The effect of the collection of social security organization demands compared to the accrued costs in the companies covered by the social security organization

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ABSTRACT

Considering the accrued costs and inflation rate, collection of demands is very cost-effective and the present method is very suitable for identifying timely collection of demands. To answer the hypotheses of the study, the random sampling method is used to select the subjects. The population includes 5869 companies and the Cochran formula is used to select a total of 68 companies as the sample. The present study is an Inductive-deductive study. The results indicate that there is a positive relationship between the collection of demands and accrued costs and inflation. The results also show that there is a significant correlation between the variables of the study.

Keyword: inflation rate, cost-effective, demands

INTRODUCTION

The need for personal and collective security and a relentless search for them is one of the inherent characteristics of humans. The ways of fulfilling such security has undergone changes over time. Social security and welfare support has always been an important issue for both developed and developing countries.

Social Security as a means of income redistribution plays an important role in supporting the public against all risks arising from the economic crises and the unbalanced system of distribution. in the Islamic countries Social Security as one of the most important Islamic teachings and programs, takes the form of (social Takaful) principle.

Statement of the problem

The demands of social security organization include the amount of money that the insurance sector has not collected from workshops due to the failure of employers to pay the insurance premiums, and from the government due to delay in the payment of their contributions, and due to their exemption. In this study, the demands of the social security organization to be received from employers (legal entity) will be investigated.

Increase in the proportion of receivable Accounts of the total collections, according to the proportion of bad debts, suggests lack of timely collection of demands in the present economic conditions will inflict irreparable
On the one hand, companies under the coverage of social security agencies are known as the main consumers of social security organization’s income, and depending on the different economic conditions of each community, directly impact the expansion or decline of company’s activities. And this in turn directly affects the collection resources of the Social Security. In the present study attempts are made to investigate the following issues:

1. With regard to the extent of the workload, is it possible for the Social Security Organization to concede Part of the workload to professional agencies in order to achieve timely collections and prevent loss of the time value of demands?

2. Considering the qualitative and quantitative objectives of social security, is it possible to address the legal offices of companies based on priorities?

3. Is it necessary for social security organization to have face-to-face contacts with employers, of course it should be noted that in this situation the companies under the coverage of social security should be regularly informed of the Directives and Regulations and administrative letters that impose a financial burden on them. This leads to the identification of the demands of the Social Security in the legal Offices of employers, and especially the companies whose financial statements are audited, as well as monthly or quarterly exchange of information in terms of the company’s amount of debts.

4. Is legal reform necessary for companies whose legal offices are not reliable?

An introduction to the theoretical literature of the study

Insurance regulations in Iran

According to Article 29 of the constitution, enjoyment of social security for old age, disability, orphanage, helplessness, incidents, accidents, need for health services and medical care insurance, etc. is a universal right. According to the laws, the government is obliged to meet the above-mentioned services and financial supports for each individual in the country, via public funds and revenues of public participations.

Laws

Article 38 of the Social Security Act

In cases where the work is delegated to natural or legal persons based on a contract, the employer must have the contractor obliged to provide social security insurance for his employees and sub-contractors employees and pay the whole premium as provided in Article 28 of the Social Security Act. Five percent of the total cost of the contracted work on the part of the employer will be subject to provision of recoupment by the organization. As for the contractors who fail to submit the form of wages and premiums to the organizations on time, an amount Equivalent to the premium will be deducted at the request of the Organization. If the employer pays last installment of the contractor without demanding the recoupment account of the Organization, he will be responsible to pay for the insurance premiums and the losses. And is also entitled to demand and collect from the contractor, any amount of money he has paid, in this regard, to the organization. All ministries and government institutions and companies, as well as municipalities and chambers of guilds (former) and other governmental and nongovernmental organizations and charity and welfare
Article 41 of the Social Security Law

In case where the type of work requires, the social security organization can, at the request of the Board of Directors and the approval of the Supreme Council of the Organization, determine the ratio of wages to the total workload and collect the insurance premiums accordingly.

Contracts that are Subject to the terms of construction

A) Requirements

According to the Social Security Council resolutions 129 and 143, contracts will be subject to the terms of construction projects if they have the following two conditions:
1. The contract is concluded in accordance with the basic prices listed by the Plan and Budget Organization (construction contract) or the terms of that specific organization (consulting contracts)
2. All or part of the operation budget is provided by government construction funds (national, regional, provincial construction funds).

B) Special licenses

construction and consulting contracts for development projects of Defense Industries Organization, land leveling and preparation of the Department of Housing and Urban Development, construction contracts of Telecommunication Company of Iran, Ministry of Defense and Armed Forces Logistics and social security contracts with contractors (regardless of the source of the project funding). If concluded on the basis of price lists and conditions of the Plan and Budget Organization with maximum Pelosi of 9/9 percent, will be subject to the terms of articles 129 and 143 of the Supreme Council of the Organization, for calculation of premiums

Non-construction contracts

A) Subjects

All contracts without the conditions referred to in the construction projects section, are considered non-construction contracts and their insurance premium is calculated and collected in accordance with the regulations and resolutions of the Supreme Council of Social Security.

Specific cases of non-construction contracts

A) Contractors who own a manufacturing, industrial and technical workshops

According to the Supreme Council of the Social Security resolution dated 07.09.1373, the wages of contractors who own industrial, technical and manufacturing workshops related to the operations listed in the concluded contracts, and the contracts are implemented in their workshops, will be calculated and collected according to the regulations and resolutions of the Supreme Council of Social Security. In addition, these contracts are centralized in the relevant branch of the contractor’s workshop and the recoupment of each contract will be issued exclusively by that specific branch.

B) Purchase and sale contracts

1. Contracts for the purchase and sale of goods, materials and equipment that require no extra work and are exclusively for purchase and sale purposes, are not subject to insurance deductions and the issuance of recoupment without receiving premiums, will be permissible for them. This paragraph is also applicable for leasing contracts of different machines and cars, if they don’t include the driver.
2. In cases where the contractor who owns a manufacturing, industrial and technical workshop (either natural or legal) implements a construction or sale contract (constructions are done in his workshop) together with transportation and installations related to that, the construction, according to section "A", and the sale contract will not be subject to insurance premium and the transportation and installation will be done in accordance with the resolution dated 01.24.70.

C) Gas supply contracts

In Gas supply contracts that will be concluded between the National Iranian Gas Company and contractors, Pipes and fittings, the yellow warning tape, insulation materials and the special electrode for gas operations which are delivered to the contractor by the job assigner, are among the exclusive materials.

D) Contracts for Urban services and maintenance of green spaces

In these contracts as well, 70 percent of gross operation is defined as mechanical operation and its insurance premium will be calculated and collected on the basis of
7% of the contract, moreover, 30% of gross operation will be defined as the non-mechanical operation and the insurance premium will be calculated and collected on the basis of 15% of that.

E) Contracts for design and development of software and computer services

Contracts that deal with development and installation of hardware (PCs), design and development of software and different operational and information systems, software and hardware support, as well as their maintenance, will be dealt with in accordance with paragraph (a) of this section, provided that the contractor is a natural person.

The relationship between internal audit and compliance audit

Reliable financial information are necessary for the survival of the modern society. An investor who decides to buy or sell shares, a banker who decides about the approval of a loan request and the government which decides to collect income taxes, rely on tax declarations prepared by others.

In many cases, the purpose of the providers of this information is inconsistent with the purpose of their users. Auditors need to be involved in such an argument, by auditor we mean people who can determine, through their professional competence and integrity, whether Financial information that is relied on, provide an optimal and complete reflection of the facts.

In general, different types of audit, depending on the nature of the tasks, include:
1. Financial statements audit
2. Compliance audit
3. Operational Audit

Determination of insurance premiums, requires compliance with insurance regulations due to the large number of Directives and Regulations. Law offices of audit inspection for compliance with insurance issues so the only issue is the internal audit and compliance. Inspection of legal offices for audit examples and compliance with insurance regulations is very complicated, therefore only the internal and compliance audit will be addressed here.

Internal audit functions

Traditionally, internal auditing has been considered a part of the internal control system that helps the management of economic units perform their duties, through analysis and evaluation of internal controls. But with introduction of new "corporate governance system" or "corporate leadership" in the literature of management during in the last decade, internal audit underwent a great change. When this concept was established in the literature of companies, it was said that the internal audit is an integral part of the "corporate governance" system.

Components of Corporate Governance include the Board of Directors, Audit Committee, independent auditors, internal auditors and regulatory bodies. Therefore, internal auditor was recognized as an integral part of the corporate governance system.

By internal control evaluations and provision of proposals to improve the operations, internal audit helps the corporate governance to achieve its goals.

One of the functions of internal audit is continuous review and assessment of internal control system.

It is assumed that the internal audit is present in the organization throughout the year and performs this assessment continuously. But the internal control system, in a precise definition, refers to a set of criteria to be established by the management of the organization so that it can achieve its goals.

These goals are classified in three specific groups:
1. The efficiency and effectiveness of operations
2. Reliable financial reporting
3. Compliance with laws and regulations

Naturally, the binding rules which are sometimes ordained either inside or outside the organization, are among the internal audit functions. Because, failure to comply with these rules may impede the company's progress towards achieving its goals.

The goals of Internal Auditing Standards

1. Description of the basic principles that should indicate the procedure of internal audit.
2. Provision of a territory for dealing with and promoting a wide range of added values in internal audit activities.
3. Creation of a basis for measuring the performance of internal audit.
4. Promotion of organizational operations and processes.

RESEARCH METHODOLOGY

The reasoning methods in research are typically divided into two categories of inductive and deductive reasoning. In this study, the inductive method is used to describe the theories and the basics of compliance and internal audit. The inductive method is used To identify the relationship between the cost of demands identification and the amount of income. The population of the study was defined and an appropriate sample are selected from among them, afterwards, appropriate statistical methods are used to test the research hypotheses. The model...
The hypothesis of this study

There is a positive relationship between the demand identification costs

Identification cost is the amount of money that the social security organization spends to identify and collect the demands, these costs the cost of auditing.

Incomes are the amounts of money that the social security organization demands and collects from the employers in return for the insured employees, Wage contracts and material fees.

If the results of the analysis of statistical models suggest that the hypothesis H0 is not accepted, it would indicatesa significant relationship between the demand identification cost, the level of income and inflation. In addition, the level of correlation will be determined according to the calculated value for the coefficient of determination (R2). And if hypothesis H0 is accepted, then the opposite hypothesis will be rejected, and therefore there would be no significant relationship between two or more independent variables.

The first hypothesis

The relationship between Audit costs and the identified insurance premium for income and wage. Table 1.

H0: there is no correlation between auditing cost and the identified premium for income and wage.
H1: there is a correlation between auditing cost and the identified premium for income and wage.

According to the results, the coefficient of determination of 90% indicates that 90% change in the dependent variable is accounted for by the independent variable and as sig is less than 5%. Therefore, the hypothesis H0 is rejected and H1 is confirmed. In fact, this shows that the model is significant.

The second hypothesis

The relationship between Audit costs and the identified insurance premium for wage contract. Table 2.

H0: there is no correlation between auditing cost and the identified premium for wage contract
H1: there is a correlation between auditing cost and the identified premium for wage contract

According to the results, the coefficient of determination of 93% indicates that 93% of change in the dependent variable is accounted for by the independent variable and as sig is less than 5%. Therefore, the hypothesis H0 is rejected and H1 is confirmed. In fact, this shows that the model is significant.

The third hypothesis

The relationship between Audit costs and the identified insurance premium for material fees. Table 3

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H0: there is no correlation between auditing cost and the identified premium for material fees
H1: there is a correlation between auditing cost and the identified premium for material fees

According to the results, the coefficient of determination of 99% indicates that 99% of change in the dependent variable is accounted for by the independent variable and as sig is less than 5%. Therefore, the hypothesis H0 is rejected and H1 is confirmed. In fact, this shows that the model is significant.

The fourth hypothesis

The relationship between Audit costs, the ratio of cost percentage to insurance premium and material fees, wage contract, income and wage. Table 4.

H0: There is no correlation between Audit costs, the ratio of cost percentage to insurance premium and material fees, wage contract, income and wage.
H1: There is a correlation between Audit costs, the ratio of cost percentage to insurance premium and material fees, wage contract, income and wage.

According to the results, the coefficient of determination of 100% indicates that 100% of changes in the dependent variable is accounted for by the independent variable and as sig is less than 5%. Therefore, the hypothesis H0 is rejected and H1 is confirmed. In fact, this shows that the model is significant.

The fifth hypothesis

The relationship between Audit costs and the identified insurance premium for the number of workshops subject to insurance Premium for less than 50 individuals. Table 5.

H0: There is no correlation between Audit costs and the identified insurance premium for the number of workshops subject to insurance Premium for less than 50 individuals
H1: There is a correlation between Audit costs and the identified insurance premium for the number of workshops subject to insurance Premium for less than 50 individuals.

According to the results, the coefficient of determination of 97% indicates that 97% of changes in the dependent variable is accounted for by the independent variable and as sig is less than 5%. Therefore, the hypothesis H0 is rejected and H1 is confirmed. In fact, this shows that the model is significant.

The sixth hypothesis

The relationship between Audit costs and the identified insurance premium for the number of workshops subject to insurance Premium for more than 50 individuals. Table 6.

H0: There is no correlation between Audit costs and the identified insurance premium for the number of workshops subject to insurance Premium for more than 50 individuals
H1: There is a correlation between Audit costs and the identified insurance premium for the number of workshops subject to insurance Premium for more than 50 individuals.

According to the results, the coefficient of determination...
Table 6. \( X_1 \) (auditing cost) = \( B_0 + B_1 \) (the number of workshops subject to insurance Premium for more than 50 individuals) + \( B_2 \) (the square of the number of workshops subject to insurance Premium for more than 50 individuals)

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Table 7. \( X_1 \) (auditing cost) = \( B_0 + B_1 \) (collective workshops) + \( B_1 \) (the square of collective workshops)

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of 95% indicates that 95% of changes in the dependent variable is accounted for by the independent variable and as sig is less than 5%. Therefore, the hypothesis H0 is rejected and H1 is confirmed. In fact, this shows that the model is significant.

The seventh hypothesis

The relationship between Audit costs and collective workshops. Table 7.

H0: There is no correlation between Audit costs and collective workshops
H0: There is a correlation between Audit costs and collective workshops

According to the results, the coefficient of determination of 97% indicates that 97% of changes in the dependent variable is accounted for by the independent variable and as sig is less than 5%. Therefore, the hypothesis H0 is rejected and H1 is confirmed. In fact, this shows that the model is significant.

CONCLUSION

Statistical test results confirm that there is a significant positive correlation between auditing cost and the identified premium for wages and incomes, material fees, and wage contracts. This relationship is true for workshops with over and below 50 individuals. Separation of workshops has no significant impact on the level of correlation.

There is a significant positive correlation between the percentage of insurance cost and the identified insurance premiums. Separation of workshops to workshops with over 50 individuals and workshops with lower than 50 individuals, has no significant impact on the level of correlation.

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