



# **THE ROLE OF OVERSIGHT IN REDUCING THE PHENOMENON OF FINANCIAL AND ADMINISTRATIVE CORRUPTION IN GOVERNMENT INSTITUTIONS**

## **(AN ANALYTICAL STUDY OF A SAMPLE OF AUDITORS AND ACCOUNTANTS IN BANKS AFFILIATED TO AL-RIFAI DISTRICT)**

**Radwan Jabbar Gouda**  
Faculty of Administration and Economics  
University of Sumer.

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<b>Received:</b> November 10 <sup>th</sup> 2022 <b>Accepted:</b> December 11 <sup>th</sup> 2022 <b>Published:</b> January 18 <sup>th</sup> 2023	The aim of the research is to identify the role of the internal auditor in reducing the phenomenon of administrative and financial corruption in Iraqi government institutions, specifically in the surveyed banks of the Rifai district, and to identify the research problem that lies in the weakness of the role of the internal auditor. The research and the diagnosis of the impact relationship on the dependent variable, based on sources, scientific references, university theses and previous studies as a secondary source. The questionnaire was also used as a basic means to achieve the goal of the research as a primary source. As for the second axis, it relates to the phenomenon of administrative and financial corruption in public government institutions, and the third axis relates to the role of the internal auditor to reduce the phenomenon of administrative and financial corruption in public government institutions. For the analysis, the statistical package for social sciences (SPSS) program was relied upon To several conclusions, the most important of which.

**Keywords:** internal auditor, administrative and financial corruption

### **INTRODUCTION**

At the beginning of the discussion about the research that we will present to you, entitled "The Role of Oversight in Reducing the Phenomenon of Administrative and Financial Corruption in Government Institutions", we will present to you different points of view. Important and helpful in allocating the available resources in the best possible efficiency, and an effective tool to reduce the manifestations of corruption of all kinds and thus achieve economic development, since the financial information and reports that are subject to traditional scrutiny hide wastefulness and abuse and may prevent the allocation of scarce resources in a rational manner and impede the achievement of goals at the level The institution and the state as a whole, but the aim of the research is to clarify how the auditor contributes to reducing the phenomenon of administrative and financial corruption in government institutions, and to clarify the reasons that led to the weakness of the role of the auditor in the researched institutions and to try to find solutions through recommendations that strengthen the position of the auditor in government institutions. The research has been divided into more than one chapter, in order to facilitate the process of arranging ideas and concepts and understanding the largest amount of the subject,

as the first chapter is devoted to: To present the methodological framework and it included two chapters, the first topic: research methodology, and the second topic: concerned with previous studies. Trying to get acquainted with the subject of the research and everything related to the variables. The third chapter: it was devoted to the applied side, and testing the research hypotheses. The fourth chapter: included two chapters, the first of which includes conclusions, while the second chapter presented recommendations and sources.

### **RESEARCH PROBLEM .**

The problem of the research is the weakness of the role of the internal auditor in reducing the phenomenon of administrative and financial corruption in government institutions, as internal audit is an effective tool in helping the administration to carry out its functions and keep abreast of developments, including the "administrative and financial" internal audit of government institutions.

The research problem comes by answering the following questions...



1. What is meant by internal audit and how does it contribute to reducing the phenomenon of administrative and financial corruption?

2. Do international and ethical standards enhance the effectiveness of internal auditing?

3. What is the impact of the internal auditor on government institutions?

#### **RESEARCH AIMS .**

In the light of the research problem, the main objective of this research is to define the role played by the internal auditor in government institutions and to highlight a role in reducing the phenomenon of administrative and financial corruption. This research aims to achieve several other objectives, which are

1. -Studying and analyzing the theoretical frameworks of internal auditing and identifying the role of the auditor in government institutions.

2. -Studying and analyzing the importance of internal auditing in government institutions.

3. -Clarifying how internal auditing contributes to evaluating internal control in government institutions.

#### **RESEARCH IMPORTANCE .**

The importance of the research stems from the importance of the internal audit profession, and the increased reliance on the opinions of internal auditors in government institutions and many internal and external parties, and due to the abundance and diversity of administrative and financial operations that occur in government institutions and the closeness of the internal auditor to those operations and those in charge of them, it is necessary to seek to highlight The role of internal auditing and strengthening it by focusing on the experience of internal auditors and their role in reducing administrative and financial corruption in government institutions.

#### **RESEARCH ASSUMES .**

For the purpose of achieving the research objectives, the following two hypotheses are relied upon.

The first hypothesis: There is no effective role for the internal auditor that has a positive and moral effect to reduce administrative and financial corruption in government institutions.

The second hypothesis: There is an effective role for the internal auditor that has a positive and moral effect in reducing administrative and financial corruption in

government

institutions.

#### **INTERNAL AUDIT.**

Internal audit is an organized method to objectively access evidence and clues that prove the validity of what is established in the books and records about the economic events of the unit and evaluate them, as well as ensure the degree of conformity with what is established in the books and records and communicate the results to the concerned parties, (Abbas, Kazem, 244:2020).

The latest definition of internal audit was also issued by the American Institute of Internal Auditors as a department, department, or team of consultants or others who provide objective and independent assurances and advisory services with the aim of adding value to the company and improving its operations, and this activity helps in achieving the company's goals by following a systematic approach An organizer to evaluate and improve the effectiveness of governance, risk management and control processes (Siddiq, et al., 2016: 149).

#### **The importance of internal audit.**

The importance of internal auditing has increased nowadays, and it has become one of the evaluating activities for all activities and operations in the establishment. The aim is to develop these activities and raise production efficiency. The importance of this function is due to the services it provides to the administration in various fields, so that it was considered as a safety valve in the hands of the administration (Sultan, Salim ,2020:276:277) and the internal audit department can provide the following services to the administration.

1-. Preventive services: Thus, internal audit provides assurance that there is adequate protection for assets.

2. -Evaluation services: The internal auditor measures and evaluates the effectiveness of the internal control system and its procedures, and the extent of compliance with the management's policies and procedures.

3. -Construction services: This service can be provided through proposals for necessary improvements to internal control systems and suggestions for improving administrative policies and procedures.

4. Protecting the administrative policy from deviating from the actual application.

#### **International standards for internal auditing.**



The International Internal Audit Standards issued by the IIA Institute represent the framework organizing the work and practices of the internal audit function. The Institute issued the Internal Audit Standards in America in 1978, and they were amended in 1993. They aim to provide a reasonable level of controls that control the internal audit process, and at the same time they are considered a basis to evaluate its effectiveness.

#### **Definition of internal audit standards and their purpose.**

**First: Defining internal audit standards:** These are the standards and rules that are relied upon in evaluating and measuring the operations of the internal audit department, and they must also be in accordance with what has been approved by the Institute of Internal Auditors.

The internal audit standards issued by (The Institute of Internal Auditors) and its abbreviation is (IIA) are the most common and applied in the world, as they constitute integrated guidelines that help ensure the effective implementation of internal audit activities.

#### **Second: the purpose of international standards.**

1. -Submit the bases for evaluating the performance of internal auditing.
2. -Provide a frame of reference for the performance and development of a wide range of added value to internal audit activities.
3. -Promote the improvement of the organization's processes and paths.
4. Directing adherence to the mandatory elements of the international framework for professional practices.

#### **Administrative and financial corruption**

##### **Definition of administrative corruption.**

**Administrative corruption:** "It is a moral crisis in behavior that reflects an imbalance in values and a deviation in trends at the level of controls and standards that have settled in determination or legislation in the life of the group, and formed the value structure in the functional entity" (Shehayeb, 2017:49)

As for Transparency International's definition of administrative corruption: "every act that includes the misuse of public office to achieve a private self-interest for himself or his group" (the previous source)

- Also, administrative corruption is meant: a group of administrative, functional or organizational deviations, as well as violations that are issued by the public employee during the performance of his duties and his job" (Al-Aali, 2013:30).

Financial corruption: "It is the totality of financial deviations, and its violation of the financial rules and provisions that regulate the conduct of financial work in the state and its institutions, and its violation of the instructions of the financial control agencies."

Corruption is also defined as a pattern of behavior that deviates from the standard that is actually prevailing or is believed to be prevalent in a specific context, and this deviant behavior is linked to a specific incentive. (Ramo, Thanoun, 2018:41).

#### **Reasons for administrative and financial corruption.**

There are many reasons for financial and administrative corruption, and the most important of them can be represented as follows.

1. Organizational (institutional) causes: These include the weakness of the control system, disguised unemployment, the nature of institutional work, as well as the size of the institution and the relationship with officials in the administrative structure, as well as instability at the professional level.
2. Personal reasons: related to the length of service and job work in addition to the factor of age, profession, gender, academic achievement, material need, precise specialization, selfishness and general awareness.
3. Environmental causes: These include economic, social, political, and legislative environmental factors (Younis, et al., 450:2020), as well as other causes.

#### **Ways to combat corruption.**

To reduce the spread of corruption, members of society must fight it in various ways and forms, through religious, moral, national and human commitment, and the methods of dealing with it are:

1. Enacting transparent regulations and legislation in anti-corruption regulations and clarifying them, and



imposing the maximum punishment on violators.

2. Community awareness of this dangerous phenomenon, the extent of its impact on society and individuals, and the development of their role in combating and eliminating it.

3. Allocating a financial reward for reporting cases of corruption in government departments.

4. Establishing deterrent penalties that are appropriate for all corruption, so as not to repeat it, provided that it is publicly announced for the lesson.

5. Creating suitable job opportunities for citizens by finding a suitable job cadre for each category of society in order to improve the living conditions of the individual, society and the country.

6. -Holding religious and awareness-raising seminars in government departments, schools and universities, and audio-visual channels urging citizens to get rid of administrative corruption and supporting them with stories and lessons from previous corrupt peoples and what happened to them.

7. Appointing energetic young leaders who believe in development and change with competence, qualifications and scientific experience in the field of work.

8. Putting the right person in the right place (Zaqiba, 26:2017).

**Presentation and analysis of study results.**

Description of the research community and research sample.

The research community is represented in government banks in each of the Rafidain Bank, the Rifai branch, which includes within it many permanent divisions such as the Accounting Division, the Current Savings Division, the Savage Division, as well as the Self Division, and there are temporary committees that work as needed, and the bank organizes (35) employees, as for The Agricultural Bank has a Rifai branch, established in the year (1979). The questionnaire was distributed to the selected sample, which was represented by internal auditors and accountants in the banks mentioned above. The number of forms that were distributed was (36), and (31) questionnaires were retrieved from them, valid for analysis.

**A summary of the results of the auditors' and accountants' opinions of the study variables (the independent variable, the internal auditor, and the dependent variable, administrative and financial corruption).**

**Table () of descriptive statistics and frequencies of the search variables**

result	standard deviation	Mean	variables
High	0.91539	4.3	X1
Average	1.17884	3.3	X2
Average	0.85383	3.9355	X3
High	0.86103	4.50	X4
High	1.000	4.60.	X5
High	0.91833	4.52	Y6
High	0.89315	4.4815	Y7
High	0.36201	4.8519	Y8
High	0.34078	4.871	Y9
High	0.37388	4.8387	Y10
High	0.10075	4.0968	X11
High	0.72793	4.4333	X12
High	1.05545	4.2258	X13



High	0.77237	4.3214	14
High	1.07265	4.2333	X15

### Hypothesis testing

There is an effective role for the internal auditor, which has a positive and moral impact on reducing administrative and financial corruption in government institutions.

Table () the effect of the relationship between the two variables

Correlations			
		X	Y
internal auditor X	Pearson Correlations	1	.082
	Sig.(2-tailed)		.660
	N	31	31
Administrative and financial corruption Y	Pearson Correlation	.082	1
	Sig.(2-tailed)	.660	
	N	31	31

T-test of the research sample and the extent of the impact of the independent variable (internal auditor) on the dependent variable (administrative and financial corruption)

Model	B	Std Error	درجة المعنوية	dF	T calculated	T Tabular	sig
Constant				1			
X	4.100	1.306	0.05	29	3.139	1.697	.004
				30			

### CONCLUSIONS

- 1- The reports prepared by the internal auditor are of great importance to users of accounting information.
- 2-The internal auditor transparently detects and discloses deviations, if any, and this is the content of his work.
- 3- The internal auditor has a role in making the information characterized by objectivity and impartiality, due to his practical experience and personal and functional skills.
- 4- The lack of application of laws and regulations leads to the spread of the phenomenon of administrative and financial corruption in government institutions.
- 5-The audit committees reduce the gap between the entities subject to audit and the Federal Audit Bureau.
6. The internal audit function adds value to the economic unit in light of the significant expansion of administrative, financial and even operational activities.

### RECOMMENDATIONS.

In light of the above conclusions, some recommendations can be made, as follows.

- 1 -The need to activate the role of the internal auditor within government institutions to improve work transparency.
- 2- The senior management must give a wide scope of responsibility and independence to the internal auditor.

3-The need to pay attention to achieving effective communication in order to eliminate all gaps that may occur between management and the expectations of users and external auditors, by taking the necessary decisions and being closest to the operational reality of banks.

4-Increasing the awareness of the internal auditors of the importance of comprehensive auditing because of the benefits it brings to all individuals, whether inside or outside the organization.

5 -The management of institutions should increase training and attention to the human aspect and develop the skills of its employees as they are the main element in the production process and raise the standard of living for them, to reduce cases of extortion, fraud and exacerbation of corruption within the institution.

6. Given the importance of this study and similar studies, theses and dissertations, the Ministry of Education, and the Ministry of Education and Scientific Research, must spread the culture of integrity, fight corruption and save public money through scientific curricula, as well as activate the role of the media.

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