

"Problems Facing Audit Profession and Their Impact on Credibility and Usefulness of Published Financial Statements by Syrian Private Companies -A Case Study-"

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Abstract

The study aims at finding the most important problems that face audit profession in the Syrian private companies. Two variables were identified: the degree of credibility in audited financial statements and the degree of usefulness of financial statements prepared on the basis of generally accepted accounting principles in performance evaluation and decision making. A sample consisting of 20 financial statements gathered from 20 large and medium companies seeking profit purposes in Damascus and its country side (Partnership and Limited Companies) was selected. A questionnaire form was designed and distributed to participants: auditors, administrative and accounting staff, and owners, in order to analyze the research data. Statistical tests were used to identify the most important problems that face auditors in the Syrian private sector based on research variables.

Results of the research are:

1- there are problems in terms dysfunctional behavior and the quality of audit procedures that affect the degree of credibility in audited financial statements, such as: accounting manipulation- management dysfunctional behavior- negative behavioral attitudes by accountants, and management towards the content of financial statements (H1).

2- there are problems in terms dysfunctional behavior and the quality of audit procedures that affect the degree of usefulness of financial statement, in controlling firms' performance and making economic decisions. This is because that type of information is characterized as: financial- subject to cheating-sometimes incorrect- historical- and irrelevant, since it is based on the accrual, not cash, basis (H2).

3-there are general agreement between different participants of the study for the need for: (i) complete awareness of professionals and users of financial statements, (ii) more effective and continuous training, and (iii) improving legal and contractual regulations and procedures that suit management control procedures. This contributes greatly in solving problems facing auditors in Syrian private companies. On the other hand, the study concludes that currently prepared financial statements do not help much in reporting the degree of efficiency and effectiveness of management performance in the Syrian private companies that aim at profit maximization. This is due to the existence of many factors with regard to experience, degree of education, conflict of interest, extent of concern towards formal and informal control tools (H3).

For the Paper in Arabic Language See the Pages (211-248).