

Judicial Review and Its Role in Detecting Mistakes in order to Reduce the Phenomenon of Fraud and Manipulation in the Supply Chain Financing of Public Corporations

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Abstract- This paper examines the types of fraud in the financial affairs of public corporations and the way they deal with them and ultimately the right to judicial review. The results of the investigations showed that after proving any crime and issuing a lower court judgment, there is a right for the offender to seek authority from the authorities in order to obtain a reduction in the punishment. The multiplicity of judicial procedures is a mechanism and tool for correcting a mistake or probable judicial error. In fact, if at the initial stage or appeal (research or material revision) occurred due to a mistake in the judicial decision to violate the right or to violate it, in the later stages, by modifying the decision, provide rights and remedy and possible compensation. By reducing such mistakes in the judicial review process, it has been possible to detect fraudulent fraud in corporate supply chain financing and close the ways of circumventing the law to managers and auditors.

Keywords: Judicial review, financial fraud, Public corporations, supply chain financing,

1. Introduction

The supply chain financing are a summary of the financing and investment activities of the company. These reports contain important facts and information that is widely used by investors and creditors. What is in the preparation of the supply chain financing are a summary of the financing and investment activities of the company as a goal, is providing information about the financial position, financial performance and flexibility of the business unit is summarized and categorized in a way that is beneficial for most users of these reports in making their decisions. Now some companies may have deliberately been tampered with in providing the supply chain financing are a summary of the financing and investment activities of the

company for the purpose of misuse of company inventory or tax evasion, etc. In this case, the entry of the judicial system is normal. After proving any crime and issuing a lower court ruling, there is this right for the transgressor. In order to obtain a rebate in the penalty, proceed with issuing a judicial review request from the authorities. At the stage of the appeal, or the ruling of the court of first instance, it is approved, or the judgment of the judge is considered to be at the discretion of the punishment. In recent years, US financial markets have been seriously harmed by the fraudulent disclosure of some companies. Worldcom, Enron, Adelphia, Global Crossing, and Tyco are just a few scandals of supply chain financing that fluctuate the stock market and lead to a lack of public confidence. On the other hand, these scandals have brought irreparable losses to investors and eliminated the ability to compete. Many of these scandals have also saved people's savings, retirement benefits, academic education, and their alive security. But apart from these groups, managers and other employees, lawyers, auditors, and accountants have also been somewhat damaged by these failures [1]. The result of these scandals was that many executives, investors, accountants, HR managers, executives, and others were asking themselves how these fraudsters were doing and to what extent can we prevent future languages from fake corporate practices? This paper examines the types of fraud in the financial affairs of public corporations and the way they deal with them and ultimately addresses the issue of the right to judicial review.

1.1. What is fraud?

There are many definitions for fraud, but its general definition is that fraud is a general term that encompasses all of the many abilities that a person can use skillfully to gain the benefits of giving the wrong information to others. In other words, fraud is a term used to describe the process of deception, trust, and

deception in order to obtain a kind of benefit from someone or other people who are usually financially beneficial. Fraud is very different from unintentional mistakes. In order to make fraud, the dishonest person must deliberately and cheat on the intention of gaining the benefit. The American Association of Atmospheric Accountability Reviewers (ACFE) has adopted a comprehensive definition of fraud, saying: "Fraud involves all the various tools that are made by man, and an individual uses that advantage over another through false advice or concealment of the truth of the business. Includes all the sudden events, tricks, tricks or secrets and other unfair ways to deceive. In another definition, fraud is the practice of one or more executives, employees or third parties that results in false positives of the supply chain financing. The interagency of these definitions shows that all the mistakes are deceitful and in order to achieve personal gain, and this is different from the mistake. In accordance with Section 24 of the Fraud Auditing Standards, the mistake is any distortion in the supply chain financing (including the removal of an amount or disclosure) such as: Mistakes in the collection or processing of supply chain financing and incorrect accounting estimates due to ignoring incorrect understanding of existing facts and mistakes in the application of audit, measurement, identification, classification, disclosure or disclosure standards in accordance with Declaration 99 of the Standards of Audit America, a current fraud is a deliberate misrepresentation in audit supply chain financing, fraud usually occurs if the following three situations occur. And management with other employees, following an incentive under a particular pressure, commit fraud. Existing circumstances, such as lack of control, inappropriate control of existing ones, and the ability to manage controls to violate. Provides an opportunity to commit fraud and those who engage in fraudulent acts are able to justify their actions, and some of them have an attitude, feature, or set of moral principles that they allow them to commit offenses as conscious and major [2].

1.2. Specification of fraud in supply chain financing

In 1999, the Tread way Committee presented a study called fraudulent supply chain financing, reflecting the characteristics of 204 companies that reported mixed supply chain financing. The main findings of the study were as follows: 720% of the mitigations were carried out by the senior executives of the organization, and the remainder by financial managers, operational executives, board members and other members of the organization. And the most common methods used to commit fraud include: - Misidentification of incomes - Exaggerated assets, and fewer expense. In the revenue section, fraud relates to recording fraudulent incomes and premature recordings of incomes. In the asset sector, fraud involves an over-representation of existing assets, the recording of fraudulent assets with assets that were not owned by the company, the capitalization of items to be charged to, and inadequate

disclosure and asset misalignment; and most fraudulent companies in the current period, and Previous periods were net losses, and perhaps financial pressures were motivated to commit fraud by these companies. In 55% of companies, the audit report was rejected in previous years, and in some companies' audit reports, such as litigation, reliability and explanatory clauses [3].

1.3. How do managers commit to fraud?

Most fraudulent supply chain financing have a number of common features and are usually made in one or a combination of the following ways:

1.3.1. *Fraud through misidentification of incomes:*

Income and accounts receivable are among the accounts that are more easily and often manipulated in the fraudulent use of supply chain financing. Fraud is a very common practice because of and, in many cases, alternatives to acceptable options for false identification. There are revenues and, therefore, companies are more interested in using this method to commit fraud, and it is easy to manipulate net income using an income account and accounts receivable. For example, a company can identify by creating an accounts receivable, inaccurate and unrealized income, thereby increasing net profit.

1.3.2. *Fraud through inventory and expense goods:*

This kind of fraud is another case of fraud in the supply chain financing that happens with management on the inventory of goods and the cost of the sold goods, for example, when the company more accurately states the inventory of the end of the period, the cost The sales of goods are less than actual, and this leads to a rise in gross and net profit. On the other hand, the cost of sold goods may be lower than the realization of the purchase of goods or the inventory of the first commodity less than it actually is, and cause a rise in net profit and net profit.

1.3.3. *Fraud by expressing more than real assets:*

Assets can be presented in various ways in advance, the most common of which are:

- 1- Do not remove assets whose value has been lost due to damage.
- 2- Capital to account for expenses that have to be taken into account and not depreciable over the years that have been used (not to identify the cost of depreciation at the end of the year). When a company exhibits its assets more than real, because it does not identify the cost and loss from damage or depreciation of assets in the offices, the field of over-increase provides net profit.

1.3.4. *Incorrect use of items outside the balance sheet:*

Off-balance sheet items, which are often used to manage items such as credit risk, financing, market and liquidity, and in lease contracts and R & D activities, may be transmitted through the transfer of hidden assets and liabilities in different companies in different years will lead to fraud in the supply chain financing.

1.3.5. *Fraud through inadequate disclosure:*

Inadequate disclosure includes the disclosure of false, inaccurate, and non-transparent supply chain financing, without disclosure of the effects of the items in the supply chain financing. In other words, the management provides grounds for committing fraud by eliminating some important facts in the supply chain financing that, if disclosed, may affect user decisions. Fraud through debt manipulation is one way of debt manipulation, inappropriate restructuring, and the use of debt storage tools. Creating a savings account, whether for consolidation or restructuring, litigation, or other factors, usually leads to the creation of a cost account, debt, or decreasing asset in the company's offices. Although the creation of a savings account to prevent the misconduct of costs over the years (compliance with the principle of compliance) is a useful tool; unfortunately, companies incorrectly use this tool to manage their earnings; in this way, The surplus is regarded as non-operating expense and deducted in subsequent financial periods from operating profit. On the other hand, the reversal of a reserve account results in a net profit that is used to offset the deficit in revenue [3].

1.4. Judicial Accounting

Judicial accounting means a comprehensive approach to investigating fraud. This includes preventing fraud and analyzing counterfeit controllers. Judicial accounting includes auditing accountants who seek fraud. A review of fraud to prove or reject fraud is part of judicial accounting. In definitions, jurisprudence is considered to be a science that uses the accounting facts and concepts collected by accounting methods to provide techniques and solutions that resolve judicial problems. Judicial problems that require the use of research, accounting and auditing skills [4].

1.5. Judicial accountant in Iran's legal system

In the legal system of Iran, the experts of the official justice system with accounting expertise are among the closest to the accountants. Of course, the scope of these auditors is much more limited than the issues discussed. For example, as noted earlier, the official judicial experts in Iran cannot pay arbitrarily to interview individuals and suspects, as well as in Iranian law, the possibility of using official experts as witnesses to strengthen a claim is not possible, but the jurisdiction of judicial auditors in Iran's legal system can also be broadly defined and involve various financial and economic offenses, including money

laundering. Referring to the expert is not specific to current rights and has long been considered by jurists in jurisprudential texts as well-known commentators [5]. The jurists have a consensus on the correctness of the referrals to the connoisseurs, but some, in the opinion of the well-known experts in the cases and the season of hostility, consider the conditions of intuition necessary and document the Prophet's famous speech. Others do not consider the conditions of intuition to the expert, and they believe that those who have emphasized the need for these conditions have confused the issue of testimony of witnesses and witnesses of the expert community [6]. According to the Audit Standard No. 240, the Auditor does not comment on these circumstances, but in the Iranian legal system economic crimes that are subject to review by the Judicial Reviewer are not reviewed by the Jury and all cases are directly reviewed by the Judge of the case.

1.6. Judicial Accounting Process in Iran's Legal System

The experts of the official accountants of the judiciary are considered to be judicial accountants in the Iranian legal system. The legislators have rules for how they operate and they also anticipated their monitoring. For example, Article 588 of the Islamic Penal Code states that any arbitrator and auditors and experts, whether determined by the court or by the parties, as against the receipt of funds or property for the benefit of one of the parties, or The decision is to be sentenced to six to two years' imprisonment, or a fine of three to twelve million rials, and what he has taken will be seized as a punitive sanction in favor of the state. In addition, the law on official experts approved in 2002 also considers cases as an offense for the experts. Regarding the opinions of the judicial accountants in the court, the rules of the Civil Procedure Act (approved on 21.07.1990) and the Criminal Procedure Code (04.02.2015) were determined by a single, three, five and seven members It is formed into conditions and addresses the issue. Since money laundering is a crime, then judicial accounting should be based on the rules of procedure, not criminal procedure. In the same vein, the article of a tribunal law states that "the criminal procedure is a set of rules and rules that are used to detect a crime, prosecute a defendant, preliminary investigation, mediation, peace between the parties, the manner in which they are heard, the issuance of a ruling, methods of protesting votes, the implementation of votes, the appointment of duties and powers of the judicial authorities and the judiciary, and the observance of the rights of the perpetrators, the victim and the community [7].

1.7. Judicial review

The legislator should provide for the possibility of reforming any judicial decision based on the mistake or violation of judges, which is in order to ensure fair trial in the courts, while such measures, in fact, aim to

reduce the likelihood of occurrence, are mistaken and Judge's violation to the minimum. One of the important ways to ensure the credibility of the verdict and the fair trial is to predict the two or more stages of judicial review, the way that today is accepted in the vast majority of countries with low differences and the use of the bonds. In judicial systems, the basis of this method has been identified in all types of proceedings, and only certain cases are based on the degree of the importance of the claim (for example, in civil cases with a quantitative measure of the amount of demand or the amount of legal punishment in criminal cases) the possibility of protesting The sentencing authority and the review and re-examination of the lawsuit and the ruling issued in the above authorities have been exempted. The multiplicity of judicial procedures is a mechanism and tool for correcting a mistake or probable judicial error. In fact, if at the initial stage or appeal (research or material revision) occurred due to a mistake in the judicial decision to violate the right or to violate it, in the later stages, by modifying the decision provide rights to compensation and possible compensation. [8] Accordingly, in addition to the requirement for a review of criminal procedure, in other cases, the principle of this approach has been identified in the vast majority of judicial systems, with the exception of the case concerning minor and minor claims all types of proceedings. In addition, a two-pronged hearing on material hearings is an effective factor in creating a unified judicial process. Also, the existence of an appeal body and the possibility of recourse to a lawsuit and, in fact, the probability of examining the verdict in the higher authority, reinforces the primacy of the judge as well as the justification and documentary of his sentence in the primitive stage.

2. Conclusion

Now some companies may have deliberately been tampered with in providing supply chain financing for the purpose of misuse of company inventory or tax evasion, etc. In this case, the entry of the judicial system is normal. After proving any crime and issuing a lower court ruling, there is this right for the transgressor [9]. In order to obtain a rebate in the

penalty, proceed with issuing a judicial review request from the authorities. The multiplicity of judicial procedures is a mechanism and tool for correcting a mistake or probable judicial error. In fact, if at the initial stage or appeal (research or material revision) occurred due to a mistake in judicial decision to violate the right or to violate it, at a later stage, by correcting the decision, it would provide for the right to be repaid and to remedy the possible damage. To be by reducing such mistakes in the judicial review process, fraudulent fraud is discovered in corporate supply chain financing, and ways to bypass the law are closed to managers and auditors.

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