Role of legal auditor as an auxiliary of justice in reducingthe spread of financial corruption in companies and organizations in Algeria

(A case study of a sample of legal auditors)

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Abstract:

This study aims to highlight the role of the legal auditor as an auxiliary of justice in reducing financial corruption in the companies and organizations that he controls. To achieve the objectives of the study, the descriptive approach was used in the theoretical aspect, and a questionnaire was designed and distributed to the legal auditors and the sample of study included 52 items.The study concluded that there are certain operations that managers exploit to misappropriate company funds, and that the good initial and continuing training of the auditor as well as his respect for the rules of ethical behavior help him to discover financial crimes in companies, and that the reporting of these crimes to the public prosecutor limits their spread, because he is considered as an auxiliary of justice and as a watchful eye for the owners and shareholders toward their companies and organizations.

Keywords:financial corruption; legal audit; legal auditor; financial crimes, ethical behavior.

Jel Classification Codes: M41 ; M42 ; M48 ; H83

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1. Introduction :

Corruption is a growing scourge in Algeria due to its direct negative impact on the development of the national economy and it has become a phenomenon with social, economic and political aspects, especially in recent years. To combat it, the combined efforts of those responsible for the management of public funds and the activation of control mechanisms in companies are required. Among these mechanisms, there is the compulsory appointment of an auditor in companies and organizations for a mandate of three (03) years, renewable once.

The auditor is considered an "auxiliary of justice" because he is required to do so by law. In addition to the task of certifying the accuracy and regularity of the annual accounts of the companies and organizations it controls, it must accomplish 13 specific tasks, each of which results in a special report to diagnose the real situation of the company and communicate it to the owners or shareholders, in addition to informing the public prosecutor of the criminal facts of which he became aware in the exercise of his functions, and he has the right to make unannounced visits to the company he controls, which makes the auditor the person who can detect crimes of financial corruption in companies which can only be discovered by a specialized expert.

In order to highlight the specific missions of the legal auditor linked to the fight against the crime of financial corruption in the companies they control, we posed the following problem:

How can the legal auditor limit the spread of financial corruption in companies and organizations?

❖ **To answer the main question, the following sub-questions must be answered:**

- What do we mean by financial corruption, and what are its aspects and the laws to combat it?
- What are the specific missions of the legal auditor linked to the fight against financial corruption?
- What are the procedures for reporting criminal acts discovered to the Public Prosecutor?

❖ **Research Hypotheses.**

To answer the questions raised within the research requirements, we adopt the following hypotheses:

First hypothesis: There are several operations that some managers can exploit to embezzle the funds of companies and organizations.

- **Second hypothesis:** There are several factors that help legal auditor uncoverfinancial crimes committed in companies.
- **Third hypothesis:** Obligating the auditor to declare to the Public Prosecutor the misdemeanor acts he discovers limits the spread of financial crime in companies.

❖ **Importance of research**

The importance of research is highlighted in the following points:

- This issue is considered one of the most important topics of the current moment especially after the authorities started to fight against all types of corruption, starting with the improvement of the auditing profession by reconsidering the mode of training and granting approval to legal auditors and accountants and by publishing the new Algerian auditing standards.
- In addition to the statement made by the Minister of Justice during the national conference organized by the National Chamber of Auditors on 11/23/2023 in Algiers, entitled "The role of the legal auditor in preventing the fight against financial crime", where the minister declared that the prevention of financial delinquency and money laundering were closely linked in the relationship between auditors and public prosecutors. The president of the National Chamber of Auditors also added that the auditor plays an effective and important role and contributes effectively to justice through his legal audit of the financial accounts of the company.

❖ **Research objectives**

In light of the problem and the hypotheses, we try to clarify the following points:

- Address the concept of financial corruption and the legitimate operations that certain managers exploit to commit the crime of financial corruption in companies and organizations.
- show the specific missions of the legal auditor, thanks to which he can detect certain financial crimes.
- Know the method used by the auditor to report criminal acts discovered during the exercise of his mission to the public prosecutor.

❖ **Limitations of the study**

The limitations of the study were as follows:

- **Objective limits:** This study focused on the role of the auditor in detecting criminal acts committed by managers and on how to report them to the public prosecutor.
- **Spatial boundaries:** The theoretical study was supported by a quantitative study of the opinions of a sample of statutory auditors, including accountants and chartered accountants.
- **Study period:** The study took place from October 1, 2023 to December 10 of the same year.
- Study Approach:

To solve the problem of the study, the descriptive approach was used in the theoretical aspect to cover the theoretical background of the study, and a questionnaire was used to collect the information by distributing it to the forensic auditors.

❖ **Structure of the study:**

To respond to the problem posed and adopt or reject the established hypotheses, the study was divided into two parts, a theoretical part and a practical part, as follows:

- The first axis deals with the theoretical context of the study, starting by defining financial corruption, its aspects and the laws to combat it, and showing the particular tasks of the auditor linked to the fight against financial corruption and offenses that may be discovered during the exercise of one's duties and how to report them to the public prosecutor.
- The second axis was devoted to the field study, which consisted of presenting the tools and methods used, examining the validity and reliability of the study tool, then presenting the general characteristics of the study sample, the results of the study and finally to test the hypotheses.

2.Previous studies

Reviewing previous studies related to the subject of study or part of it, and the knowledge of the researcher, we mention:

- **Study of** (Bourahla & Boutouba, 2021)**:** The extent of commitment of legal auditors to ethical rules and its role in revealing financial corruption – a field study: The study aimed to identify the profession of legal auditor and the missions assigned to him, and determine the accountant's commitment to them and his role in denouncing financial corruption practices in Algerian companies. The study revealed that legal auditors in Algeria respect the rules of professional ethics in the exercise of their functions, and that there is a statistically significant relationship between the commitment of accountants to the rules of professional ethics and the detection of financial corruption.
- **Study of**(Goumiri, 2022): The effectiveness and efficiency of anti-corruption mechanisms in Algeria: This study aimed to present two important anti-corruption mechanisms in Algeria, which are the Supreme Authority for transparency, prevention and fight against corruption, and the Central body for the Suppression of Corruption, and she tried to highlight the extent of their effectiveness and efficiency in the fight against corruption, highlighting the particularities of each of them in terms of laws and tasks. The study concluded that both mechanisms are ineffective in combating and preventing corruption crimes, as these crimes have recently spread across various sectors.
- **Study of** (Bouazni, 2022)**:** The place of the Court of Auditors as a mechanism for protecting public funds: This study aimed to identify the Court of Auditors in Algeria and its legal status, because it is considered an essential body for approving the legitimacy of the management of public funds, by embodying the principle of transparency in the declaration of general financial policy. The study concludes that the Court of Auditors enjoys administrative and judicial independence, granting it a certain number of specializations aimed at preserving public money. It is considered an effective and important mechanism for safeguarding public money, by carrying out inspections, audits and reviews of all financial transactions of entities subject to its jurisdiction.

- **The added value of the present study**: All previous studies were theoretical with the exception of (Bourahla and Boutouba) study, which was theoretical and field-based, but it was limited only to demonstrating the role of respect for ethical rules in the fight against financial corruption in companies,

the present study therefore came to support it and show the particular missions imposed by the Algerian legislator on the auditor due to their role in the detection of financial crimes, and how to discover them and report them to the public prosecutor.

3. Definition and aspects of financial corruption and laws to combat it.

We begin this research paper by giving a definition of financial corruption and explaining its aspects and the laws to combat it.

3.1. Definition of financial corruption

Several definitions have been given to corruption, including the following:(Djriou & Bouflih, 2018, p. 121)

- Corruption is social behavior that deviates from dominant social values and norms, satisfying financial ambitions, abusing financial power, avoiding due costs and obtaining illegal benefits.
- Corruption is a way of indirectly making profits through illegal activities,
- Corruption is defined as "all financial lapses and violations of financial rules and regulations that govern the conduct of administrative and financial work in the state and its institutions, which ultimately leads to harm to public funds."

It is clear from the previous definitions of financial corruption that it has several meanings, including:

- Corruption is intentional and deliberate;
- It is secretive in nature to the extent that it is sometimes impossible to discover it.
- The aim of corruption is to achieve personal and mutual financial gains between several parties;
- There are many forms of financial corruption, such as bribery, embezzlement, tax evasion, favoritism.

2.3. Aspects of financial corruption

They are as follows: (Crivard & Barbary, 2017, p. 59)

- Extravagance and plunder of public funds: waste and unjustly dissipating public wealth in secret,
- Money trafficking: It represents one of the manifestations of financial corruption that occurs when money is obtained illegally.
- Money laundering: earning money illegally then introducing it into official circuits with the aim of giving it legal status
- Violation of financial and legal rules and regulations: through a lack of integrity and transparency in financial transactions

- Misappropriation of assets: It means the process of disposing of assets belonging to an economic entity in a manner that violates the provisions.
- Fraud: This involves "intentionally providing misleading information, resulting in material harm to the user who uses it".

3.3. Anti-financial corruption laws and agreements

Algeria has promulgated several laws and agreements to combat financial corruption, including:(El Annaq, 2014, p. 69)

- Commercial Code (1975), article 715 bis 13 (the auditor informs the public prosecutor of the criminal acts he has noted);
- Law No. 80-05 of March 1, 1980 relating to the creation of the Court of Auditors;
- Decision of the Minister of the Economy no. 103/SPM/94 of 02/02/1994, relating to the professional diligence of the auditors;
- United Nations Convention: It was ratified with a reservation in presidential decree 04/128 of 04/19/2004;
- Law 06-01 of 02/20/2006 relating to the prevention and fight against corruption.
- The African Union Convention for the Prevention of Corruption: ratified by Presidential Decree 06/137 of 04/10/2006;
- Presidential Instruction No. 03 of 2009 relating to the activation of the fight against corruption.
- Law 10-01 of June 29, 2010 relating to the professions of chartered accountant, statutory auditor and approved accountant.
- Order No. 10-05 of August 26, 2010, relating to the National Office for the Repression of Corruption.
- Law n°16-01 of March 6, 2016 affirming the independence of the Audit Council
- Law No. 22-08 of May 5, 2022 relating to the organization and creation of the Supreme Authority for transparency, prevention and the fight against corruption.

4. Tasks of the auditor relating to reducing the spread of financial crime

Before discussing the auditor's tasks related to reducing the spread of financial crime, we first discuss its definition and the most important rules of his work.

4.1. Definition of legal auditor and the most important rules of his work.

The auditor and his missions are defined by Law relating to the professions of chartered accountant, legal auditor and accountant (Law 10-01 ,2010,)

4.1.1. Definition of legal auditor

According to article 22 of Law 10-01, the legal auditor is "any person who, in his own name and under his responsibility, has the mission of certifying the sincerity, regularity and faithful image of the accounts of companies and organizations under the provisions of the legislation in force".

He was previously defined in (Algerian Commercial Code,1993)that: "The auditor is the person whose permanent mission, with the exception of any interference in management, is to verify the books and values of the company and in the report of the board of directors and in the documents addressed to shareholders, relating to the financial position of the company and its accounts. He certifies the regularity of the inventory, the company accounts and the balance sheet. He also ensures whether the principle of equality between shareholders is respected.

4.1.2. The most important rules of ethical behavior for auditors

To exercise the profession of auditor, you must respect ethical rules, in particular:

- **Integrity**: The legal auditor must be characterized by integrity and honesty in his professional and social relationships. Integrity involves fair and honest dealings.
- **Independence and objectivity**: For the auditor to be able to issue an honest judgment or opinion on a financial situation, he must not have, in the exercise of his mission, any interest or profit that could affect independence and objectivity. of judgment.
- **Professional diligence**: Article 59 of the aforementioned law 10-01 stipulates that the auditor has a general responsibility for diligence and an obligation of means and not of results.
- **Professional competence**: For the accountant to be able to fully exercise his activity, he must possess scientific and practical qualifications and acquire various knowledge, including:

- In-depth knowledge of accounting, accounting organization and auditing techniques.
- Knowledge of general economics and business management which helps him understand the company at the level of its systems, its general organization and its environment.
- Sufficient knowledge of business law and commercial law so that he knows the limits of his profession and his responsibilities.

4.2. The tasks of the legal auditor that help him to uncover financial crimes

The Algerian legislator paid attention to the tasks of the auditor due to the sensitivity of the profession and the role he plays in reducing financial delinquency, since he defined all his tasks and divided them into main tasks or general and secondary or special tasks, where each task results in a report stating the work carried out, the procedures applied and the results obtained, as indicated in (Executive Decree 11-202. 2011) specifying the standards of the fifteen (15) auditor's reports. We try to mention some of these special tasks thanks to which he can detect financial crimes, if they exist: Articles 23 and 25 of(Law 10-01 ,2010,):

4.2.1. The task of evaluating the conditions for concluding regulated agreements

Any agreement between the company and the following persons concerned is considered to be a regulated agreement: (the chairman of the board of directors of the company, the chairman and chief executive officer of the company, one of its directors, a member of the management board or of the supervisory board, the representatives of the managing legal entities, the managing legal entities, the managers and co-managers, the shareholders or partners holding a significant interest).

If the auditor is informed of regulated agreements or discovers them, he must verify: their number, the names of the managers concerned, the nature and purpose of the agreements, the circumstances of their conclusion, the prices and rates applied, the commissions proposed, payment deadlines granted,...

He prepares a special report and submits it to the General Assembly to examine the appropriateness, validity or feasibility of the agreements.

4.2.2. Assurance of the total amount of the highest five (5) or ten (10) payouts

After receiving a detailed statement of the highest salaries paid to five (05) or ten (10) people, the auditor verifies the accuracy of the detailed amounts, their legality and their compliance with legal provisions, and prepares a special report to be submitted to the General Assembly.

4.2.3. Verification of the total amount of specific benefits granted to staff

The auditor verifies all special privileges granted to workers, whether in cash or in kind, and approves their total amount based on the information provided and the information he has collected during the exercise of his mission of control, and indicates this in a special report.

4.2.4. Display of the evolution of the results of the last five (05) financial years

The auditor presents in his special report the evolution of the various efficiency indicators of the entity considered to be audited, due to the professional duties he exercises under the accounting cycle in question. The evolution of the result is established in the form of a table over the last five years,

4.2.5. Know internal control procedures

The auditor must examine the applicable internal control system, as it constitutes the main protector of the assets of the entity, such as the separation of tasks, functions and responsibilities..., and prepares a special report through which he evaluates the veracity of the report transmitted by the managers to the General Meeting.

5. The obligation for the auditor to report criminal acts to the public prosecutor in order to reduce financial corruption

This is the fourth recommendation annexed to the decision of the Minister of the Economy relating to the professional diligence of the legal auditor concerning the declaration of criminal acts to the public prosecutor (Decision 103/SPM/94. 1994)

5.1. Mandatory reporting of criminal acts

The auditor is considered a "auxiliary of justice" because he is required, under commercial law, to inform the public prosecutor of the criminal acts of which he becomes aware during the exercise of his mission, and in addition to the obligation to inform shareholders.

The legislator wanted to protect and defend the interests of shareholders, employees and anyone dealing with the company. If the legal auditor does not denounce the crimes he has observed, he risks a prison sentence of one to five years, and a fine ranging from 20,000 to 500,000 DZD, or one of these two sentences.(SADI & MAZOUZ, 2001)

5.2. Criminal acts that must be reported to the public prosecutor

The criminal acts which must be declared are acts directly linked to the social life of the company, such as:(Decision 103/SPM/94. 1994)

- Offenses related to commercial companies (criminal provisions of commercial law);
- Violations provided for in other texts and which have an impact on the annual accounts.

When a questionable act or action is discovered, the auditor carries out the research he considers necessary to convince himself of the criminal merit of the act discovered, in particular:

- Ensure that the act discovered is essential or significant, and that it is not simply an error or an oversight;
- Identify the consequences of the act discovered and the target pursued, and identify the people responsible.

5.3. Professional duties of the legal auditor regarding illegal acts (crimes)

In carrying out his mission, the legal auditor assumes general responsibility for the execution of his mission, since he is required to provide the means and not to obtain the results. He can therefore use survey techniques which release it from any responsibility in the event that violations are not discovered even though they actually exist. The mission of the auditor is not primarily based on the automatic search for criminal facts or acts, but if he shows negligence in the exercise of his functions or if he refrains from declaring the offenses observed due to his ignorance of the laws, he will not be exempt from the liability mentioned above. . So that the legal auditor can justify the proper application of the necessary professional due diligence, he must prepare and keep in the annual file a worksheet for each company on which he explains (HADJ-SADOK, 2007) :

- The criminal acts detected, the date of notification to the Public Prosecutor, the procedures followed, etc.);

- If no criminal act is discovered during the probationary year, it must be written on this paper.

5.4. Duration and form of the declaration to the Public Prosecutor

The declaration can only be made when the auditor has carried out all the investigations he considers appropriate to understand and control the act discovered.

- The time required for any investigation does not exceed a few weeks, taking into account the obstacle that attaches to the listener regarding the influences that can be exerted on him, as well as the possibility of translating his silence into a abstention from declaration;
- The declaration must be written, dated and signed, and the letter of declaration must be filed alongside an acknowledgment of receipt;
- The declaration letter must contain, in particular a reminder of the provisions of articles 715 bis 13, 715 bis 14 and 830 of the Commercial Code, identifying the company concerned by the declaration, a detailed description of the criminal acts supported by dissuasive texts, in in addition to identifying the author and his potential accomplices;
- In complex cases, the auditor may request a meeting with the public prosecutor to inform him orally of his findings.

So that the auditor does not commit offenses, he must inform the public prosecutor of the offenses that he has discovered in the exercise of his functions, because the legislator considers the auditor as **an auxiliary of justice** in the company, and he alone, can reveal the crimes of managers and their partners, which are sometimes difficult to discover except by a specialized expert.

6. Field study: opinion survey among a sample of legal auditors

In order to project the theoretical aspect onto practical reality and to obtain results making it possible to respond to the problem posed and to test the established hypotheses, a survey was carried out to find out the processes by which certain managers embezzlefunds from the entity, and to emphasize the importance of good training and experience of the legal auditor in the detection of crimes committed and to show the role of reporting to the public prosecutor, to limit the spread of financial crimes in companies and organizations, we tried to obtain the opinions of a sample of legal auditors.

6.1 study methodology

6.1.1. Population and sample studied

The study population is made up of legal auditors… in order to obtain as many opinions as possible to enrich the study, 30 paper forms and 30 electronic forms were distributed, for a total of 60 forms, and 52 valid forms were collected to conduct the study.

Table No. (01): Statistics of questionnaire forms

Forms	Paperforms		Electronicforms		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Distributed forms	**30**	**100**	**30**	**100**	**70**	**100**
Canceled forms	**06**	**20**	**02**	**6.7**	**08**	**13.3**
Formssuitable for analysis	**24**	**80**	**28**	**93.3**	**52**	**86.7**

Source: Prepared by the researcher from the questionnaire

6.1.2. Statistical tools used in the analysis

The SPSS 26 statistical package program was used to transcribe and process the questionnaire data. Both descriptive statistics tools (frequencies, percentages, arithmetic means, and standard deviations) and inferential statistics tools (Chrombach's alpha coefficient, T-Test) were used to process the data and arrive at results based on indicators that explain it.

The three-way Likert scale shown in the following table was also used:

Table No. (02): Three-way Likert scale and ordinal weights for the weighted arithmetic mean

Category	Not agree	Neutral	Agree
Grade or weight	1	2	3
Weighted arithmetic average	$[1 - 1.66]$	$[1.67 - 2.33]$	$[2.34 - 3]$

Source: Prepared by the researcher based on the tripartite Likert scale

To convert the descriptive responses into a quantitative form, a three-way Likert scale was used, where the response to each statement included in the questionnaire receives weights ranging from 01 to 03 depending on the degree of agreement or disagreement of the responding in all three areas. An ordinal weight is assigned to the previous three weights to give meaning to the arithmetic mean, and a weighted arithmetic mean is assumed, to compare it with the actual arithmetic mean of the questionnaire responses and to investigate whether there is a statistically significant difference in the significance level of 0.05.

6.1.3. Testing the reliability and validity of the questionnaire

The questionnaire included 21 statements divided into 3 axes. Each axis included 7 appropriate statements to accept or reject each hypothesis.

Table No. (03): Results of Cronbach's alpha coefficient test

Questionnaire Axis	Number of sentences	Coefficient alpha	Validity coefficient
1- Operations that certain managers can exploit to commit financial crimes	7	0.77	0.87
2- Factors that help legal auditor to discover criminal acts committed	7	0.85	0.92
3- Procedures for the auditor's declaration of discovered criminal acts to the public prosecutor	7	0.89	0.94
All axes	**21**	**0.83**	**0.91**

Source: Prepared by the researcher based on the results of SPSS

In order to test the reliability of the questionnaire, the indicator (Chrombach's alpha) was used. The previous table n°03 shows that the reliability coefficients are high, ranging between 0.77 and 0.89. Thus, the presence of high reliability and the validity of the study tool indicates the consistency of the statements.

6-2- General characteristics of the study sample

First: Displaying demographic information: The demographic information that describes the study sample can be displayed in the following table:

Table No. (04): Description of the characteristics of the study sample

Distribution standard		Repetition	%	Distribution standard		Repetition.	%
Age	Under 35 years old	04	07.7	Professional experience	Under 05 years old	07	13.5
	From 35 to 45 years	08	15.4		From 05 to 15 years	10	19.2
	From 45 to 55 years	25	48.1		From 15 to 25 years	23	44.2
	More than 55 years	15	28.8		More than 25 years	12	23.1
sum		**52**	**100**	sum		**52**	
Qualification	Bachelor's degre	40	76.9	Function	"Commissaire aux Comptes"	16	30.8
	Master	03	05.8				
	"Magistère"	05	09.6		Accounting expert	36	69.2
	Doctorate	04	07.7				
sum		**52**	**100**	**sum**		**52**	

Source: Prepared by the researcher based on the results of SPSS

Second: Analysis of demographic information:

From Table No. 04 we note that:

- **Age group**: The group that responded most to the questionnaire was the group from 45 to 55 years old with a rate of 48.1%, followed by the group over 55 years old with a rate of 28.8%, then the group from 35 to 45 years old with a rate of 15.4%, and finally the group under 35 years old with a rate of 7.7%.

- **Academic qualification**: The category that most participated in the questionnaire were bachelor's degree holders with a rate of 76.9%, followed by the" magister's holders category with a rate of 09.6%, then the doctorate holders category with a rate of 07.7%, and finally the master's holders with a rate of 05.8%.
- **Professional experience**: The category that most participated in the questionnaire was the category that had experience from 15 to 25 years, at a rate of 44.2%, followed by the category that had experience for more than 25 years, at a rate of 23.1%, then the category that had experience from 5 to 15 years, at a rate of 19.2%, and finally the category 13.5% of those with less than 5 years of experience.
- **Function**: The category that participated most in the questionnaire was the category of "Commissaire aux Comptes", at a rate of 69.2%, followed by the category of accounting experts, at a rate of 30.8%.

6.3. Analysis of the questionnaire results:

6.3.1. The first axis: Operations that some managers can exploit to commit financial crimes

The following table No. (05) shows the results of the questionnaire related to the first axis.

Table No. (05): Results of the questionnaire on the first axis

statements	Repetition Percentage	Not agree	Neutral	Agree	Arithmetic verage	**Standard deviation**	**General sample trend**
1-Regulated agreements can be exploited by managers to embezzle company funds.	Rep	**04**	**06**	**42**	**2.48**	**0.45**	Agree
	%	**07.7**	**11.5**	**80.8**			
2- When concluding a regulated agreement, the amounts can be inflated for the benefit of the other party to the detriment of the company	Rep	**07**	**11**	**34**	**2.35**	**0.47**	Agree
	%	**13.5**	**21.1**	**65.4**			
3-Managers' salaries can be used to embezzle company funds.	Rep	**09**	**12**	**31**	**2.28**	**0.53**	Neutral
	%	**17.3**	**23.1**	**59.6**			
4-The legislator obligated auditor to verify the highest wages because they represent managers's wages	Rep	**05**	**07**	**40**	**2.45**	**0.38**	Agree
	%	**09.6**	**13.5**	**76.9**			
5-Granting benefits to workers can be exploited by managers to embezzle company funds.	Rep	**08**	**10**	**34**	**2.34**	**0.50**	Agree
	%	**15.4**	**19.2**	**65.4**			
6-Presenting the evolution of the result helps the auditor to detect a case of exaggeration of the result	Rep	**13**	**16**	**23**	**2.13**	**0.54**	Neutral
	%	**25**	**30.8**	**44.2**			
7-Weak internal control system can be exploited to embezzle company funds	Rep	**08**	**08**	**36**	**2.36**	**0.50**	Agree
	%	**15.4**	**17.3**	**67.3**			
Statistical indicators and the general trend of the first axis					**2.34**	**0.48**	**Agree**

Source: Prepared by the researcher based on the results of SPSS

- **First: Analyzing the results of the first axis**

- The general trend for this axis was (agree) based on the results of Table No. (05), where the sample members agree that there are several operations that some managers can exploit to embezzle the company's funds. For this reason, the Algerian legislator forced the auditor to perform special tasks related to those operations and to complete a report. Specific to each process, the arithmetic mean was 2.34, meaning (agree), while the standard deviation was 0.48, indicating that there was no significant variation in the answers.
- **Regarding the first statement**: We note that 80.8% of the sample agreed that structured agreements can be considered a process that managers can exploit to embezzle the company's funds because they are concluded between the company being audited and another company in which the managers have interests.
- **Regarding the second statement**: 65.4% of the sample agreed that when concluding a structured agreement, the amounts can be inflated so that the other party benefits at the expense of the company, as the company pays amounts that far exceed the amounts applied in the market.
- **Regarding the third statement**: We note that 17.3% of the sample members do not see that managers' wages are exploited to embezzle company funds, and 59.6% of them see the opposite, which prompted the rest (23.1%) to take a neutral position because exploiting managers' wages to embezzle company funds requires complicity. Accountant, the general trend of the sample was (neutral).
- **Regarding the fourth statement:**We note that 76.9% of the sample agreed that the Algerian legislator forced the auditor to verify the validity and legitimacy of the highest wages because they usually represent the wages of managers, so the general trend of the sample was (Agree).
- **Regarding the fifth statement**: We note that 65.4% of the sample agreed that the process of granting benefits to workers could be a process that managers exploit to embezzle the company's funds, such as inflating amounts or invoices or adding workers that do not exist...
- **Regarding the sixth statement**: The opinions of the sample members differed, as 25% do not believe that displaying the development of a result helps the bookkeeper detect a case of exaggeration of the result by management, while 44.2% of the sample members see the opposite, which prompted the rest (30.8%) to take a position. Neutral, and this discrepancy has the largest standard deviation of the axis (0.54).
- **Regarding the seventh statement**: We note that 67.3% of the sample agreed that a weak internal control system can be exploited to embezzle the company's funds because he is supposed to be the company's primary protector, so the legislator forced the auditor to complete a report on the procedures of the internal control system, and also examine it. It is good to conclude whether to reduce or increase the size of audit samples.

❖ **Second: Testing the first hypothesis**

- **Null hypothesis**: There are several operations that some executives can exploit to embezzle the funds of companies and bodies.
- **Alternative hypothesis**: There are several operations that some managers can exploit to embezzle the funds of companies and bodies

Table No. (06): T-test for the first hypothesis

Sample volume	Arithmetic average	Standard deviation	T-test	Degree of freedom	Significance LevelSig	Average difference	Confidence interval 95% of the difference	
							Lower	Superior
52	2.34	0.48	14.525	51	0.0000	28.238	27.331	29.341

Source: Prepared by the researcher based on the results of SPSS

From table n° (06) we note that the arithmetic mean for the first axis of 2.34 is greater than the mean of the measurement tool and the level of statistical significance is less than the degree of significance ($\alpha = 0.05$), and therefore we reject the null hypothesis and accept the alternative hypothesis: "**There are several operations that some executives can exploit to embezzle the funds of companies and organizations**."

6.3.2. The second axis: Factors that help legal auditor to discover criminal acts committed

The following table No. (07) Shows the results of the questionnaire related to the second axis.

Table No. (07): Results of the questionnaire on the second axis

statements	Repetition Percentage	Not agree	Neutral	Agree	Arithmetic verage	Standard deviation	General sample
1- The auditor is aware that perpetrators of financial crimes .hide them so well that they are difficult to detect	Rep	0	06	46	2.59.	0.24	Agree
	%	//	11.5	88.5			
2- The initial basic training and ongoing training for the auditor helps him discover financial crimes	Rep	06	08	38	2.41	0.47	Agree
	%	11.5	15.4	73.1			
3- The auditor's experience and acumen help him discover financial crimes.	Rep	04	07	41	2.47	0.44	Agree
	%	07.7	13.5	78.8			
4- Working according to high-quality auditing standards .helps the auditor detect financial crimes	Rep	08	11	33	2.32	0.51	Neutral
	%	15.4	21.1	63.5			
5- Compliance with the rules of ethics on the part of the auditor helps him to discover financial crimes.	Rep	03	05	44	2.52	0.41	Agree
	%	05.8	09.6	84.6			
6- The implementation of necessary professional due diligence by the auditor helps him detect financial crimes	Rep	0	02	50	2.64	0.19	Agree
	%	//	03.8	96.2			
7- Applying the rule of professional skepticism helps the auditor detect financial crimes	Rep	05	06	41	2.46	0.45	Agree
	%	09.6	05.8	94.2			
Statistical indicators and the general trend of the second axis					2.49	0.39	Agree

Source: Prepared by the researcher based on the results of SPSS

❖ **First: Analyzing the results of the second axis**

The arithmetic mean for the second axis was (2.49), which made the general trend for this axis be (Agree) based on the results of Table No. (07), where the sample members agree that there are several factors that help the legal auditor discover committed and well-hidden misdemeanor acts, such as his good training, his experience and good application of audit procedures, in addition to adherence to the rules of ethical conduct.

- **Regarding the first statement**: We note that 88.5% of the sample agreed that the legal auditor is aware that the perpetrators of financial crimes cover them up so well that it is difficult to discover them because they are aware of the risks of discovering them.
- **Regarding the second statement:** 73.1% of the sample agreed that the initial basic training and the ongoing training of the legal auditor help him discover financial crimes. Therefore, the training of the auditors was reconsidered by creating a specialized training institute for legal auditor and accounting experts and holding a competition to join it to select the elite students.
- **Regarding the third statement:** We note that 78.8% of the sample agreed that the experience and acumen the auditor helps him discover financial crimes, as he acquires that experience over time and through his interaction with experienced colleagues and his auditing of various companies without neglecting his continuous training, attending international conferences, and being informed of events, and everything that is new in his profession.
- **Regarding the fourth statement:** The general trend of the sample was (neutral) due to a slight discrepancy in the opinions of the sample members, as 15.4% do not believe that working according to high-quality auditing standards helps the bookkeeper detect financial crimes, and 63.5% of the sample members see the opposite, which prompted the remainder (21.1%) decided to take a neutral position because the requirements of auditing standards do not indicate the method of detecting financial crimes.
- **Regarding the fifth statement:** We note that 84.6% of the sample agreed that the auditor's commitment to the rules of professional conduct, including integrity, independence, objectivity, professional diligence, and professional competence, helps him discover financial crimes, as he does not neglect any step of the audit.
- **Regarding the sixth statement:** We note that most of the sample members (96.2%) agreed that exercising of the necessary professional due diligence by the auditor helps him detect financial crimes, and this is what is really required of legal auditors, as they are obligated to provide the means, not the results, and in this case they can detect financial crimes while performing their duties and not searching for them.

- **Regarding the seventh statement**: We note that 94.2% of the sample agreed that adhering to the rule of professional skepticism helps the bookkeeper discover financial crimes, as he does not trust or accuse anyone, but rather does his work in the best way and applies the necessary auditing procedures.

❖ **Second: Testing the second hypothesis**

Null hypothesis: There are no several factors that help the legal auditor detect financial crimes committed in companies.

Alternative hypothesis: There are several factors that help the legal auditor uncover financial crimes committed

Table No. (08): T-test for the second hypothesis

Sample volume	Arithmetic average	Standard deviation	T-test	Degree of freedom	Significance LevelSig	Average difference	Confidence interval 95% of the difference	
							Lower	Superior
52	2.49	0.39	13.479	51	0.0000	26.211	25.384	27.247

Source: Prepared by the researcher based on the results of SPSS

❖ **From Table n° (08),** we note that the arithmetic mean of the second axis, 2.49, is greater than the mean of the measurement tool and the level of statistical significance is less than the degree of significance ($\alpha = 0.05$), and therefore we reject the null hypothesis and accept the alternative hypothesis, which states, "**There are several factors that help legal auditor uncover financial crimes committed in companies**."

6.3.3.The third axis: Procedures for the auditor's declaration of discovered criminal acts to the prosecutor

The following table n°. (09) Shows the results of the questionnaire related to the third axis

Table No. (09): Results of the questionnaire on the third axis

statements	Repetition Percentage	Not agree	Neutral	Agree	Arithmetic verage	Standard deviation	General sample trend
1- When auditor discovers questionable act, he must ensure that it is material and significant and not simply an error or omission.	Rep	0	0	52	2.67	0	Agree
	%	//	//	100			
When a questionable act is discovered the auditor 2. conducts the research he deems necessary to be convinced .of the criminal merit of that act	Rep	0	04	48	2.62	0.15	Agree
	%	//	07.7	92.3			
.3When a questionable act is discovered the auditor must identify the effects of the discovered act, the aim pursued, and identify the people involved.	Rep	05	07	40	2.45	0.44	Agree
	%	09.6	13.5	76.9			
4- The declaration shall not be made until the auditor has carried out all appropriate investigations to understand and .control the discovered act.	Rep	0	06	46	2.59	0.24	Agree
	%	//	11.5	88.5			
5- The auditor is obligated to inform the public prosecutor	Rep	0	05	47	2.61	0.21	Agree

of the misdemeanor acts he has become aware of, otherwise he will be punished.	%	//	**09.6**	**90.4**			
6- In complex cases, the auditor can request a meeting with the public prosecutor to inform him verbally of his findings.	Rep	**3**	**9**	**40**	**2.48**	**0.36**	**Agree**
	%	**05.8**	**17.3**	**76.9**			
7-The compulsory declaration by the auditor of criminal acts to the public prosecutor reduces financial crimes	Rep	**04**	**06**	**42**	**2.49**	**0.39**	**Agree**
	%	**07.7**	**11.5**	**80.8**			
Statistical indicators and the general trend of the third axis					**2.56**	**0.25**	**Agree**

.**Source**: Prepared by the researcher based on the results of SPSS

❖ **First: Analyzing the results of the third axis**

The general trend for this axis was (Agree) with a mean of 2.56 and a very small variance (0.25), as the sample members agree that there are procedures carried out by the auditor before declaring the discovered criminal acts to the public prosecutor, such as ascertaining the essence of the discovered act and conducting the necessary research to ensure that the discovered act bears a criminal character, then listing the consequences of the act and the people involved in it. This is a duty according to the law, and this obligation limits the spread of such crimes.

- **Regarding the first statement:** We note that all members of the sample agreed that when the auditor discovers a questionable act, he must ensure that it is material and significant and not simply an error or omission, so as not to wrong anyone.
- **Regarding the second statement:** 92.3% of the sample agreed that when a questionable act is discovered, the auditor conducts the research he deems necessary to be convinced of the criminal merit of that act, as the arithmetic mean was 2.62 with the smallest standard deviation on the axis (0.15).
- **Regarding the third statement:** The arithmetic mean was 2.45, with the largest variance of the axis (0.44), where 78.8% of the sample agreed that when a suspicious act is discovered, the auditor must list the consequences of the discovered act and the pursued target, and identify the persons responsible.
- **Regarding the fourth statement:** 88.5% of the sample agreed that misdemeanor acts discovered by the auditor are not reported to the Public Prosecutor until he has carried out all appropriate investigations to understand and control the discovered act.
- **Regarding the fifth statement:** We note that 90.4% of the sample agreed that the auditor is obligated to inform the Public Prosecutor of the misdemeanor acts he has become aware of, otherwise he will be punished according to the law, with no differences in answers (standard deviation 0.21).
- **Regarding the sixth statement:** We note that 76.9% of the sample agreed that in complex cases, the auditor can request a meeting with the public prosecutor to inform him verbally of his discoveries and guide him to the procedures to be followed.

- **Regarding the seventh statement:** We note that 80.8% of the sample agreed that the compulsory declaration by the auditor of misdemeanor acts discovered during the performance of his duties to the public prosecutor reduces financial crimes because those involved are aware of the risks that result from the declaration process.

❖ **Second: Testing the third hypothesis**

- **The null hypothesis**: Obligating the auditor to declare to the Public Prosecutor the criminal acts he discovers does not limit the spread of financial crime in companies.
- **Alternative hypothesis**: Obligating the auditor to declare to the Public Prosecutor the misdemeanor acts he discovers limits the spread of financial crime in companies.

Table No. (10): T-test for the third hypothesis

Sample volume	Arithmetic average	**Standard deviation**	T-test	**Degree of freedom**	**Significance LevelSig**	**Average differenc**	Confidence interval 95% of the difference	
							Lower	Superior
52	**2.56**	**0.25**	**121.13**	**51**	**0.0000**	**115.26**	**211.25**	**413.27**

Source: Prepared by the researcher based on the results of SPSS

From table n° (10), we note that the arithmetic mean of the third axis, 2.56, is greater than the mean of the measurement tool and the level of statistical significance is less than the degree of significance ($\alpha = 0.05$), and therefore we reject the null hypothesis and accept the alternative hypothesis, which states that "**Obligating the auditor to declare to the Public Prosecutor the misdemeanor acts he discovers limits the spread of financial crime in companies**."

7. Conclusion:

This research focused on the nature of financial corruption and the laws to combat it, as well as the special tasks of the legal auditor in uncovering financial crimes and how to report them to the prosecutor. A questionnaire was also designed and distributed to the legal auditors who approved most of his statements. The followingresultswereobtained:

- ❖ Some managers take advantage of organized agreements to embezzle the company's funds by inflating the amounts for the benefit of the other party in whom they have interests, directly or indirectly, at the company's expense;
- ❖ Some managers exploit the process of granting cash or in-kind benefits to employees to embezzle the company's funds by inflating amounts and invoices or including the names of fictitious workers;
- ❖ Some managers make the company's internal control system weak so that they can launder or embezzle money;
- ❖ The Algerian legislator obligated the auditor to perform some special tasks to limit the spread of financial corruption crimes in companies;
- ❖ Good and continuous training, working in accordance with high-quality auditing standards, and exercising the necessary professional diligence will help the legal auditor detect financial crimes;
- ❖ The Algerian legislator sees in the legal auditor an assistant to justice in the company, that is, a person who can uncover the crimes of the managers and their partners, which are sometimes difficult to discover except by a specialized expert;

- The compulsory declaration by the legal auditor of criminal acts to the public prosecutor reduces financial crimes.

8. Recommendations:

- In order to achieve the objectives of this research, it was crowned with the following recommendations:
- The necessity of introducing mandatory continuous training for legal auditors to maintain a reasonable level of knowledge and skills;
- Strengthening the role of the auditor in monitoring companies, especially with regard to reporting the misdemeanor acts he discovers during the performance of his mission to the Public Prosecutor;
- The necessity of introducing a law to protect the legal auditor so that he can perform his role as an assistant to justice in companies;
- The necessity of opening a training institute specialized in training auditors and accounting experts and conducting an admission competition with all integrity to select outstanding students to train them as future legal auditors so that they can combat financial crime in economic companies;
- The need to tighten the penalty for crimes of financial corruption, including embezzlement and money laundering;
- Involving everyone in combating financial corruption, seeding moral values, and instilling religious awareness in the minds of future generations.

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