

The Effect of the Absence of the Application of the Mechanisms of Corporate Governance on the Internal auditing Efficiency to reduce Financial Corruption in the Jordanian Ministries

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Abstract

This study aimed fundamentally to exploit the effect of the absence of the application of the mechanisms of corporate governance on the internal auditing efficiency to reduce financial corruption in the Jordanian ministries .In order to achieve the objective of this study a questionnaire was developed to collect data and was distributed on a random sample of (300) employees representing 48% of total workers, which includes (625) employees in three ministries that have been selected purposively . Statistical Package for Social Sciences (SPSS. 19) has been used to analyze the data. The study found that there is a positive correlation between the lack of activation of internal audit and financial corruption in the ministries of Jordan, also there is a positive correlation between the absence of the application of the mechanics of corporate governance in the Jordanian ministries and rampant financial corruption. The study came out with some recommendations, including the need to work on the mechanics of the application of corporate governance in government ministries in order to activate the internal audit system, which would reduce the manifestations of corruption in these ministries.

JEL classification numbers: G3

Keywords: Corporate governance, Financial Corruption, Internal Auditing, Public Sector Jordan

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1 Introduction

Recently, many Arab countries have witnessed many political, economic and social changes which have had a significant impact on the public life of the society, as a lot of countries' societies are facing various forms of financial and administrative corruption which coexist with an unfair corporate culture that does not work according to the laws and international accounting standards in order to attain a high level of transparency in the financial and accounting data.

Corporate Governance has received considerable attention in both the developed and developing countries alike, because of its significant impact on the preservation of institutions and their sustainability and in order to achieve their goals in a way that will serve the public interest.

As a result of many scandals of several large companies over the recent years, many countries and organizations took more interest to the concept of corporate governance (Abu Zerr, 2006: page 2) and due to the great benefits exhibited by various studies on the role of corporate governance in the improvement and development of financial firms and the reduction of financial corruption. Many studies revealed a positive relationship between the factors of corporate governance and the quality of earnings published in the financial statements (Dhaliwal et al, 2007: Carcello et al, 2008). Furthermore; another study showed the existence of a strong correlation between corporate governance and the quality of internal control (Krishnan, 2005) .

2 Problem Statement

Many public Jordanian institutions suffer from improper administrative and financial practices, which led to the wide spread of financial and administrative corruption in these institutions causing the waste of public money and reflecting in the drop of the quality of services provided to the citizens, as well as the decline in quality of life of citizens. It can be noted that there inefficient practice of internal auditing of the financial statements in addition to the absence of the proper application of corporate governance mechanisms have contributed significantly to the wide spread of the phenomenon of corruption in the public sector institutions .

We can address the study problem by asking the following questions:

What is the effect of the absence of corporate governance on the efficiency of the internal audit and the spread of financial corruption in the Jordanian public sector institutions?

Study questions:

This study attempts to answer the following questions:

The first question: What is the effect of the absence of the application of corporate governance in Jordanian ministries?

The Second question: What is the effect of internal audit efficiency in the Jordanian ministries?

The Third question: What is the level of financial corruption in the Jordanian ministries?

Study Importance:

The financial crisis that is being witnessed today was the result of not complying with regulations and not abiding fully to laws and poor disclosure of financial statements. Recently, a significant number of public institutions in many countries have been

suffering from the wide spread of corruption internally, which has led to forming effective internal audit committees to stop those contraventions in order to limit the corruption phenomena.

The spread of modern financial and administrative concepts especially what relates to activating the corporate governance mechanisms has become the only way that facilitates the activating internal controls through rapid-action accountability in order to enable internal audit committees to work independently. Therefore, the importance of this study lies in its ability to analyze the reality of the activation of the internal audit committees through adopting sound corporate governance practices to end the spread of financial corruption in the Jordanian public sector institutions.

Study Objectives: This study aims to identify the following:

1. Defining the effect of the absence of the application of corporate governance in Jordanian ministries
2. Identifying the correlation between the efficiency of the internal audit and corporate governance in the Jordanian ministries.
3. Revealing the Impact of the absence of the application of corporate governance and efficiency of the internal audit on the spread of financial corruption in Jordanian ministries.
4. Presenting the effect of applying corporate governance in the efficiency of internal audit in Jordanian ministries.

Study Hypotheses:

Depending on the study objectives mentioned above we can formulate the following hypotheses:

The first hypothesis: There is a relationship between the absence of corporate governance mechanisms application and the lack of transparency of internal audit in the Jordanian ministries.

The second hypothesis: There is a relationship between the lack of transparency of the internal audit and the spread of financial corruption in Jordanian institutions.

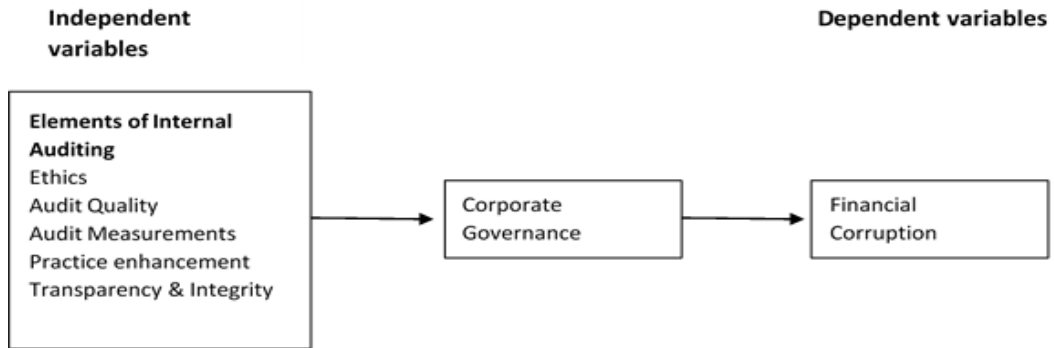
The third hypothesis: There is a relationship between the lack of application and activation of corporate governance mechanisms and the spread of financial corruption among the Jordanian ministries.

Study limitations:

The most important limitations of the study are as follows:

1. The study was limited to the ministries of Finance, Industry and Trade and the Ministry of Transportation basing on the financial nature of work performed by those Ministries, in addition to the constant dealing with a wide cross-section of citizens and the need for transparency and integrity to conduct their tasks efficiently.
2. The study included workers in the ministries head offices without covering its offices in other provinces and districts.
3. The lack of cooperation from some of the employees in answering the study questionnaire where in some cases a number of distributed questionnaires were not handed back and some recovered questionnaires were eliminated for being incomplete.

Theoretical Framework:



Operational definitions:

Corporate Governance: The rules, practices, processes and decisions to ensure discipline, transparency and justice, which aims to achieve quality and excellence in performance by inducing the actions of the economic unit management regarding optimal use of the economic resources available in order to achieve the best possible benefits to all stakeholders and society. Corporate governance seeks to prevent manipulation, distortion and deception and reduces the negative impact of information asymmetry through using set of controls on financial and administrative areas and over all economic units. (Gallagher 2002: 17)

Internal Audit: is an independent activity taking place within the organization in order to assist management in verifying the implementation of administrative policies that ensure the protection of assets and the accuracy of the data included in the accounting books and records. The Internal Audit as a profession gains its credibility from the parties benefiting from the quality of the performance of the internal auditors, in addition to the substantive emphasis provided on risk management, control, and institutional governance in different organizations. (Sami, 2007, page 10)

Financial Corruption: the use of authority for personal benefits, whether legislative, judicial or executive authority .Abusing the trust associated with the available funds for the benefit of those in charge of managing those funds , supervisors or to serve third unrelated parties. Or deceiving small investors, depositors by providing inaccurate data. (Ashour, 2010, page 38)

Research Theoretical Framework and Previous Studies:

First, previous studies:

The research conducted by Mustafa (2011) titled: The Role of Auditing in enforcing the principles of corporate governance to achieve the transparency of information.

This study aimed to recognize the importance and nature and objectives of corporate governance principles and tried to analyze the role of both the internal and external audit in support of the application of the principles of corporate governance. The study concluded that audit committees through corporate governance conduct the following activities: examining internal control procedures, reviewing and ensuring their effectiveness, assessing the administrative procedures and ensuring compliance with the laws and regulations, inspecting and reviewing accounting policies and procedures used in the preparation of the actual and estimated statements, verifying the management's response to the observations and recommendations of the auditor and the capital market

commission, in addition to increasing public confidence in financial reporting. This role can be achieved through external audits by examining and evaluating the external audit work and making recommendations to the board of directors to serve in many areas, including planning, internal control and considering the adequacy and efficiency of the internal control.

The research conducted by Tarawneh & Adayleh (2010) titled: The effect of applying transparency at the level of management accountability in the Jordanian ministries. This study aimed to find the effect of the application of transparency at the level of management accountability in the Jordanian ministries. In order to achieve this, a questionnaire was developed to collect data and the questionnaire was distributed to a sample of 661 employees comprising 40% of the total workers in the headquarters of (6) Ministries that have been selected in a purposive manner. The study found a number of results, including: The perceptions of the study sample surveyed for the degree of implementing of transparency and accountability in the managerial level of ministries were medium. The transparency of decisions are more influential in management accountability while the legislation transparency for those areas are less effective. The study recommended the need to promote the concept of transparency in the surveyed ministries because of its positive role in creating the appropriate environment to improve the level of management accountability.

The research conducted by Khalil (2009) titled: Governance and bilateral transformation towards market economy and corruption spread (economic assessment study on Algeria). This study aimed to monitor the implications of the shift towards market economy in terms of changing the developmental role of the country and the spread of the corruption phenomenon and its impact on the achievement of sustainable and inclusive growth while presenting the international organizations proposal related to governance. The researcher has relied on a basic hypothesis that the spread of corruption phenomenon occurs in the absence of accountability, transparency and due to poor public sector administration efficiency and lack of appropriate legislation. Moreover, the modern concept of governance can aid to overcome the failure in transition to the market economy. The study reached to the following results:

- Corruption spreads for several reasons, including lack of transparency and accountability, nepotism, inefficient public sector administration, lack of appropriate legislation and limited international cooperation to limit corruption.
- Governance is considered to be a basic requirement for development and is viewed as the modern concept to overcome the limited success of the transition to the market economy.

The research conducted by Daoudi (2008) titled: Governance and performance improvement of institutions. This study aimed to identify the relationship between the effectiveness and value creation that constitute corporate governance. It also aimed to identify the mechanisms of governance, especially the role of the Board of Directors and its impact on the performance of the organization. The researcher has used the descriptive analytical method, and the most important findings of the researcher are as follows:

- There is a statistically significant indications on the industrial companies that manage their profits during the years of the study, which are deep-rooted in large-sized companies than in small-sized companies.
- There is a statistically significant relationship between earnings' management and both of the market value and systemic risk of the company.

3 Theoretical framework

The Concept of Corporate governance

There are several concepts of corporate governance. Some identify it as prudent regulations, or as good administration, while others have adopted the concept of "corporate governance" (Yousef, 2003, page 11-14).

Here are some definitions for the concept of corporate governance and some corresponding concepts of this term as reflected in some of the studies and references: Hammad (2005: page 9) used a definition of corporate governance as a system through which the work of the institution is guided and monitored at the highest level in order to achieve their goals and meet the needed standards for responsibility, integrity and transparency. Corporate governance in the public sector is viewed as a partnership between various sectors of community which guide and manage the projects; in order to achieve societal goals through the provision of services needed by individuals and work to achieve the levels of sustainable growth. Competent management is the one that works through the efficient and effective deployment and allocation of the organization's financial and human resources to enhance its position, achieve its objectives and to ensure that the ruling body of the organization develops a regulatory framework that includes the general principles adopted by the institution or organization, whether private or public in the internal or external dealings (Nasr & Shehatah, 2007, page 16-26).

The importance of corporate governance:

Effective corporate governance is highly valued as an important contributor to transparency in government institutions, it also defines the distribution of responsibilities between specialized bodies in the field of supervision and regulation, so that will be compatible with the governing laws (Mohammed, 2003: page 321-373). In addition, corporate governance enhances the quality and efficiency of leadership in government departments and the quality of services provided, it also helps in achieving the aspirations of the community. (Cattrysse, Jan., 2005). Well-structured corporate governance reflects on the development and growth of the country's economy through its contribution to increase access to sources of external financing, attract investments, maximize economic growth at the national level and reduce unemployment. Moreover, it contributes to the improvement of operational performance through the distribution and management of resources in the best possible manner.

Additionally, good corporate governance reduces the exposure of companies to bankruptcy and financial crises risks. (Claessens, Stijn, 2003).

Elements of corporate governance and its applications in the public sector:

It must be emphasized that there is a set of several principles that govern the mechanism of corporate governance, and these principles can be applied in the public sector as follows:

1-Organization and Order: the greater the degree of justice and order in governmental departments, and particularly in finance, the greater the ability to reach an appropriate level of tax collection and the greater the chance to increase the degree of efficiency of the financial system easily.

2-Transparency and Disclosure: Transparency and accountability are key elements of good governance which is a pre-condition for the achievement of human development. These two elements are interconnected with each other, and in the absence of transparency, there can be no accountability.

Governance in the public sector is working to create an effective partnership with the private sector through the application of some standards addressed in a study conducted by Al-rasheed as follows (Al-rasheed, 2006, page 78):

- Participation in power and integration of roles, particularly with regard to the practice of the legislative role of the public sector and the executive role and other regulatory roles by private sector organizations.
- Transparency which is known as the interaction by the two sectors in the exchange of information and applying the rules and regulations regarding the organized partnership.
- Common strategic overview and strategies for cooperation, particularly in regard to a review of the relevant joint regulatory policies and achieving mutual strategic cooperation at the local and international levels.
- Desired Synergy and it is defined as the interaction between partnering parties as a network by development of developing the procedures and standards aiming to provide better services.
- Entrepreneurship as the partnership between the public and private sector is considered to be a form of entrepreneurship because of the possibilities and alternatives available through which resources and expertise are gathered.
- Performance management and this relates to the possibility of applying effective assessment criteria on the basis of accountability and determining the responsibilities and authorities based on standards.
- Integrated complex structure which is built on interrelating several organizations on the basis of integration and interaction.
- The transition towards more effective organization by starting the shift from the primary organization to the in-transit phase organization towards the complete organization which has a evident identity in addition to clear milestones, objectives and policies.
- Accountability and control based on the separation of authorities and responsibilities and adoption of control standards. (Al rasheed: 2006: 82)

The relationship between corporate governance and internal audit

The evolution of the concept of internal audit in the enforcement of Corporate Governance

A number of scientific academies and professional organizations contributed to the development of the of internal audit concept for the purpose of providing a new image of the profession and its impact on activating and supporting corporate governance in the public sector, and the most prominent indicator of this development was the following (Ashmawi, 2005, page 11):

- Internal Audit is considered as an independent department as it reports directly to the president of the organization and not the executive management .It is operationally subordinated to the organization Board of Directors' audit committee and board of directors council as they are viewing the reports of Internal Audit and may display its reports to the shareholders if necessary.

- Internal Audit performs its activity in an objectively manner by a group of professionals with experience and high skills, whether from within or outside the organization.
- Expanding the scope of work of the internal audit to include consulting services in addition to the conformity, inspection and evaluation services where it clearly serves customers best interest beyond the traditional tasks. This directly supports its role in the field of risk assessment and assists the corporate governance system.
- Emphasizing on the internal control elements as necessary inputs to help business organizations to provide a new and acceptable system of institutional governance. Therefore, it has become necessary to direct the functions of the internal auditor and the new responsibilities in many areas, including risk management, control and corporate governance system.
- Internal Auditor's commitment to perform the conformity services that focus on the objective assessment of the findings in order to present an independent technical opinion about the business.
- Establishing a set of principles that reflects the practice of internal auditing profession.

The above considerations reveals the importance of the internal audit as one of the important and necessary factors for good corporate governance mechanisms, and it is considered as an important element of the internal control components.

Basing on what has been mentioned previously, the impact and influence of internal audit on corporate governance can be concluded, as where the presence of corporate governance in institutions requires the presence of internal audit department to review the operations within the organization and to ensure their suitability for the rules and principles of corporate governance.

The role of corporate of governance in fighting financial corruption in the public sector

According to the World Bank, corruption is generally described as the abuse of public power for personal interest. The types of corruption varies from widespread corruption that has extended to the highest levels of national governments to simple corruption, delivery of money regardless to amount or granting special preferences by the officers. So regardless of the extent of corruption, all these practices undermine the development of civil society and increase poverty, especially when officials abuse administration or the use of public resources which will be utilized to finance the plans aimed to improve the quality of life for people.

There is an international agreement on the definition of corruption as defined by the "Transparency International" as "any act that implicates the misuse of public office position for private interest for self or related individuals." And the "International Monetary Fund" has their own definition of corruption as "the intentional noncompliance with arm's length relationship aimed at deriving some advantages from this behavior for oneself or for related individuals". (Mattar, 2003: 32).

United Nations Convention against Corruption in 2003 chose not to limit the corruption by a single literature or descriptive definition, but referred to it as the cases where corruption translates into actual practices on the ground and then the criminalization of these practices which includes: bribery in any type in public and private sectors,

embezzlement in all sorts , the exchange of money against benefits, abuse of position, in addition to money laundering and other aspects of corruption. (Abdelatif, 2005: 95).

Corruption occurs when an employee accepts a bribe or is being under blackmail to facilitate a contract or a public tender, or when agents or brokers of companies or private business offer bribes to benefit from rules or general arrangements to overcome the competition and make profits outside the framework of applicable laws, also through the appointment of relatives for such means for gain as a form of nepotism and favoritism, as well as the extortion of state funds in many ways.

Study methodology:

The study adopted the descriptive analytical approach. At the descriptive side, a review of the most important literature of related previous researches with relevance to the study has been conducted. In the field study, the data has been collected by the study tool (questionnaire) that was developed for this purpose and was statistically analyzed using appropriate statistical methods to answer questions about the study and test the validity of hypotheses.

4 Research Population and Study Sample

The study population consisted of workers in the Jordanian ministries where three ministries were purposively selected to answer the questions of the study. A simple random sample included(300) staff working in the ministries so that accounted for 30% of the total workers in each ministry on difference administrative levels. The questionnaire was distributed to all sample members of the study, and (232) questionnaires have been recovered comprising 77% of the sample of the study and (18) have been eliminated being invalid for statistical analysis as the staff have not answered all the questions thus, the number of questionnaires subject to statistical analysis was (214) questionnaires with a rate of (71%).Table (1) shows the number of workers in the surveyed ministries and the number of distributed and recovered questionnaires in each ministry.

Table 1: Distributed and collected questionnaires to the workers of the ministries covered by this research

Ministry	Number of questionnaires distributed	Number of questionnaires collected	Response rate	Number of questionnaires eliminated	Number of Questionnaires analyzed
Ministry of Finance	100	82	82%	6	76
Ministry of Industry and Trade	100	77	77%	5	72
Ministry of Transportation	100	73	73%	7	66

Data Collection instrument:

A questionnaire was developed containing (24) items to measure the degree of absence of corporate governance and activating the role of internal audit and spread of financial corruption in government institutions. The items were developed using the previous literature in the same area where the questionnaire was divided into three main parts:

Part one: General and demographic information of the sample (Gender, academic qualification, experience, job level)

Part two: This part included the different variables of the study in which the first aspect studied the absence of corporate governance and it included 7 items and the second aspect studied the absence of the role of internal audit and it included 9 items.

Part three: The Manifestations of financial corruption in the ministries and that included 8 items.

4.1 Validity of Scales

To examine the validity of the research instrument, the questionnaire has been presented to a group of 15 specialized people and experts in related subjects in order to identify their views, and the appropriateness of all the questions to the main study objectives. They proposed some adjustments and suggested some necessary correction to ensure improvement of the validity of the instruments. The questionnaire was subsequently amended in accordance with their instructions and recommendations. Approval of the majority of the experts was considered indicative of the questionnaire's validity.

4.2 Reliability of Scales

The researcher used Cronbach's alpha in order to measure the reliability of the information and results obtained through the questionnaire .

Table (2) showed the results of Cronbach's alpha to measure the internal consistency reliability for measuring the variables of the study.

Cronbach's alpha for all the variables ranged between .72 and .87 which is considered acceptable.

Table 2: Cronbach's Alpha/ The study Variables

Variable	Cronbach's Alpha	Items
Corporate governance	.82	1-7
Internal audit	.72	8-15
Financial corruption	.87	16-24

4.3 Data Analysis Techniques

After gathering all the completed questionnaires from the respondents, the researcher used SPSS Version 19 program in order to analyze the data .

Various descriptive and inferential statistical methods have been used to analyze data such as:

- Descriptive statistics such as: Frequency distribution tables, mean and standard deviation for the sample demographics.
- Descriptive statistics such as: Frequency distribution tables, mean and standard deviation for the study variables.
- Pearson correlation coefficient to determine the strength and direction of the correlation between the variables of the study.

Results and Discussion:

1. The characteristics of the study sample :

The study sample consisted of 300 employees from the various administrative levels of the ministries and it included the following demographic variables (gender, experience, specialization, functional level).

Table 3 presents the distribution of those variables.

Table 3: Frequency Distribution, Percentage of Demographic variables

Variable		Percent %	Frequency
Gender	Male	165	0.77
	Female	49	0.23
Experience	1-5	70	0.33
	6-10	66	0.31
	11-15	50	0.23
	16 & more	28	0.13
Academic major	Banking & Finance	60	0.28
	Accounting	79	0.37
	Other	75	0.35
Job level	lower management	55	0.26
	Middle management	95	0.44
	Higher management	64	0.30

According to table (3) most of the study sample includes male individuals with a percentage of approximately 77. And that the proportion of females is 23% .

33 % of the study sample has between 1 to 5 years of experience, whereas 23 % has between six to ten years ,23% has between 11 to 15 years of work experience and individuals who have more than 16 years of experience represent 13% of the study sample . In the area of specialization, 28% of the study sample are from financial and banking majors, 37% from accounting majors, and 35% of the study sample individuals are from other disciplines. In the area of job level, 26% of the study sample are from lower management levels, 44% are from middle management and that there is a percentage of 30% of senior management .

Answering the Study Questions

The first question: What is the impact of the absence of the application of corporate governance in Jordanian ministries?

Table 4: Mean and Standard deviation for the absence of the application of corporate governance in Jordanian ministries

	Item	Mean	Standard deviation	Importance
1	Financial disclosure is not being applied in financial transactions	4.0981	.80181	High
2	Financial transparency is narrowly applied	4.0888	.77312	High
3	Applying control and order is a hard process in the ministry where I work	3.9813	.85009	High
4	Independency in auditing operations is a hard task in public institution	3.9159	1.10161	High
5	Public financial institutions lack social awareness in its financial operations	4.0234	.85273	High
6	There is no fairness in the financial operations	4.0140	.95671	High
7	There is a lack of responsibility among staff in most financial institution in developing countries	3.8972	.94878	High
Total Mean		4.0027	.65355	High

Table 4 reveals the means and the standard deviations for the items of the absence of corporate governance in the Jordanian ministries. The total mean is 4.00 which indicates that there is a distinct lack in the application of Corporate Governance. This is due to the environment in the public sector which is considered immature in applying the corporate governance provisions in such a way to achieve the strategic goals in Jordan.

Second question: What is the effect of internal audit efficiency in the Jordanian ministries?

Table 5: Mean and Standard deviation for the internal audit efficiency in the Jordanian ministries

	Item	Mean	Standard deviation	Importance
1	No compliance to IAS	3.9907	.87205	High
2	No commitment to auditing ethics	4.0748	.81305	High
3	Ministry internal auditors have limited independency	4.0841	.85164	High
4	Auditors lack professionalism and persistence	3.9252	.81305	High
5	No commitment to achieve high quality audit	3.8598	.96850	High
6	Auditing is related to individuals with personal benefits	3.7944	.86386	High
7	Auditors are not fully qualified to do all aspects of the job	3.8645	.94712	High
8	Limited capability of conducting electronic auditing in the ministry	3.8972	.84957	High
9	Auditing is not independent from the higher executive authority in the ministry	3.9813	.89318	High
	Total mean	3.9413	.64660	High

Results of the means and standard deviations in table 5 show that the mean for the items of transparency and efficiency of the audit is (3.94), this result indicates that there is a lack of commitment to international auditing standards in the Jordanian ministries. Moreover, all the means of the items in this area came high and this confirms that there is a lack of commitment to implementing the transparency of the audit of the financial operations in governmental institutions.

Third question: What is the level of financial corruption in the Jordanian ministries?

Table 6: Mean and Standard deviation for the financial corruption in the Jordanian ministries

	Item	Mean	Standard deviation	Importance
1	Few financial misconducts in the ministry	3.7710	1.17441	High
2	Significant incompliance to the laws	4.0654	.86963	High
3	Few embezzlements in public funds	4.0140	.80187	High
4	Fraudulent activities performed deliberately in order to falsify financial statements.	3.9299	.93434	High
5	Deliberately input false accounting entries	4.0000	.94447	High
6	Some staff show lack of financial integrity	4.0935	.82829	High
7	Preferring personal interest over public interest	4.1075	.79472	High
8	Lack of business ethics in some of ministry staff	4.0561	.92773	High
Total Mean		4.0047	.61223	High

Table 6 presents the means and standard deviations of the items of the aspect of financial corruption. The mean calculations are high in general, and the total mean is (4.00) In the first item regarding the existence of some irregularities in the conduct of employees and officials, the mean value is (3.77) which is the minimum value between all the seven items , whereas the preference of public interest has the highest mean of (4.10.).

Testing Hypotheses

In order to test the hypotheses of the study and to know the relationship among them, Pearson correlation matrix has been used as in the following table:

Table 7: Pearson correlation Matrix between the study variables

variable	Corporate governance	Internal Audit	Financial corruption
Absence of corporate governance	1		
Efficiency of internal audit	0.77**	1	
Manifestation of financial corruption	0.56**	0.69**	1

The analysis of Pearson correlation revealed there is a correlation between the absence of corporate governance and the absence of efficiency of the internal audit elements in Jordanian ministries , where the correlation coefficient is (0.77), and this confirms that the

absence of corporate governance is followed by the non-application of the elements of the internal audit.

Moreover, there is a correlation between the absence of corporate governance, and manifestation of financial corruption in governmental institutions, where the correlation coefficient is (0.56)

The results of the analysis shown above indicate that there is a positive link between the lack of efficiency of the internal audit and the spread of financial corruption as the correlation coefficient is (0.69). These results also confirm the interrelation of the three elements in the ability to find a corruption free environment in the public sector.

5 Results and Discussion

Through statistical analysis of the data, the study found a range of results that can be illustrated as follows:

1. The perceptions of the study sample regarding the absence of the application of the mechanisms of corporate governance in the ministries of Jordan was high as the results indicate that there is a lack of awareness and lack of direction for the application of the terms and mechanisms of corporate governance in the public sector institutions. This result comes in accordance with the study conducted by (Dabis, 2004), which revealed that the degree of applying transparency in the Jordanian ministries was weak.
2. The results showed that the perceptions of the study sample regarding the degree of internal audit efficiency in the Jordanian ministries were high, and this confirms that there are a lot of shortcomings in the activation of the laws, regulations, accounting and auditing standards aiming to reduce the waste of public resources and reduce the financial resources from any exploitation, and the achievement of efficient and effective internal auditing system .3. The results of the study showed that there are high levels of corruption in the ministries mentioned and this is due to the privileges granted to many managers in their positions .This would cause the limitation of applying transparency, integrity and would not lead to the activation of corporate governance. These results agree with the study conducted by Tarawneh in 2012, which indicated that there are intermediate levels of perceptions on corruption in the public sector institutions. In addition, the results of this study agree with the study conducted by Najdawi in 2013, which showed that there are high levels of financial corruption in the public sector institutions, thus this requires applying good governance to control aspects of corruption in these institutions .

6 Recommendations

Based on the findings of the study, the following recommendations can be presented:

1. Promoting the concept of corporate governance and its importance, objectives and advantages among workers and government officials in order to eliminate the various manifestations of corruption .
2. Complying with the international standards of internal audit which contributes to the efficiency of the government's fiscal operations .

3. Creating awareness among staff regarding the risks of the spread of financial corruption on different sectors of the economy in order to create a suitable environment for attracting foreign investments.

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