

The Extent of Contribution of Coso Report in Improving the Internal Control at the Industrial Companies at Amman Stock Exchange

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Abstract

This study aimed to identify the extent to which the application of principles of the report coso (Ybaih control, risk analysis, and control activities, information and communication, and monitoring) in the case of its application in Jordan - the improvement of the internal control in industrial companies listed Jordanian in Amman Financial Market, for a sample of (55) industrial company publicly listed in the Amman Stock Exchange in 2014, and to achieve the objectives of the study were designed model of the questionnaire contained the five areas and distributed to internal auditors in industrial companies.

The results showed that companies that industrial corporations agree and dramatically that if the obligation to apply the principles of self coso the internal control system will improve dramatically and will be the provision of waste in production and reduce production costs , which helps in strengthening the competitive position of the company, and that the commitment to industrial companies in Jordan, the principle of the internal control environment contained within the standard coso internal control works to improve the internal control system which , as the results showed that the commitment of industrial companies in Jordan to the principle of risk assessment, internal control , and the principle activities of internal controls contained within the standard coso internal control are working to improve the system of internal control where .

Keywords: Coso report, internal auditors, internal control

Introduction

The internal control system at the industrial companies is the protective wall that prevents mischief and stealing the assets of the company, and maintains a reasonable level of efficiency in controlling costs of production, which eventually enhances the competitive position of the company among the similar companies in the same sector. Laws and international reports support the protection of the properties of the company, so we aimed at examining the effects of employing Coso report for internal control on improving internal control at the Jordanian industrial companies listed in Amman stock exchange(ASE), which provides real motivation for adopting the principles of Coso report and inviting Jordanian companies to apply it, in order to enhance the strength of the internal control systems at the companies employing the report.

Problem of the Study

- 1- Will implementing Coso report in Jordan contribute to the improvement of internal control at the industrial companies listed in (ASE)?
 - a- Does the principle of control setting contribute to the improvement of internal control at the industrial companies listed in (ASE)?
 - b- Does the principle of evaluating risks contribute to the improvement of internal control at the industrial companies listed in (ASE)?
 - c- Does the principle of control activities contribute to the improvement of internal control at the industrial companies listed in (ASE)?
 - d- Does the principle of information and communications contribute to the improvement of internal control at the industrial companies listed in (ASE)?
 - e- Does the principle of control contribute to the improvement of internal control at the industrial companies listed in (ASE)?

Aims of the Study

This study aimed at identifying the scope of contributions of the application of Coso report (control setting, analysis of risks, control activities, information and communications, and control), if applied in Jordan, to the

improvement of internal control at the industrial companies listed in (ASE).

Importance of the Study

The importance of this study is related to need for activating internal control system at the Jordanian industrial companies , because Coso report is an effective control system capable of enhancing the internal control process at any sector in which it is applied, which activates the internal control system and decreases waste of resources and supports the competitive position at the companies that apply the report, and various parties will benefit from this study ,such as management ,financial analysts and the relevant governmental agencies.

Hypotheses of the Study

First hypothesis: implementing Coso report will not contribute-if applied in Jordan- to the improvement of internal control at the industrial companies listed in (ASE).

From this main problem, the following minor problems can be derived:

- The principle of control setting does not contribute to the improvement of internal control at Jordanian industrial firms listed in (ASE).
- The principle of risks' analysis does not contribute to the improvement of internal control at Jordanian industrial firms listed in (ASE).
- The principle of control activities does not contribute to the improvement of internal control at Jordanian industrial firms listed in (ASE).
- The principle of information and communications does not contribute to the improvement of internal control at Jordanian industrial firms listed in (ASE).
- The principle of control does not contribute to the improvement of internal control at Jordanian industrial firms listed in (ASE).

Review of Literature

1- John Kyriazoglou (2011) COSO 2011 Draft - Comments and Recommendations.

This document contains the details comments and recommendations of John Kyriazoglou (credentials at the end of this document) as the result of reviewing the 2011 COSO Draft Exposure, These relate to a variety of issues, such as: Comparison of new COSO (2011 version) to COSO 1992 Model, Using and applying new COSO framework, Strategy, Importance of strategy, Strategic and operational control, Objectives, Objective setting and internal control, General business goals, Business objectives, Principles, Internal Control Activities, Preventive and Detective controls, The role of the board in strategy, Lines of Defense, Performance Measures, Performance and risks, Role of board and management in performance, Role of board and management in accountability for internal control, Role of data privacy officer, Technology general controls, General IT Controls, Application Systems Controls, Safeguarding of assets, Audit trail, Compliance measurement, Business process control activities and Glossary.

2- Rezaee (1995) "What the COSO report means for internal auditors".

There have been new interests in internal control and the COSO report represents a milestone in the evolution of internal control. The business community and accounting profession reactions to the COSO report have been positive in the USA. The provisions of the COSO report help organizations to understand and appreciate better the value and importance of internal control; they also expand the elements and components of internal control, and provide guidelines for establishing criteria against which all entities can assess the adequacy and effectiveness of their internal control systems. The COSO report should provide a great implication for organizations' internal audit functions and have a significant positive impact on the better recognition of the proactive role of internal auditors.

3-The study of Gürhan,2010 (Human Resource Management in COSO Internal Control: Integrated Framework.

COSO perceives human resource management (HRM) as an organizational governance technic. Because COSO aims to increase efficiency and effectiveness of business operations, reliability of financial reporting, and compliance with applicable laws and regulations. Therefore, for example, in COSO HRM policy and practices should enable organizations to achieve organizational goals and objectives. Moreover, HRM is to find out best-ability and capable employees for managerial positions. In addition, organizations have to make training needs analysis for each tasks, and should develop training plans for each year. HRM in COSO is capability development and performance assessment. Therefore, HRM in COSO associates organizational tasks with performance of employees. Therefore, COSO internal control system has HRM-specific principles such as staffing, training, performance evaluation and reward. In addition, COSO today extends from organizational governance to corporate governance, and not only covers internal control framework but also includes enterprise risk management.

4-study of Parveen,2008 (" Management's evaluation of internal controls under Section 404(a) using the COSO 1992 control framework: Evidence from practice").

A large number of surveys and research studies have been conducted on documenting the costs and benefits of implementing Section 404 internal control certification requirements. Overall, these studies conclude that for companies of all sizes — accelerated and nonaccelerated filers — costs far outweigh the benefits and sustaining compliance with Section 404 at such high costs would make US capital markets much less competitive in future. None of these research studies, however, have focused on utilizing one of the most key aspects of SOX 404 implementation — that is, how companies are utilizing the COSO 1992 control framework to carry their mandate under Section 404(a). Although the COSO Committee had issued in 2004 an ERM-based control framework, the COSO 1992 control model has remained the framework of choice for majority of the companies so far that have filled their Section 404 certifications. This research paper attempts to understand how the guidance presented in this control model is being utilized by documenting the current implementation practices at a cross-section of the SEC registrants. By utilizing the responses of 374 survey participants from companies of all sizes, this research study documents that companies are relying more on the internal control auditing standard than utilizing the guidance provided in the COSO 1992 control framework to conduct their ICFR evaluations. Such a significant nonreliance on the most widely cited control model should be of concern to the audit committees, senior company managers, external and internal auditors, standard-setting and regulatory agencies in the US and abroad as various other countries assess the practicality and viability of implementing similar rules in their jurisdictions. Given the findings reported in this research paper, investors may question the robustness of ICFR assessment assurances provided to them by the companies in their Section 404(a) management reports, audit committees may wonder if they are being provided with a false-sense of security that their company's ICFR is effective. Similarly, external auditors may question the basis of their client's claim that they have conducted the ICFR assessment 'in accordance with the COSO 1992 Framework.' Policy makers may question whether there is a need to more formally evaluate the suitability of the COSO 1992 control framework for Section 404(a) assessments and if there is a need to develop a set of generally accepted control assessment standards that would provide direct and practical guidance to company managements in conducting their internal control evaluations.

5- study of Lana Lowe Becker,2010 (Using the COSO model of internal control as a framework for ethics initiatives in business schools

This paper proposes a comprehensive framework for monitoring, evaluating and improving ethics education in business programs. This proposal is based on the COSO Model of Internal Control that enjoys widespread acceptance by accounting practitioners in the United States. The paper concludes with suggestions for using this framework to guide the development of ethics initiatives by business schools and to the evaluation of such initiatives by accreditation agencies.

6- study of sean,2012 (Internal Controls Integrated Framework: Response to COSO Public Draft Exposure)

On 19 December 2011 the Committee of Sponsoring Organizations of the Treadway Commission (COSO) published a draft exposure of their long awaited upgrade of the 1992 Internal Controls - Integrated Framework (ICIF). This draft exposure was open for public comment until 31 March 2012. COSO's goal in updating the framework is to increase its relevance in the increasingly complex and global business environment so that organizations worldwide can better design, implement, maintain and assess internal control. Given the passage of time since 1992, the dramatic changes which have occurred, and the recent events which have highlighted weaknesses in existing corporate frameworks, an improved approach is required in order to better safeguard the interests of the stakeholders. This submission addresses this issue from two perspectives the first Comments in Relation to the Draft Exposure Comments in relation to certain aspects of the draft exposure itself which require further consideration so that they can perhaps be improved upon where possible. These include both general and specific observations, and the second Requirement for a More Holistic Interdisciplinary Framework The fundamental requirement to develop an expanded interdisciplinary integrated framework, above and beyond the boundaries of the draft exposure. The objective here is to help focus attention on the broader context of raising the bar in improving organizational performance and oversight.

Methodology of the Study

Population and Sample

The population of the study comprises the internal auditors at the Jordanian industrial companies listed in (ASE), whose number is 78 company according to Amman's stock market website in 2014. In terms of the sample, 55 companies were chosen randomly and received the questionnaire of the study, (2 questionnaires for each company, with a total of: 110). 104 questionnaires were returned, and four were excluded, then the number of questionnaires analyzed was 100, with a percentage of 90%.

Data collection Method

Sources of Data for the Study

The Sources of the Data in this Research Paper can be divided as follows:

The data for this study were derived from two sources: the first source is the secondary sources, relying on the relevant books, theses and articles, as well as laws in order to formulate the hypotheses of the study, and this study can be described as a field study that collects primary data by means of a questionnaire designed by the author based on Coso report.

Tool of the study:

The researcher prepared and designed a questionnaire incorporating clear and accurate items that answer the hypotheses of the study, and the questionnaire was divided into two sections:

Section one: related to the demographic characteristics of the sample of the study, in terms of qualification, academic specialization, and the years of experience.

Section two: is dedicated to questions that answer the main hypothesis, which includes five minor hypotheses, with 30 items; 6 items for each hypotheses.

Analysis of data related to the demographic characteristics of the study:

The results of analysis of the descriptive factors of the study in terms of academic qualification, academic specialization and years of experience :

Table 1: demographic characteristics of the sample

The variable	Level	frequency	percentage	Accumulative percentage
Academic qualification	Diploma	14	14%	14%
	B.A	63	63%	77%
	MA	20	20%	97%
	PhD	3	3%	100%
	Total	100	100%	
Academic specialization	Accounting	84	84%	84%
	Business	4	4%	88%
	Banking and finance	12	12%	100%
	total	100	100%	
Years of experience	Less than 5 years	7	7%	7%
	5-less than 10 years	33	33%	40%
	10-less than 15 years	30	30%	70%
	More than 15 years	30	30%	100%
	total	100	100%	

-Academic Qualification

Table 1 shows that the highest percentage among the sample of the study in terms of the academic qualification variable is the BA degree with a percentage of (63%), followed by MA degree (20%), and then PhD degree (3%).this affirms that the population of the study belongs to the educated people, with 86% of the subjects of the study having higher education degrees, which supports the reliability of the results of the study.

-Academic Specialization

Table 1 shows that the highest percentage of the subjects in the sample, in terms of the academic specialization is accounting (84%), followed by business (12%), while the lowest percentage was in law (4%). The majority of the subjects in the sample were specialized in accounting, and those are the most capable of evaluating the effect of applying Coso report on improving the internal control.

-Years of Experience

It is shown in table 1 that the majority of the subjects in the sample of the study had 5-less than 10 years of practical experience (33%), followed by those with 10-15 years , and then those with more than 15 years.(30% each), and the lowest category was related to those with less than 5 years of experience (7% of the sample).most of the subjects in the study have more than 101 years of experience , which makes the study results reliable.

Tests for the Tools of the Study

Reliability of the Tool

Reliability of the tool of the study was tested through cronbach alpha , in order to check the reliatability of the results in similar conditions and on the same subjects, the test yielded a value of (86%), which indicates the internal consistency of the items of the questionnaire, because they are above the acceptability level of 60% (Al-Najjar,2013,203). Analysis of the data showed that the reliability of the items is very high.

-Validity of the Content

Which means that the items represent the domain they belong to, and here, the correlation values above 30% were used, and with statistical significance at the level of (5 %) sekaran, 2013, p 87 mulhatra, 2004, p268).

Table 2 Results of Pearson coefficient test for using Coso report in improving the internal control at Jordanian industrial companies

item	Pearson coefficient	item	Pearson coefficient
1	**0.521	16	**0.663
2	**0.497	17	**0.661
3	**0.566	18	**0.667
4	**0.472	19	**0.666
5	**0.436	20	**0.662
6	**0.633	21	**0.621
7	**0.424	22	**0.558
8	**0.505	23	**0.598
9	**0.536	24	**0.601
10	**0.552	25	**0.621
11	**0.545	26	**0.600
12	**0.531	27	**0.614
13	**0.570	28	**0.619
14	**0.665	29	**0.618
15	**0.619	30	**0.634

** Correlation coefficient is statistically significant at $\alpha \leq 0.01$

The table above shows that the correlation of all the items related to the relation between the applying coso report principles and improving the internal control was above 30% and statistically significant at the level $\alpha \leq 0.05$.

(1-Sample K-S) Test

(1-Sample K-S) Test was conducted in order to identify whether the data follow a natural distribution or not, which is an important test in hypotheses testing because most experimental tests require natural distribution for data. Results of statistical analysis showed that value of significance is above $\alpha \leq 0.05$. This shows that data follows a natural distribution, and the following table shows that.

Table 3 Test (1-Sample Kolmogorov- Smirnov)

domain	Domain title	Number of items	Z value	Value of significance level
First	Internal control setting	6	1.14	**0.39
Second	Analysis of risks	6	0.83	**0.33
Third	Control activities	6	1.05	**0.21
Fourth	Information and communications	6	1.10	**0.23
Fifth	Control	6	1.18	**0.18
All items		30	0.84	**0.41

** With significance level at $\alpha \leq 0.05$.

Table three shows that all the domains of the study had a significance level above (30%), so we conclude that the responses of the subjects to items of tool had natural distribution.

Analysis and discussion of results and testing the hypothesis:

The first main hypothesis: implementing Coso report will not contribute-if applied in Jordan- to the improvement of internal control at the industrial companies listed in (ASE).

And from which , we discuss the first minor hypothesis: The principle of control setting does not contribute to the improvement of internal control at Jordanian industrial firms listed in (ASE).

Table 4 Trends of the sample of the study in terms of the contribution of control setting in Coso report to the improvement of internal control at Jordanian industrial companies listed in (ASE) :

	Item	mean	Standard deviation
1	The management at the company is strongly determined to activate internal control system which provides the opportunity to apply Coso report	4.00	0.96
2	There is a clear organization of tasks and missions among employees	3.98	0.94
3	Employees have academic and practical qualifications required for controlling operations and improving performance and operations at the company	3.86	1.07
4	Management prepared plans are distributed among employees in order to be achieved	3.85	1.00
5	Management is concerned with internal control for the purposes of supporting internal control	3.79	1.09
6	The management structure at the company facilitates the organization and division of labor as well as the activation of internal control role in supporting operations at the company	3.76	1.00
total		4.06	0.53

The table above shows that all the items of the first domain had means above (4), and the mean and standard

deviation of the hypothesis were (4.06) and (0.53) respectively. This shows that the subjects confirm that the company's commitment to the principle of internal control setting based on Coso report provides an important support for internal control activities and renders control more efficient. The item which confirmed this hypothesis is the one saying "The management at the company is strongly determined to activate internal control system which provides the opportunity to apply Coso report" which had a mean of (4.00) and a standard deviation of (0.96), which confirms the aim of the company at enhancing its control system through the application of coso report.

The result of first hypothesis testing:

In order to test the first hypothesis , which states that : implementing Coso report will not contribute-if applied in Jordan- to the improvement of internal control at the industrial companies listed in (ASE)", One Sample T-Test was used. Table 5 shows the results of this test.

Table 5 One Sample T-Test for the domain of internal control setting and its contribution to the improvement of internal control at industrial companies:

Domain	mean	SD	Calculated T value	Independence degree	Statistical significance
Internal control setting and its contribution to the improvement of internal control at industrial companies	4.06	0.53	20.20	99	*0.000

* With significance level at $\alpha \leq 0.05$.

Table 5 shows the results of t-test for the first minor hypothesis. The results suggest that t value is (20.20) with a significance level of (0.000), which is below the statistical significance level of $\alpha \leq 0.05$, so , the first hypothesis was rejected and the alternative hypothesis adopted , that " internal control principle in Coso report contributes to the improvement of internal control at Jordanian industrial firms listed in (ASE)".

Discussion of the second minor hypothesis: the hypothesis states that "The principle of risks' analysis does not contribute to the improvement of internal control at Jordanian industrial firms listed in (ASE)".

Table 6 Trends of the subjects of the sample in terms of the contribution of principle of risks' analysis in Coso report to the improvement of internal control at Jordanian industrial companies listed in (ASE):

	Item	mean	Standard deviation
1	Management identifies and analyzes the risks related to the achievement of purposes and identifying their probabilities	3.95	1.02
2	There are attempts from your side aimed at decreasing the effects of internal control risks to acceptable levels	3.93	0.90
3	Ownership risks are handled through maintaining consumable stable assets	3.90	0.96
4	Process risks are handled through working towards achieving the aims of the company	3.84	0.91
5	Behavior risk is handled and solved through attention for human assets and applying professional rules	3.77	0.98
6	General risk indicators concerning internal control system are present , and they aim at controlling the performance at the company	3.71	0.99
Total		3.85	0.65

Table 6 shows that the sample of the study agrees with the importance of applying the principle of control risks' analysis based on Coso report , because all the items in this domain had high means the highest of which was (3.95), and the lowest being (3.71), which indicates the degree of acceptance for the domain. The most acceptable item is that which states" Management identifies and analyzes the risks related to the achievement of purposes and identifying their probabilities", with its mean being(3.95) and standard deviation (1.02),which in its turn supports the importance of Coso report in improving internal control. Control risk' analysis is important for the prevention of wasting the resources of the company.

The Result of Testing the Second Minor Hypothesis

In order to test the second hypothesis which states that" The principle of risks' analysis does not contribute to the improvement of internal control at Jordanian industrial firms listed in (ASE)." One Sample T-Test was used, and the following table shows the results:

Table 7 One Sample T-Test for the domain of the principle of risks analysis in internal control based on Coso report and its contribution to the improvement of internal control among corporate industrial companies:

domain	mean	Standard deviation	Calculated T value	Independence degree	Statistical significance
Internal risks analysis in internal control based on Coso report and its contribution to the improvement of internal control among corporate industrial companies	3.85	0.65	13.098	99	*0.000

* With significance level at $\alpha \leq 0.05$.

The results in the table above shows that the T value is (13.098) with a significance level at (0.000), which is below the significance level at $\alpha \leq 0.05$, and with a mean at (3.85) and a standard deviation (0.65) which suggests a high degree of agreement. So, the second minor hypothesis was rejected and the alternative hypothesis adopted that "of risks analysis in internal control based on Coso report and its contribution to the improvement of internal control among corporate industrial companies listed in (ASE)".

Results of the Third Minor Hypothesis

"The principle of control activities does not contribute to the improvement of internal control at Jordanian industrial firms listed in (ASE)".

TABLE 8 Trends of the study sample towards the contribution of control activities in the improvement of internal control at Jordanian industrial firms listed in (ASE):

Item		
1	Preparing procedures, policies and rules provides a reasonable level of guarantee for the achievement of the purposes of internal control	4.00 0.96
2	Attention is paid to the preventive control, embodied in preventive activities designed for preventing mistakes that distort internal control system	3.98 0.94
3	Revealing control is designed to reveal distorting mistakes affecting internal control system in order to correct the situation and adjusting the data	3.86 1.07
4	Attending to the control on commitment encourages commitment to the laws and rules at facility under investigation	3.85 1.00
5	Separation of activities at the firm aids the management in activating the internal control	3.79 1.09
6	Revealing control is designed based upon the affecting conditions affecting internal control in order to modify the data	3.76 1.01
Total		3.87 0.72

The table above shows that the sample of the study agrees with the importance of applying the principle of control activities based on Coso report in improving the control system. All the items in the domain had high means, with the highest mean being (4.00) and the lowest being (3.76) which indicates the agreement with the domain. The most items agreed with was the one stating the following "Preparing procedures, policies and rules provides a reasonable level of guarantee for the achievement of the purposes of internal control, with a mean at (4.00) and a standard deviation at (0.96), showing that procedures exist for supporting the internal control system which contributes to the achievement of the goals of the company.

Table 9 One Sample T-Test for the domain of the principle of Internal control activities and the extent of their contribution to the improvement of internal control at corporate industrial companies

Domain	mean	Standard deviation	Calculated T value	Independence degree	Statistical significance
Internal control activities and the extent of their contribution to the improvement of internal control at corporate industrial companies	3.87	0.72	12.214	99	*0.000

* With significance level at $\alpha \leq 0.05$.

Table 9 shows the results of t-test for the third hypothesis, which suggest that the mean for the hypothesis is (3.87) and the standard deviation (0.72), and the value of T is (12.214) with a level of significance below $\alpha \leq 0.05$.

So, the third hypothesis was rejected and the alternative hypothesis, which states that "The principle of control activities contributes to the improvement of internal control at Jordanian industrial firms listed in (ASE)" adopted.

Discussion of the Fourth Minor Hypothesis

The fourth hypothesis states that "The principle of information and communications does not contribute to the improvement of internal control at Jordanian industrial firms listed in (ASE)".

Table 10 Trends of the sample of the study in terms of the contribution of the principle of communications and

information based on Coso report on the improvement of internal control at Jordanian industrial companies listed in (ASE):

	Item		
1	Providing timely information within the organizational; structure at the facility guarantees the achievement of the goals of the company and making sound decisions	4.27	0.81
2	Delivering the information in timely fashion to the various management levels	4.26	0.81
3	Activating auditing information within the levels of management contributes to organizing the internal control activities	4.03	0.94
4	Preparing financial reports accurately and providing them to their users	4.01	0.89
5	Counseling external experts is important for enhancing internal control at the company	3.91	0.67
6	Acquaintance at the recent developments related to internal control and applying them	3.76	0.65
Total		4.04	0.64

Table 10 above shows that the sample of the study agrees with the contribution of the principle of information and communications to the improvement of internal control system among Jordanian industrial companies, because all the items in this domain had means above 3 which confirms the role of effective communications in improving internal control system, the item with the highest agreement was the one stating " Providing timely information within the organizational; structure at the facility guarantees the achievement of the goals of the company and making sound decisions", with its mean being(4.27) and its standard deviation (0.81). This item shows the determination of the subjects in the sample at expressing the role effective communications at the company in achieving the goals through the enhancement of internal control system, which in its turn aids management in adopting the principles of Coso report in internal control.

Table 11 One Sample T-Test for the domain of items related to the principle of communications and information based on Coso report and the extent of their contribution to the improvement of internal control at corporate industrial companies:

domain	mean	Standard deviation	Calculated T value	Independence degree	Statistical significance
the principle of communications and information based on Coso report and the extent of their contribution to the improvement of internal control at corporate industrial companies	4.04	0.64	16.361	99	*0.000

* With significance level at $\alpha \leq 0.05$.

Table 11 shows the results of t-test for the fourth hypothesis , which suggest that the mean for the hypothesis is (4.04) and the standard deviation (0.64), and the value of T is (16.361) with a level of significance below $\alpha \leq 0.05$.

So, the fourth hypothesis was rejected and the alternative hypothesis, which states that "The principle of information and communications contributes to the improvement of internal control at Jordanian industrial firms listed in (ASE)", was adopted.

Discussion of the Fifth Hypothesis

The fifth hypothesis states that" The principle of continuous control does not contribute to the improvement of internal control at Jordanian industrial firms listed in (ASE)".

Table 12 Trends of the sample of the study towards the contribution of the principle of continuous control to the improvement of internal control at Jordanian industrial firms listed in (ASE).

	Item		
1	Regular assessment of the components of the internal control structure increases the effectiveness and efficiency of the internal control structure	4.27	0.81
2	Effective control is concerned with providing a report on the flaws of the internal control	3.85	1.00
3	Internal committees at the company supervise the implementation of the plans set	3.79	1.09
4	Understanding the internal control system by the internal auditor improves the auditing process	3.91	1.06
5	Linking continuous supervision to independent assessments provides a guarantee that internal control is effective for the whole time	3.77	0.98
6	Considering the five components of the internal control structure as measures upon which the effectiveness of internal control is assessed	3.85	1.00
Total		3.91	0.70

Table 12 above shows that the subjects in the study sample agree with the contribution of the principle of control in improving internal control at the company among Jordanian industrial companies, this is indicated by the means of all the items which were above 3 , which emphasizes the role of effective control in improving internal control system . the item with the highest agreement was the one stating" Regular assessment of the components

of the internal control structure increases the effectiveness and efficiency of the internal control structure", with a mean at (4.27) and a standard deviation at (0.81), which indicates the attitude of the sample concerning the role and effect of internal control on the improvement of internal control system, which encourages the company to adopt the principles of Coso report in internal control.

Table 13 One Sample T-Test for the domain of items related to the principle of continuous supervision based on Coso report and the extent of their contribution to the improvement of internal control at corporate industrial companies:

domain	mean	Standard deviation	Calculated T value	Independence degree	Statistical significance
The role of the principle of continuous supervision based on Coso report and the extent of their contribution to the improvement of internal control at corporate industrial companies	3.91	0.70	12.911	99	*0.000

* With significance level at $\alpha \leq 0.05$.

Table 13 shows the results of t-test for the fifth hypothesis, which suggest that the mean for the hypothesis is (3.91) and the standard deviation (0.70), and the value of T is (12.911) with a level of significance below $\alpha \leq 0.05$.

So, the fifth hypothesis was rejected and the alternative hypothesis, which states that "The principle of continuous control contributes to the improvement of internal control at Jordanian industrial firms listed in (ASE)", was adopted.

Results

1-the Jordanian corporate industrial companies within the sample of the study agrees strongly with the fact that commitment to the application of the principles of Coso report for internal control, improves the system of internal control at these companies and saves the waste in production and decreases the costs of production which improves the competitive position of the company.

From this main result, the following results are derived:

- a- The commitment of the Jordanian companies to the principle of the setting of the internal control based on Coso report contributes to the improvement of internal control system at those companies.
- b- The commitment of the Jordanian companies to the principle of internal control risk's analysis based on Coso report contributes to the improvement of internal control system at those companies.
- c- The commitment of the Jordanian companies to the principle of internal control activities based on Coso report contributes to the improvement of internal control system at those companies.
- d- The principle of communications and information based on Coso report contributes to the improvement of internal control system at Jordanian industrial companies listed in (ASE).
- e- The principle of continuous control and supervision based on Coso report contributes to the improvement of internal control system at Jordanian industrial companies listed in (ASE).

Recommendations

- 1- Commitment of Jordanian professional organizations to the adoption of the principles of Coso report, based on the attitude of the experts about its importance in improving the internal control system.
- 2- Examining some financial variables before and after applying Coso report in order to identify the effect of commitment on those variables.
- 3- External auditor should report on the extent of commitment of the companies to applying Coso report.

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