



The Role of the Federal Internal Audit Board in Enhancing Performance Efficiency to Reduce Financial and Administrative Corruption

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Authors' contributions

This work was carried out in collaboration between both authors. Both authors read and approved the final manuscript.

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ABSTRACT

This research aims to enhance the efficiency of the performance of internal control and auditing bodies by establishing the Federal Internal Control Council, which would reduce the phenomenon of financial and administrative corruption in government institutions. The descriptive (analytical) approach was relied upon in the applied aspect; as data related to the field study were collected, relying on two types of tools, the first is the questionnaire and the second is the available data on cases of administrative corruption discovered in government institutions, where indicators of descriptive statistics and inferential statistics were used; To analyze the results of the study and

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with the help of the statistical program (SPSS) as well as using the program (SmartPLS) to show the compatibility between the proposed study structures, it was concluded that the role played by internal audit in any service or profit-making facility constitutes an important axis in the work of that facility because it is considered the safety valve and the controller of the extent of the commitment of that economic unit to the instructions in force in its operational work and the extent of its commitment to accounting systems and financial reports, which will be reflected in the efficiency and effectiveness of that economic unit in standing against attempts to exploit its work in administrative and financial corruption operations, which is considered one of the dangerous factors that destroy the work of that facility internally and externally. The study recommends encouraging the provision of appropriate and fair wages that take into account the level of economic growth (the rush of salaries is a pretext for bribery, embezzlement and other economic crimes), and training must be sufficient to raise awareness of the risks of corruption associated with job performance, and training programs may refer to codes or behavioral standards in specific areas.

Keywords: Internal audit board; performance efficiency; corruption.

1. INTRODUCTION

Internal auditing, or what is technically called in government institutions the directorates or departments of control and internal auditing (pre-spending control), has a major role in reducing administrative and financial corruption, and in order to enhance the independence of control and internal auditing agencies by severing their administrative and financial ties with executive departments and linking them administratively, financially and technically to the Federal Internal Audit Council (proposed), provided that it is within the formations of the Legislative Council (Parliament). Parliament is considered the highest legislative and supervisory authority elected by the people as the people's agent in monitoring the performance of executive departments and the disposal of public funds. Administrative and financial corruption is considered a crime of conscience, which may not affect the law or exceed it, especially when the employee responsible for protecting public funds is unable to perform his duties at the required level due to the organizational restrictions resulting from his administrative, financial and technical ties with executive departments. Knowing the organizational position of internal audit departments within the organizational structure of government units and the nature of their ties and their role in reducing the phenomenon of administrative corruption is considered extremely important in identifying the strengths and weaknesses of those departments [1]. The unethical practices and deviant behaviors of some public service personnel in government institutions ultimately lead to the deviation of those government institutions from achieving their goals. Administrative corruption and the resulting financial corruption have

become a widespread phenomenon in various countries of the world, making combating it a shared responsibility [2,3]. The United Nations and specialized international organizations, as well as regional organizations, have begun issuing guidelines and directives to monitor it and urge governments to issue laws to combat corruption and money laundering, including Iraq, for example, issuing Law No. (39) of 2015.

2. METHODOLOGY

This section explains the context of the research process and highlights understanding the scientific methodology on which the research will be based on it. So, this section reviews the problem of the research, its importance, its objectives, its limitations, data collection techniques, hypothesis, and the research model.

2.1 Research Problem

Corruption stems from decision-making sources and senior executive departments, especially since one of the causes of the phenomenon of financial and administrative corruption is the involvement of some heads of executive departments in this phenomenon, and there is much evidence of this. The current organizational structures of the internal oversight and auditing bodies have made them subject to the influence and will of the senior executive departments, which have made them unable to exercise their functions and prevent administrative corruption and the accompanying financial corruption. In other words, the main reason behind the widespread administrative and financial corruption in all government institutions is the lack of independence of internal auditing bodies

from executive departments, which has led to weak performance efficiency of internal auditing bodies. Weak performance is not due to the lack of experience of employees in the internal oversight and auditing bodies or failure to provide the necessary professional care, but rather due to the organizational structure and the resulting loss of financial and administrative independence of the internal oversight and auditing bodies. Therefore, this research seeks to address this problem by restructuring the internal oversight and auditing bodies in government institutions to enhance efficiency and reduce financial and administrative corruption.

2.2 Research Importance

The importance of the study stems from its originality, academic contribution and practical implications. Academic contributions add to the knowledge and literature in the field of addressing the phenomenon of administrative corruption that is rampant in all countries of the world, including Iraq. The current study is a response to the lack of research that has addressed the problem of administrative corruption and ways to address it, and the results of this study will add to the literature in the field of internal auditing. Administrative and financial corruption has left negative effects on the national economy and on the achievement of the goals for which public service institutions were established, resulting from the weak performance efficiency of employees in the government sector in general and internal audit agencies in particular. Thus, the practical implications of the research focus on the role of the Internal Audit Council in enhancing performance efficiency to enable it to reduce administrative and financial corruption.

2.3 Research Aim

This research aims to enhance the performance efficiency of internal audit and oversight bodies by establishing the Federal Internal Audit Council, which will reduce the phenomenon of financial and administrative corruption in government institutions. This research also aims to study the reality of the work of internal audit departments in government units, stating their effects and analyzing strengths, weaknesses and determinants.

2.4 Research Model

Research model has been depicted in Fig. 1.

2.5 Literature Review and Hypotheses Development

The study [4] clarified the quest to increase the efficiency of the internal auditor in detecting financial fraud by studying and analyzing the extent of the impact of the efficiency of the internal auditor in public joint-stock companies in the Kingdom of Saudi Arabia with internal audit standards. Pre-planning and sound planning of the audit and control process by the internal auditor preserves the most important conclusions of the economic unit's resources and reduces cases of fraud and corruption. The study [5] showed the extent to which the conditions of independence of external auditors in the State of Kuwait are available from the point of view of external auditors and other parties who use audited financial statements in making decisions, such as investors, lenders, and financial analysts. The study community consists of external auditors, current and potential investors, lenders, and analysts, in addition to the regulatory and supervisory authorities of the profession. It reached the results that the conditions of independence of external auditors in the State of Kuwait are not available from the point of view of the categories covered by the study (external auditors, users of financial statements, and control). Supervision is the most influential of this opinion, and there are also obstacles to providing the conditions for the independence of external auditors in the State of Kuwait. The most supportive groups of this opinion are also the oversight and supervision bodies of the profession, and one of the most important recommendations is the need to educate auditors on the importance of providing the conditions for the independence of their work to maintain their efficiency in work. Work to ensure that the external auditor is appointed by the General Assembly of Shareholders with the determination of their fees. As for the study [6], it shed light on a dangerous phenomenon, which is (financial and administrative corruption) in terms of defining its concept, forms, manifestations, causes, effects, and ways to combat it. The research reached a set of results, perhaps the most important of which are: The phenomenon of corruption is an old phenomenon that threatens many societies and countries, in addition to being a serious global problem of wasting money, collapsing economic development plans, and the spread of inequality, justice, fairness, and preferring personal interest over the public interest. The

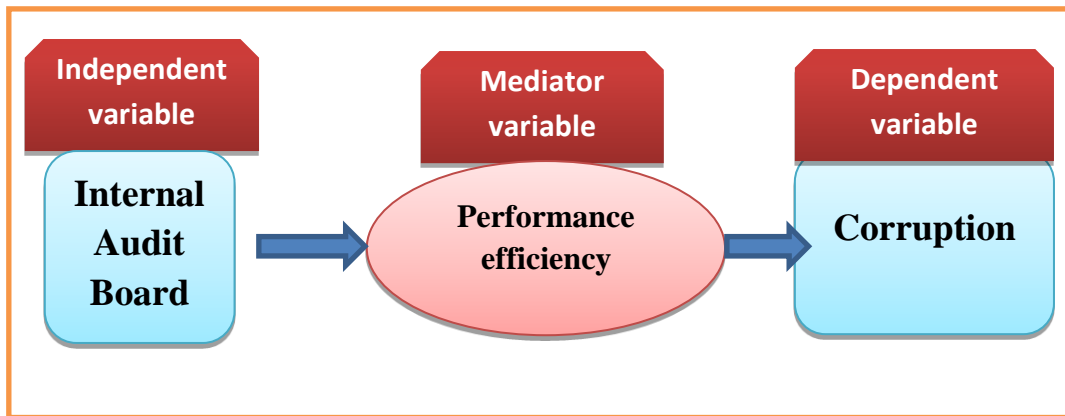


Fig. 1. Research model

manifestations of administrative corruption are represented by administrative and functional deviations and violations. Financial corruption is a set of financial deviations that violate financial rules and regulations. While the study [7] focused on the performance of internal control, as they are considered two important elements that represent the problem of the study, which is that control is a credible investigative tool in revealing the defect in the procedures for implementing the institution's work, which generates a reaction among those who implement it for fear of revealing matters that they do not want to reveal, and they may stand in the way of finding ways to camouflage and cover up, which hinders or attempts to hinder the professional work of control. Internal control may be practiced by people who are far from the profession, as is the case in many Iraqi financial institutions, and this negatively affects the performance of control and the translation of its work in the transparency of information that has become necessary in the control work. The study aims to diagnose the most important determinants that limit the effectiveness of internal control as a tool for preventing and detecting financial violations. And how internal control is used to activate its role to serve the institution's activities and then ward off risks, including the risks of financial corruption, and reached a conclusion that the independence of internal audit and organizing their work outside the economic unit raises the efficiency of performance on the one hand and contributes to reducing and combating administrative and financial corruption.

While the study [8] aimed to identify the internal control system and its effectiveness in reducing the phenomenon of financial and administrative corruption, and to identify the difficulties that

hinder and limit the ability of the internal control system to perform its work in the required manner, and the study reached several results, the most important of which are: Internal control plays a role in strict control procedures that prevent tampering with the property of the economic unit that limits cases of financial and administrative corruption in addition to the clear instructions of the internal control system that led to controlling financial and administrative performance, and the study recommended the need for government institutions to pay attention to providing rewards and incentives to distinguished employees working in the control agencies to encourage and motivate them to perform the tasks assigned to them. The study [9] aimed to show the role of leading technologies in the field of auditing that allow auditors to identify risks and evaluate the efficiency of control over modern information systems. The study showed the benefits achieved as a result of moving to the application of computer-based auditing, which can lead to the development and continuous improvement of the auditing process by assessing audit risks and helping to evaluate companies' businesses and decisions issued by management. The study concluded that although auditing techniques for computer programs such as expert systems and their use to improve work procedures and reduce errors are still in the early stages of development, most of the research came to search for the security procedures that should accompany computerized accounting information system applications in companies and their auditing. The study recommended the necessity of assessing the risks resulting from the application of expert systems in companies and imposing security and safety procedures focused on the safety and completeness of work and auditing procedures

and ensuring their implementation, and that the automation of auditing procedures has become one of the basic issues at the present time.

The study [10] aimed to focus on the role of technological progress in the business environment and considered it as a factor that caused changes in the field of continuous auditing. The study showed whether accounting and auditing are able to demonstrate creativity and ingenuity on an ongoing basis in processing operations and finding the necessary solutions to solve the problems they face as a result of the application of technological progress in establishments. The study concluded that continuous auditing procedures are a necessity in light of the application of technology in the business environment, and that there are some obstacles accompanying this application that lead to hindering accounting and auditing work. To overcome them, it is necessary to review the history of auditing and its relationship to information technology and determine the appropriate procedures for this development. While the study [11] aimed to study the impact of internal audit quality on corruption in the Nigerian public sector. The study also aims to achieve the following objectives: The impact of the independence of internal auditors on corruption in the Nigerian public sector. The role of internal auditors' competence in combating corruption in the Nigerian public. The research hypothesis was based on: The independence of internal auditors has no impact on corruption in the Nigerian public sector, and the competence of internal auditors cannot eradicate corruption in the Nigerian public sector. There is an agency relationship between the principal owner(s) and their agent (management). The main objective of initiating financial audits is not for the purpose of uncovering corrupt practices but to ensure that the statements of account presented by the organization present a true and fair picture of their transactions and position. This means that false and incomplete accounts are indicative of corruption. When organizations strive and maintain higher and better standards of accounting and auditing, the top management and all other persons in the organization are bound to become clearer and more transparent about how the resources of the entity are being used, making it impractical for management and other employees to indulge in any act of corruption.

Based on the above, the following hypothesis can be derived:

Establishing a federal internal audit board enhances the efficiency of internal audit departments' performance to reduce administrative financial corruption.

3. THEORETICAL FRAMEWORK

3.1 Internal Audit Concept, Importance and Objectives

In order to be able to know internal auditing, its functions, mechanisms of work, and the standards that control its procedures, it is necessary to briefly refer to the concept of professional and technical auditing, its objectives, and its types.

What is the concept of auditing?

Auditing in its general concept is the process of verifying the validity of someone's claims. Several words have been used to express this verification process (audit, review, examination, etc.) All of these words and their practical connotations refer to the different methods of the basic concept, which is verifying the validity of someone's claims [12].

The American Accounting Association (AAA) defined auditing as: an organized and systematic process of objectively collecting and evaluating evidence and clues related to the results of economic activities and events, in order to determine the extent of compatibility and conformity between these results and the established standards and informing the concerned parties of the audit results [13].

The Institute of Internal Auditors defined internal auditing as: "An independent and objective confirmatory consulting activity designed to add value to the organization to improve its operations, and it helps the organization achieve its goals by creating an organized and accurate approach to evaluate and improve the effectiveness of risk management, control and governance processes and submit proposals to enhance their effectiveness." [14].

Based on the above, the essence of the auditing process is to collect and evaluate evidence to enable the auditor to express a neutral technical opinion, and the auditing process must be practiced by an independent and qualified certified public accountant, in addition to his work being characterized by (objectivity) in collecting evidence and clues, which is the auditor's lack of

bias in the process of collecting evidence. And the evidence, and not being affected by the auditor's desires [15].

Accordingly, (UNCTAD) defined the nature of internal auditing according to the modern concept as follows [16].

1. A control tool for the purpose of criticizing and evaluating all other control systems formed by management. And working to evaluate accounting control
2. An advisory function more than an executive function.
3. An independent activity in the company, extending to all administrative controls, including accounting control and internal control. The internal auditor should not perform any of the implementation work or participate in the performance of the work he audits.

Then the Task Force of the Institute of Internal Auditors (IIA) developed a definition of internal auditing in which it indicated that it is "an independent activity and objective assurance of an advisory nature that aims to add value to the company and improve its operations. Internal auditing helps the company achieve its objectives by adopting an objective approach to evaluate and improve the effectiveness of risk management, control effectiveness, and governance management process effectiveness."

Accordingly, the re-engineered internal audit function must display the following characteristics: [15]

1. The ability to work as partners with management or its other clients.
2. It provides solutions more than it provides services.
3. It emphasizes that the culture of the internal audit department reflects the culture of the business as a whole.
4. Coherence and connection between the law and objectives on the one hand, and the mission of the internal audit department and the mission of the company and strategic objectives on the other hand.
5. The ability to act as change agents and become effective and contribute to the company's major change.
6. Understanding and focusing on the function of business risk management and

being able to link it with the company's priorities.

7. The ability to work skillfully and participate in the best practices across the entire company.
8. The ability to develop the internal audit process and put it in a suitable place to provide a complete system of services by subordinating the basic audit work to the consulting work and ensuring that the internal audit function delivers services to its clients.

3.2 Objectives of Internal Auditing

The development of the internal audit profession has been accompanied by a noticeable development in its objectives and the extent of verification and examination as well as the degree of reliance on the internal control system. The American Institute of Internal Auditors has identified the objectives of internal auditing: In general, the main objective of internal auditing is to assist management in performing its responsibilities effectively by providing it with objective reports, recommendations and constructive comments related to the unit's activity in general [17]. The most important objectives of internal auditing can be identified as follows:

- Monitoring and supervising the work of internal control, and directing the work of improvements thereto. - Examining financial and operational processes.
- Auditing operational activities from an economic perspective, effectiveness and efficiency, including non-financial activities.
- Managing risks by identifying and assessing significant risks and contributing to improving risk management and the control system.
- Ensuring compliance with laws, regulations and other external requirements, management policies and directives and internal requirements.
- Evaluating the governance process in terms of achieving its objectives related to ethics, evaluation, performance management and accountability, communicating information related to risks and control to the relevant parties and the effectiveness of communication between those charged with governance, internal and external auditors and management.

3.3 Types of Internal Audit

There is no doubt that internal audit is divided into types according to the foundations, fields and responsibilities borne by the internal auditor, specialized literature and the development that accompanied the nature of internal audit work. This transferred the content and objectives of internal audit from the traditional concept to the modern concept. In general, there is agreement on the existence of more than one type, the most common of which are: [18]

- 1- **Financial Audit:** Financial Audit Analysis of the economic activities of the organization that were measured by accounting reports. This type of audit includes auditing procedures for the items of the financial statements, records, accounting systems and the accounting cycle. In other words, financial audit is the internal audit that is only committed to following up on all movements, activities and financial operations that take place within the economic unit, which may be linked to external financial operations in cases of sale and purchase. This type of audit includes two types: financial audit before disbursement and financial audit after disbursement, where the first refers to one of the stages of internal self-audit.
- 2- **Compliance Audit:** Compliance audit is related to determining whether the economic unit under audit has adhered to or followed specific procedures, rules or laws set by the higher authority and executive directors authorized to issue decisions. In this type of audit, auditors verify the extent of compliance with legal systems, laws and legislation, in addition to the extent of compliance with instructions issued by the bodies regulating the work such as the Central Bank for banks, the Insurance Regulatory Authority for insurance companies, and the Capital Markets Regulatory Authority for joint-stock companies. The extent of compliance with the policies and procedures adopted by the institution or the decisions issued by the Board of Directors and senior management is also verified here.
- 3- **Operational Audit:** This type of audit is intended to audit the operational procedures of various aspects of work, including transactions, documents and files, within the policies and procedures adopted by the institution, in addition to

auditing and evaluating the documentary cycles of various operations. This type of audit requires a lot of time from auditors, so it is preferable to prepare computer programs Exception Reports to help auditors carry out these tasks.

- 4- **Management Audit:** Internal administrative audit is the audit that includes examining the control procedures for aspects of activities other than the financial or accounting aspect, and therefore it requires knowledge of the policies and procedures applied in the economic unit. This type of audit is considered one of the most important types of auditing, and the added value of administrative auditing is higher than its counterparts from other aspects. This type is based on ensuring the efficiency and effectiveness of the various functions in the institution, and the extent of their contribution to achieving the institution's goals. In addition to verifying the procedures for implementing tasks and methods of providing services. This type of audit is considered one of the most important types of auditing, and the added value of administrative auditing is higher than its counterparts from other aspects.
- 5- **Information Systems Audit (IS Audit):** This type includes auditing aspects related to information systems, communication networks, and system operating procedures, in addition to computer hardware and equipment and all other aspects related to computers. This type of audit requires that it be performed by people specialized in computer fields.
- 6- **Environmental Audit:** This type of audit is based on verifying the extent of compliance with environmental requirements, verifying the assessment of risks related to environmental pollution, and ensuring that products are produced in compliance with environmental requirements. And auditing environmental management systems with the importance of auditing future environmental damage related to treatment, storage and waste disposal facilities. D. Auditing environmental obligations.

3.4 The Concept of Corruption in Terminology

The sources and literature that dealt with the concept of corruption or related or opposite

meanings have varied and can be presented within the conceptual framework. The word corruption may be mentioned according to its condition, the form of its occurrence, its impact and the environment in which it appears, and all of them generally mean removing a good thing from its purpose and disrupting the balance.

Centuries ago, Ibn Khaldun read in his famous introduction (*On the Useful Prestige of Money*) as if he sees our contemporary Arab reality, as he sees (that money is subordinate to prestige and authority and not the opposite, and he sees that in many cases trade is mixed with the emirate, as some gain through the position and administrative influence in the highest ranks of the state apparatus conditions that allow them to obtain financial gains and accumulate quick wealth, which is usually in the form of a rent from the position [19].

The phenomenon of corruption and administrative corruption is a widespread global phenomenon with deep roots that takes on broad dimensions in which various factors overlap that are difficult to distinguish between, and the degree of its comprehensiveness varies from one society to another. There is hardly a society or political system that is free of it [20].

There is no single, general, acceptable definition of corruption, and it is also impossible to differentiate between national corruption and international corruption. The United Nations Convention 2002 was held, where negotiations against corruption began, and one of the options proposed was to avoid defining corruption for reform. After that, a clear definition was agreed upon for specific models of corruption Which is the subject of many academic and legal definitions. Therefore, the United Nations has produced a useful guide that helps in understanding the various manifestations of corruption. Here, the researcher wanted to present the concept of corruption in its entirety, and for the purposes of the research, the focus will be on administrative corruption. The definition adopted in this regard is the one used for the first time by the World Bank and adopted in all writings (the use of public office to achieve private benefits or the misuse of public office represented by "official" in order to achieve private interest) (Arzqi, 2019). In the above meaning, all practices of misuse of government or private office fall under the category of large companies, including (commissions, bribes, tax evasion, smuggling of money, customs fraud or

customs evasion, disclosure of secrets of contracts or deals, mediation or favoritism in public office) (Aboud, 2021). In general, corruption is the misuse of power to achieve personal gain. Corruption is a phenomenon that exists as a result of the absence of regulatory and legal standards and foundations and their application and the prevalence of the principle of individualism, which leads to the exploitation of public office and state resources in order to achieve individual, group or partisan interests at the expense of the basic role of the government apparatus, which affects the principle of justice and equal opportunities for citizens and those seeking public service [21]. Another important definition is the employee's breach of his job duties, positively and negatively, and his committing an act that is prohibited for him. Every employee who violates the duties stipulated by laws, general regulations, or orders of superiors within the limits of the law, or deviates from the requirements of duty in performing his job, is negligent in performing it with the required caution, accuracy, and honesty, and violates the legitimate trust in this job that he performs himself if it is entrusted to him and that he performs it with accuracy and honesty. Corruption is: "the misuse of public authority to achieve private gains." Administrative corruption contains a degree of deliberate deviation in the implementation of the administrative work entrusted to the person, but there is an administrative deviation in which the employee exceeds the law and his granted powers without bad intent due to negligence and indifference. This deviation does not rise to the level of administrative corruption, but it is a deviation punishable by law and may ultimately lead, if not addressed, to administrative corruption. Hence, we find that corruption is the loss of value authorities and a deviation from the benefits of binding work.

3.5 Characteristics of Corruption and Standards

Corruption is characterized by the following characteristics: [22]

1. Secrecy. As corrupt acts, arrangements, procedures, negotiations and agreements are usually carried out secretly and confidentially.
2. Multiple parties. As more than one party usually participates in the corruption process, as there is a beneficiary of the act of corruption for the benefit of another

- party who benefits at the same time from the criminal act that violates laws, customs and social values to obtain mutual benefits that bring together the parties to the corruption deal.
3. Mutual commitment. Meaning that there is a common interest between the parties to corruption and each of them achieves benefits in violation of the law, as the corrupt act that the one in power is committed to is another obligation on another party to pay for corruption.
 4. Camouflage. Given that there is a close relationship between corruption and fraud, corruption involves camouflage, concealment and obscuring the activities and behaviors of each person who commits corrupt acts.
 5. Breach of trust. Corruption involves a breach of trust that is supposed to be available at the level or holder of public authority, and the operations or actions of breach of trust are a betrayal of the source of trust or a betrayal of the trust of the work, position or authority assigned to the perpetrator of acts of corruption.
 6. Contradiction. This means a contradiction between the roles in public life and the roles in the private life of the perpetrators of corruption.
 7. Deception and fraud. Corruption includes fraudulent and deceptive acts that do not reflect the truth, fabricating false papers and documents, and circumventing rules, controls and regulations to achieve illicit gains.
 8. Deviant behavior. Corruption is considered an abnormal behavior that occurs in violation of laws, regulations, controls and good morals, which we also express as a criminal act that represents a crime punishable by law.
 9. Breach of duties and responsibilities. Corruption expresses the violation of duties and responsibilities related to the performance of work, the breach of laws, regulations and instructions, and the failure to adhere strictly to their provisions.
 10. Achieving a private interest at the expense of the public interest. This is when the person who commits corruption obtains a private interest or benefit for himself or his relatives at the expense of the public interest of society. The interest can be a material, moral, or literary benefit or the satisfaction of an illegitimate desire.
 11. Exploitation of governmental or public functional authority. We find that the overlap of types and areas of corruption creates interconnected relationships with public employees who are entrusted with performing public functions entrusted with granting licenses or carrying out oversight or accountability.
 12. Variation in corruption patterns. Corruption patterns differ according to the different entities in which it occurs. The pattern of corruption in production factories differs from the pattern of corruption in governmental administrative entities, and it also differs from the pattern of corruption that occurs in educational institutions or research centers. These patterns also differ from one sector to another. They differ in the health sector from the transportation sector, the tourism sector, the navigation sector, and so on.

4. DATA ANALYSIS AND HYPOTHESIS TESTING

The applied study is the practical aspect of testing theoretical ideas and knowing the reality of application. Therefore, an appropriate sample is chosen, with the importance of reviewing the statements, reports and procedures on which the auditing process depends, and according to the research requirements and in light of the nature of the variables and objectives related to the possibility of achieving the independence of internal auditing for the study sample. The questionnaire was adopted as a means of collecting information through the main dimensions in the research variables after being judged by experts and specialists in the field of work and subjected to (the rules of validity and reliability). Some statistical methods were used according to the analytical approach and then the data analysis process was carried out for the study sample. The questionnaire was designed based on the theoretical framework of the research, the research model and previous studies to test the extent to which the proposed Internal Audit Council supports the independence of internal audit departments and divisions in government institutions and then its impact on raising efficiency and reducing administrative corruption. Description of the questionnaire form adopted for the study.

In light of the nature of the study problem, the variables, the relationship, the correlation and the influence between the independent variable and the dependent variable, as well as the presence

of an intermediary variable, the questionnaire was adopted as a tool for collecting information. The questionnaire included a number of questions, which were prepared according to the contexts and approved standards, in addition to benefiting from some paragraphs of previous studies. The questionnaire was presented to a number of experts and specialists, and it was judged and technical and linguistic modifications were made and formulated in a way that enhanced the content of the paragraphs, to be more consistent with the study's objective. Thus, it was reconstructed with its standards and paragraphs to become more appropriate for the objectives for which it was set, and in the final form with the help of other paragraphs that were modified and developed, and all the final paragraphs were subjected to the tests of validity and reliability.

The sample members who could achieve the study objectives were selected, which were represented by gentlemen (experts, specialists, holders of professional certificates, and practitioners in accounting and control work). After the aforementioned procedures, the questionnaire was distributed to the sample members, which amounted to (221) individuals, in addition to the validity and reliability tests, as in this chapter, the data scanning and cleaning will be explained by conducting some statistical tests that ensure the integrity and ability of the financial data for the test, including bias assessment and common method assessment, and then the descriptive statistics test. Conducting the MANOVA test (multivariate analysis of variance analysis). Conducting the HCM test (Hierarchical component model), and conducting the performance efficiency test as an intervening variable (mediation analysis). To ensure the readiness and integrity of the data (Model Evaluation) to conduct the research model test, and then the results were discussed. Findings).

4.1 Assessment of the Structural Model

The assessment of the results of the structural model under study includes examining the structural relationships and the predictive ability of the model. This assessment consists of four tests: path coefficients (β), coefficients of determination (R^2), effect sizes (f^2), and predictive importance (Q^2).

4.1.1 Path coefficient

The values of the path coefficient (β) are used to test the study hypotheses by measuring the

importance and direction of the structural model relationships, so that β is between (-1 and 1), where (-1) represents a strong negative relationship, while (1+) represents a healthy positive relationship, (zero) represents no relationship, and values close to (zero) represent insignificant relationships. The importance of the structural model is also determined by the standard error.

From Table 1, we note that the value of the path coefficient (independence to reducing corruption) reached (-0.012), indicating that independence alone does not reduce corruption, and that the value of the path coefficient (Federal Audit Board to reducing corruption) reached (-0.098), indicating that the Federal Audit Board alone cannot reduce corruption, and the Audit Board does not support performance efficiency, as the value of the path coefficient reached (0.286). We also note from Table 1 that independence supports performance efficiency, as the value of the path coefficient reached (0.509), and that independence contributes to reducing administrative corruption, as the value of the path coefficient reached (0.874). We also note that performance efficiency reduces administrative corruption at a value of the path coefficient (0.923), and that performance efficiency supports independence at a value of the path coefficient (0.897). We also note from Table 1 that the Federal Audit Board works to support independence, as the value of the path coefficient reached (0.629). Path coefficients (β) may have small values but are important, and have a significant direct or indirect effect. The Table 2 shows the indirect effects of the paths of the model under study.

4.1.2 The coefficient of determination (R^2)

The value of (R^2) reflects the predictive ability of the model, i.e. the ability of the external components to explain the internal components, and represents a measure of the predictive power within the sample. In other words, (R^2) measures the amount of variance of the internal components explained by the external components associated in the structural model, and the values of (R^2) range between (0, 1); higher values indicate higher levels of predictive ability, that the value of (0.10) is the minimum acceptable value of (R^2) in the structural equation model (SEM), while Chen (1998) suggests that the values of (0.19, 0.33, and 0.67) can be considered weak, medium, and large, respectively, in (PLS-SEM) and rejects any value less than (0.19). The Table 3 shows that the

components of the model under study have great predictive power, and the experimental results show the significance of the components that make up the study model.

Effect sizes (f^2) the effect size measure (f^2) is used to understand the predictive power of the coefficient of determination (R^2) for each exogenous construct associated with a specific endogenous construct. In other words, (f^2) means the change in the value of the coefficient of determination (R^2) for the endogenous construct when a specific exogenous construct is removed from the path model.

The experimental results of the values of (f^2) shown in Table 4 above show that all the external components have a significant effect on the internal components associated with them, except for the components (independence) and (Federal Audit Board), which have a small effect size on the corruption reduction component. These experimental results support the path of performance efficiency reduces corruption and independence supports performance efficiency, which means that the components of performance efficiency and independence significantly affect the reduction of administrative corruption.

Table 1. Values of path coefficients for the first and second levels

Path coefficient (β)	Tracks
0.923	Reducing Corruption → Performance Efficiency Reducing Corruption
0.886	Performance Efficiency → Reducing Administrative Corruption
0.837	Performance Efficiency → Council Support for Performance Efficiency
-0.098	Federal Audit Board → Reducing Corruption
0.286	Federal Audit Board → Performance Efficiency

Source: Results of statistical analysis using Smart PLS v4.1.

Table 2. Indirect effects of study model paths

indirect effects	Study Model Tracks
0.254	Federal Audit Board → Performance Efficiency → Reducing Corruption
0.239	Federal Audit Board → Performance Efficiency → Council Support for Performance Efficiency
0.818	Performance Efficiency → Reducing Corruption → Performance Efficiency Reduces Corruption
-0.090	Federal Audit Board → Reducing Corruption → Performance Efficiency Reduces Corruption
0.234	Federal Audit Board → Performance Efficiency → Reducing Corruption → Performance Efficiency Reduces Corruption

Source: Results of statistical analysis using Smart PLS v4.1.

Table 3. Values of the coefficient of determination for the study model compounds

Coefficient of determination values (R^2)	Model Study Vehicles
0.65	Council Support for Performance Efficiency
0.469	Performance Efficiency
0.782	Performance Efficiency Reduces Corruption

Source: Results of statistical analysis using Smart PLS v4.1.

Table 4. Effect sizes (f^2)

Effect sizes (f^2)	Tracks
5.749	Reducing Corruption → Performance Efficiency Reducing Corruption
1.169	Performance Efficiency → Reducing Administrative Corruption
2.332	Performance Efficiency → Council Support for Performance Efficiency
0.016	Federal Audit Board → Reducing Corruption
0.403	Federal Audit Board → Performance Efficiency

Source: Results of statistical analysis using Smart PLS v4.1

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

In light of the requirements of the scientific research method, the study should reach a set of conclusions, whether in its theoretical or practical aspect, in order to build recommendations that serve to achieve the objectives.

Through the integrity reports regarding the exploitation of the lack of independence of internal audit by senior management, it indicated that it had uncovered many cases of administrative and financial corruption, abusing their powers and at high and different job levels, and that they had been presented to the courts, some of which had been adjudicated and convicted, and some of which were still under investigation, which included that there were heads of executive units against whom summons, arrest and detention orders had been issued in the year (2022), their number reaching (288). This number indicates the amount of contracts that were tainted with administrative and financial corruption in which they were directly or indirectly involved, causing a waste of public money that may not end with a ruling against them due to the lack of sufficient evidence of conviction that can be relied upon in issuing a judicial ruling. There are also heads of executive units accused who were referred to the court of subject matter (156) accused during the year 2022, and it has been proven initially that they caused the waste of public money specified by the investigative committees formed by the Federal Integrity Commission, revealing the involvement of heads of government units, whose number reached (230) heads during the years (2017-2022) against whom a judicial ruling was issued in cases in which it was proven that they were involved in corruption, which enhances their exploitation of the lack of independence of auditing and at the same time justifies serious consideration of applying independence in reality. The phenomenon of corruption is also one of the organized crimes that has spread due to various factors and its impact has spread to various aspects of economic, political and social life, and its methods extend and diversify to the point that some have legalized and legislated to justify their corruption under many names, which has led to the waste of money, the depletion of energies, the reduction of the level of performance, the obliteration of rights, the exclusion of competencies, the lack of results,

and the deterioration of moral values and human relations, which has corrupted organizations and weakened the chances of success. The spread of corruption is considered one of the most important obstacles to successful economic development in many countries. Auditing in general is one of the basic units or departments in the organizational structure, which undertakes various tasks aimed at preserving the company's assets on the one hand, and following up on activities and their effectiveness in adhering to controls and instructions, diagnosing deviations, addressing errors, and supporting senior management in correcting the course and thus preserving the rights of all parties. Therefore, its connection is always with senior management within the organizational unit to achieve independence and the strength of implementing powers. However, this connection with senior management remains marred by some problems, especially when corruption occurs on its part, which makes it exploit the connection to it and its being the administrative reference in making the final decision. Also, the role played by internal audit in any service or profit-making facility constitutes an important axis in the work of that facility because it is considered the safety valve and the controller of the extent of that economic unit's commitment to the instructions in force in its operational work and the extent of its commitment to accounting systems and financial reports, which will be reflected in the efficiency and effectiveness of that economic unit in standing up to attempts to exploit its work in administrative and financial corruption operations, which is considered one of the dangerous factors that destroy the work of that facility internally and externally. Personal interests are exposed to threats that may limit or weaken the independence of auditors, which is what auditors suffer from in the work environment due to weak independence and the control of some administrative bodies over them. The threats vary from the threat of an examination prepared by the same auditor, the threat of defending the client's interests before others, the threat of unprofessional affiliation with the client, in addition to the intimidation and pressures imposed by the client on the auditor. Despite this, most institutions still adhere to the rules and mechanisms of governance by state-owned companies to reduce administrative and financial corruption in them and increase the efficiency of their performance, thus increasing the confidence of local and foreign investors in state-owned companies and then in the country as a whole, thus increasing the state's ability to

attract investment and the resulting development of the country's economy.

5.2 Recommendations

1. Taking civil and administrative measures to maintain the integrity of accounting books, records, financial statements or other documents related to public expenditures and revenues to prevent document forgery.
2. The necessity of having a department specialized in recording commodity and purchase prices and tracking their development in the market periodically so that they are under the supervision of the regulatory bodies when comparing the records of this department with what the purchasing departments do in practical application.
3. The combat process begins by adhering to professionalism and putting the right person in the right place with the support of the departments and official bodies and departments responsible for combating corruption or those working in the field of control and auditing.
4. The independence of the departments responsible for internal auditing has become a technical and professional necessity and removing them from the administrative formation and linking them to the upper levels in one of the three presidencies as it gives them more power and authority and frees them from the direct control of people who seek to benefit by assuming senior positions in government institutions.
5. The necessity of raising awareness among auditors of the importance of providing conditions of independence in their work to maintain their efficiency in work.
6. Attention to setting special frameworks for competition between audit offices to ensure compliance with the standards of independence and efficiency of performance in work by granting rewards and achieving the condition of promotion in the auditor's job grade.
7. It is based on the principles of efficiency, transparency and objective standards such as merit, fairness and eligibility. This means combating mediation and the theory of trustworthiness that prevails over experts and other ideas that conflict with public interests and sound morals.
8. Encouraging the provision of adequate and fair wages that take into account the level of economic growth (the rush of salaries is a

pretext for bribery, embezzlement and other economic crimes).

9. Training should be sufficient to raise awareness of the risks of corruption associated with job performance. Training programs may refer to codes or standards of conduct in specific areas.

DISCLAIMER (ARTIFICIAL INTELLIGENCE)

Author(s) hereby declare that NO generative AI technologies such as Large Language Models (ChatGPT, COPILOT, etc) and text-to-image generators have been used during writing or editing of this manuscript.

COMPETING INTERESTS

Authors have declared that they have no known competing financial interests OR non-financial interests OR personal relationships that could have appeared to influence the work reported in this paper.

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