

# The Operating Islamic Banks in Jordan Applying the International Internal Auditing Standards (IIA's)

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## Abstract

The study aimed at identifying the operating Islamic banks in Jordan applying the international internal auditing standards, which are (4) banks. A questionnaire was designed for this purpose and distributed to internal auditors and un-executive board of directors members considered members of the Audit Committee in each bank, the number of questionnaires which were subjected to analysis were (35), resolution data was analyzed using (SPSS), and a number of statistical means through descriptive statistics, arithmetic means, standard deviations, and percentages. The study found that Islamic banks are applying international standards of internal audit in general. Qualities standards were the most applied, and then implementation standards in a high degree, while the performance standards do not apply in these banks, also there are some difficulties that limit the application, but moderately. The study recommends increasing the work on applying internal auditing standards on Islamic banks operating in Jordan, in particular standards of performance which brings together the efficiency and effectiveness of internal audit and contributes to improved risk management and creates additional value for those banks.

**Keywords:** Islamic Bank, International Internal Auditing Standards, Qualities Standards, Performance standards, Implementation Standards

## 1. Introduction

Large companies have increased their interest in internal audit, which required creating departments and services for internal audit independent from other internal control departments of companies, including Islamic banks which are the most banks that attract capitals and investments in the last decade of this century, especially in light of the global financial crisis that toppled in many international banks. Islamic banks must have an effective internal control system, efficient and with high quality to maintain their assets and properties, and thus continue their reputation and prestige among other banks.

From this point, this study came to shed light on internal audit in Islamic banks operating in Jordan. Islamic Banks have a feature in accounting systems and internal and external audit systems under Islamic accounting standards and jurisprudence matters. The internal audit standards issued from Internal Auditors Institution (IIA) considered as the most common and applied in the world, regardless of local standards and financial legislations governing the country, since the international standards related to internal audit form integrated evidence guidance that help in guarantee the implementation of internal audit activities effectively.

## 2. Study Problem

The problem represented in the existence of Islamic and jurisprudence accounting standards which are a reference for all transactions in the Islamic banks in general that operate in Jordan, in particular, including practical exercise of audit process, hence the study questions came to ask the main question, Is Islamic banks applied international internal audit standards, that leads to the following questions:

- 1- Do the operating Islamic banks in Jordan apply qualities standards?
- 2- Do operating Islamic banks in Jordan apply performance standards?
- 3- Do operating Islamic banks in Jordan apply implementation standards?
- 4- Do there difficulties limit the application of internal auditing standards in Islamic banks operating in Jordan?

### **3. Significance of the Study**

The significance of the study arising from the importance of applying internal auditing standards, where they represent rules to be followed to achieve the effectiveness of internal control in terms of maintaining assets, raise proficiency and reduce the risks in Islamic banks operating in Jordan, because of these standard's advantages in strengthening the efficiency and quality of internal audit in Islamic banks. In addition to the importance of Islamic accounting standards, and thus add a further competitive advantage with other commercial banks.

### **4. Objectives of the Study**

This study aims at identifying the extent to which Islamic banks operating in Jordan that apply the international internal auditing standards; the main goal is divided to the following objectives:

- 1- Identify the extent to which Islamic banks operating in Jordan to qualities' standards.
- 2- Identify the extent to which Islamic banks operating in Jordan to performance standards.
- 3- Identify the extent to which Islamic banks operating in Jordan to implementation standards.
- 4- Identify the difficulties that limit their application.

### **5. Study Hypotheses**

#### *5.1 The First Hypothesis*

Islamic banks operating in Jordan do not apply international internal audit standards.

#### **It has the following sub-hypotheses**

- 1- Islamic banks operating in Jordan do not apply qualities' standards.
- 2- Islamic banks operating in Jordan do not apply performance standards.
- 3- Islamic banks operating in Jordan do not apply implementation standards.

#### *5.2 The Second Hypothesis*

There are no difficulties that limit the application of internal audit standards in banks operating in Jordan.

### **6. Previous Studies and Theoretical Literature**

#### *6.1 Previous Studies*

Al-Matarneh (2011) study identified the relationship between the competence, objectivity and, performance of internal auditor and the quality of internal audit. And provides evidence whether the internal auditor's objectivity, qualification, and effectiveness affect the internal audit quality. The results indicate that internal auditors in Jordanian banks consider the competence, objectivity and performance of internal auditors as important factors affecting the internal audit quality. It was found that "performance" had the highest mean score (4.5667), followed by "competence" (4.5533) and "objectivity" (4.2400). The study recommended that Jordanian banks must work to ensure the availability of the key factors to achieve the quality of the internal audit function.

Al-Rahahalh (2011) study compared between the auditing standards and Islamic auditing with international standards issued by the International Federation of Accountants (IFAC) and demonstrated the compatibility and differences between them, and showed the ability to apply it on Islamic companies and institutions, the study concluded that the audit standard and Islamic audit in general and not classified in groups and do not cover all audit fields, there is a need to apply some of the international auditing standards along with the Islamic auditing standards, such as auditing in light of information technology. Islamic auditing standards texts restrict the Islamic auditor with other international standards; this may lead to weaken the actual application of Islamic auditing standards. As it turns out that there are no significant differences between auditing standards, international auditing and Islamic auditing standards, in addition there aren't any local Jordanian audit standards in Jordan, and there is no legal objection to use Islamic audit standards. The study recommended the need to work to enact laws and take measures to adopt and follow the Islamic auditing standards in cooperation with the Jordanian Association of Certified Public Accountants, and urged Islamic financial institutions claim to follow Islamic auditing standards in auditing its financial statements.

Al-Zoom (2004) study provides a project proposal to the International Accounting Standards Board (IASB) aimed at harmonizing Islamic accounting standards with International Financial Reporting Standards (IFRSs) by providing a comprehensive portal of how to adopt Islamic standards in the list of international standards. In addition to this, the research provides the reasons behind the adoption of this important project for both parties Muslim and West and offers a vision of how to solve the practical dilemmas faced the project.

In Australian environment, Goodwin & Kent (2006) study was about the use of internal audit in non-binding companies to use it and factors affecting the optional use, it found that the most important factors driving companies to use and find the internal audit function representing in the factors associated with the risk management and the need to strong internal control as well as the need for strong institutional governance, the study also showed that it is difficult for audit committees to play their role effectively without the support of internal audit, this confirms the strong relationship between audit committees (as part of institutional governance) and the activities of internal audit.

Swanson (1999) study aimed at considering the use of control as a management tool in the United States of America, and try to correct the workers point of view in the business sector towards the internal control as hoops and hurdles they must overcome, also to clarify that it is an Administrative tool help to implement business as planned, therefore achieving organization's goals. This study illustrates that internal control dependence to the financial director that lead to achieve a wrong look towards internal control as hoops that must overcome. This study makes sure that internal control is senior management responsibility and must followed to it, not to financial director or any person related to financial department.

Errico and Farahbaksh (1998). This paper analyzes the implications of Islamic precepts on banks' structure and activities, focusing on banking supervision issues. It points out and discusses these issues in the context of a paradigm version of Islamic banking, as well as in frameworks that fall between the paradigm version and conventional banking. The case of Islamic banks operating in a conventional system is also examined.

Trevor and Others (1993). This paper considers the case of Islamic banks, where credibility has traditionally been established through the self – regulation exercised by religious advisers. In recent years however, external accounting standard – setting on the Western model has emerged, alongside self-regulation. This context of Islamic banking suggests some lessons which might help in parallel organizations in non- Muslim settings, such as British charities, in attempting to close the more

## 6.2 Theoretical Literature

### 6.2.1 Internal Audit Concept

The internal audit is not new concept, it has been known since a long time passed many stages of development, after it was a continuous financial control aimed to discover errors and fraud, and it became based on the comprehensiveness of quality and advisory audit to improve performance. (Dahmash, 1986).

Comprehensive concept of internal audit includes in its broad content the following concepts:

- 1- Independent internal activity within the facility established by management for its service.
- 2- Control tool presents assessment of policies, plans and planned administrative procedures.
- 3- An advisory function to propose needed improvements.

**(Institute of Internal Auditors (IIA))** defined the internal audit as an independent assessment function arise from within the facility to examine and evaluate all its activities as a service to the facility in order to help the facility's employees to carry out their responsibilities competently, where the internal audit provide the management with analysis, assessments, counseling and guidance, in addition to information related to reviewed activities, the internal audit goal includes finding an efficient control system at a reasonable cost.

### 6.2.2 Internal Audit Standards

Internal Audit Standards consist of three groups:

First: Attribute Standards

They are a group constitutes of four main standards issued by the Institute of Internal Auditors, which deal with the attributes and characteristics of companies and individuals who perform the internal audit activities and are as follows:

#### - Standard No. 1000

he purpose of the responsibilities of the existing internal audit activities and the purpose of their granted authorities should be formally recorded in the list of internal audit that is approved by the highest authority in the company.

#### - Standard No. 1100

The independency of the internal audit activities and objectivity in the performance of these activities and in expressing an internal auditor's final opinion.

**- Standard No. 1200**

Proficiency of the internal auditor's performance of internal audit activities and make the necessary professional care in its performance.

**- Standard No. 1300**

Quality of internal audit and its undergoing to corrections and improvement.

Second: Performance Standards

There are seven main standards issued by the Institute of Internal Auditors, which describe the internal audit activities and standards by which measuring the performance of those following activities:

**- Standard No. 2000:** Internal audit activity management, which its control responsibility lays on the director of audit department in the company, this administration should be characterized by efficiency and effectiveness to enable internal audit to create additional value for the company.

**- Standard No. 2100**

Internal audit work nature, as the internal audit activity should contribute to improve risk management, control and corporate governance.

**- Standard No. 2200**

Work assignment planning.

**- Standard No. 2300**

Task performance, as internal auditors should identify, analyze, evaluate and record sufficient information to achieve the objectives of the carried out tasks.

**- Standard No. 2400**

Delivering results, as internal auditors should deliver the results of the auditing work in time and in the right way.

**- Standard No. 2500**

Follow up the progress, this task falls on the director of internal audit department, which should be careful to establish work system and responsible for maintaining and controlling it and deliver the results to the management.

**- Standard No. 2600**

Administration acceptance of risks, as the evaluation and improvement of risk management have become among the activity of internal audit under the standard no. (2120), the director of audit department in the company should make sure of the level that can be accepted by the administration of risks and if he felt that it is higher than the level at which a company can borne, he has to discuss the matter with senior management, and if not resolved he should referred to the directors' board to reach an appropriate solution.

**- Standard No. 2130 ramified from standard No. 2100 of the second group**

It consists of companies' governance, and suggests that it should contribute in internal audit activity in the processes of companies' governance by evaluating its contribution and improve governance process through the following:

- Checking the status of values and goals and their achievement, so that the department is willing and able to disclose that its activities, actions and decisions conform to the objectives identified and agreed upon.

- Monitoring the process of achieving goals through:

A- Evaluating the quality of the performance on the level of responsibilities assigned to employees.

B- Submitting appropriate recommendations to improve company's operations and development.

C- Raising the productive efficiency through training on needed proposal.

D- Verification of accountability as the acts and decisions are taken and examined by the Internal Audit.

E- Verification of the conservation values of the company by identifying areas, processes and programs that must be reviewed and evaluated during the audit. (Khalil, 2005).

Third: Implementation Standards (Application)

They are standards to be applied in certain kinds of activities, tasks and functions of internal audit, thus they are multiple sets of implementation standards with regard to each kind of the main types of internal audit activities, these standards have developed to ensure the assurances and advisory activities of internal audit, as in the case of the standard related of discovering errors and fraud, which means the distinctive standards (characteristics) and performance standards apply to all services and activities of internal audit, while implementation standards applied on specific practices, that is, they show how to implement the qualities' standards and performance standards in those specific cases. (Al-Rahahlah,, 2005).

The researchers believe that this third group is for qualities' standards and performance standards in some limited cases, namely: compliance options, investigation of mistakes and fraud, or work on self-assessment control.

## 7. Materials and Methods

Analytical approach was used in this study depending on primary and secondary data for the statistical analysis, they were collected through a questionnaire, which is designed according to the nature of the study problem. T-Test was used for testing hypotheses results using simple and multiple regressions. the researchers extracted the arithmetic means and standard deviations for ratings on the questionnaire paragraphs

### 7.1 Study Limits

This study was conducted on Islamic banks operating in Jordan, the fact that there are Islamic accounting and jurisprudence standards which is the cover of all banking transactions; we must identify the extent to which Islamic banks operating in Jordan applying the international internal auditing standards, so that this study came.

### 7.2 Population and Study Sample

The study population consists of the Islamic banks operating in Jordan, which is (4) banks at the time of making this study, the questionnaire was directed to the internal auditors and the non-executive committees emanating from the management board who they have a direct contact in the internal audit in each bank. A questionnaire have been distributed by hand on a sample of the study, the number of distributed questionnaires were (50), (35) questionnaire from them were suitable for analysis. Thus, the percentage of valid questionnaires and recovered for analysis (70%), According to the table(1) in Appendix part.

### 7.3 Statistical Analysis

A field for answers has been identified, by giving five options for each question to know the opinion of respondents about the application of internal auditing standards, identifying their set levels by using Five Likert scale, according to the table(2) in the Appendix.

**(1-2.49)** means low degree, and **(2.50-3.49)** means a medium degree, and **(3.5-5)** means a high degree, central tendency scale was used as of arithmetic mean and standard deviation, repetitions, and percentages for the purposes of characterization data of the study and analyzing it, in addition to the necessary statistical tests as T test.

For the purposes of analysis the following statistical methods were used:

- Descriptive Analysis: This analysis adopted the arithmetic mean, standard deviation and percentages.
- To test the study tool and its reliability in testing hypotheses, and to achieve the objectives of the study, internal consistency scale Cronbach's Alpha was used to measure the credibility of the study sample answers. (Sekaran, 2003) explains the internal consistency coefficient between the answers that the statistically acceptable value for this scale is (60%) or more.

The results of calculating this factor in the paragraphs show that the consistency was very high, which confirms the reliability of the questionnaire to test hypotheses, as illustrated in the table (3)

Table (3) showed that the values of reliability coefficient (Internal Consistency), was (0.723), which is a high value and appropriate for the purposes of the study, it is also noted that the value of Cronbach's Alpha for the qualities' standards was (0.755), the performance standards was (0.811), the implementation standards field was (0.713) and application difficulties was (0.795) where all values reflect high persistence and sufficient degrees for the purposes of conducting this study.

### 7.4 Data Analysis of Demographic Characteristics of Respondents

Distribution of respondents by demographic characteristics of the study sample as illustrated at the table (4), It is noted that:

\* the majority of the study sample in the Gender variable are males, with a percentage of (94.3%) of study sample members, while the percentage of females was (5.7%) of the study sample members, this reflects the nature of the profession or job.

\* most members of the study sample were within the age group (from 25 years to 35), reaching a percentage of (40%) followed by age group (35-45 years) with a percentage of (34%) this showed a presence of consistency between the age and experience of members of the study sample.

\* the majority of the study sample do not have professional accounting certificates with a percentage of (91.4%), while there is one internal auditor holds a professional internal audit certificate.

\* most members of the study sample who work as internal auditors were in a percentage of (45.8%) followed by the category of board member with a percentage of (31.4%).

\* most members of the study sample whose their experiences are between (10-15 years) with a percentage of (37.1%), followed by (5-10 years) of experiences with a percentage of (34.3%), this indicates that there is consistency between the age and years of experience, which is a positive sign, thus enhancing the scientific capacity to absorb the questions of the questionnaire and answer it properly will help in strengthening the governance on the hypotheses of the study.

### 7.5 Data Analysis of Study Fields

In order to describe the application of international internal audit standards, the researchers extracted the arithmetic means, and standard deviations for ratings on study sample members on the questionnaire paragraphs, as showed in tables (5-8).

Table No. (5) shows the arithmetic means, standard deviations and percentages values for each paragraph of the qualities standards. The first paragraph "The responsibility will be on the Internal Auditors", ranked the first, with an arithmetic mean of (3.91), which is the highest mean averages, the fourth paragraph "The internal audit activities enjoy objectivity in the performance of its activities", ranked the second, with an arithmetic mean of (3.77), while the paragraphs: the second "The responsibility will be registered for the officially granted authorities in the list of internal audit that is approved by the highest authority in the bank", the seventh "Internal auditor has skills in performing internal audit activities", and the ninth "Internal auditors are subjected to evaluation and improvement processes" were in the last rank, where the mean for each of them reached (3.51). The arithmetic mean of total field / qualities standards reached (3.65), the value of this mean shows that the qualities standards have achieved in a high degree.

Table No. (6) shows the arithmetic means, standard deviations and percentages values for each paragraph of the performance standards. Paragraph twenty one "If the director of the audit department in the bank felt that risks are higher than the level at which a company can afford, he should discuss the matter with senior management, and if not resolved, he must referred to the directors' board to find the appropriate solution", ranked the first with an arithmetic mean of (3.69), which is the highest means, while paragraph nineteen "Evaluating and improving risk managements have become part of the internal audit activity work" ranked the second, with arithmetic a mean of (3.66), and paragraph twelve "This administration characterized by efficiency and effectiveness to enable internal audit to create additional value to the bank" ranked last, as the arithmetic mean was (3.29). The arithmetic mean of total field/ performance standards was (3.48) the mean value shows that the performance standards have been achieved in a fair degree.

Table No. (7) shows the arithmetic means, standard deviations and percentages values for each paragraph of the implementation standards field, paragraph twenty four "The status of values, goals and their achievement are being checked so that the administrations will be able to disclose their activities, actions and decisions to be consistent with the set and agreed objectives" ranked the first, with an arithmetic mean of (3.77), which is the highest mean, paragraph twenty seven "The productive efficiency will rise through training by proposing what is required for it" ranked the, with an arithmetic mean of (3.69), while paragraph thirty two "Security is provided for assurances and advisory activities for internal audit" came in the last rank, with an arithmetic mean of (3.31). The arithmetic mean of the total field/ implementation standards was (3.55) the value of this mean shows that implementation standards have achieved in a high degree.

Table No. (8) shows arithmetic means, standard deviations and percentages values for each paragraph of implementation difficulties field, the paragraph forty three "Reliance on Islamic legitimate rules as an option for internal audit standards", ranked first, with a mean of (4.29) which is the highest mean, paragraph forty two "The difficulty of applying internal auditing standards is due to the nature of the bank's activities", ranked the second with an arithmetic mean of (4.26), while paragraphs thirty five "The lack of efficient internal auditors", and thirty six "The lack of administration support for the internal audit activities", came last with an arithmetic mean for each of (1.66). The arithmetic mean of the total field / implementation difficulties (3.05), the value of this mean shows that the implementation difficulties have been achieved with a fair degree.

## 8. Results of Testing Hypotheses Using Multiple Regressions

Table (9) shows the results of tested multiple linear regressions for applying the international internal auditing standards.

We note from table (9) that the value of calculated (T) regarding the first sub-hypothesis reached (3.40) with a significance level of (0.002) which is greater than indexed (t) that reached (2.04), accepting the null hypothesis if the value of calculated (t) is less than the indexed (t), and refuses the null hypothesis if the calculated (t) is greater than the indexed (t), based on the above, first sub- hypothesis is rejected, which states that: Islamic banks operating in Jordan do not apply qualities standards. This means that Islamic banks apply the qualities standards.

The same table also indicates that the value of calculated (t) for the second sub-hypothesis related to the application of performance standards has amounted (0.51) with a significance level of (0.616), which is less than the indexed value that reached (2.04), and through this comparison, the hypothesis, which states that: " Islamic banks operating in Jordan do not apply the implementation standards." will be accepted.

The table shows that the value of calculated (t) for the third sub-hypothesis related to the application of implementation standards has reached (1.39) with a significance level of (0.175), which is less than the indexed value that reached (2.04), therefore, and based on the acceptance of the former hypothesis, the third hypothesis is accepted, which states that: " Islamic banks operating in Jordan do not apply the implementation standards."

As for the calculated (t) value for the main hypothesis, which refers to "Islamic banks operating in Jordan do not apply internal audit standards" reached (2.73) with a significance level of (0.010), which is larger than indexed (t) value, this means a rejection of this hypothesis and thus conclude that the Islamic banks operating in Jordan applied international internal audit standards.

Table No. (10) shows that the calculated (t) value related to the difficulties of applying internal audit standards in banks operating in Jordan amounted to (10.36) with significance level of (0.010), which is greater than its indexed value (2.04) and where the value of calculated (t) is greater than the indexed, therefore, the second main hypothesis is rejected, which states that: "There are no difficulties limit the application of internal audit standards in banks operating in Jordan". This means that there are difficulties limit the application of internal audit standards in banks operating in Jordan, but these difficulties do not reduce significantly and directly the application of Islamic banks of the international internal auditing standards, according to the value of the arithmetic mean of (3.05), which represents a medium degree of difficulty.

## 9. Summary and Conclusions

By analyzing data, testing hypotheses, and discuss them in the previous chapter, the study found that: 1. Islamic banks operating in Jordan in general apply international internal audit standards. Study fields have a descending order in terms of upper application as follows:

\*Qualities standards are the most applied in Islamic banks operating in Jordan.

\*The implementation standards are applied to a lesser extent in the Islamic banks operating in Jordan.

\*Performance standards, as Islamic banks operating in Jordan do not apply the performance standards.

2. As for the difficulties field that limit the application of international internal audit standards in Islamic banks operating in Jordan, there is a moderately difficult.

Through the findings of the study, it recommends the following:

Increase the work on the application of internal auditing standards in Islamic banks operating in Jordan, in particular performance standards, bringing together the efficiency and effectiveness of internal audit and contribute in improving risk management and create additional value for those banks.

Working to solve some of the difficulties that limit the Islamic banks to apply international internal auditing standards by being adapted to make it consistent with the Islamic jurisprudence standards of accounting, and promote its staff by trained and qualified persons, not only with Islamic and jurisprudence standards, but also by international standards.

Encourage and promote internal auditors in Islamic banks operating in Jordan to obtain professional certification, especially CIA certificate. The need to hold conferences and workshops on accounting standards and international auditing standards, especially the International Internal Audit, and keep up with any developments.

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## Appendix 1

List of Islamic banks operating in Jordan:

- 1- Jordan Islamic Bank
- 2- Arab Islamic Bank
- 3- Jordan Dubai Islamic Bank
- 4- Al Rajehi Islamic Bank

Table 1. The Number of Questionnaires Distributed, Recovered and Approved in Analysis

Statement	Number	Percentage
Distributed Questionnaires	50	100%
Recovered Questionnaires Appropriate for Analysis	35	70%

Table 2. Answers Degree of the Study Sample According to a Five-Likert Scale

Significantly Agree	Agree	Moderately Agree	Disagree	Significantly Disagree
5	4	3	2	1

Based on this, the arithmetic means of the study will be used to interpret the data as follows:

High	Medium	Low
3.5 and above	2.5-3.49	1-2.49

Table 3. Consistency Coefficients Using Cronbach's Alpha of Internal Consistency of Study Areas

Field	The Number of Questions	The Value of Alpha Coefficient
Qualities Standard	10	0.755
Performance Standard	12	0.811
Implementation Standards	12	0.713
Implementation Difficulties	10	0.795
Tool as a whole	44	0.723

Table 4. Demographic Characteristics of Study Sample

Variable	Category	Repetitions	Percentage
Gender	Male	33	94.3%
	Female	2	5.7%
Total		35	100%
Age	Less than 25 years	6	17%
	25years to less than 35 years	14	40%
	35 years to less than 45 years	12	34%
	45 years and above	3	9%
Total		35	100%
Professional Certificate	JAC	2	5.7%
	CIA	1	2.9%
	Without Certificates	32	91.4%
Total		35	100%
Job Title	Director of Internal Control	4	11.4%
	Assistant Director	4	11.4%
	Board Member (Audit Committees)	11	31.4%
	Internal Auditor	16	45.8%
Total		35	100%
Experiences	Less than 5 years	4	11.4%
	5 years and less than 10 years	12	34.3%
	10 years and less than 15 years	13	37.1%
	15 years and more	6	17.2%
Total		35	100%

Table 5. Arithmetic Means and Standard Deviations for Each Paragraph of the First Field: Qualities Standards (N= 35)

No.	Qualities Standards	Mean	Standard Deviation	Percentage %	Rank
1	The responsibility will be on the internal auditors.	3.91	1.01	78.29	1
2	The responsibility will be registered from the officially granted authorities in the list of internal audit that is approved by the highest authority in the bank.	3.51	0.78	70.29	8
3	The internal audit activities enjoy independency in the performance of its activities.	3.74	0.66	74.86	3
4	The internal audit activities enjoy objectivity in the performance of its activities.	3.77	0.60	75.43	2
5	The internal audit activities enjoy independency in its final opinion.	3.63	0.65	72.57	5
6	The internal audit activities enjoy objectivity in its final opinion.	3.69	0.63	73.71	4
7	Internal auditor has skills in performing internal audit activities.	3.51	0.56	70.29	8
8	Internal auditors make the necessary professional care in performing internal audit activities.	3.54	0.56	70.86	7
9	Internal auditors are subjected to evaluation and improvement processes.	3.51	0.78	70.29	8
10	The quality of the audit is available in qualities standards and properties.	3.63	0.69	72.57	5
Total field / qualities standards		3.65	0.25	72.91	

Table 6. Arithmetic Means and Standard Deviations for Each Paragraph of the Second Field: Performance Standards (N=35)

No.	Performance Standards	Mean	Standard Deviation	Percentage %	Rank
11	The responsibility for managing the internal audit activity and control it on the director of audit department of the bank.	3.34	0.59	66.86	10
12	This administration characterized by efficiency and effectiveness to enable internal audit to create additional value to the bank.	3.29	0.67	65.71	12
13	The internal audit activity should correct and contribute in improving risk management, control and company's governance.	3.31	0.63	66.29	11
14	The internal auditors plan for work mission.	3.49	0.74	69.71	5
15	The internal auditors interested in identifying, analyzing, evaluating and recording sufficient information to achieve the carried out work objectives assignment.	3.49	0.56	69.71	5
16	Internal auditors are keen to deliver the results of audit work in time and in a right way.	3.51	0.51	70.29	4
17	Internal audit director is responsible for following up the progress of this task.	3.57	0.56	71.43	3
18	Internal audit director is keen to establish a work system and he is responsible for maintaining, controlling it and deliver the results to the management.	3.46	0.56	69.14	8
19	Evaluating and improving risk managements have become part of the internal audit activity work.	3.66	0.73	73.14	2
20	Audit department director of the bank is keen to make sure of the level of risk that the administration can accept.	3.49	0.70	69.71	5
21	If the director of the audit department in the bank felt that risks are higher than the level at which a company can afford, he should discuss the matter with senior management, and if not resolved, he must referred to the directors' board to find the appropriate solution.	3.69	0.68	73.71	1
22	Audit quality is available in performance standards.	3.46	0.61	69.14	8
Total field / performance standards		3.48	0.25	69.57	

Table 7. Arithmetic Means and Standard Deviations for Each Paragraph of the Third Field: Implementation Standards (N= 35)

No.	Implementation Standards	Mean	Standard Deviation	Percentage %	Rank
23	The internal audit activity should contribute in the processes of company's governance by contributing in evaluating and improving governance process.	3.54	0.61	70.86	7
24	The status of values, goals and their achievement are being checked so that the administrations will be able to disclose their activities, actions and decisions to be consistent with the set and agreed objectives.	3.77	0.77	75.43	1
25	The quality of implemented performance is evaluated on the level of responsibilities assigned for employees.	3.69	0.58	73.71	2
26	Appropriate recommendations presented to improve bank operations and developments.	3.66	0.64	73.14	4
27	The productive efficiency will rise through training by proposing what is required for it.	3.69	0.58	73.71	2
28	Accountability is verified as the acts and decisions are taken and examined by the internal audit.	3.63	0.55	72.57	5
29	The values of the company shall be maintained by identifying areas, processes and programs that must be reviewed and evaluated during the audit process.	3.43	0.50	68.57	9
30	Supervising the implementation of tasks and objectives.	3.43	0.50	68.57	9
31	Errors and fraud are discovered through the implementation standards.	3.40	0.65	68.00	11
32	Security is provided for assurances and advisory activities for internal audit.	3.31	0.68	66.29	12
33	Showing how to implement the qualities performance standards in specific cases.	3.57	0.65	71.43	6
34	Implementation standards work on self-evaluating of control.	3.54	0.85	70.86	7
Total Field / Implementation Standards		3.55	0.23	71.10	

Table 8. Arithmetic Means and Standard Deviations for Each Paragraph of the Fourth Field: Implementation Difficulties (N= 35)

No	Implementation Difficulties	Mean	Standard Deviation	Percentage %	Rank
35	The lack of efficient internal auditors.	1.66	0.68	33.14	9
36	The lack of administration support for the internal audit activities.	1.66	0.59	33.14	9
37	Lack of independency of internal audit.	1.71	0.62	34.29	8
38	Unspecific conditions and requirements for appointing internal auditor.	2.17	0.95	43.43	7
39	Lack of understanding and perception of internal auditing standards by auditors.	2.51	0.92	50.29	6
40	Non-mandatory legislation applying internal auditing standards.	4.06	0.76	81.14	4
41	Conflict between Islamic standards and internal audit.	3.94	0.73	78.86	5
42	The difficulty of applying internal auditing standards is due to the nature of the bank's activities.	4.26	0.56	85.14	2
43	Reliance on Islamic legitimate rules as an option for internal audit standards.	4.29	0.57	85.71	1
44	Low level of risk arising from exercising banking activities.	4.20	0.47	84.00	3
Total field / Implementation Difficulties		3.05	0.26	60.91	

Table 9. T-Test Results for Examining the First Major Study Hypothesis and Its Other Sub-Component Hypotheses

Hypothesis Text	Mean	Calculated T	Indexed T	Sig	Null Hypothesis Result
Sub-hypothesis (1): Islamic banks operating in Jordan do not apply qualities standards.	3.65	3.40	2.04	*0.002	Rejection
Sub-hypothesis (2): Islamic banks operating in Jordan do not apply performance standards.	3.48	0.51	2.04	0.616	Acceptance
Sub-hypothesis (3): Islamic banks operating in Jordan do not apply implementation standards.	3.55	1.39	2.04	0.175	Acceptance
The first major hypothesis: Islamic banks operating in Jordan do not apply the internal audit standards.	3.56	2.73	2.04	0.010	Rejection

Table 10. T-test Results to Examine the Second Major Hypothesis of the Study

Hypothesis Text	Mean	Calculated t	Indexed t	Sig	Null Hypothesis Result
There are no difficulties that limit the application of internal audit standards in banks operating in Jordan.	3.05	10.36	2.04	*0.000	Rejection