



The role of internal audits in combating corruption and abuse of power in the Kingdom of Saudi Arabia

Salem M. AL Fayi⁽¹⁾

Abstract

Objectives: Financial collapses, scandals and fraud have increased organizational interest in the role of internal auditing in modern business. This study aims to address corruption and abuse of power in the Kingdom of Saudi Arabia. **Method:** To fulfil the main objective of this study, an analytical approach has been used to review previous studies. The importance of information technology and digitalization in achieving efficient internal auditing in combating corruption and abuse of power were also reviewed. Previous studies have been reviewed and the most important regulatory trends against corruption in Saudi Arabia have been analyzed. **Results:** Multiple concepts for corruption were discovered, but they entirely imply a breach of job duties and abuse of power. Internal audit strategies can prevent such because it is a tool of governance, risk management and control in general, in addition to being a means to fight corruption in particular. **Conclusion:** The existence of professional references, binding legislation and international support have proven the necessity for internal auditing to combat corruption and abuse of power.

Keywords: internal audit, corruption, abuse of power, international standards

(1) Assistant professor, Accounting Department, Najran University, Saudi Arabia.

E-mail: salem.ksa@gmail.com

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دور المراجعة الداخلية في مكافحة الفساد وسوء استغلال السلطة في المملكة العربية السعودية

سالم مسفر آل فايع⁽¹⁾

ملخص

الأهداف: الانهيارات المالية وحالات الفساد خلال السنوات الأخيرة زادت من الامتثال في مهمة التدقيق الداخلي ودورها في منظمات الأعمال الحديثة؛ ومن ثم هدفت هذه الدراسة إلى البحث في دور التدقيق الداخلي في مكافحة الفساد وسوء استغلال السلطة في المملكة العربية السعودية. **المنهج:** لغرض تحقيق الهدف الرئيسي للدراسة استخدمت منهجية الأسلوب التحليلي للدراسات السابقة، إضافة إلى مناقشة أهمية المعايير الدولية للتدقيق عامة. استعرضت أهمية تقنية المعلومات والتحول الرقمي في تحقيق كفاءة التدقيق الداخلي ودوره في مكافحة الفساد وسوء استغلال السلطة. روجعت الدراسات السابقة وحُللت أهم التوجهات التنظيمية لمكافحة الفساد في المملكة العربية السعودية. **النتائج:** أظهرت النتائج أن هناك مفاهيم متعددة للفساد، وهي في مجملها تنطوي على خرق الواجبات الوظيفية أو سوء استغلال للسلطة. وهنا تكمن أهمية وظيفة المراجعة الداخلية في حوكمة الآليات والإجراءات، وإدارة المخاطر، والرقابة عامة، إضافة إلى أنها أداة لمكافحة الفساد خاصة. **الخاتمة:** وجود المراجع المهنية والتشريعات الملزمة والدعم الدولي قد ثبت أهميته في دعم وظيفة التدقيق الداخلي في مكافحة الفساد وسوء الاستغلال للسلطة.

الكلمات المفتاحية: التدقيق الداخلي، الفساد، استغلال السلطة، معايير

المراجعة الداخلية الدولية

(1) أستاذ مساعد، قسم المحاسبة، جامعة نجران، المملكة العربية السعودية. الإيميل: salem.ksa@gmail.com

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Introduction

The accounting and auditing profession stands at the forefront of the anti-corruption authorities. However, its impact is subject to criticism due to the fundamental role accounting and auditing serve within society through either independent work or positions within organizations as auditors, officers or consultants with access to highly confidential information (Jeppesen, 2019). The financial collapses, scandals and fraud cases in recent years have highlighted the weakness of the internal control systems in many institutions, this has increased interest in the role of internal auditing in modern business organizations. These accusations have prompted many countries to adopt strategies to reduce administrative and financial corruption. The accounting and auditing profession in those countries responded to the events meant to galvanize their role in reducing corruption by adopting diverse strategies (Al-Layla & Ramo, 2020).

Many countries around the world have transitioned from a direct economy to a market economy, depending more on the private sector to achieve high and continuous growth rates. This requires a deeper separation between ownership and management as well as a solution to weak oversight in executive management. This prompted the emergence of corporate governance, which describes a system where the company's actions are directed and monitored at the highest level to achieve its goals and fulfil the standards (Boujlila et al., 2017).

Administrative corruption is one of the challenges that states, people, and organizations face. It continues to spread, especially in developing and emerging countries, consigning them to low rankings in terms of transparency and inevitability, thus damaging development plans (Wazzani & Telaesh, 2014). Corruption indirectly causes the decline of development plans, thus leading to economic stagnation, social decline, and low living standards.

The fight against corruption must be taken seriously and to achieve this, more focus must be on the public sector. Aside from the established anti-graft agencies, internal mechanisms to combat corruption must be put in place in all public sector establishments (Ibironke, 2019, p.2).

According to the global corruption scale, one in four people around the world paid a bribe when obtaining public services in 2016 (Alina & Cerasela, 2018). For example, in the same year, the percentage of those in Romania who illegally paid money for public services varied between 20% and 30%. Corruption resulted in this loss of confidence in the general organization (Alina & Cerasela, 2018).

Saudi Arabia ranks 52nd out of 179 countries in Transparency International's 2020 Corruption Perceptions Index, posting a score of 53 out of 100, a marginal improvement from 2018 when it scored 49 (Rahman, 2020). On 15 March 2020, the Nazahah Supervision and Anti-Corruption Authority announced it would continue to serve its purpose and more strictly apply regulations against violators of prescribed job duties (Altawyan, 2020).

In an example of this new endeavor, an administrative investigation was conducted on 219 employees. As a result of the breach of duty in the public office, 674 individuals were charged with financial and administrative corruption, including bribery, embezzlement squandering public money, exploitation of office influence and administrative misuse. The total sum of money stolen reached 379 million riyals, and the Commission revealed that the aforementioned crimes were performed by the exploitation of contracts. The General Directorate of Health Affairs in the Eastern Region Efforts would continue to uncover corruption (Mubasher, 2020).

In 2019, the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz, issued a royal order approving organizational and structural arrangements related to combating financial and administrative

corruption. These consisted of the inclusion of the ‘Control and Investigation Authority’ and ‘Administrative Investigations’ into the ‘National Anti-Corruption Authority’, rechristening the latter’s name to ‘Control and Anti-Corruption Authority’. Within the framework created by the Kingdom’s efforts, the existence of corruption can be traced to the misuse of power. The extent to which internal audit mechanisms and strategies can counter this serves as a point of persistent interest. Azim et al. (2017) claimed that audits are essential for promoting proactive and immediate control to ensure the quality and integrity of the decision-making processes in the state.

Study Problem

Internal auditing, importantly, ensures the integrity of financial data and protects physical assets. Booming business, projects and services therein provided by companies, ministries and government institutions in all fields have expanded and diversified administrative and financial operations. Recent instances of financial collapses, scandals and fraud have highlighted the need for more adequate anti-corruption programs that define and promote ethical behaviour, honesty and integrity, organizational governance structure, monitoring and auditing, investigations and reports, enforcement and sanctions, reviews and updates, risk assessment and communication, particularly concerning leadership (Institute of Internal Auditors [IIA], 2014).

Corruption is a factor that negatively affects the achievement of organizations’ goals. Many pieces of literature emphasize the need to study corruption and what facilitates it. Corruption reduces the legitimacy of public institutions for citizens, affects market competition and economic growth, restricts living standard improvements, weakens product quality and raises costs and prices. This study therefore poses the following question: What role can

internal auditing serve in combating corruption and abuse of power in the Kingdom of Saudi Arabia?

Study Objectives

- 1 - Explain the concept, objectives and applications of internal audits in the face of corruption.
- 2 - Clarify the types, systems and importance of internal audit as it pertains to corruption.
- 3 - Elucidate the most important strategies in addressing corruption.
- 4 - Explain how to integrate internal and external audits to seamlessly combat corruption and abuse of power.
- 5 - Clarify the Kingdom's efforts to combat corruption.

Study Importance

The Kingdom of Saudi Arabia is currently experiencing economic mobility and, with it, strategic comprehensive change administratively and financially. It is entering the global investment industry in a step towards achieving economic diversification in the post-oil economy. Such a trend requires proof of a sound investment climate as well as responsible financial and legal procedures. By reviewing the procedural role and significance of the internal audit, this study can demonstrate the impact of internal audit function [IAF] in attractive financial and administrative commitments. Accordingly, this study is important in illustrating the concepts of internal auditing therein and how to apply them against corruption and abuse of power. Additionally, the effectiveness of the Kingdom's efforts is reviewed due to its massive influence on administration locally and globally.

Theoretical Framework

Internal auditing has developed and expanded its scope to be used for the examination and evaluation of the effectiveness of

control methods. Therefore, internal auditing has led to an exchange of information between the various administrative levels and the highest authority. The various factors that helped develop internal auditing consist of the need for means to discover errors and fraud, the emergence of establishments with widespread branches and the need for accurate mathematical and objective periodic statements.

Grand projects as well as the emergence of multinational, international and transcontinental companies, characterised by multiple owners and complex operations, have contributed to necessary internal control systems that ensure proper functioning work, compliance and policies. These systems smoothly implement procedures that mitigate risk-taking for companies. Therefore, the IAF stands out as a special interest to these companies because of its central role in evaluating the internal control system. Internal auditing is the main pillar of internal control as it can obtain financial statements with a high degree of transparency, disclosure and credibility (Hammadi, 2017, p.2)

Internal auditors traditionally guaranteed an efficient internal control system to seek, to detect and prevent fraud. This role is no longer sufficient following the financial crises and bankruptcies witnessed by the largest global companies. This spurred professional institutions into pressing for internal auditing, researchers and internal auditors who could develop and expand their line of work in conjunction with the requirements and needs of corporate governance.

This work is in addition to governance and risk management (Jeppesen, 2019). The internal auditors evaluate the process of designing and implementing control and risk management activities while maintaining their independence by not undertaking any operation activities (Asiedu & Deffor, 2017). Guided by an approved

audit charter and code of conduct, the IAF can accomplish its myriad of objectives, which include providing high-quality professional services, acting according to the highest levels of fairness and integrity, achieving great productivity and practicing efficient time management. IAF should encourage continuous improvement by looking for professional qualifications and relevant academic certificates that support the profession. Thus, it can provide reasonable assurance about the effectiveness of internal control systems and a comprehensive set of guidelines for the management in order to maintain the highest standards of performance.

Literature Review

The American Society of Internal Auditors defines internal auditing as an independent evaluation within an organization that examines how various activities serve the administration. The IIA defines internal auditing as an independent and objective function meant to improve organizational operations by developing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance. In summary, an internal audit aims to help individuals fulfil their responsibilities effectively (Ibrahim, 2016, p. 19). Although a difficult task, internal auditors assist management and the board of directors simultaneously by recognising, assessing and reporting on the adequacy and effectiveness of risk management processes. In the end, they should provide great assurance and consultation for them.

Corruption is the misuse of position for personal gain among two or more parties, and defining acts include forbidden actions such as bribery, extortion, fraud, embezzlement, favouritism, and abuse of influence as well as the exploitation of haste money. Corruption is also seen as a deviation from the official duties of a public office by seeking

appointment or election to gain favour, wealth or status instead of performing their prescribed role (Wazzani & Talaeesh, 2014, p. 11).

The study by Al-Zahrani (2020) aimed to investigate with a descriptive and analytical approach the effect of administrative transparency on combating corruption in public offices. The researcher intended to review previous studies and literature to identify corruption and its various forms as well as explore the factors that fostered them. The study defined anti-corruption strategies (e.g., integrity, transparency and accountability in public administration) and clarified the impact of administrative transparency on combating corruption, stating the significance of establishing disclosure and transparency in various public institutions as stipulated in the Charter of the United Nations and various surveys. Moreover, transparency contributes greatly to enhancing the levels of growth and development of organizations in addition to supporting transitional processes and administrative success.

In 2017, Alsubaie conducted a study aimed to determine the impact of applying the generally accepted principles or foundations of administrative transparency in order to reduce administrative corruption in Saudi financial companies. The study population consisted of all workers employed in licensed financial companies in Saudi Arabia, distinguishing 1350 workers in 2015. A stratified random sample of 300 was drawn of which 297, or 99% of, employees at the upper, middle, and lower levels of administration were subjected to the final analysis. The result confirmed a statistical significance regarding the influence of the principles of administrative transparency in reducing relevant corruption in Saudi financial companies.

A recent study by Almohammadi (2021) focused on the role of the board of directors and the auditor in fighting corruption in Saudi

Arabian joint-stock companies. The study relied on a descriptive approach and found that the board of directors should protect the company from conflicts of interest and ensure that all who work in the company abide by its provisions. In addition, the researcher recommended that the auditor should perform their supervisory role in accordance with the principles of governance effectively, honestly and professionally.

The study by Ibironke (2019) examined the impact of quality internal auditing on the rate of corruption in the Nigerian public sector. To accomplish the goal of the study, a descriptive and analytical approach was used, involving applying a questionnaire to a sample of 160 respondents from public sector institutions in Lagos State. The results concluded, assuming that the internal auditors are independent, efficient and impartial, the quality of internal auditing has a significant impact on the decline in the rate of corruption in the public sector.

Previous studies have proven that low independence and objectivity have a negative influence on the quality of internal audit work (Alzeban & Gwiliam, 2014; Rodgers & Al Fayi, 2019). Al-Twajjry et al. (2013) found a positive relationship between the professional qualifications of internal auditors and the effectiveness of the IAF in Saudi Arabia. In addition, Alzeban (2018) noted that internal auditors must have all the requisite skills to carry out the duties associated with the International Standards for the Professional Practice of Internal Auditing [ISPPIA]. Qualified chief audit executives have greater power to plan their work and identify their needs. A well-equipped audit team is likely to enhance the effectiveness of IAF. Finally, management support is linked to hiring qualified staff, providing sufficient resources and having an independent IAF (Alzeban & Gwiliam, 2014).

Al-Akra et al. (2016) focused on literature discussing independence and objectivity in the Middle East and North Africa and discovered these regions lack both aspects. They affirm the need to consider cultural and social influences when formulating rules and regulations. Khersiat (2018) aimed to explain the role and responsibility of the accountant and internal auditor as well as the challenges they face in attempting to prevent and oust fraud and corruption. A questionnaire consisting of 39 items was distributed to 100 employees in audit offices and companies, and another 30 to employees of the Audit Bureau as an external oversight body that reviews government units and departments. The results showed that accounting and internal auditing can reduce fraud and corruption in the public sector and indicated a strong understanding among individuals regarding the role of criminal accountability in preserving public money and combating corruption.

The study by Asiedu and Deffor (2017) aimed to identify the relationship between internal auditing and the rate of corruption using structural equation modelling. The link between corruption and an effective IAF in Ghana was analysed through a survey of managers and directors of select public sector institutions. This was completed a decade after the issuance of the Internal Audit Agency Act [IAAA], 2003 (Law No. 658), as a tool to combat administrative corruption in Ghana. The study concluded that there is little empirical evidence to show the impact of internal auditing on corruption; although, anecdotal evidence indicates otherwise. Overall, there is a critical role in maintaining fiscal discipline, public sector accountability and transparency. The study confirmed that the full execution of Law 658, the size of the internal audit department and the independence of the department greatly affected the effectiveness of the IAF, which reduces corruption. It concluded that strict adherence to and

implementation of regulations and laws, as well as the independence of the IAF, will help combat administrative corruption.

Christopher (2019) reviewed the previous literature in order to identify whether IAFs have failed given the spate of corporate collapses over the last 20 years. The findings revealed common themes in control weaknesses where the internal auditors had not been involved in monitoring. In addition, the limited scope of IAF activities was caused by the boards and management, narrowing the role of the IAF. The collapses of WorldCom and Enron at the beginnings of the 21st century and the recent string of scandals within Toshiba, Volkswagen, MMG (Mohammad Al Mojil Group) and Etihad Etisalat, also known as Mobily, in 2015 offer insight into the application of the four cornerstones of corporate governance (Zerban, 2018). They are internal, external auditors, management and the audit committee (Gramling et al., 2004). The aforementioned scandals were a synergetic corruption where every party played their role and enjoyed the benefits.

According to the Sarbanes-Oxley Act (SOX-Act) of 2002, senior management is responsible for assessing the design and adequacy of internal controls over finances and reporting the result annually. In addition, the audit committee must oversee the integrity of financial statements, risk management and internal control. However, management and audit committees often implore the IAF to support compliance with these requirements (PwC advisory, 2005). Prior to the WorldCom and Enron scandals, some internal auditors reported to senior management. As a result of public and legislative pressures, the SOX-Act was passed, which now required internal auditors to instead report to the board of directors. In summary, the IAF is a key component in the assurance structure of an organization and is considered the

third line of defense. It serves as an early warning system, identifying deficiencies and suggesting remediation. It is a cornerstone of good corporate governance, containing financial and non-financial auditing and serves an important role in improving organizational management and accountability (Gramling et al., 2004).

The Applications of Internal Auditing in Fighting Corruption

Cooperation between internal audit bodies, anti-corruption bodies, higher audit institutions, etc. will improve internal control systems within the Kingdom of Saudi Arabia (Noor & Mansor, 2018). This is attained by first defining and assigning clear responsibilities for internal control and risk management that adhere to international, internal control and auditing standards. This type of control also includes a clear distribution of tasks across the management chain, a separation of duties, functional independence and accountability towards senior management for the overall control environment through financial inspection services. The financial statements can be republished in order to investigate fraud and high-risk areas for corruption.

The second step requires building the professional capacity of internal auditing practitioners, which depends on the efficiency of internal control systems (e.g., delineating policies and programmes aimed to identify deviations from the set objectives and detect fraud and corruption risks) (Muhtar et al., 2018). Thirdly, the integration of information technology tools into internal control processes and functions modernises accounting systems increasingly linked to the day-to-day management and monitoring activities of organizations. The fourth and final step involves the development and implementation of fraud and corruption risk management policies. Despite the progress made in strengthening internal control systems in government agencies, there still exist specific procedures and tools

meant to manage fraud and corruption risks. Risk management is an integral part of management systems. The approach of each agency or ministry should be to determine if a separate risk assessment should be conducted on corruption risks or if this is part of an overall corporate risk assessment. The introduction of dedicated frameworks for managing corruption risks should potentially raise awareness among senior management about the importance of reducing these risks (Bulat & Perciun, 2019).

The Types and Importance of Internal Audit in Fighting Corruption

The tasks of IAF can be divided into several sections depending on the nature of the operations that it performs, which in turn ensures that its services are fully completed and that the objectives of the organization or ministry are performed.

First: The Internal Financial Audit

The internal financial auditor completely oversees and examines financial statements, accounting records and all operations related thereof. This allows the role to determine the extent to which the generally accepted accounting principles are applied as it pertains to financial information and reports.

Second: The Internal Operational Audit

This type describes the internal auditing procedures within any institution or organization meant to evaluate its operational processes. Internal operational auditing came about as an expansion of the most traditional style of auditing, which focused on finance and accounting.

Third: The Internal Administrative Review

In this type of review, the auditors must view themselves as a member of the institution's administrative team. They must identify

the administrative areas in dire need of comprehensive review based on their managerial experience. In addition, they must evaluate the quality of the institution's risk management and control method.

Fourth: Reviewing the Commitment

In this type, the auditor must ensure the efficiency and quality of the financial and operational controls and the extent of compliance with them in the organization, as well as ensure the suitability of those controls for the organization's operations and activities, and ensure compliance with the policies and procedures set by the management.

Fifth: Quality Audit

This is a systematic and independent examination of the total activities and results thereof in the institution to determine the extent of its compliance with quality standards. This examination thereby guarantees and verifies that the operations performed within the organization have been completed in the best way and as planned.

Sixth: Audit Strategy

This works to provide suggestions and improvements to strategic options to face the ever-changing environment, whether internally or externally.

Seventh: The Social Audit

This includes the forms of review applied in the context of the social conditions of the work environment, workers themselves or citizens within the organization and contributes to the achievement of welfare.

Eighth: The Environmental Audit

This is a systematic, documented and objective periodic critical examination conducted by an independent power with authority over

production processes and the associated sub-activities to determine their impact on the environment and its constituents.

Beyond those, the internal audit can be further classified in terms of function into continuous audits and periodic audits. The continuous audit is usually used when one desires to verify the correctness of operations before completion or to organize internal auditing at the departmental level such as auditing expenditures, creditors' accounts, etc. As for the periodic review, the auditor instead episodically verifies the quality of the operations.

Types of Corruption

According to the first report of the Transparency and Integrity Committee in 2000, financial and administrative corruption was defined as the abuse of power associated with a specific position to serve personal interests at the expense of public interests. It includes 'issuing decisions to achieve personal interests', as well as 'bureaucratic deviant behaviour that aims to achieve personal benefits in a manner other than legality and without right' (Lumby, 2013).

There are many types of corruption, and one of the most popular forms entails abusing power in order to achieve personal benefit unlawfully or making decisions in the interest of a specific group rather than the public as a whole (Phiri & Guven-Uslu, 2019). Lack of transparency, violating regulations and exploiting work cycles are also examples of abusing power. The material and moral gains are what motivate the spoiler into committing such acts, any of which can be classified into one or more of the following manifestations (United Nations Development Program, 2014):

- 1 - Bribery: A person obtains a benefit, which is primarily financial, to pass or implement an act other than following the legislation or the principles of the profession.

- 2 - Nepotism: Passing what the organizations want (e.g., parties, regions or influential families) through their influence without their entitlement to it in the first place.
- 3 - Favouritism: Any unlawful preference for one party over another as in awarding contracting, bidding or leasing and investments.
- 4 - Mediation: Any interference by a person with a position, functional or political, in favour of someone who does not deserve to be appointed, contracted or be in place.
- 5 - Blackmailing and Counterfeiting: To unlawfully obtain money from people by taking advantage of a job position with legal or administrative justifications, concealing the instructions enforceable on the concerned persons as happens in tax departments or forging academic certificates or money directly.
- 6 - Embezzlement or Plundered Public Money: Smuggling or committing fraud using the powers granted to the person, exploiting the job position to dispose of state funds secretly without right, passing goods through or otherwise dabbling in black market outlets or smuggling oil wealth.
- 7 - Corruption intersects with laws and regulations related to the justice system, property rights, banking facilities, credits and external financing.
- 8 - Corruption in the community through subversion of codes regarding environmental health versus pollution and factory smoke.
- 9 - The slowdown in the completion of transactions, especially the important and urgent ones, such as retirement, nationality, passport and documents confirming the validity of the issuance of official certificates or books.

Transparency and financial and administrative corruption naturally existed in an inverse relationship; the more transparency

mature within all roles and fields, the more likely corruption is exposed, allowing the proper bodies to confront, fight and eliminate corruption before it can cause harm. Indeed, corruption derives its power from the ambiguity and lack of clarity surrounding the management of public funds.

Strategies to Combat Corruption

Combating corruption begins by implementing the necessary policies to eradicate it. To start, some strategies are related to the people. For example, rotating employees and officials continuously ensures that corruption centres are not allowed to be built. In addition, there should be safe dialog encouraging workers within state departments to impart information related to suspicious operations that may constitute financial and administrative corruption. Furthermore, educating citizens of their rights, informing them of their duties and ensuring that the seriousness of financial and administrative corruption is conveyed helps inspire their cooperation in eliminating it. However, individuals' values, ethics and principles such as transparency, integrity and accountability should be supported (Al-Zahrani, 2020). Finally, tightening the penalties imposed on perpetrators of financial and administrative corruption would serve as a deterrent to those attempting or considering the crimes.

Other strategies are related to the system itself. For instance, this could involve insisting regulatory agencies hold negligent people accountable and prosecute the perpetrators of financial and administrative corruption. Second, ensuring the provision of a minimum standard of living prevents workers from being drawn into the pitfalls of financial and administrative corruption. Third, independent civil society organizations that vie for financial and administrative reform can assist in the control process. Forth, joining international agreements that seek to combat the manifestations of financial and

administrative corruption, inviting the possibility of benefits from the experiences of other countries and collaborating to prevent corrupt criminals from fleeing their home countries by promising repatriation. Finally, using e-government and information technology methods reduce the citizen's contact with the public, which might result in the temptation to facilitate procedures in exchange for certain amounts of money (United Nations Development Programme, 1997).

Integration between Internal and External Audits in Combating Corruption and Abuse of Power

Whereas the primary objective of the internal audit is to assist the organization in performing its various functions as efficiently as possible, the establishment is often the sole beneficiary of the internal auditor's work. The external auditor is an agent for the owners or shareholders offers services by providing them information about the establishment. Many other groups also benefit from the work of the external auditor, such as customers, suppliers, creditors, banks, various government agencies and other users of the financial statements.

According to most studies, external auditors largely rely on or directly assist the internal auditor's assessment of the efficiency and effectiveness of both the accounting and the internal control systems used in the organization (AICPA, 2014; Rodgers & AL Fayi, 2019; Schneider, 2010). For instance, an internal auditor participates in the actual inventory of inventory and cash, obtains approvals from clients, suppliers, banks, etc., prepares bank settlement notes and detailed statements of the items included in the financial statements as well as provides evidence that the external auditor may need in their review. In performing these sorts of duties, the internal auditor may spur the external auditor to change the audit plan and determine the number of confirmations that are sent, their timing, the number

of branches in which the auditor observes the actual inventory and narrow the volume of tests performed. External and internal auditors working in concert means watchful eyes are present in all forms and on every level.

The State's Efforts to Combat Corruption

Based on its awareness of the economic, social and security impact of corruption on any society, the Kingdom of Saudi Arabia has taken firm action in addressing it by instituting all legal measures and providing the necessary support to competent authorities with relevant objectives.

In 2008, the Council of Ministers approved the rationale and provisions of the National Strategy for the Protection of Integrity and the Fight against Corruption. Its goals reflected the state's desire to impart an element of inclusiveness in the presentation and treatment by emphasising the protection of integrity, combating all manifestations of corruption and fortifying Saudi society against them (Unified National Platform, 2020).

The ultimate aim is to foster an appropriate climate that promotes successful development plans, especially economic and social, and to contribute to the efforts exerted to bolster, enhance and document regional, Arab, and international cooperation in protecting collective integrity, combating corruption and achieving justice among members of society. One of the most prominent mechanisms of this strategy was the establishment of a national anti-corruption commission called the 'National Commission for the Protection of Integrity and Anti-Corruption' (The unified platform of the government of the Kingdom of Saudi Arabia, n.d.).

However, the Kingdom of Saudi Arabia case has witnessed the emergence and expansion of many kinds of corrupt practices, which

left other practices with negative developmental, economic and social impacts. It should come as no surprise that the top form of corruption experienced was financial and administrative, which initially arose from those exploiting their high social positions. As a result, public money was misused, and a position of responsibility was abused so that their employment was instead in the service of narrow private interests, which resulted in many negative effects developmentally and economically. For example, socially, many government projects faltered or were simply poorly implemented once costs were inflated. This would not be readily apparent until after a long period of time passed, consequently leading to severe damage infrastructural damage and costs to both the country and the people.

With regard to the disparity in income levels among the segments of society, and the fact that the narrow circles of those involved in these irregular operations excluded enormous illegitimate funds and wealth, their negative developmental impact extended to disposing of that wealth and employing it in broad areas of life. This process inflicted further damage on the capabilities of the country and the people as will be mentioned below, and it caused or created developmental crises that would not have otherwise existed.

Here was the strongest blow ever to the hand of reform, under the direct direction of the Custodian of the Two Holy Mosques. With the close follow-up and direct supervision of implementation by the faithful Crown Prince, to consolidate the foundations of integrity, justice and competition in the national economy. To achieve the highest levels of integrity and fight corruption locally, in a manner that eliminates, to the optimum extent, everything that would cause any harm to the capabilities and resources of the national economy and society (Al-Omari, 2019).

Results and conclusion

Internal auditing is a tool that has proven its global effectiveness in addressing corruption and abuse of power. However, in a developed country like Saudi Arabia, internal auditors believe they are not free to report fraud, wrongdoing or mistakes as a result of management pressure (Al-Twajjry et al., 2003). A low level of independence from management influences morale and work value (Al Fayi, 2021). This study elucidates the role of internal audits in combating corruption through an analytical method that dissects prior literature. In addition, it discusses the importance of international standards and the development of digital transformation in achieving the efficiency of internal auditing in combating corruption and abuse of power.

It has been found that there are many concepts of corruption, but their entirety involves breaching the duties of the job and misuse of power. Internal audit strategies can prevent this from occurring in the first place. The roles of internal and external auditing are complementary in light of global standards to further prevent corruption and abuse of power. Thus, the role of internal audit is characterised by its comprehensive and complementary nature through the multiplicity of types of internal audit and its familiarity with all stages and requirements.

In today's challenging environment, IAFs can play a critical role in helping their organizations effectively manage some of their leading risks, for instance, rapid developments in technology, changes in regulatory environments and changes in the threat landscape. Management in the upper echelons of firms anticipates that IAF activities can mitigate the all-important risks. Therefore, information technology helps effectively in the internal audit role in addressing corruption and abuse of power.

The Kingdom of Saudi Arabia's serious efforts towards digital governance prove its serious desire to combat corruption in all its forms, furthermore as well as its special and distinct efforts to adopt specialized agencies to combat corruption that play role in bringing the guilty to justice. For the internal audit role to achieve its desired results, there must be a professional auditor, binding legislation and international support to achieve the goals of combating corruption and abuse of power. This study also emphasizes the importance of the effective role of information technology to achieve the effectiveness of the internal audit role in the face of corruption and abuse of power. It is also possible to cooperate at the international level to develop unified mechanisms to confront corruption in light of a global investment climate that has made the world a small village. But for the internal audit role to achieve its desired results, professional references should exist, binding legislation, and international support that achieve the goals of combating corruption and the abuse of power. A periodic analytical study can be conducted to monitor the impact of the internal review on the levels of corruption in all of the Kingdom's agencies. In addition, qualifying training courses can be conducted to ensure the availability of the necessary cadres to carry out the IAF effectively, skillfully and with quality.

Finally, the findings featured in this study can be considered a basis for future empirical and experimental works. It provides a base for the future development of internal auditing as well as authoritative guidance. Successfully mitigating threats to internal audit effectiveness are beneficial to the enhancement of risk management and governance activities within organizations. Future research should focus on the difference between developing and developed countries as this could reveal significant implications (Alzeban & Gwilliam, 2014), and more tests could be utilized based on experimental and case studies (Al-Akra et al., 2016). The findings

also contribute to the academic and professional literature on internal audit effectiveness in compacting corruption, which is not as large as similar external audit literature.

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Dr. Salem M. AL Fayi, is a Hull Business School graduate, a Saudi assistant professor, a dean of the College of Management Administration, a head of the accounting department during the years 2019–2020, a vice-dean of the College of Management Administration during the years 2018–2020, Najran University. A member of the Institute of Internal Auditors, a director of the spending efficiency team at Najran University during 2019–2020 and a consultant of internal audit and job satisfaction ethics. He is the Chief Executive of Argam Office for Accounting Consulting and Service. ORCID: 0000-0003-1999-8205. E-mail: salem.ksa@gmail.com

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