosed in the controlled entities and their role in supporting the efficiency and effectiveness of the control work?

### **Research Hypotheses**

In order to answer the above questions and achieve the objectives of the study, the following hypotheses were formulated:

**The first hypothesis:** There is a realization among the staff of the Audit Bureau of the importance of accounting disclosure of financial information and data reports and financial statements to raise the efficiency and effectiveness of control over public finances.

**The second hypothesis:** Disclosure standards are taken into account when preparing financial statements and reports, which supports the effectiveness and efficiency of the oversight work, carried out by the Supreme Audit Institution.

### **Research Objectives**

The aim of this paper is to identify the extent to which auditors of the SAI in the State of Libya understand and understand the disclosure standards, and to identify the nature and quality of the disclosed data and their role in the success and facilitation of the audit process carried out by the SAI (Audit Bureau).

## **III. METHODOLOGY**

To achieve the objectives of the research and test its hypotheses, the descriptive analytical approach was based on the general framework of the research, which links the concept, importance and objectives of disclosure and its importance in raising the efficiency and effectiveness of the control work, as it is the appropriate method for such studies, and the most research methods used in the study of social phenomena. In order to achieve the objectives of the study and to test its hypotheses, secondary sources, such as written information sources such as books, periodicals, scientific fields, conferences and previous studies, were relied upon. The questionnaire was designed and contained a set of questions distributed to the study sample. Its results were tested based on the SPSS statistical program.

## **IV. LITERATURE REVIEW**

Abu Sahmin (2007) showed that the disclosure in Libya and the stages of its development and the relationship between global changes imposed by globalization and the development of accounting disclosure in Libya and increase the level of accounting disclosure, the study showed that one of the reasons for the low level of accounting disclosure in Libya is the absence of a competent body working to adopt and publish National accounting standards, or follow certain accounting standards taking into account environmental differences, while the study of Ali (2016) to measure the quantity and quality of optional disclosure in the annual reports of companies listed on the Libyan capital market for the financial year 2016, the results show a discrepancy in the degree of disclosure between listed companies. On the other hand, the study Saleh; Al-Masri; Humaidan(2010) aimed at identifying the commitment of Al-Ahlia Cement Company to disclose its environmental performance. It also aimed to identify the obstacles that prevent the company in question from disclosing its environmental performance. The study reached a number of results, the most important of which are the non-disclosure of Al-Ahlia Cement Company's accounting for its environmental performance, and there are many obstacles that limit the Al-Ahlia Cement Company to disclose its environmental performance, the most prominent of which are the lack of educational programs interested in defining the requirements of disclosure of environmental performance, and the lack of Availability of an accounting system that meets environmental performance disclosure purposes, lack of binding environmental performance disclosure laws, difficulty in measuring environmental costs, and unwillingness to disclose costs associated with environmental damage resulting from its operations, even if they can be measured.

Al-Sriti and Abboud study (2014) also discussed the reasons for the emergence of deficiencies in the accounting and auditing profession in the state of Libya , and the study found that there are deficiencies in some of the determinants practiced by professionals and do not lead to the activation of financial reporting information to serve decision makers, including international and local organizations and their role in Profession development, various and pluralism standards, accounting legislation, accounting education, users of accounting information, the conceptual framework of the accounting and auditing profession, institutional stability, corporate governance, stock market, privatization, WTO. The study concluded that poor quality of accounting information is an indicator of the deficiencies in the accounting and auditing profession in Libya, this is evidenced by the urgent need for objective and appropriate accounting information, and the failure to publish

financial reports on time as prescribed by law. One of the factors that negatively affects the profession of accounting and auditing in Libya is the lack of institutional stability and the lack of benefit from the work of international professional organizations.

Aluloul study (2004) aimed to know the role of accounting disclosure of financial statements in the Palestinian public shareholding companies in supporting the internal control system, and the extent to which companies apply the principles and accounting policies that contribute to increase and effectiveness of the internal control system. The researcher used the descriptive method in the study of theoretical aspects. One of the most important results of the study is the interest of public shareholding companies in the Gaza Strip in accounting disclosure. The researcher made a number of recommendations, the most important of which is that public shareholding companies and auditors pay more attention and commitment to the accounting disclosure of the financial statements and any other additional information.

A study conducted by Ben Gharbia, (2006) on the local environment confirmed that there was little attention at the official or even professional level, including the Supreme Audit Institution, on the quality of financial information and reports, nor on the development of the bases and standards that should be applied in the preparation of financial control information and reports. As confirmed Tintosh, (2006) Through the study of the role of the supervisory process in the development of the capital market on the importance of the role of financial auditors in the public sector, and that auditors of SAIs should adopt effective working methods that ensure the protection of the public interest. Also, pointed out that the Supreme Audit Institution in Libya is effective in carrying out its supervisory work and stressed that to achieve that effectiveness needs to apply international standards for public sector auditing in addition to rebuilding the structure and organization of the financial audit.

The aim of the study of Bello, (2015) to know the role of accounting disclosure and transparency of financial statements in supporting the system of control and accountability, and the extent of the application of the Khartoum Stock Exchange accounting principles and policies that contribute to increasing the effectiveness of the internal control system, the problem of the study is to determine the expected impact of increased disclosure and transparency in supporting the control and accountability system in public shareholding companies. One of the most important results of the study is the interest of all companies listed on the Khartoum Stock Exchange to disclose accounting for all items and elements of the financial position, also the study showed that the companies listed on the Khartoum Stock Exchange aim to disclose of the financial statements in the financial position and to show the strength and effectiveness of the internal control system.

Al-Ferjani(2016), conducted a study on the disclosure requirements issued by the Arab financial markets and the status of the Libyan market, aiming to shed light on the requirements of listing and trading and comparing the disclosure regulations of Arab financial markets, the results of the study detected that most of the regulations issued by the Arab financial markets, including those issued by the Libyan stock market, are considered not good for implementation and insufficient to meet the requirements and standards of disclosure.

whereas the study of Ben Aichi and Dardori, (2017) examined the role of accounting disclosure in supporting the internal control system in the Algerian shareholding companies, and to achieve the objectives of the study, the researchers designed a questionnaire distributed to the study sample of 90 individuals working in the joint stock companies under study, conducted a process Analysis using SPSS statistical program, the study concluded that the accounting disclosure of financial information in the financial statements leads to support and increase the effectiveness of the internal control system of the joint stock companies under study.

### **Describe the Questionnaire**

The questionnaire is designed according to Likert Scale, a measure of five responses to the questionnaire paragraphs, so that the views of each items can be determined by the study sample as follows:

**Table 1: The Quintile Likert Scale**

<b>Strongly disagree</b>	<b>disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
1	2	3	4	5

### **The Study Sample**

Due to the nature of the subject affecting the accounting profession in the state of Libya and its relationship with the effectiveness and efficiency of the audit work in the state of Libya, the questionnaire was distributed to the following departments and offices (Corporate Audit Department, Energy Accounts

Department, and Public Accounts Department). The sample of the study included a selected sample of 40 SAI members, the questionnaire was distributed by direct submission to the directors assigned to the departments and offices concerned to participate in completing the questionnaire form. 32 questionnaires were retrieved valid for the analysis by 80%. In analyzing and evaluating the results of the questionnaire.

### **Credibility and Reliability**

Credibility in this regard indicates that the questionnaire reflects the content to be measured according to its relative weights, The most common and well-known methods used by researchers have been adopted to ensure the validity of the questionnaire, which is the method of honesty of arbitrators, The questionnaire was presented to specialized arbitrators in the field of accounting with long experience in the field of arbitration, supervision and evaluation of scientific theses.

To measure the reliability of the questionnaire the Alpha Cronbach method is based on the measurement of internal consistency, it gives an idea of how consistent the questions are with each other, and with all questions in general. Also, it gives the same results if re-applied to the same sample vocabulary several times over the same time period. The stability coefficient of the resolution was measured and the result of the measurement was  $X = 76.51\%$ , This ratio is in the best range of the Cronbach Alpha coefficient, a ratio that confirms the validity, reliability and validity of the questionnaire and reliance on its results to achieve the study objectives.

**Table 2: Distribution of participants by demographic factors**

variable	Category	the number	Percentages
Qualification	M.A.	5	16%
	BA	24	75%
	Higher Diploma	3	9%
Specialization	Accounting	28	87,5%
	Financial and Managerial Sciences	4	12,5%
Years of Experience	Less than 5 years	4	12,5%
	5 to 10 years	6	18,5%
	11 to 15 years	9	28%
	More than 15 years	13	40 %
Job title	expert	12	38%
	First auditor	9	28%
	Second auditor	7	22%
	Third auditor	4	12%

From Table 2: it can be seen that most of the individuals who participated in the completion of the questionnaire have the scientific and technical expertise and ability associated with the subject of the study, and their scientific qualifications and jobs correspond to the nature of the subject, where it turned out that 87.5% of the participants in filling the questionnaire from the accountants, and 12.5% hold a higher diploma in the field of financial and managerial sciences.

In addition to the sample of the study includes reviewers whose experience exceeds 10 years, where the results of the above questionnaire analysis indicate that 28% of the participants have experience in the field of supervisory work more than 10 years, and 40% of participants go beyond Extended their work in the field of 15 audit work years, indicating the possession of sufficient knowledge about the importance of disclosure and can play the role in the provision of information necessary to perform the oversight function and data, it supports the results of the study and raise the level of confidence in the results of the study.

This is also supported by the fact that 16% of respondents have master's degrees and 75% of bachelor's holders. This indicates that respondents are able to understand the subject and understand questions and answer correctly.

### **Analysis of the Results of the Questionnaire**

**The first axis:** To what extent do the auditors of the Audit Bureau understand the role played by the accounting disclosure standards in supporting the efficiency and effectiveness of the audit work?

Table 3: Arithmetic averages and standard deviations related to the extent to which the auditors perceive the role of accounting disclosure in raising the efficiency and effectiveness of audit work.



Item	Mean	Standard Deviation	Ranking	Level Of Application
Check the suitability of manual and electronic internal control systems and the soundness of financial transactions.	4.4	0.730	3	High
Verify compliance with applicable financial laws, and regulations.	4.5	.648	6	High
Detecting financial irregularities and determining their causes and those responsible.	4.4	.672	3	High
Verify compliance Controlled Entities to respond promptly to the questions addressed to her.	4.44	.675	5	High
Disclosure provides information on the proper management of activities, programs and projects in a scientific, economic, efficient and effective manner.	4.3	.774	1	High
Disclosure provides information on the continuity and stability of monetary and financial policies.	4.32	.615	2	High
The disclosure provides information on the good application of the concept of governance, integrity of management and optimal utilization of available economic resources.	4.3	.775	1	High
The disclosure provides information on the follow-up of the implementation stages of the projects received.	4.3	.779	1	High
Verify the integrity of operation and maintenance and record operations related to production and operational projects.	4.6	.810	7	High
Provides information on supply contracts, contracting and obligations in accordance with the regulations of contracts and approved projects on time.	4.5	.720	6	High
Disclosure of previous, subsequent and accompanying financial controls.	4.6	.809	7	High
Shows that the Controls that ensure the collection of public revenues have been applied, and identify any deficiencies or laxity in the collection processes and record and follow-up operations related to revenues.	4.4	.720	3	High
Clarifies that all appropriations and expenditures have been made in accordance with the purposes for which they have been allocated and in accordance with applicable laws and regulations.	4.3	.684	1	High
It is easy to compare the current financial statements with the financial statements of previous financial periods and with the financial statements of other entities operating in the same sector.	4.3	.777	1	High
It enables the identification of changes in financial position, equity, sources and uses of funds, and the risks associated with the operations of the entity under auditing.	4.32	.675	2	High
Enables the recognition of the accounting principles, customs, rules and practices adopted in preparing and presenting the financial statements.	4.4	.675	4	High
<b>Overall average</b>	<b>4.65</b>	<b>.612</b>		

It is noted from the results of the table 3: that all the arithmetic averages related to the first item ranges between (4.3-4.6), and an overall average of (4.65), and this average indicates that the general trend of the respondents in filling the questionnaire confirms that the auditors recognize the importance of disclosure in the activation of work Including the important data and information it provides to perform the regulatory function, this confirms the null hypothesis regarding the perception of the employees of the Audit Bureau of the importance of accounting disclosure of financial information and data in financial reports and statements to improve the efficiency and effectiveness of control over public finances. The standard deviation (.612) indicates a discrepancy in the responses of the participants, as evidenced by the arithmetic mean of each paragraph as noted on the table 3.

**The second axis:** Is there a role for the nature and quality of the data disclosed in the controlled entities and their role in supporting the efficiency and effectiveness of the control work?

**Table 4:** Arithmetic averages and standard deviation of the nature and quality of data disclosed in the controlled entities and their role in supporting the efficiency and effectiveness of the control work

Item	Mean	Standard Deviation	Ranking	Level Of Application
Use all available means to disclose information, whether through the Crux of financial statements and reports or through the accompanying notes and explanations and through statistical tables and charts.	1.9	.891	2	Low
Use websites to disclose financial activities and reports to achieve speed and greater transparency.	2.6	1.12	8	Medium
The numbers and amounts reported in the financial statements and reports reflect the reality of the controlled entity in terms of resources and financial and economic events.	2.7	1.23	9	Medium
Disclosure of information to assist in evaluate the ability of the regulated entity to generate cash flows that can be invested, distributed, and sufficient to meet its obligations and implement its plans and projects.	1.9	.891	2	Low
Disclosure of accounting principles, rules and practices adopted in the preparation and presentation of the financial statements.	2	1.69	3	Low
Disclosure of information about income and its components and forecasting future income trends.	2.1	.998	4	Low
Disclosure of detailed data on direct and indirect cash flows.	2.25	1.16	6	Low
The data and information contained in the financial statements and reports provide financial indicators that enable the identification of the strengths and weaknesses of the Organization's performance and its available liquidity position.	2.1	.998	4	Low
Disclosure of operational, financial and investment risks affecting returns, cash flows and financing structure.	2.3	1.33	7	Low
Disclosure of information on events subsequent to the date of presentation of the financial statements and potential events.	2.2	1.09	5	Low
Issuing reports that include a comprehensive overview of the entity's business, its future vision and information on the change in the capital structure.	1.83	.798	1	Low
Commitment to apply the rules of governance and the effectiveness of the internal control system.	1.9	.891	2	Low
Provide comprehensive information on all items of the financial statements and final accounts without exception.	2.6	1.16	8	Medium
Disclose any change in accounting policies used and the associated effects on the financial position and results of the business.	2.2	1.090	5	Low
The presentation of the financial statements including all the objectives, estimates, forecasts and main risks that affect the conduct of its various operations and activities.	2.1	.998	4	Low
<b>Overall average</b>	2	1.102		

The table 4: indicates that the overall average of all statements of the second axis related to the nature and quality of the data disclosed in the controlled entities and their role in supporting the efficiency and effectiveness of the control work was (2), which indicates that the general trend of respondents' responses is not in agreement with the level of disclosure in the economic units subject to screenings and audits in general, with the exception of their agreement on the Use websites to disclose financial activities and reports to achieve speed and greater transparency. and the numbers and amounts reported in the financial statements and reports reflect the reality of the controlled entity in terms of resources and financial and economic events. Provide comprehensive information on all items of the financial statements and final accounts without exception, and to a medium degree. This trend confirms the assumption that international disclosure and reporting standards are taken into account in the preparation of financial statements and reports; this supports the effectiveness of the SAI's supervisory work.

## V. RESULTS

Based on the findings of the exploratory study by analyzing the questionnaire items, the main results can be summarized as follows:

- There is a realization among auditors of the Supreme Audit Institution in the State of Libya of the importance of applying the accounting disclosure standards in the institutions subject to the audits.

There is no doubt that there is general agreement by all parties interested in financial and economic issues and making financial and investment decisions on the importance of following the standards of financial disclosure and reporting when preparing and issuing financial reports and statements. moreover, its role in supporting financial control systems, including disclosure of basic and important information and data, whether quantitative or qualitative, which enables the Supreme Audit Institution to understand the reality of economic conditions and financial transactions carried out in the economic unit under examination and auditing (Lantto, 2007; Bello 2015; Ben Aichi & Dardouri, 2017; Aloul, 2004; Saleh et al., 2010; & Ali, 2016).

- The standards of accounting disclosure are not based on the preparation and presentation of financial statements and reports, which reflected negatively on the performance of the SAI (Audit Bureau).

With the exception of the study sample and to a medium degree on the establishment of some institutions in the state of Libya (websites) to disclose activities and financial reports to achieve the speed factor and more transparency, disclosure of numbers and amounts in the financial statements and reports, and comprehensive information on all items of the financial statements and final accounts.

This finding is consistent with most studies dealing with disclosure of financial statements and reports from two sides; the first side is to agree on the neglecting of the disclosure criteria in all Libyan institutions except those mentioned above, from these studies. (Ben Gharbia, 2006; Abu Zaid, 2012; Al-Taweel & Al-Sriti, 2013; Fatima, 2012; Al-Ferjani 2016).

On the other side, the failure to rely on the disclosure standards when preparing and presenting the financial statements had a negative impact on the efficiency and effectiveness of the control work carried out by the Supreme Audit Institution in the State of Libya (El Mazoughi, 2017; Albadri, 2006; Tintosh, 2006; El Ayat, 2012; Fattouha; Kurdi; Abu Sbaia 2016).

### Recommendations

Through the field study and the results reached mechanism can confirm the importance of the Supreme Audit Institution to develop the accounting work in the state of Libya, to be consistent with accounting disclosure standards, leading to more confidence and credibility of the data and information contained in the financial statements and reports, and supports their quality in the service of decision makers on the one hand.

on the other hand, the Supreme Audit Institution is required in accordance with the law establishing it, which gave it wide powers in the areas of evaluation of accounting and financial policies in the state of Libya, to require the audited entities to base their financial statements on financial disclosure and reporting standards, as they may provide data and information that are very important in the performance of the control process which Performed by the SAI.

These include the disclosure of accounting principles, rules and practices adopted in the preparation and presentation of the financial statements, and the evaluate of the ability of the audited entity to face operational, financial and investment risks affecting the achievement of returns, financing structure and cash flows, The disclosure also provides information on income and its components, forecasting future income trends, resources, financial and economic events. It also provides information on compliance with governance rules and the effectiveness of the internal control system. Furthermore, reducing uncertainties in future economic events.etc.

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