IJBPAS, September, 2015, 4(9), Special Issue: 208-219

ISSN: 2277–4998

International Journal of Biology, Pharmacy and Allied Sciences (IJBPAS)

'A Bridge Between Laboratory and Reader'

www.ijbpas.com

REVIEW OF THE EFFECT OF AUDITING ON REDUCTION OF CUSTOM VIOLATIONS AFTER CLEARANCE OF GOODS FROM CUSTOMS

MOHAMMAD ALI GHANBARI[1], *KARIM NEMATI[2]

1 Department of Accounting, Bandar Abbas Branch, Islamic Azad University, Bandar Abbas, Iran 2Department of Accounting, College of Human Sciences, Bandar Abbas Branch, Islamic Azad University, Bandar Abbas, Iran *Author for Correspondence

ABSTRACT

The main objective of this study is to survey the effect of auditing on reduction of custom violations after clearance of goods from customs. The present study is an applied and descriptive type. The target samples of this study include 1300 managers and personnel of the custom department in south of the country in year 1393. Which by using the Kokaran formula, the sample is determined to be 296 people. The procedure for choosing the samples was random. To evaluate the study variables, a questionnaire of 64 questions were used. In order for the questionnaire to be reliable, the formal procedure was usedand the professors and faculty members have verified them too. The stability of the study was determined by Alfa Kronbakh method to be 0.839. The results obtained were analyzed by SPSS20 software using linear regression method with two and more variables. The results showed that: Auditing after the release of goods from custom has a great effect on reduction of violations. Also custom infrastructure, risk management techniques, human resources, and good performance of the licensing committee have great effect on reduction of violations. The aspects of auditing after clearance of goods show a variance of 0.136 for the custom violations.

Keywords: Auditing, after clearance of goods, customs, custom violations

INTRODUCTION

Auditing after clearance of goods is a process which enables customs to analyze the declarations carefully by reviewing the financial records, commercial systems, related custom information that is being kept by individuals or by companies which are directly or indirectly involved in international commerce. This process focuses on active people in transporting goods between countries. Custom offices which use the auditing after clearance of goods as developing custom control points will benefit a lot. This kind of auditing is an effective tool which provides a better view of performance of importer and exporters. In another words, auditing after clearance of goods is a kind of auditing based on controlling the custom office after the clearance for analyzing the invoice Performa of traders, and etc... . Financial books, commercial systems, and all other related custom information enables such auditing to be possible in trading place and during the specified time (Parkas, 2008). In recent years, anti fraud programs have been increased and positive aspects of honesty has been agreed on during the conferences, statements, and conventions. The main goal is to upgrade the honesty in offices and growth of honesty in organizations especially in customs. In this regards, an accurate and regular auditing has a great effect on fighting the fraud (Raghfar, 1392). It is obvious that fraud in some degrees is practiced in countries and public organizations, but in customs environment the fraud is more severe because of the complexity involved in this area. As the secretary general of World Customs Organization says: "There is less public service organizations which hasclassic organizational fraud conditions available within themselves as it is in customs offices. The mixture of monopoly conditions with having freedom of action, especially in an environment where there is not enough control over it, can easily cause a suitable place for practicing fraud" (GhanbariJahromi&Chelopazi, 1390). Alipour and others (1391) have studied a case which focuses on "reviewing the prerequisites for conducting PCA which is suggested by international organizations and using experiences of other countries". In this regards, we have analyzed the effects of five factors: rules and regulations of customs, customs infrastructures, risk management technique, customs human resources, and traders on application of PCA in form of five different hypotheses. According to the hypothesis, we found that independent

variables in the study can have effect on control system after clearance of goods, therefore some procedures were suggested for executing PCA method. Haghighatian& fellow workers (1391) studied on some effective social factors on administrative violations (Case study: administration offices in city of Yazd). In their study, they have used ideas of other researchers such as Selzic in regard to organizational commitment, Merton in regard to job satisfaction, Tylor&Showarts in regard to financial power, and Barnard in regard to management abilities. The goal of study: the objective of this report is to introduce the social violations in administrative level in city of Yazd. Methodology of study: with applying a survey method, the relation between organization commitment, management ability, financial power, and job satisfaction with administrative violation was studied in 16 different cases in Yazd on 400 people. The method of random sampling was used for choosing the number of samples in organizations and the method of systematic random sampling was used for choosing the personnel of organizations. For analysis of relations between variables, statistical techniques of variance, T test, correlation coefficient of Pierson was used and for the test of theoretical model study, the Lyzerl software and regression technique were used. The results: the outcome of the research showed that the average administrative violation in target organizations was 33.78 which were higher than the theoretical value of 27. But the degree of violation is different among the personnel based on their education level and marital status and there is a relation between the degree of violation and the job experience. The results of regression model analysis showed that the most important effective variables on administrative violations are organization commitment and financial power of personnel. The job satisfaction had an inverse relation to administrative violation. In total, the model coefficient of 0.57 was obtained, that is 57 percent of the related variable, which is administrative violation, has been determined by this model and this resembles the good fitness of the model. Anderson (2009) paid attention to the effect of electronic government on the index of violation control by using a sample panel which included 149 countries and observing it twice in years 1996 and 2006. The first results showed positive and interesting effects in economical point of view. With conservative estimation moving from low level of 10 to higher level of 90 in distribution of electronic government

which indicated the decrease in violation and moving from level of 10 to level of 23 in distribution of violation control. The statistical results and experimental analysis showed the reduction of violation in electronic government.

The assumptions of the research

The main assumption

Auditing after the clearance of good from customs has an effect on reduction of violation.

The secondary assumptions

The rules and regulations of customs have an effect on reduction of custom violations.

The custom infrastructure has an effect on reduction of custom violations.

The management risk techniques have an effect on reduction of custom violations.

The customs human resources have an effect on reduction of custom violations.

The good performance of the permit issuance committee has an effect on reduction of custom violations.

The conceptual model of research

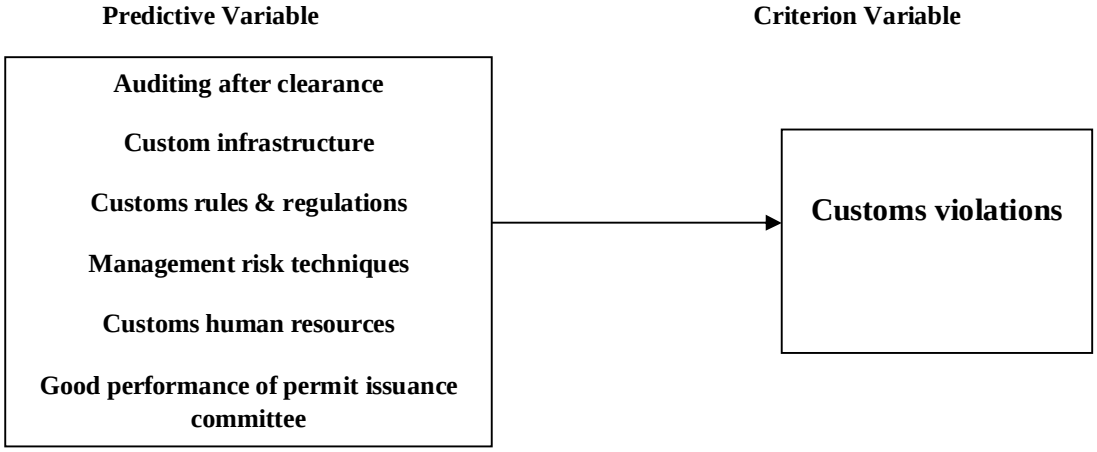

Figure 1.The conceptual model taken from Raghfar (1392)

RESEARCH METHOD

The present study is a descriptive and applicable type study. The statistical sample of the report includes personnel and managers working in the south part of the country in year 1393 and is equal to 1300 people. The number of samples was chosen to be 296 people by using Kokaran formula. Sampling method was simple random. To evaluate the research variables, a questionnaire was used with 64 questions. To determine the reliability of the questionnaire, the method of formal and content was used and the professors and faculty members confirmed the reliability of the questionnaire. The stability of the research was found to be 0.839 by using Krounbakh alpha method. The received information was analyzed with SPSS20 software via linear two and more variable regression test.

THE OUTCOMES OF THE RESEARCH

Assuming the variables to be normal

Analyzing the main assumption of the research

Auditing after the clearance of good from customs has an effect on reduction of violation.

H_0: Auditing after the clearance of good from customs has no effect on reduction of violation.

H_1: Auditing after the clearance of good from customs has an effect on reduction of violation.

The analysis of the effect of auditing after the clearance on reduction of violation has been obtained by using two variable linear regression methods. According to the results obtained from regression, P, is the value of 0.001 which is less than level of meaningful value of 0.05. Then in this level the value of H_0 is rejected and so the regression model is suitable, that is auditing after clearance have a positive effect on the reduction of custom violations. The value of determinant coefficient is R^2 = 0.136 which shows the level of effectiveness of the clearance of good from customs on reduction of violations. Then the auditing variable after the clearance of good in this model defines 0.136 variance of reduction in custom violation (Table 2).

Analyzing the secondary assumptions of the research

1. The rules and regulations of customs have an effect on reduction of custom violations.

H_0: The rules and regulations of customs haveno effect on reduction of violation.

H_1: The rules and regulations of customs havean effect on reduction of violation.

The analysis of the effect of the rules and regulations of customs hasbeen obtained by using two variable linear regression methods. According to the results obtained from regression, P, is the value of 0.001 which is less than level of meaningful value of 0.05. Then in this level the value of H_0 is rejected and so the regression model is suitable, that is the rules and regulations of customs havehave a positive effect on the reduction of custom violations. The value of determinant coefficient is R^2 = 0.059 which shows the level of effectiveness of the rules and regulations of customs on reduction of violations. Then the rules and regulation variable in this model defines 0.059 variance of reduction in custom violation (Table 3).

2. The custom infrastructure has an effect on reduction of custom violations.

H_0: The custom infrastructure has no effect on reduction of violation.

H_1: The custom infrastructure has an effect on reduction of violation.

The analysis of the effect of the custom infrastructure hasbeen obtained by using two variable linear regression methods. According to the results obtained from regression, P, is the value of 0.001 which is less than level of meaningful value of 0.05. Then in this level the value of H_0 is rejected and so the regression model is suitable, that is the custom infrastructure hasa positive effect on the reduction of custom violations. The value of determinant coefficient is R^2 = 0.104 which shows the level of effectiveness of the custom infrastructure on reduction of violations. Then the custom infrastructure variable in this model defines 0.104 variance of reduction in custom violation (Table 4).

3. The management risk techniques have an effect on reduction of custom violations.

H_0: The management risk techniques have no effect on reduction of violation.

H_1: The management risk techniques have an effect on reduction of violation.

The analysis of the effect of the management risk techniques havebeen obtained by using two variable linear regression methods. According to the results obtained from regression, P, is the value of 0.001 which is less than level of meaningful value of 0.05. Then in this level the value of H_0 is rejected and so the regression model is suitable, that is the management risk techniques havea positive effect on the reduction of custom violations. The value of determinant coefficient is R^2 = 0.106 which shows the level of effectiveness of the management risk techniques on reduction of violations. Then the management risk techniques variable in this model defines 0.106 variance of reduction in custom violation (Table 5).

4. The customs human resources have an effect on reduction of custom violations.

H_0: The customs human resources have no effect on reduction of violation.

H_1: The customs human resources have an effect on reduction of violation.

The analysis of the effect of the customs human resources havebeen obtained by using two variable linear regression methods. According to the results obtained from regression, P, is the value of 0.001 which is less than level of meaningful value of 0.05. Then in this level the value of H_0 is rejected and so the regression model is suitable, that is the customs human resources havea positive effect on the reduction of custom violations. The value of determinant coefficient is R^2 = 0.068 which shows the level of effectiveness of the customs human resources on reduction of violations. Then the customs human resources variable in this

model defines 0.068 variance of reduction in custom violation (Table 6).

5. The good performance of the permit issuance committee has an effect on reduction of custom violations

H_0: The good performance of the permit issuance committee has no effect on reduction of violation.

H_1: The good performance of the permit issuance committee has an effect on reduction of violation.

The analysis of the effect of the good performance of the permit issuance committee has been obtained by using two variable linear regression methods. According to the results obtained from regression, P, is the value of 0.001 which is less than level of meaningful value of 0.05. Then in this level the value of H_0 is rejected and so the regression model is suitable, that is the good performance of the permit issuance committee has a positive effect on the reduction of custom violations. The value of determinant coefficient is $R^2 = 0.097$ which shows the level of effectiveness of the good performance of the permit issuance committee on reduction of violations. Then the good performance of the permit issuance committee variable in this model defines 0.097 variance of reduction in custom violation (Table 7).

6. The factors of auditing after clearance of goods from customs (rules and regulations of customs, customs infrastructures, management risk techniques, human resources, and good performance of permit issuance committee) have an effect on custom violations. The linear relation of rules and regulation (X_1), custom infrastructures (X_2), management risk techniques (X_3), custom human resources (X_4), and good performance of permit issuance committee (X_5) with custom violations (Y) is determined from linear regression model:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5$$

In this model, for determining the above formula, the statistical assumptions are as follows:

H_0 of regression model is not linear.

H_1 of regression model is linear.

H_0^1: $\beta_1 = 0$ H_0^2: $\beta_2 = 0$ H_0^3: $\beta_3 = 0$ H_0^4: $\beta_4 = 0$ H_0^5: $\beta_5 = 0$

H_1^1: $\beta_1 \neq 0$ H_1^2: $\beta_2 \neq 0$ H_1^3: $\beta_3 \neq 0$ H_1^4: $\beta_4 \neq 0$ H_1^5: $\beta_5 \neq 0$

Since the evaluated value of p from the test (0.001) is less than the meaningful level (0.05), then in this level H_0 is rejected and therefore the regression model is a suitable model that is between factors of rules and regulation, infrastructure, management risk techniques, human resources, and good

performance of permit issuing committee with customs violations a meaningful linear relation exists. The multi determinant coefficient is r = 0.389 which shows the degree of relation of rules and regulations, infrastructure, management risk, human resources, and good performance of permit issuing committee with customs violation and considering the fact that meaningful level is equal to 0.001 and is less than α = 0.05, then this relation is meaningful. Since R^2_{adj} = 0.136, then the variables in this model show 0.136 variance of custom violation (Table 8).

Also, from the evaluated value of p in the test of regression model coefficient, H_0^5 (good performance of permit issuing committee) is rejected in level of 0.05. But $H_0^1, H_0^2, H_0^3, H_0^4$ (rules and regulations, infrastructures, management risk, human resources) will not be rejected in level of 0.05 because the value of t for good performance committee of 3.008 while the meaningful value is 0.003 and therefore the customs violations considering the performance of the committee is different. And considering the value of β for issuing committee to be 0.193, therefore good performance of the committee and other variables have a meaningful effect on customs violations, but rules and regulations, infrastructure, management risk, human resources have a meaningful effect simultaneously on customs violations (Table 9).

Table 1: Smirnof Kolmogor of test for analyzing the normal variable assumption

	Smirnof Kolmogrof	meaningful	number	Normal assumption
Customs violations	1.159	0.136	296	stable
Auditing after clearance	0.96	0.316	296	stable
Customs rules & regulations	1.053	0.218	296	stable
Custom infrastructure	1.154	0.139	296	stable
Management risk techniques	1.492	0.023	296	stable
Custom human resources	2.085	0.001	296	stable
Good performance of permit issuance committee	1.99	0.001	296	stable

Table 2: Regression model coefficients for reduction of violations on auditing after the clearance of goods from customs

Variable	R^2	B value	Standard deviation	Estimation standard β	t value	P value
Auditing after clearance	0.136	0.105	0.015	0.368	6.78	0.001

Table 3: Regression model coefficients for reduction of violations on the rules and regulations

Variable	R^2	B value	Standard deviation	Estimation standard β	t value	P value
Rules and regulations	0.059	0.332	0.077	0.244	4.31	0.001

Table 4: Regression model coefficients for reduction of violations on the custom infrastructure

Variable	R^2	B value	Standard deviation	Estimation standard β	t value	P value
custom infrastructure	0.104	0.32	0.055	0.322	5.84	0.001

Table 5: Regression model coefficients for reduction of violations on the management risk techniques

Variable	R^2	B value	Standard deviation	Estimation standard β	t value	P value
management risk techniques	0.106	0.276	0.047	0.326	5.91	0.001

Table 6: Regression model coefficients for reduction of violations on the customs human resources

Variable	R^2	B value	Standard deviation	Estimation standard β	t value	P value
customs human resources	0.068	0.309	0.067	0.261	4.62	0.001

Table 7: Regression model coefficients for reduction of violations on the good performance of the permit issuance committee

Variable	R^2	B value	Standard deviation	Estimation standard β	t value	P value
good performance of the permit issuance committee	0.097	0.534	0.095	0.312	5.63	0.001

Table 8: Analysis of variance of regression model on effect of auditing after clearance of goods from custom on violations

Source of changes	Sum of squares	Degree of freedom	Average of squares	R	R^2_{adj}	F value	Sig
Regression	2219.22	5	443.84	0.389	0.136	10.32	0.001
Remained	12469.71	290	42.99				
Sum	14688.93	295	-				

Table 9: Coefficients of regression model of the effect of auditing after clearance of goods from custom on violations

Variable	Estimated value of B	Standard deviation	Estimated standard value of β	The value of t	Sig
Constant	24.49	2.84	-	8.612	0.001
Rules and regulations	0.018	0.098	0.013	0.183	0.855
Customs infrastructures	0.142	0.084	0.143	1.697	0.091
Management risk techniques	0.12	0.083	0.142	1.434	0.153
Customs human resources	0.022	0.098	0.019	0.224	0.823
Good performance of the committee	0.33	0.11	0.193	3.008	0.003

Model Validity

Since the statistical value of Durbin-Watson (D = 2.009) is within the range of 1.5 to 2.5, it can be said that the errors are uncorrelated. Also noting that there is not any specific trend between the remaining and edited values, then there is no reason for the errors of variances to be constant (Figure 1).

Durbin-Watson
2.009

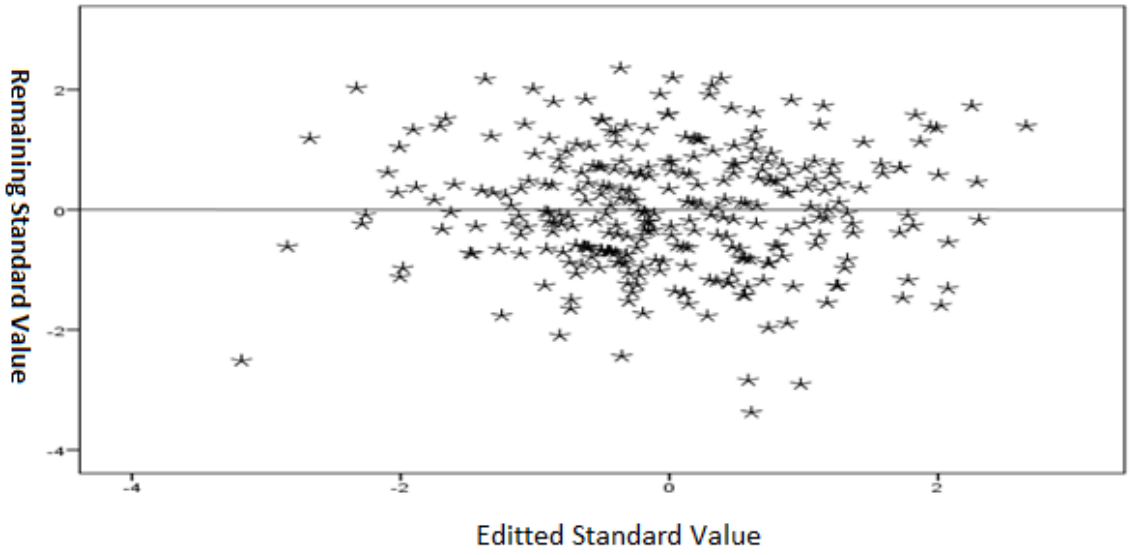

Figure 1. Distribution of editted standard values versus remaining standard values in regression model of effects of factors of auditing after clearance on customs violations.

CONCLUSION

Main Assumption:

1. Auditing after the clearance of goods has an effect on reduction of customs violations.

Analysing the data shows that auditing after the clearance of goods has an effect on reduction of customs violations and the auditing after clearance variable shows 0.136variance of the customs violations.

Secondary Assumptions:

1. The rules and regulations have an effect on reduction of customs violations.

Analysing the data shows that the rules and regulationshave a meaningful effect on reduction in custom violations and the rules and regulations variable show 0.059variance of the customs violations.

2. The custom infrastructures have an effect on reduction of customs violations.

Analysing the data shows that the custom infrastructures have a meaningful effect on reduction in custom violations and the custom infrastructures variable show 0.104variance of the customs violations.

3. The management risk techniques have an effect on reduction of customs violations. Analysing the data shows that the management risk techniques have a meaningful effect on reduction in custom violations and the management risk techniques variable show 0.106variance of the customs violations.

4. The human resources have an effect on reduction of customs violations. Analysing the data shows that the human resources have a meaningful effect on reduction in custom violations and the human resources variable show 0.068variance of the customs violations.

5. The good performance of permit issuing committee has an effect on reduction of customs violations. Analysing the data shows that good performance of permit issuing committee has a meaningful effect on reduction in custom violations and the good performance of permit issuing committee variable show 0.097variance of the customs violations.

6. The factors of auditing after clearance of goods from customs (rules and regulations of customs, customs infrastructures, management risk techniques, human resources, and good performance of permit issuance committee) have an effect on custom violations. The results from multi variable linear regression show that the evaluated value of p from the test (0.001) is less than the level of meaningful of 0.05, therefore at this level the H_0 is rejected and thus the regression model is a suitable model. That means between factors of rules and regulation, custom infrastructures, management risk techniques, custom human resources, and good performance of permit issuance committee with custom violations there is a meaningful linear relation. The most important variables which influence in order on custom violations are good performance of permit issuing committee, customs infrastructures, management risk techniques, customs human resources, and rules and regulations.

REFERENCES

1. Raghfar, H, 1382, "Corrupted government and social opportunities" Tehran, Naghsh-O-Negar publishing co.

2. Ghanbari Jahromi,M , J, Chelopazi, N, 1390, "customs pathology from corruption and administrative violations point of view", Majles & Rahbord magazine, No. 66, 83-108.

3. Alipour, M, Badiee, H, Heidari, M, 1391, "Requirements and solutions to control after clearance of goods" Auditing after clearance, 1st edition, No. 4, 95-103.

4. Haghighatian, M, Karimizadeh Ardakani, S, Nazari, j, 1391, "analysis of some effective social factors on administrative violations (case study: administrative offices in city of Yazd), applicable sociology (Humanities research magazine in Isfahan University), 23rd edition. No. 4, 125-142.

5. Anderson, T.B., 2009, E - Government as an anti-corruption strategy. Information Economics and Policy 21, 201-210.

6. Prakas. N., 2008, on Post Clearance Audit byCustoms and Excise Department.