

THE IMPACT OF THE COMPUTERIZED ACCOUNTING SYSTEM ON THE PERFORMANCE OF INTERNAL AUDITING AND FINANCIAL REPORTS (A STUDY ON A SAMPLE OF COMMERCIAL BANKS LISTED ON THE IRAQ STOCK EXCHANGE)

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ABSTRACT

The research aims to identify the efficiency and effectiveness of internal auditing and financial reports in light of the use of the computerized accounting system through studying, analyzing and examining the lists and financial reports prepared under a computerized accounting system that is not paper-based by the professionally recognized rules, principles and accounting principles in order to ensure the validity of the results of the activity prepared under To the accounting standards approved by the accountant and to ensure the validity of the results according to the tax return submitted by the taxpayers, the research has reached several conclusions. First, accurately calculating the amount of tax due to taxpayers, and the most critical recommendations were the need to highlight the importance of using computerized accounting systems to raise the efficiency and effectiveness of internal auditing and financial reports by activating them in the banking sector that practices the profession of internal auditing and financial reports.

KEYWORDS

internal audit,
internal audit
efficiency, financial
reports,
computerized
accounting system

1-Introduction:

Due to the rapid development in the field of information technology and the simultaneous emergence of computers and remote operating stations in the form of terminal computers and a direct operating system with immediate time, and also after the widespread use of the international information network, "the Internet", as it has become used in most areas of life in the form of programs that are usually easy. It leads to more accurate, more accessible and faster results in completing the work to be done. This has positively affected all areas in which it was used, including the auditing and reporting process, which led to continuous improvement in the financial reporting process after increasing flexibility in the use of those systems and the ability to Collect and operating non-financial financial data to serve the beneficiaries of the Internal Audit and Financial Reports Department.

It can be said that the accounting system has been dramatically affected by the use of the computer, and this influence is not limited to the methods and procedures used in implementing the accounting cycle and the associated documents, records, reports and financial statements. Records, documents and methods of preparing them to require auditors to consider the impact of using the computerized accounting system in examining the information contained in the financial statements.

2 -Research Methodology

2-1- Research Problem

The use of information technology leads to raising the efficiency and capacity of the accounting system in processing data and obtaining accounting information characterized by objectivity and appropriateness, so any improvement or weakness in the ability of the accounting system to produce reliable information will be reflected in the accounting work. In addition, the use of information technology in the accounting field affects the work of users of the accounting system. However, this use faces some obstacles and problems, including the cost versus benefit, how to measure it, and the extent to which the elements of using the computerized accounting system can be provided in private commercial banks as one of the users of the computerized accounting system.

Accordingly, the research problem can be formulated from the following question: What is the efficiency of internal auditing and financial reports in light of using the computerized accounting system when auditing and examining the financial statements attached to the financial reports?

2-2 -The importance of research

The research's importance stems from the computerized accounting system's role in raising the efficiency and effectiveness of internal auditing and financial reports in commercial banks when checking and examining the attached financial statements and reports for decision-making.

2-3- Research objectives

The research seeks to achieve the following goals:

- 1) Shedding light on identifying the efficiency and effectiveness of the internal audit process and financial reports in commercial banks in light of the use of a computerized accounting system.
- 2) Identifying the viewpoint of the accountant and the auditor on the computerized accounting system and its impact on the quality of internal auditing and financial reports.
- 3) To identify the characteristics that must be available in the computerized accounting system to be an effective system that can be relied upon by internal auditing and financial reports.

2-4- Research Hypotheses.

The research seeks to test the following hypothesis:

-There is a significant effect of the computerized accounting system on the efficiency of internal auditing and financial reports.

2-5- Data collection method and research sample:

To achieve the objectives of the research and test its hypotheses, the research adopted the descriptive and analytical approach, and the following sources were used to collect data:

1- the theoretical side:

In the theoretical aspect, the research relied on references from books, periodicals, theses and university dissertations.

2-The practical side:

The research sample consists of (estimators and auditors in the General Tax Authority). A questionnaire was designed and distributed (45) questionnaires to test the research hypothesis. As a result, the number of forms received by the researchers was (41) a valid form for analysis, which is equivalent to a response rate of (91%), and the collected data were analyzed by means of the questionnaire using descriptive and analytical statistical methods, and using the statistical analysis program (SPSS).

3-Computerized accounting system

3-1 The concept of a computerized accounting system:

Due to the successive developments that have taken place in many fields and organizations in terms of their large size and expansion of their activities, and the consequent production of a huge amount of different data, the need arose to use the electronic computer in order to be able to operate the data and produce information in order to benefit from the enormous and multiple capabilities that characterize it. Those electronic computers, and because of the importance of the computer in the work of accounting information systems, the existence of an information system at present is often linked to the existence of the electronic computer (Al Tatar, 21: 2015) and through the definition of the American Information Systems Association for information systems, computerized accounting information systems can be defined as " A computerized system that specialists prepare to collect, organize, communicate and display accounting information for use by decision-makers in the areas of planning, control and activities carried out by economic units. (Dahman18: 2012)

It is defined as "a set of overlapping components and standard procedures that work together to collect, store, distribute, disseminate and retrieve information needed by the organization in order to support operations, management, collaboration, analysis, visualization and control within the organization" (Laudon, 2008).

2- Characteristics of the computerized accounting system:

This system is characterized by several characteristics, including (Al-Dayah, 2009).

- Accuracy and speed in processing financial data when converting them into accounting information.
- Providing the necessary accounting information to the administration to perform its various functions.
- Providing information that contributes to controlling and evaluating the economical establishment's activities.

- Provide a database that can be referred to when needed.
- It is characterized by sufficient flexibility and ease of updating and developing it to suit the changes occurring in the unit.

4- Internal Audit and Financial Reports

4-1- The concept of internal audit:

There have been many definitions that dealt with the concept of internal audit due to the multiplicity of parties and the varying levels of their awareness and evaluation of the quality of internal audit, as some points of view were adopted in defining the efficiency of internal audit in terms of its relationship to the extent of auditors' commitment to carrying out their operations by internal audit standards and the rules of professional ethics, (Source, 42: 2013), and among these definitions that dealt with the efficiency of internal auditing are:

Defined as "an independent, objective activity that aims to perform assurance services and various advisory activities and was found to improve and add value to the operations in the organization and help it achieve its goals. (Hanan, 2015: 30).

The internal audit "is the organized process concerned with monitoring and controlling operations within organizations through a comprehensive and periodic review by a specialized department called the internal audit department." (Source, 2013: 42).

An internal auditor is a person working within the organization's internal audit department who performs internal audits and bears responsibility for them. As the internal audit is a type of administrative discipline that was developed from an activity focused mainly on financial and accounting matters until it reached the complete operational levels, the American Institute of Internal Auditors promoted the profession of the certified internal auditor and made it professional and developed and created systems, rules and instructions and set international standards (standards) To adjust audit and internal auditors.

The scope of an internal audit includes examining and evaluating the adequacy and effectiveness of the organization's internal control systems and the performance quality when performing various activities. (Khudair, Abdul Razzaq, 612: 2017).

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4-2- Objectives of internal control systems

- Ensure the integrity and accuracy of information and data.
- Checking the conformity of policies, plans, procedures, laws, instructions and contracts.
- Protection of assets and economic and efficient use of resources.
- Accomplishment and achievement of objectives set for operations, activities or programmes.
- Monitoring the departments and their working mechanism and ensuring that no error prevents fraud.
- Obtaining strong evidence to match the financial statements prepared by the institution.

4-3- Types of internal auditing

- Financial audit: analysis of the organization's economic activities measured by accounting reports.
- Environmental audit.
- Administrative Audit: Monitoring all departments of the facility and ensuring that the individuals carry out the work entrusted to them to the fullest and in accordance with the facility's objectives.
- Operational Audit: An audit that examines whether the main operational businesses within the organization effectively achieve their objectives and are operating efficiently and economically.

4-4- Concept and definition of reports

Financial reports are considered the beating heart of the work of any company, regardless of its type and target market, as it is difficult for companies to organize their financial management and control their commercial activities without resorting to financial reports.

The concept of "financial reports" is defined as the administrative tool used to communicate critical financial information to internal and external stakeholders by covering every aspect of the financial aspects through key performance indicators related to these aspects. (The Bishops, 20: 2013)

5-4 Objectives of financial reports

There are many objectives of financial reports to include different aspects of the company's work at all levels. However, there is a set of goals common to all companies in their various fields of work. When preparing a financial report for a company, the most important objectives of financial reports appear as follows: (Al-Jajawi and Al-Anbaki, 2013: 129).

- Presentation of the financial situation to investors and stakeholders: the financial reports provide a brief overview of the actual financial performance of the company, help in tracking the flow of funds until the moment of preparing the report, and encourage investors to invest their money within the company if they find that the project is suitable for their investment needs.
- Compliance with tax laws: The periodic financial reports required by the authorities responsible for taxes - in the country where the company operates - help to submit the company's tax return, as tax

agents will use the financial reports submitted to confirm the payment due on the company. The higher the quality of the financial reports provided, the more the company can reduce the tax cost and avoid discrepancies in the numbers

- Tracking financial performance: Financial reports help decision-makers to make appropriate decisions for the company and draw appropriate strategies in addition to studying investment opportunities and forecasting the advantages and disadvantages of those investments by tracking the company's financial performance.

- Reducing the rate of errors: the company may face a range of legal problems and damages to the company's profitability if inaccurate financial reports are prepared. Accurate financial reporting provides continuous monitoring of funds in all aspects of the company and reduces errors so that they are not the cause of more significant problems.

- Debt Management: Errors in financial reports prepared according to a specific business model lead to problems in managing the debts incurred by the company. Financial reports, especially accounting reports, must be used to regulate debts by preparing a detailed balance sheet of assets and liabilities.

6-4 -What is the difference between financial statements and financial reports?

Given the importance of making financial statements in addition to financial reports in the work of companies, it is necessary to clarify the difference between financial statements and financial reports. Financial reports aim to present data that has financial implications, as it helps stakeholders inside and outside the organization in making their decisions. It also contains financial and non-financial data. While the financial statements are formed during regular periods or as needed in some lists, and the data is general and not directed to specific persons. (Hammadi, 55: 201).

5-The Analytical Side

5-1 The psychometric characteristics of the questionnaire include verification of the following:

The correlation coefficient was calculated between the score of each paragraph and the total score for each dimension of the scale.

On this basis, the following tables were created to measure the coefficient of internal consistency, as follows:

number	The correlation coefficient between the paragraph and the total score of the axis(0.00)
1	77.3**%
2	77.4**%
3	80.5**%
4	86.2**%
5	78.7** %
6	78.8**%
7	86.2** %
8	89.3**%
9	89.3**%
10	87.3**%
11	83.0**%
12	87.8**%
13	82.2**%
14	79.5**%
15	86.3**%

Where it is noted from the previous Table that the correlations were all significant and high, and this indicates that the sincerity of the internal consistency characterizes the paragraphs of the questionnaire. To ensure the discriminative validity of the questionnaire, the two extreme groups method was used by choosing (27%) for the upper group and (27%) for the lower group of the sample size and using the t-test for two independent samples, the following was found:

Trust limits		Moral level	Values t	the test
The highest rate	minimum rate	0.00	18.708**	Values
-0.78158	-.96939			

It is noted from the above Table that the value of the test is significant under the level of 1%, and this means rejecting the null hypothesis that there are no significant differences between the answers of the lower and upper group, meaning that the scale is characterized by the existence of a discriminatory difference between the two groups, and what this test confirms is that the limits of confidence are negative, which means Zero does not fall between the two negatives, i.e. rejecting the null hypothesis.

5-2- The stability of the study model:

Reliability is affected by the variation arising from choosing a test or measure that does not measure with a high degree the phenomenon to be measured (honesty). Kirkendall presented criteria for judging the quality of the reliability coefficients, as shown in the following Table:

Table (1) shows the estimation of stability coefficients for (Kair Kendall)

Appreciation	Stability coefficient
excellent	0.90-1
high	0.80-0.89
Average	0.60-0.79
weak	0.59 - 0.00

5-3-Measuring the stability coefficient using Alpha Cro Nabach:

The Alpha Crowe Nabach method was used to measure the stability coefficient for the overall model, and the result was as follows:

Table (2) Reliability Statistics

Cronbach's Alpha	N of Items
.925	28

It is noted from Table (2) above that the value of Alpha Cro Nabach for the scale as a whole amounted to (92.5%), which is a high value that indicates the stability of the scale. From this standpoint, it has been proven that the model is characterized by stability. Studying the direction of the respondents' opinions of the questionnaire paragraphs In this section, the direction of the respondents' opinions was studied based on the weighted arithmetic mean of the following paragraphs:

1- The general direction of paragraph "1"

The following Table shows the general trend of paragraph "1" and some other indicators, such as the standard deviation, as the weighted average value was (2.1145).

direction	standard deviation	weighted average
yes	0.82224	2.1145

2- The general direction of paragraph "2"

The following Table shows the general trend of paragraph "2" and some other indicators, such as the standard deviation, as the value of the weighted average was (4.5444).

direction	standard deviation	weighted average
yes	0.01320	4.544

3- The general direction of paragraph "3"

The following Table shows the general trend of paragraph "3" and some other indicators, such as the standard deviation, as the value of the weighted average was (1.64).

direction	standard deviation	weighted average
yes	0.970	1.64

4- The general direction of paragraph "4"

The following Table shows the general trend of paragraph "4" and some other indicators, such as the standard deviation, as the value of the weighted average was (2).

direction	standard deviation	weighted average
yes	0.595	2

5 -The general direction of paragraph "5"

The following Table shows the general trend of paragraph "5" and some other indicators, such as the standard deviation, as the value of the weighted average reached (2.3346), which means that the general trend of this paragraph is directed towards yes.

direction	standard deviation	weighted average
yes	0.47205	2.3346

6-The general direction of paragraph "6"

The following Table shows the general trend of paragraph "6" and some other indicators, such as the standard deviation, as the value of the weighted average was (2.2145).

direction	standard deviation	weighted average
yes	0.83443	2.2145

7 -The general direction of paragraph "7"

The following Table shows the general trend of paragraph "7" and some other indicators, such as the standard deviation, as the value of the weighted average was (3.5344).

direction	standard deviation	weighted average
yes	0.01302	3.5344

8 -The general direction of paragraph "8"

The following Table shows the general trend of paragraph "8" and some other indicators, such as the standard deviation, as the value of the weighted average was (2.64).

direction	standard deviation	weighted average
yes	0.870	2.64

9-The general direction of paragraph "9"

The following Table shows the general trend of paragraph "9" and some other indicators, such as the standard deviation, as the value of the weighted average was (2.56).

10 -The general direction of paragraph "10"

The following Table shows the general trend of paragraph "10" and some other indicators, such as the standard deviation, as the value of the weighted average was (2.3446), which means that the general trend of this paragraph is directed towards yes.

direction	standard deviation	weighted average
yes	0.47206	2.3446

11 -The general direction of paragraph "11"

The following Table shows the general trend of paragraph "11" and some other indicators, such as the standard deviation, as the value of the weighted average was (2.2345).

direction	standard deviation	weighted average
yes	0.82242	3.2345

12 -The general direction of paragraph "12"

The following Table shows the general trend of paragraph "12" and some other indicators, such as the standard deviation, as the value of the weighted average was (4.3324).

direction	standard deviation	weighted average
yes	0.01302	4.3324

13 -The general direction of paragraph "13"

The following Table shows the general trend of paragraph "13" and some other indicators, such as the standard deviation, as the value of the weighted average was (3.64).

direction	standard deviation	weighted average
yes	0.970	3.64

14 -The general direction of paragraph "14"

The following Table shows the general trend of paragraph "14" and some other indicators, such as the standard deviation, as the value of the weighted average was (3).

direction	standard deviation	weighted average
yes	0.597	3

15 -The general direction of paragraph "15"

The following Table shows the general trend of paragraph "15" and some other indicators, such as the standard deviation, as the value of the weighted average reached (3.3346), which means that the general trend for this paragraph is directed towards yes.

Direction	standard deviation	weighted average
yes	0.47206	3.3346

Schedule(4) The results of the analysis of variance for the regression

(Analysis of Variances) (dependent variable = efficiency of an internal tax audit)

Determination coefficient ² R	F level of significance	The calculated F value	mean of squares	degrees of freedom	sum of squares	Sample	
,870	,0030	7,6002622	5,517	1	5,517	Regression	1
			0.72589	48	34,843	remaining error	2
				49	40,361	total	3

(Source: prepared by the researcher based on the results of Spss)

Table (4) shows the results of a simple regression analysis to test the impact of independent variables on the efficiency of internal auditing and financial reporting.

The regression is significant because the calculated value of the f-test of 0030 is less than the 5% significance level.

The value of the determination coefficient was 870, which means that the computerized accounting system interprets 870 changes in the efficiency of internal auditing and financial reports.

Schedule(5) The results of the multiple regression analysis for a test of the effect of the independent variable on the efficiency of internal auditing and financial reporting

level indication	T value calculated	atypical transactions		Sample
		Standard error	B	
,000	30,18118	,252	1,208	Constant
,000		,033	,996	Computerized accounting system

Source: prepared by the researcher based on the results of spss

Table (5) notes that the computerized accounting system significantly impacts the efficiency of internal auditing and financial reporting, since the probability value of the t-test of 000 is less than the 5% significance.

That is, the increase in the level of the computerized accounting system by 100% leads to an increase in the level of efficiency of internal auditing and financial reports by 0.996, and this shows the extent of the impact of the computerized accounting system on the efficiency of internal auditing and financial reports, which is applied by the private banking sector, which leads to the implementation of many reporting procedures Finance with high accuracy and as soon as possible, which results in no delay in completing transactions.

Conclusions and Recommendations

7-1 Conclusions:

- 1) The use of a computerized accounting system contributes to simplifying internal audit procedures and financial reports through the implementation of many financial reporting procedures with high accuracy and the fastest time to complete transactions, providing more reliable information.
- 2) The use of the computerized accounting system contributes to raising the efficiency and effectiveness of internal auditing and financial reports by providing a set of control measures on programs and files, increasing the ability to analyze and compare, increasing the ability to perform complex calculations, reducing the commission of errors in the internal audit process, and eliminating many problems, whether it is financial or administrative.
- 3) Using the computerized accounting system in internal auditing and financial reports contributes to the preservation of available data and information and the ease of retrieval, which leads to easy access to the necessary data when needed.

7-2 Recommendations:

- 1- The need to highlight the importance of using computerized accounting systems in raising the efficiency and effectiveness of internal auditing and financial reports by activating them in private commercial banks, as they practice the profession of internal auditing and financial reports.
- 2- The need to use the computerized accounting system for its role in raising the efficiency and effectiveness of internal auditing and financial reports by implementing many financial reporting procedures with high accuracy and the fastest time in completing transactions and increasing the ability to make analyzes and comparisons and store a vast amount of information and results.
- 3- The need to focus on holding highly technical and training courses in the banking sector for auditors working in internal auditing and financial reports on the use of the computerized accounting system **to raise professional competence.**

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