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Artificial intelligence and internal auditing and their role in evaluating the performance of government units: An applied study in the municipality of Diwaniyah

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Abstract

The research aims to know the role of internal auditing in evaluating the performance of service departments. Internal auditing is one of the most important functions that service departments focus on because of its impact on measuring and evaluating efficiency. The system is also considered one of the most important elements that the auditor relies on when performing the audit process, and because of an organizational plan, means, procedures and components through which it aims to protect its assets, ensure their use, and implement the established plans in a way that facilitates the achievement of its goals and in a sound scientific manner. We also mention the most important findings of the study:

1. There is an urgent need to modernize the monitoring methods carried out by the highest regulatory authorities.
2. Internal auditing is considered a set of internal laws, written and unwritten procedures, administrative directives, and work methods that contribute to better auditing in institutions.
3. It contributes to providing guarantees to increase efficiency and commitment in applying the job performance law.
4. The performance evaluation is an indicator of what the economic unit has achieved as a result of carrying out its administrative and financial activities in comparison with previous periods or with planned goals.

Keywords: Internal auditing, performance of government, artificial intelligence

Introduction

Government units are responsible for achieving many public, non-profit goals, in addition to providing basic services and economic and social development. Now, cases of financial, accounting and administrative violations are increasing due to the administration's lack of interest in activating the components and tools of internal auditing. The administration, no matter how much skills, capabilities and potential it possesses, cannot cover all administrative aspects. The unit director in government units is not an expert in all fields. This requires the assistance of people who have scientific competence and practical experience and who are independent in their opinions and outlook on matters to play the role of financial and administrative oversight and provide recommendations and proposals to monitor, improve and develop performance, and through responsibility and competencies of the General Administration of Internal Auditing, internal institutional auditing must be tightened by its means. We should not limit the role of internal audit to policies and procedures, but rather move to raising the efficiency of performance. Internal auditing has developed and the traditional view of it has changed from simply hunting for negative deviations to being an effective tool in adding value to government units.

First: Research Problem

The lack of awareness and interest by government service sector departments in the role of the internal auditing apparatus, or the weakness of this apparatus, will lead to the absence of

effective and efficient oversight of auditing procedures and the application of legal provisions. It will affect the quality and volume of performance and how to achieve compatibility of interests between this structure in order to reach better performance of services through appointing Employees according to their job specialization and opening training courses that serve citizens and the economy. Based on the above, the research problem is represented by the following questions:

The first main question: What are the factors affecting raising the efficiency and effectiveness of the internal auditing unit and its role in improving the work performance of the Diwaniyah Municipality? From this main question the following sub-questions emerge:

- What are the responsibilities of the Internal Auditing Unit?
- What are the factors affecting raising the efficiency of the internal auditing unit and its role in improving the work performance of the Diwaniyah Municipality Directorate?
- What are the factors influencing the effectiveness of the internal auditing unit and its role in improving the work performance of the Diwaniyah Municipality Directorate?

Second: Research Significance

The importance of research lies in the role played by internal auditing bodies in improving performance in the Diwaniyah Municipality Directorate in order to achieve its best performance that enables it to maintain its position.

- The importance of internal auditing devices as the foundation and basic tool in verifying the accuracy of accounting data and information.
- The importance of preserving the assets of government units.

Third: Research Objectives

The research aims to achieve the following main objective:

Identifying the factors affecting raising the efficiency and effectiveness of the internal auditing unit and its role in improving the work performance of the Diwaniyah Municipality.

The following sub-objectives emerge from this main objective:

- Identifying the responsibilities of the internal auditing unit.
- Identifying the factors affecting raising the efficiency of the internal auditing unit and its role in improving the work performance of the Diwaniyah Municipality.
- Identifying the factors affecting increasing the effectiveness of the internal auditing unit and its role in improving the work performance of the Diwaniyah Municipality.

Fourth: Research Hypotheses

The first hypothesis: The presence of an academically and professionally qualified staff with experience in internal auditing contributes to improving the efficiency and effectiveness of performance and development in government units.

The second hypothesis: Implementing an effective system of internal auditing and continuous follow-up affects raising

and developing the efficiency of performance in government units.

Fifth: Research Methodology

The research methodology is divided into two frameworks:

The theoretical framework: This framework relies on the previous historical and descriptive approach in the field of internal auditing and the conclusions and recommendations that can be drawn from the historical descriptive method.

Practical framework: It relies on the analytical approach through field study and the statistical method according to a questionnaire form prepared for study and distributed to workers, and interviews with workers in the Diwaniyah Municipality Directorate.

Section Two

Theoretical Part

Scientific development and growth in the areas of government activity have led to the large volume of transactions, the complexity of their work and functions, the difficulty of their performance, and the multiplicity of their problems. This has led to the development of the emergence of the concept of internal auditing in government agencies to ensure the effectiveness of internal auditing, as internal auditing represents an important element in it, and the larger the volume of financial activities. The greater the need to provide an effective internal auditing system so that oversight is exercised over aspects of the entity's activities, whether administrative, financial, performance, or compliance, its presence has become necessary and inevitable for all of the entity's operations and activities for the purpose of ensuring the validity of those operations and activities and their achievement of the goals that were planned. Correcting any deviations and correcting them in accordance with the statutory regulations and instructions. Internal auditing is considered one of the lines of defense to protect public funds and resources and ensure their optimal use in the government entity. It is considered an effective tool in developing policies and increasing the entity's productive efficiency in a way that benefits the achievement of its objectives. It also performs an independent and objective evaluative function that is created within the entity, to examine and evaluate. Its various activities for the purpose of assisting officials within the entity in carrying out their responsibilities with a high degree of efficiency and effectiveness, by providing: analysis, evaluation, recommendations, advice, and information related to oversight of the activities being examined. Internal auditing helps that entity achieve its goals and protect its assets.

First: The Historical Development of Internal Auditing

Internal auditing appeared about thirty years ago, and therefore it is considered modern compared to external auditing. Internal auditing has been widely accepted in developed countries. Internal auditing was initially limited to accounting auditing to ensure that financial transactions are recorded and to discover errors, if any, but with the development of business, it has become It is necessary to develop internal auditing and expand its scope so that it is used as a tool for examining and evaluating the effectiveness of auditing methods and providing senior management with information (Cohen and Sayag, 2010:34)

[18]. Thus, internal auditing becomes a tool for exchanging information and communication between different administrative levels and senior management, and the previous development was reflected in the form of the auditing program. In the first years of the emergence of auditing, the program was based on monitoring accounting and financial operations, but after expanding the scope of auditing, the auditing program began to include evaluation of other aspects of activity according to (Nguyen 2021) [16].

Among the factors that helped develop internal auditing:

1. The need for means to detect errors and fraud.
2. The emergence of establishments with branches spread geographically.
3. The need for periodic statements that are mathematically and objectively accurate.
4. The emergence of banks and insurance companies led to the emergence of the need for internal Auditing to monitor operations on an ongoing basis, and the internal auditor must enjoy relative independence in carrying out his duties. The recognition of internal Auditing as a profession led to the establishment of the Institute of Internal Auditors in the United States in 1941 AD, and this institute set the necessary standards. Commitment to it when practicing the surveillance profession.

Second: Definition of Internal Auditing

The concept of internal Auditing refers to the organizational plan, means of coordination, and standards used in the project in order to protect its assets, Auditing and review accounting data, ensure its accuracy and reliability, increase production efficiency, and encourage workers to adhere to objective administrative policies. The functions of internal Auditing are as follows (Al-Tayeb, 2018) [3]:

1. Protecting the unit's assets and property, as internal Auditing is considered a preventive function that aims primarily to protect the unit's interests and property from the dangers of fraud, deviation, and violations of plans and objective policies, and to reveal weaknesses and deficiencies in the systems and procedures applied by following up on the implementation of the planning budget and examining the systems applied in the unit. It consists of the accounting system, the administrative system, the internal Auditing system, and the use of statistical comparisons and supervisory reports (Mihret *et al.* 2010; Gros *et al.* 2017; [17, 20]. Johnson *et al.*, 2019; Kosanovich *et al.*, 2020) [20, 21].
2. Raising production efficiency: This is done by strengthening administrative Auditing with adequate means of Auditing in order to develop the unit's operational efficiency, studying time and movement, qualification systems, and training employees.

As defined by the Auditing Methods Committee emanating from the American Institute of Certified Public Accountants (AICPA), it "represents the organizational plan and methods used by management in the institution with the aim of protecting its assets, Auditing and reviewing accounting data, ensuring its accuracy and the extent to which it can be relied upon, increasing productive efficiency, and encouraging employees." To adhere to established administrative policies. (Khaled Amin: 2004: p. 228) [4].

As defined by the American Accounting Association ("AAA"), it is: "a systematic and methodical process for

objectively collecting and evaluating evidence and evidence related to the results of economic activities and events in order to determine the extent of compatibility and congruence between these results and the established standards and to inform the concerned parties of the monitoring results." The following is noted from this definition:

1. **It is a general definition that includes all different types of auditing, such as**
 - Internal Auditing.
 - Government oversight.
 - External (neutral) oversight (independent auditor and certified public accountant).
2. **This definition described oversight as a systematic and systematic process, meaning**
 - It involves a set of well-planned sequential actions.
 - These procedures are governed by a consistent theoretical framework.
 - This framework represents a set of agreed goals and standards.
3. **This definition explains that collecting evidence and evidence objectively means**
 - State the nature or basic essence of the machine process.
 - Emphasizing that this evidence and evidence is not subject to the whims of its compilers or is distinct in order to be objective.
 - Although this evidence and evidence may include a degree of objectivity, the auditor must have a rational and objective approach (experience) when collecting and evaluating evidence.

The International Standard for the Practice of Auditing and Assurance and the Code of Professional Ethics No. 400 issued by the International Federation of Accountants IFAC defined it as "all the policies and procedures adopted by the institution to assist it as much as possible in reaching its objectives, while ensuring organized management and high work efficiency in addition to adherence to asset protection policies, preventing. Fraud, detecting errors, verifying the accuracy and completeness of accounting records, and creating reliable financial information in a timely manner".

The internal Auditing system is defined by the COSO as "operations carried out by the board of directors of an entity, and they are designed to provide reasonable assurance regarding the accomplishment of the following objectives (Boynton, 2001:300) [15]:

- Adequacy and effectiveness of operations.
- Possibility of relying on financial reports.
- Compliance with applicable laws and regulations in force.

Third: The Importance of Internal Auditing

Recently, the importance of internal Auditing has increased due to several factors:

1. The large size of the projects

The emergence of joint-stock companies led to the large size of projects and the separation of management from ownership, which led to the inability of management to be aware of all things and thus necessitated the use of an internal Auditing system. In order for management to be reassured of the integrity of this system, it was necessary to have internal Auditing that works to evaluate the efficiency and effectiveness of internal Auditing systems within

Enterprise.

2. Geographical dispersion of operations and increasing scope of international operations

As the size of the projects increased, many branches were established in distant areas. This led to sending the internal auditor to monitor the work of these branches. This auditor was called the "roving auditor" to follow up on the employees' commitment to administrative policies and suggest amendments. The success of the itinerant auditor in performing these tasks had a significant impact. In the emergence of the modern concept of internal Auditing and its expanding scope and increasing importance (Goodwin and Yeo, 2001:94).

3. Expansion of management needs

Expanding on the management's needs, we find that the management is the main client of the internal audit department and it is the one that determines the services it needs from the internal Auditing department, and the internal Auditing department must provide those needs. One writer believes that the traditional internal Auditing function has become part of the internal auditor's responsibilities, and therefore internal auditors must Expanding the services that the administration provides.

Fourth. Types of internal Auditing system and their objectives

As a result of the different angle from which the internal Auditing system is viewed, the latter is divided into three types, and it seeks to achieve various goals.

1. Types of internal Auditing system: The three types of internal Auditing are

A. Administrative Auditing system

It includes the organizational plan, means of coordination, and purposeful procedures used by the institution to achieve the greatest possible degree of production efficiency by ensuring adherence to administrative policies, efficient economic use of resources, and appropriate distribution of responsibilities and powers. To achieve this, it relies on multiple means such as statistical statements, time and movement studies, and reports. Performance, quality Auditing, estimated budgets and standard costs, use of maps and graphs, and various training programs for users, which are indirectly related to accounting and financial records. (Khaled Amin: 1998: p. 229) ^[4].

B. Accounting Auditing system

It is the organizational plan developed by the institution, which shows the procedures followed and used in order to protect its assets, and to ensure the accuracy of its data and financial accounting information to determine the degree of reliability on it. Every institution, whether production or service, has a main method in how to implement and record its various activities and prove them accounting, and it must be the parties responsible for this must be aware of the importance of the functions of the accounting system. Accounting Auditing methods include systems for delegating powers and authorities, as well as separating job responsibilities related to keeping accounting records and reports from those related to operations or maintaining assets. The functions of that system are represented by:

- Recording and compiling information and numbers in

order to make economic and financial decisions.

- Imposing oversight and Auditing and preventing fraud and manipulation.
- Preparing financial tables and reports for financial analysis purposes.

C. Internal Auditing system

It includes the organizational plan and all means of coordination and procedures aimed at protecting the organization's assets from embezzlement, loss, or misuse. In achieving its goals, internal Auditing depends on the division of labor with self-monitoring, where the work of each employee is subject to the review of another employee who participates in implementing the process. It also depends on defining competencies and authorities. And responsibilities. (Khaled Amin: 1998: p. 230) ^[4].

2. Objectives of the internal Auditing system

According to the definition of the COSO Committee on Internal Auditing, the management's objectives for designing and operating the internal Auditing system are:

1. Credibility of preparing and presenting financial statements

The management of any facility is legally and professionally responsible for preparing and presenting the facility's financial statements fairly in accordance with accounting standards or the applied accounting framework, and therefore it must design and implement the regulatory Auditing that ensure the preparation and presentation of financial and non-financial reports objectively and fairly.

2. Achieving efficient and effective operations

The term effectiveness refers to achieving the desired goal when performing any of the facility's operations, and the term efficiency refers to the rational economic use of the facility's resources when performing its operations. The internal Auditing system must include a set of activities, policies and procedures that encourage and oblige employees to achieve the objectives required in the facility's operations, the proper use of resources and assets, and the provision of financial and non-financial information about the performance of operations and the results of decisions to determine the efficiency and effectiveness of these operations and decisions.

3. Compliance with applicable laws and regulations

The internal Auditing system must have procedures, policies and activities that ensure the facility's management and its employees adhere to the laws and rules issued by legislative and governmental bodies and reports, whether related to financial information and reports or those that aim to set limits on the facility's practices for the benefit of society or those that regulate the facility's relationship with employees. And those dealing with it.

Although the objectives of the internal Auditing system according to the COSO Committee or the Egyptian International Standards and the Egyptian Standards for Auditing were limited to the three objectives described above, scientific practice highlights the importance of a fourth objective among the objectives that must be met when designing and operating the internal Auditing system, and this objective is to protect the facility's assets Safeguard of Assets (whether the physical protection of these assets or

when these assets are used for the purposes of the establishment) from losses that result from unwanted matters to which these assets are exposed, whether they are unintentional errors or intentional such as fraud or theft.

Fifth: Characteristics of an efficient and effective internal Auditing system

The internal Auditing system, which can be called efficient and effective, should be characterized by a set of features that can be stated as follows:

It should be as much as possible free of complexity and commensurate with the needs and capabilities of the individuals who carry out the oversight process.

- A. To help reach corrective results for the detected deviations.
- B. To provide useful, understandable and timely information.
- C. To be as flexible as possible; This is to confront changes that occur in plans and programs due to changing circumstances.
- D. It should be appropriate to the volume of work of the unit’s activity and in a way that is consistent and compatible with the organizational structure and the administrative climate prevailing therein.
- E. It must have a future outlook, as an effective Auditing system is one that can predict the occurrence of deviations and errors before they occur through the rules, methods and procedures included in the system.
- F. To take into account the cost-benefit principle when applying it, meaning that the expected benefits from this system are higher than the cost of obtaining them.
- G. The less oversight the process is, the more comfortable individuals feel in performing their work and duties, but a minimum level of oversight must be observed so that it is not violated or lowered.

Sixth: Internal Auditing and performance evaluation

There is a great similarity between internal Auditing and performance evaluation, to the point that many do not distinguish between them, as internal Auditing begins with the process of planning the desired goals and proceeds with implementation to follow up on actual events and compare them with those planned, and enables the discovery of deviations that occur during implementation and clarifies what should be taken to correct and work on. Preventing recurring deviations in the future. This means that oversight leads the actual implementation to a specific review that includes the implementation of the plan before arriving at the final results (Al-Baaj, 2012: 79) ^[13].

Performance auditing is defined as: an objective examination through which policies, systems, process management, and activity results in entities subject to oversight are diagnosed, and through which achievement is compared with plans, results with rules, and practice with policy in order to detect deviations (negative and positive), explain their causes, ensure that economic resources are managed efficiently, and identify the causes of waste. Extravagance, misuse, exploitation, and developing proposals that address aspects of deviation and extravagance in order to direct performance towards achieving effectiveness, efficiency, economy, or greater savings (Al-Tamimi, 2014: 375) ^[11].

Al-Quraishi believes that performance evaluation has limitations that are (Al-Quraishi, 2011: 416) ^[10]

- 1. Performance evaluation involves some sensitivity.
- 2. Avoid interference in investigations and legal procedures that may occur in the future.
- 3. The performance audit has an advisory nature and does not give recommendations in a binding manner.
- 4. Taking into account the relative importance of the activities and programs under audit, as well as when preparing the audit results and recommendations, and focusing on issues of relatively greater importance.
- 5. Taking into account the nature of the activity being audited in terms of applying standards, indicators and audit procedures, because each activity has its own specificity.

There is a set of methods for evaluating performance (Al-Karaawi, 2012: 128) ^[14]

- A. Evaluation based on past performance.
- B. Evaluation based on comparison with others in similar tasks.
- C. Evaluation based on performance standards and planning budgets.

Section Three

The Practical Part of the Research

1. Diwaniyah Municipality activity

A. Gardens and parks

Firstly: The low implementation rate (green areas, gardens and parks, central islands) compared to their areas and numbers within the basic design for the entire city of Diwaniyah, where the implementation rate reached (10%, 61%, 49%) until 12/31/2021 for the aforementioned activities, respectively, and as follows shown below:

Statement	Measuring Unit	Basic Design	Implemented Until 12/31/2021	Execution Percentage %
Green areas	M2	6360000	646000	10
Gardens and parks	Number	257	158	61
Central islands	Number	108	53	49

Second: The decline in the implementation rate of seedlings planted during the year/2021 compared to the number of seedlings planned to be planted, as the implementation

percentage reached (20%), which indicates inaccuracy in developing and implementing plans, as shown in the table below:

Number of seedlings planned to be planted	Number of seedlings actually planted	Execution percentage %
150000	30420	20

First: The number of properties belonging to the Diwaniyah Municipality Directorate as of 12/31/2021 reached (2607) properties, of which (1570) properties were allocated for commercial purposes and (1037) properties were allocated for industrial purposes. We noticed a decrease in the percentage of commercial and industrial properties rented compared to the total properties belonging to the Directorate, as it reached The number of leased properties (1042) is owned, which constitutes (40%) of the total properties belonging to the directorate, in contravention of the text of Article (1 - Revenues) of the second section of the instructions for implementing planning budgets for the public sector for the year 2021, which states (in view of the great importance attached to Fiscal policy for revenue issue.

Therefore, it is imperative for all public companies, self-financing bodies and departments to prepare the elements for implementing the plans and programs included in their planning budget. This requires developing methods for collecting revenues from their various sources in accordance with what is stipulated in the relevant laws, instructions and regulations, emphasizing the necessity of making the utmost efforts to continue collecting the revenues mentioned in Dates to be achieved as soon as possible, and not to be late or tolerant in collecting them for one reason or another, and to strive seriously and persevere in order to collect them for the purpose of financing the planning budget without relying on the state's general treasury) as shown below:

Ratio of the number of rented properties to the total number of properties % (4 = 2/1)	Total Property (3)	Total Property (2)	Total Property (1)	Details
32	1060	510	1570	Commercial property
51	505	532	1037	Industrial properties
40	1565	1042	2607	the total

Details	Total property (1)	Total property (2)	Total property (3)	Ratio of the number of rented properties to the total number of properties % (4 = 2/1)
Commercial Property	1570	510	1060	32
Industrial Properties	1037	532	505	51
Total	2607	1042	1565	40

Second: The Directorate, Property/Rent Division, delayed organizing the lease contract with some tenants despite the fulfillment of the rent amount and fees owed by the tenant, in violation of Article (19 - Second) of Instructions No. (4) of 2017 (Facilitating the Implementation of the Law on the

Sale and Rent of State Funds No. (21). for the year 2013 (amended), which stipulates (the tenant is obligated to sign the lease contract within (15) fifteen days from the date of payment). The following are some examples:

Delay Period		Extended Sum			No. and Date of Contract	Details
Month	Day	Details	Receipt Amount in Dinars	No. and Date of Receipt		
7	6	Annual Rent from 11/3/2021 to 10/3/2022	1705000	711651 in 17/3/2021	47759 in 8/11/2021	A nursery for selling flowers in the property numbered (4/5022, District 1, Umm Al Khail)
5	25	Rent Installment from to/10/2021 6/2/2022	2170000	50844 in 4/11/2021	9057 in 14/6/2022	Establishment of a washing and lubrication garage on part of the property numbered (18/4666 M18 Sadr al-Yusufia)
5	20	Annual Rent from 24/8/2019 to 23/8/2022	8200000	58381 فيف 4/1/2022	9166 in 23/6/2022	Establishing a factory for the production of healthy water on part of the plot numbered (42/52 m2, Albu Saleh)

Third: Inaccuracy in collecting the notary fee for the lease contract, as the amount of (500) dinars (five hundred dinars) was collected as a notary fee for some regulated lease contracts, in contravention of Article (37) of Law No. (11) of 2015, Law No. 11 of 2015 amending notary fees. (114) of 1981, which states: "The fees specified in this chapter are collected for transactions entering the notary public, provided that they are not less than (5,000) five thousand dinars and do not exceed (10,000) ten thousand dinars. The amount stated in the transaction is considered the basis for

collecting the fee unless stipulated law otherwise).

First: The number of neighborhoods included in the urban numbering in the center of the city of Diwaniyah reached (72) neighborhoods within the basic design, and (61) neighborhoods were numbered based on the review submitted by the numbering unit official dated 6/28/2022, which constitutes a percentage of (85%). Of the total number of neighborhoods included in the urban numbering in the city, as shown below:

The number of neighborhoods included in the numbering according to the basic design	Number of neighborhoods implemented as of 12/31/2021	Number of non-implemented neighborhoods as of 12/31/2021	Execution percentage %
72	61	11	85

Second: Lack of seriousness in removing encroachments on the Directorate's property, as the number of violations of various types reached (22,258), exceeding as of 12/31/2021. The Directorate's procedures were limited to issuing a warning to the encroachers without following up on it by the Legal Division of the Directorate, in contravention of Article (First - 1) From Resolution (154) of 2001 regarding lifting violations, which states (the following actions are considered violations: construction in violation of the basic designs of cities, exploitation of buildings, exploitation of lands located on real estate belonging to the state and municipalities within the limits of the basic designs of cities without obtaining proper approval) and the letter of the General Secretariat Council of Ministers No. (H.M./4/40166) dated 11/18/2018, including (obligating the committees for removing violations to resolve the issue of commercial, industrial, and agricultural violations). The Directorate/Civil Center Violations Unit justified that the reasons for this are due to (the demonstrations taking place in the city center and the blocking of roads due to the Corona pandemic and the failure to provide adequate security protection accompanying the campaigns to lift violations and the exposure of a number of workers in the Violations Unit to injuries and threats) and the following table shows this:

Override type	Number of violators until 12/31/2021
Exceeding the basic designs of housing	21510
Violations of basic designs by changing use and non-regression in commercial streets	141
Overtaking on sidewalks	607
Total	22258

A. Cash on Hand

First: The treasurer of the directorate received cash amounts of more than (1,000,000) dinars (one million dinars), in violation of the instructions of the Ministry of Finance/Department of Accounting/Studies and Follow-up pursuant to its Circular No. (12641) on 6/5/2018, which stipulated (the treasurers shall... Your departments receive daily cash amounts up to (1,000,000) million dinars in cash and anything in excess of that amount in checks. Here are some examples:

Number and date of the arrest receipt	Amount / Dinar	Details
903338 on 9/29/2021	12240500	About selling lands
903751 on 10/17/2021	9002200	About selling lands
903966 on 10/26/2021	8913408	About selling lands
905414 on 12/8/2021	4544704	About selling lands

Second: The treasurer did not affix the accounting directory number to the original receipt, in addition to not signing some of the receipts after organizing them, contrary to the work procedures within the documents/receipt item of Chapter Five of the instructions of the unified accounting system for municipalities, which included (the amount is being received according to the rules). Then fill in the link fields with the required information. Here are some

examples:

Number and date of the arrest receipt	Amount/Dinar	Remarks
903189 on 9/19/2021	17259500	
903714 on 10/19/2021	486802	
905869 on 12/23/2021	25000	
903601 on 10/13/2021	498770	
904360 on 11/17/2021	492328	
904373 on 11/25/2021	489940	
904399 on 12/13/2021	489972	

Without the Internal Auditing Department's objection to this, contrary to Paragraph (First - (12)) of the Financial and Administrative Auditing Instructions circulated in accordance with the letter of the dissolved Presidency Office No. (50226) on 12/21/1986, which stipulates that (the internal audit agencies shall reconcile the Fund's daily record to ensure the validity of the receipt, disbursement and deposit of the cash asset in the register in support of the reconciliation procedure.

B. Cash at the bank

First - Matching the bank statement

(1) Not conducting monthly reconciliation operations on an ongoing basis for the Directorate's current account numbered (420) opened at Al-Rafidain Bank, Al-Qadisiyah Branch/Right Side/217 for the period from May 2020, and the Finance Division justified the reasons for the delay in completing the reconciliation by saying (there was no curfew due to the Corona pandemic, The directorate was closed due to the demonstrations taking place, the bank was late in submitting the monthly statements, and the competent employee was granted leave to complete his studies) in contravention of the financial instructions circulated in the letter of the dissolved Presidency Office, No. (50226) on 12/21/1986 and included in Paragraph (First-11) to (require branches the bank provides the state departments and the social sector with a statement of the current accounts of those entities at least twice a month. The internal audit bodies of the concerned party are obligated to conduct the reconciliation process to ensure the validity of the account. Conversely, the bank branches and the internal audit bodies bear responsibility for any damage to public funds, and the head of the department must follow up on receiving the account statement. And matching).

Second: Permanent Loaning

(1) The Directorate's failure to settle the permanent Loan account (Perpetual Loans / 182) appearing in the trial balance for the year 12/31/2021, amounting to (13,984,250) dinars (thirteen million nine hundred and eighty-four thousand two hundred and fifty dinars) despite the Internal Audit Division informing the Division Finance, according to its memorandum numbered (519) on 12/17/2021, to take the necessary measures to settle it, in contravention of paragraph (4-2-5-d-debtors) of Chapter Four (Procedures for Auditing Assets and Liabilities Accounts) of the guideline for internal audit units circulated in a letter. The Council of Ministers/Department of Government Coordination and Citizen Affairs No. (C.M./4/37938) dated 11/6/2019 stipulates (auditing Loans granted to members of the unit and verifying their settlement without delay) as follows:

The Number and date of the administrative order granting the loan	The Loan Amount / Dinar	The Amount Paid Until 12/31/2021	The Remaining Amount / Dinar	Details
22869 on 6/23/2019	8000000	2015750	5984250	An Loan granted to the Legal Division to cover the costs of lawsuits
6610 on 3/1/2021	8000000	-	8000000	An Loan granted to the Vehicles Registration Committee
Total	16000000	2015750	13984250	

3. Accounts payable

The account (Public Sector Suppliers/2611) appeared in the trial balance for the year ending 12/31/2021 (debit, contrary to its accounting nature) in the amount of (874,941,593) dinars (eight hundred and seventy-four million nine hundred and forty-one thousand five hundred and ninety-three dinars) due to the establishment of a municipal directorate. The Diwanayah Office registers the amounts spent for its purchases of commodity supplies and supplies from the public sector on this account instead of recording them on the expenses account and centralizing the suppliers' account until the amounts are paid, contrary to the instructions of the unified accounting system for municipalities, as they are

recorded from the account (public sector suppliers/2611) to the account (cash with Banks/183). The financial accountant in the directorate justified this by the lack of sufficient financial allocations to cover these expenses. According to its review dated 8/24/2022, contrary to Article (2 - Expenditures - Third) of (Section Two) of the instructions for implementing the planning budgets for the public sector for the year 2021, which includes (adherence to the planned appropriations in the planning budget, and it is not permissible to commit to spending in excess of what is Planned in the aforementioned budget) Here are some examples:

Disbursement Document Number and Date	Amount/Dinar	Details
308 on 2/25/2021	50912634	About supplying fuel from the Petroleum Products Distribution Company/Middle Euphrates Distribution Authority
481 as of 3/31/2021	40000000	About supplying the directorate with asphalt / Thi-Qar branch
694 on 4/25/2021	50000000	About supplying the Directorate with asphalt / Southern Branch
1534 on 10/25/2021	45000000	About supplying fuel from the Petroleum Products Distribution Company/ Thi- Qar branch

B. The balance of the deposits (H/Miscellaneous Credit Accounts H/266) as of 12/31/2021, which must be paid by the Directorate to the relevant authorities according to the trial balance, amounted to (20078696908) dinars (twenty billion and seventy-eight million six hundred and ninety-six thousand nine hundred and eight dinars). For which there is no corresponding cash cover on the same date, the cash balance with the bank and the current account of the Diwanayah Municipality Directorate as of 12/31/2021 reached an amount of (6137090244) dinars (six billion one hundred and thirty-seven million and ninety thousand two hundred and forty-four dinars) contrary to the book. Ministry of Finance - Accounting Department No. (19346) dated 12/24/2011, which stipulates (opening a current account for deposits, exclusively in formations that have deposits of huge amounts, and the nature of their work requires separating the deposits account from the bank account for regular expenses, etc..) and as shown. below:

Account Name	Amount/Dinar
Total Deposits as of 12/31/2021	20078696908
Cash Balance as of 12/31/2021	6137090244

C - The Diwanayah Municipality Directorate's failure to pay the amounts of pension contributions to the State Employees' Retirement Fund, as the balance of the National Retirement Authority's unpaid account as of 12/31/2021 reached an amount of (3915495419) dinars (three billion nine hundred and fifteen million four hundred and ninety-

five thousand four hundred and nine Ten dinars) in addition to not calculating and paying the fine amounting to (3%) three percent of the monthly due amount, in contravention of Article (17-Third) of the Unified Retirement Law No. (9) of 2014 (amended), which stipulates (departments and companies are obligated to Self-financing by deducting the amount of retirement contributions stipulated in Clause (First) of this Article and depositing it in the Fund's account. In the event of non-payment, a fine of (3%) three percent of the monthly due amount shall be imposed, and the department or company shall be considered not committed to payment if it refrains from paying for a period exceeding (6) six months from the due date (and Ministry of Finance General Circular No. (12920).) on 6/5/2017, which confirmed the same topic despite our confirmation of this in our previous reports, the most recent of which is our report No. (12/5/1/9098) on 4/24/2022 regarding the financial statements of the Diwanayah Municipality Directorate for the year ending on December 31, 2018.

4. Revenues

The table below shows the total revenues achieved for the directorate, the treasury grant obtained by the directorate, and the total revenues achieved after excluding the treasury grant from the directorate's records for the years (2019, 2020, 2021), the percentage of the grant to the total revenues, and the percentage of change in revenues after excluding the grant for those years, as shown below:

Year	Total revenues generated by the directorate (1)	Transformative grants (2)	Grant ratio to total revenues (1/2) %	Total revenues achieved after excluding the treasury grant / dinar (3)	Percentage change in revenues after excluding the treasury grant %
2019	24156633040	7613551379	31	16543081661	—
2020	23027142916	7861793774	34	15165349142	(8,3)
2021	22602137746	7923574077	35	14678563669	(3,2)

A. An increase in the percentage of the grant received by the Directorate during the years (2019, 2020, 2021) to total revenues, as it reached (31%, 34%, 35%) for the above years respectively of the total revenues achieved, which indicates an increase in the Directorate's reliance on the treasury grant to maximize Revenues, contrary to the text of Article (1 - Revenues) of the second section of the instructions for implementing planning budgets for the public sector for the year 2021, which states (Given the great importance that the financial policy attaches to the issue of revenues, it is therefore imperative for all public companies, bodies and self-financing departments to prepare the elements for implementing the plans and programs that included in its planning budget. This requires developing methods for collecting revenues from their various sources in accordance with what is stipulated in the relevant laws, instructions and regulations, emphasizing the necessity of making the utmost efforts to follow up on the collection of the aforementioned revenues on time when they are achieved, and not delaying or tolerating their collection for one reason or another, and striving seriously and persevering to achieve collected for the purpose of financing the planning budget without relying on the state's general treasury.

B. A decrease in the percentage of total revenues generated by the Directorate after excluding the treasury grant for the years (2020, 2021) compared to the previous year, with a decrease rate of (8.3%, 3.2%) for the above years in a row

without any concrete measures taken by the Directorate to search for the reasons for the decrease. And its treatment is contrary to the text of Article (1 - Revenues) of the second section of the instructions for implementing planning budgets for the public sector for the year 2021 above.

5. Usages

Failure to complete some of the formal and legal aspects of the disbursement documents, as (the name of the bank, the name of the accounts manager, and the general manager) were not confirmed, in addition to the failure of the auditor to sign some disbursement documents without the objection of the Internal Audit Department, contrary to the requirements of the unified accounting system for municipalities. As well as the mechanism of work of the internal Auditing departments circulated according to the letter of the Council of Ministers / Economic Affairs Committee according to its letter No. (829) on 8/14/2017, paragraph (1), which stipulates that (the Auditing and internal audit departments and departments in ministries and government formations in general should take the initiative to activate And revitalizing its work as a pre-disbursement regulatory body that prevents financial and administrative violations from occurring and limits errors before they occur in accordance with what is stated in the guide for internal audit units issued by the Federal Office of Financial Supervision. Here are some examples:

The Number and Date of The Administrative Order Granting the Loan	The Loan Amount / Dinar	The Amount Paid Until 12/31/2021	Remarks
1069 on 7/28/2021	8000000	2015750	Failure to affix the accounting guide number to the original disbursement document
1512 on 10/20/2021	450000	-	Lack of auditor signature
1518 on 10/21/2021	3534000	2015750	Lack of auditor signature

B. The Directorate did not prepare a timetable for the periodic maintenance of fixed assets, as disbursement is made based on maintenance requests submitted by the divisions and units affiliated with the Directorate, as the total amounts spent on maintaining assets during the year/2021 amounted to (1097959995) dinars (one billion and ninety-seven million). Nine hundred and fifty-nine thousand nine hundred and ninety-five dinars) in contravention of Paragraph (10-C-1) of the second section of the instructions for implementing the planning budget for the public sector for the year 2021, which stipulates (the periodic maintenance of the state's movable assets (furniture, appliances, machinery) shall be taken into account. (And immovables, such as buildings and real estate, according to a timetable prepared for this, including the maintenance of furniture, appliances, machinery, and machinery for public companies, self-financing bodies, and departments).

Second. The number of investigative committees formed during the year 2021 reached (86) committees, of which (45) committees have been decided, and (41) committees

have not been decided to date, in contrast to the letter of the General Secretariat of the Council of Ministers No. (6845) on 3/16/2008, which stated: (The speedy completion of the administrative investigation in accordance with the usual contexts and the follow-up of its completion by senior management).

Section Four

Conclusions and Recommendations

First. Conclusions

1. The internal Auditing in the Al-Qadisiyah Governorate Municipality Directorate is an accounting audit unit for the exercise of administrative Auditing and internal Auditing procedures with regard to the technical aspects due to the failure of the internal Auditing to monitor and audit the technical departments and divisions, which represent the majority of the directorate's activity.
2. There are limitations facing internal Auditing in performing its work, especially administrative restrictions, and the internal Auditing department's lack

of technical personnel specialized in the work of technical departments and divisions, and the department's staff is limited to employees of accountants and administrators.

3. Weak role of the Internal Auditing Department in preparing reports.

Second. Recommendations

1. It is necessary for all technical departments and divisions in the directorate to be subject to internal control procedures by developing an internal control plan in which the specialized technical owner from the internal control department participates in developing it.
2. Liberating internal control from administrative restrictions and limitations in order to perform its tasks in an efficient and effective manner. Providing the internal control department with technical staff specialized in the field of work of the technical departments and divisions in the directorate.
3. Increase the activation of the role of internal control, especially adopting special standards and indicators to measure performance.
4. The need for the Internal Control Department to prepare reports on the directorate's performance for past periods and submit them to senior management.
5. Adopting local and international standards related to the external control system for the purpose of developing supervisory work.

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