

The role of the internal auditor in clearing the debit and credit balances of the financial statements to improve performance

An analytical study in the Directorate of Agriculture of Al-Muthanna from (2016 – 2019)

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Abstract- The research aims to shed light on the nature of debit and credit balances and the role of the internal auditor in their liquidation in order to improve performance. And analysis of the financial data of the research sample of the Directorate of Muthanna Agriculture from (2016 - 2019) in general and for debit and credit balances in particular in order to identify strengths and weaknesses for the purpose of improving Performance. One of the most important conclusions is the existence of an effective role for the internal auditor in clearing the accumulated imprest accounts, as the imprest account balances formed (0%) for all years except for the year (2017) amounting to (8%) of the cash balance. One of the most important recommendations is the continuation of the role of the internal auditor in clearing the accumulated imprest accounts in order to reduce its burden on the allocations of the current years .

Keywords- internal audit, debit balances, credit balances, financial statements, financial performance.

I. INTRODUCTION

The debit and credit accounts are among the accounts that make up the financial position and approved by the accounting guide for government accounts, as they are an intermediary between the payment process and the documentary documentation process, in which the cash amounts paid are recorded as an advance until the supporting documents are available for the exchange for the purpose of recording them as a final expense. These advances consist of a number of sub-accounts Each of them is governed by special legal rules, and the advances are considered from the debit accounts in which the amounts paid by the unit to other parties are recorded, and whose deduction is not completed directly on the types of expenditure items because they are not an expense or for not completing the procedures and completing the supporting documents .

Here comes the role of the accountant in restricting the accounts of these advances and posting them within certain tabs, as well as the role of the internal auditor in the process of following up and auditing the accounts of financial institutions and how to liquidate these accounts and place them within the final accounts of the institution. Here, it is an integrated.

process between the accountant and the auditor to clear these accumulated accounts, which may have been accumulated for years .

The research problem

The internal audit bodies did not find the required support from professional organizations or higher control bodies, and the internal audit department is still seen by some government institutions as a department whose mission is to carry out routine work, as the research problem is determined that there is a clear weakness on the part of internal auditors in government institutions in the liquidation Accounts debit and credit balances in the financial statements, which in turn negatively affect the validity of the results of budget implementation, which leads to waste of public funds.

The importance of research

Internal audit is an essential and essential element to ensure the financial performance of the government units of the state and an effective and influential tool for the senior management within the institution in order to achieve the desired goals. Therefore, the importance of research stems from the actual importance of the internal auditor and his knowledge of control matters that make him well versed in his work by finding systems and solutions to all errors. And the problems facing his currency as an auditor in the financial organization or institution and avoiding them.

The aims of the research

1-The research aims to shed light on the nature of debit and credit balances and the role of the internal auditor in their liquidation in order to improve performance.

2-Analyzing the financial statements of the research sample in general and debit and credit balances in particular in order to determine the strengths and weaknesses for the purpose of improving performance.

II. THE RESEARCH HYPOTHESIS

The research is based on the hypothesis that :-

The internal auditor has an effective role in verifying the accounts of debit and credit balances and their impact on the results of budget implementation and performance improvement.

Limitations of the search

Time limits: the financial statements of the Muthanna Agriculture Department from (2016 – 2019).

Spatial boundaries: Directorate of Agriculture Al-Muthanna.

The method of research

The researcher relied on the descriptive approach in the theoretical aspect through scientific sources. In the practical aspect, he used the deductive approach by adopting reports. and data of the Muthanna Agriculture Directorate and studying and analyzing the city and credit accounts of the research sample .

Concept and Definition of Internal Audit

The internal audit represents a center of confidence and responsibility in the project and entrusted to it the task of maintaining the interests of the project through its tasks and developing work methods. The internal audit tasks have two sides. The first is protection by verifying the operations carried out by the project are within the scope of the plan established by the management and verifying the adequacy of documents On the basis of which recording the results of operations, and verifying the existence of physical assets and ways to preserve them. As for the second aspect, it is represented in developing the foundations and ways of working by virtue of his knowledge of all aspects of the project's activity and its relationship with the public administration and all sections of the project, as it enables the formation of a clear and correct idea about the objectives, plans and methods of implementation (Abdul Karim and Kazem, 2003: 85). The establishment's formations and it is considered as one of the effective internal control methods established by the administration to carry out its service and reassure it that the controls set are applicable and sufficient through a set of controls and procedures to achieve operations and restrictions on an ongoing basis to ensure the accuracy of accounting and statistical data and to ensure the protection of assets and funds of the establishment and to verify that the establishment's employees follow the policies, plans and procedures Administrative drawn up for them (Guideline, 23: 8).

The Institute of Internal Auditors (IIA) has issued a modern definition of internal auditing as “a neutral, objective, and independent activity that aims to add value and improve the organization's operational processes. It helps the organization achieve its goals through the use of a structured approach to assess and improve the effectiveness of management procedures in the face of risks and imposition of control and governance .

Khalat and others defined internal audit as “a function performed by employees from within the project that deals with critical examination of procedures and policies and continuous evaluation of plans, policies, administrative and internal control procedures, with the aim of ensuring the implementation of these administrative policies and verifying that the components of the internal control system are sound and its information is accurate and sufficient” (Khalat). and others 2007: 384. Ibrahim defined auditing as “an independent evaluation function within the institution to assist the higher management of public control of its activities (Nazmy, 2004: 21), while Al-Wardat defined internal audit as “an independent evaluation function that is established within the facility to examine and evaluate its various activities and the objective of Internal audit is to assist the members of the organization in carrying out their responsibilities effectively by providing them with data and analytical information, conducting studies and providing appropriate advice and recommendations regarding the activities being audited (Al-Wardat, 2005: 30-32). Al-Sabban also defined internal audit as an activity that includes all activities within the facility and therefore is not limited to the financial and accounting activity, as he defined internal audit as “an independent function within the designated organization for the purpose of examining and evaluating the activities carried out by this organization” (Al-Sabban et al., 1996: 31). Internal audit is part of a new governance and is on the way to becoming increasingly mandatory for the purposes of listing in the stock market so that it is an integral part in economic units about the role of internal audit in the field of governance on financial reporting, as internal audit cannot be satisfied with abstract reporting of the problems discovered, but rather He should be able to advise on necessary improvements, while

maintaining a clear objectivity that lends confidence to the audit work and associated recommendations (Rittenberg et al, 2001:757).

The role of internal audit appears to have shifted radically from ensuring compliance and protecting assets to ensuring added value and advisory services through its role to follow up, evaluate and improve risk management, control, and governance, which are critical to maintaining and improving stakeholder value (Gina, et al, 2014: 67- 68).

The importance of internal audit in the context of corporate governance has been enhanced concurrently with the requirements imposed by Sarbanes Oxley (SOX) law on economic units in 2002 in the United States of America. Although the law did not specify the role of internal audit in corporate governance directly, the expansion of governance requirements for each From the audit committee, the external auditor, and the administration necessarily requires expanding the role of internal audit as one of the parties concerned with applying governance (Moeller, 2005: 28).

From the previous definitions, it can be said that

Internal audit is an independent function within the organization based on examining and evaluating the financial aspects and evaluating accounting practices within the organization and providing advice and guidance to the organization.

Objectives of internal audit

The objectives of internal audit include seeking to ensure effective control in terms of cost and identifying means to improve the degree of effectiveness, reduce and rationalize the internal procedures and use of resources and ensure adherence to standards and work ethics as well as best practices, and part of these objectives can be clarified as follows (Al-Hashimi, 2005: 39).

1-Maintaining the unit's funds (in terms of revenues and expenses) by showing the correctness of the financial procedures from their inception to the procedures of posting, matching and examination .

2-Ensuring the existence of orders, approvals and fundamental documents supporting the generation of revenues or the receipt of expenditures and their confirmation in the records of the economic unit, provided that they are in line with the laws and instructions in force .

3-Emphasizing that the competent employees carry out their duties to the fullest without wasting or wasting the unit's funds to achieve the maximum productivity available in accordance with the drawn plans and policies .

4-Deciding that the actions taken in this field fall within the legal framework specified for it in terms of responsibilities and powers, and that there is no breach in this aspect .

5-Verify that the practical reality is consistent with what is stated in the plans of the economic unit, and that the deviations, if any, are known, identified and controlled, or they can be studied and evaluated to be treated and avoided in the future .

6-Follow up the performance, evaluate the activities, judge in its final form and recommend solutions to the senior management with absolute impartiality and complete independence away from the pressures and influences of any party, whether internal or external .

These objectives are achieved and implemented by the internal audit department or (division) and for the purpose of the success of this division in business, the following requirements must be met (Onaizah, 1998: 12).

a. independence

B. Providing qualified personnel

c. Provide plans and programs

d. The need to write and submit reports

internal audit methods

There are three types of internal audit methods: financial auditing, operations auditing, and compliance auditing. These types can be explained in detail as follows;-

First, the financial audit

It is the common type of audit carried out by the internal auditors of the economic unit in order to protect the unit's funds, and to achieve the objectives of the administration such as achieving the greatest possible administrative adequacy and productivity of the unit and encouraging adherence to administrative policies .

The financial audit includes verifying the extent to which all financial statements conform to the pre-determined standards. These standards are usually represented by generally accepted accounting principles. It also includes auditing the financial statements prepared according to the accounting principles that are commensurate with the work of the economic unit. These financial statements mostly

include the statement of financial position. Income statement, and the cash flow statement, which also includes a statement of the notes attached to these statements (Al-Qusini, 2005: 9).

Second: Operations Audit

Operations audit was used in the past to know the diversity in activities that include management performance evaluation, management plans, quality control systems, and specific process activities, as well as departmental evaluation. Accepted by internal auditors, but in some cases external auditors are involved in performing this type of audit .

Although process auditing is a concept that deals with efficiency and effectiveness, there is little agreement on the use of one term for this concept. Many people prefer to use the term administrative audit or performance audit instead of process audit to describe the examination of efficiency and effectiveness of the economic unit (Al-Qusini, 2005: 10).

Third: Compliance Check

It is an audit of financial and operational controls and operations to judge the quality and suitability of systems that have been established to ensure compliance with regulations, legislation, policies and procedures .

The internal audit must be in all functional areas to add value and not consider it as a requirement only and its performance is merely to fulfill this requirement. Rather, the internal audit must be treated as a tool for improvement, meaning that it uses both conformity and effectiveness or aspects of improvement, It facilitates the process of improvement by identifying and identifying weak parts in the chain of operations, as the internal audit reports can be a basic basis for starting continuous improvement projects, and thus the internal audit is responsible for ensuring that corrective actions have been implemented) (Al-Azzawi, 95:2002).

Internal audit reports: types and contents

After the internal auditor finishes his work, he submits his report in which he presents the information and proves the reasons that resulted in the problems and deviations, then the recommendations and suggestions he deems necessary to correct these deviations. These reports are either temporary or final.

1-Interim reports: They include the problems and obstacles encountered by the internal auditor, and suggest corrected treatments that must be followed immediately and without waiting until the time of submitting the final report .

2-Final reports: they are submitted after the internal auditor has completed the audit process. They do not have a specific form, but differ according to the company, the auditor and the nature of the activity .

There are proposed reports for the Internal Audit Unit, where the unit presents the product of its work in the form of reports on the various activities and events and the reports take their forms (financial, administrative, performance) that are submitted to the various parties inside and outside the institution as follows (Al-Azzawi, 139:2003):-

a. Accounting System Evaluation Report: The report on the extent to which the accounting system is able to perform the task it performs and secure the controls, and the appropriateness it shows in harmony with other systems .

B. Internal Control System Evaluation Report: Evaluating the internal control system is one of the duties of the internal audit as defined by the Institute of Internal Auditors in the United Kingdom. This evaluation describes a self-assessment of the performance of internal control, and is part of the internal audit function, as it is accomplished during the normal daily workflow. , and are in two directions ;-

The first is to assess the design of the internal control system with regard to its suitability to meet the potential threats of risks.

Second: Evaluate the performance of the internal control system in terms of its efficiency and adequacy in facing potential threats to risks.

c. Administrative reports: These are reports that relate to the application of employees in different departments and the extent of compliance with administrative instructions and controls .

d. Performance appraisal reports: comparing the actual performance results with the planned and targeted performance according to the performance standards stated in the budget. This is done by preparing the so-called performance appraisal reports through which implementation deviations can be identified as planned or targeted in preparation for examining the causes of these deviations and taking the necessary measures. From corrective actions to correct the actual implementation and then to ensure the achievement of business efficiency .

The concept of imprest accounts

Advance accounts are among the intermediate accounts that make up the financial center and are approved by the Accounting Guide for Governmental Accounts, as they are an intermediary between the

payment process and the documentary documentation process, in which the cash amounts paid are recorded as an advance until the supporting documents are available for disbursement for the purpose of recording them as a final expense. These accounts consist of a multiple group of sub-accounts controlling Each of them has special legal bases, and the advances are considered from the debit accounts in which the amounts paid by the unit to other parties are recorded, which are not directly deducted on the types of expenditure items because they are not spent or for not completing the procedures or completing the supporting documents (Kadhim and Muhammad, 2018: 130). The principle is that all state expenditures in its various departments (accounting units) are restricted to services, works and projects established in the schedules of uses (expenditures) in the budget, and that the spending capacity limits for each unit and for each type of expenditure are within the limits of the approved allocations for the account in the budget. On this basis, it is assumed that The expenditures of the accounting units in the state do not exceed the set of accounts of uses, according to the approved allocations rule (the theory of allocated funds) (Al-Kaabi and Khamis, 2017: 223).

Freeh Advance is defined as an account for recording the amounts that are paid from the state treasury and that have not yet been accepted as final expenditures on budget chapters and articles, either because the ingredients for the final disbursement are not available in them or because they are spent in accordance with certain conditions provided that they are recovered after a while or are accepted as final expenditures on the budget (Freeh, 1992:95).

The Financial and Accounting Manual defines imprest accounts as intermediate accounts between payment and the documentary documentation process in which cash paid as advances and as an intermediary account are recorded until the supporting documents for disbursement are available for the purpose of registering them as a final bank according to the types of exchange determined in the state's general budget (Financial and Accounting Guide, 2013: 163).

A. The concept of trust account

Trusts mean that they are "amounts received or deducted as a deposit to the account of its beneficiaries or for disbursement on a specific activity, and the funds received by the department for the account of others are credited to the trust account." It makes the trust account a credit when it is received or deducted, and it makes the trust account debit when its amounts are settled "whole or part." Which was previously registered for the trust account, either by returning it to its owner, registering it for the public revenue account, or transferring it to its beneficiaries according to the circumstances. Article (68) of the Accounting Instructions No. (5) attached to the Law of Public Accounting No. (28) of 1940, as amended, permits the acceptance of amounts that are required to be deposited in trust in the public treasury without permission, as well as amounts that are required to be recorded in the trust account if they are of the following types: Bin Daoud, 2010: 128);-

1-The deposits that are taken according to the rules, regulations and instructions, in order to enter into the auctions and tenders that take place in the name of the government.

2-The deposits that are taken according to the customs departments, courts and all other official departments.

B. Reasons for using a trust account

The reasons for using the trust account can be identified as follows (Ismail and Adas, 2010: 81).

1- Financing of accounting units for the purpose of implementing projects: For the purpose of providing cash to perform work in the accounting units that implement projects for the account of others, it is financed by the employer, and these amounts include funding deposits and are deducted when the completed pleas are submitted .

2-Anonymity of the source of revenue or the lack of integration of the elements of acceptance of final revenues: The state may receive cash temporarily due to the unknown source of the revenue or the lack of integration of its acceptance elements directly to the account of the source, and these amounts are settled and returned after completing the information and procedures necessary for their final acceptance on the final revenue The specialist .

3-The impossibility of determining the final revenue accurately: the final revenue on the account of budget transactions requires that the amount to be receivable be determined accurately, but there are cases that require the receipt of sums in the public treasury, and it is not possible to determine the real amount to be receivable at that time, and therefore Trust account is used.

4-Ensuring the payment of the debts of the third person owed by the members of the accounting units: the accounting units deduct amounts from the net entitlement of their employees for the purpose of paying the debts of the third person, and these amounts are usually deducted from the monthly salaries and sent to the creditor, such as deductions for advances granted by a bank Al Rafidain for employees .

5-Ensuring the collection of state revenues, rights and assets owed by others: In order to ensure the collection of revenues expected to be owed by taxpayers, the accounting units receive insurances for this purpose, for example the insurances received from patients upon entering the private ward in government hospitals .

c. Trust Accounts Rules

There is a set of rules that are used for the purpose of calculating trusts, as they can be clarified as follows (Ismail and Adas, 2010: 86).

1-For the purpose of recovering the trust after its purpose, a request is submitted by its owner to the department, and the request is attached to the receipt of the receipt on the basis of which the trust was taken. The department is required to review the trust register to ensure the validity of the submitted request.

2-The deposits are received under a receipt or deducted as a deposit, and in receiving, keeping or disbursing them, they are subject to the legal provisions of each type .

3-One or more records shall be kept in each department, and the deposits shall be entered according to their purposes, types, receipt numbers and the names of their owners .

D-How to control the trust account

In order to control the trust account, several conditions must be met, which can be clarified as follows (Bin Daoud, 2010: 132);-

.Preparing monthly tables with the balances of trusts according to their types 1-

2-Keeping a record of the deposits classified according to the types mentioned in the analysis and marking the deposits upon receipt and disbursement.

3-Work to liquidate the suspended trusts by disbursing them to the parties that belong to them and whose disbursement is due, and rotate the remaining balances from year to year to ensure control over them.

4-Preparing annual or semi-annual tables with the balances of the trusts suspended, their dates, and the bodies affiliated to them.

5-Monitoring the trusts that have exceeded the legal period for the purpose of converting them into final income and taking instructions from the Ministry of Finance regarding the legal period.

6-Analyzing the trust account into total accounts and sub-accounts according to the purpose for which they were taken.

The concept of performance improvement

The concept of improvement stems from the principle of developing knowledge of the dimensions of the administrative process and taking appropriate measures for that development, which starts from the planning process, then passes through the analysis stage, then the re-design stage, and finally the improvement stage. Or the material resources, their processes and their relationship with the surrounding environment, and that the improvement procedures include every stage of the process to reach outstanding performance in terms of efficiency and effectiveness in performing all the work required by the process with a reduction in cost. The improvement element contributes to achieving the following :-

a. Simplify service delivery processes.

b. Minimizing errors and adopting the zero defect principle.

c. Correct performance of tasks from the first time .

d. Continuing the process of improvement. (Heizer and Rande, 2008: 198)

There are a number of steps that the unit takes in order to develop an appropriate methodology for improving strategic performance.

☑ Detailed study of the internal and external factors of the environment affecting performance .

☑ Determine the strengths and weaknesses of the unit in order to maximize the use of the strengths and develop a strategy to overcome the weaknesses .

☑ Preparing programs to educate employees about the modern concept of performance .

☑ Conducting a comprehensive inventory of the problems and challenges facing institutional performance and forming a team of experts to analyze the problems.

☑ Developing an information system to provide the necessary data to implement the concept of institutional performance .

☑ Developing a set of performance indicators covering the quality of services, efficiency in the use of resources and effectiveness in achieving goals, as well as the suitability of programs to the needs of their beneficiaries .

☑ Developing appropriate mechanisms to carry out measurement operations using the indicators that have already been reached .

☐ Conducting multiple comparisons to judge the adequacy of performance, including comparing each of the current performance with the previous performance, the actual performance with the planned performance, the actual performance with the performance of the corresponding institutions .

Determining the steps of improvement and development in the light of the comparisons that have been made. (Shakara, 2010: 119);-

Performance improvement measures

In order to improve performance, the following steps must be taken (Ghanya, Warda, 2011 4:4)

1-Determining the main causes of performance problems: It is necessary to identify the reasons for the deviation in the performance of employees from the standard performance, as defining the reasons is important for both the management and the two employees. Is the decline in performance due to employees or the scarcity of resources available to them is the main reason .

2-Developing the action plan to reach solutions: It represents the action plan necessary to reduce performance problems and develop solutions to them, in cooperation between management, workers and specialist consultants in the field of developing and improving performance .

Direct Communication: Communication between supervisors and workers is important in improving performance, and it is necessary to determine the level, style and appropriate communication patterns .

The relationship between the role of the internal auditor and the liquidation and control of debit and credit balances for the purpose of improving performance

There is almost complete consensus among professional bodies about the necessity of coordination between internal auditors and controlling debit and credit accounts for the purpose of improving the performance of their work. The internal auditor helps to provide comprehensive audit coverage more efficiently and effectively. For example, some believe that audit managers should work more actively in clearing accounts balances. Debit and credit in the financial statements statements to enhance the degree of their dependence on these accounts. For the purpose of controlling the accounts of debit and credit balances, the following matters must be provided (Frah and Al-Sabri, 1992:213-218);-

1- Analysis of debit and credit accounts

2-Keeping a book group in the advances and deposits account in which the balances of the advances and deposits are distributed according to the analysis provided, and each amount spent on the account of the advances and deposits is indicated and from the reality of the documents and against the name of the entity disbursed to and from whom the amount is received, with sufficient explanations about the disbursement process, the receipt process, and when the advance and deposits are paid. The amount is marked against the original amount, thus controlling the suspended debit and credit balances and the extraction of civil authorities quickly, easily and completely .

3-Preparing monthly tables showing the movement of debit and credit balances at the sub-analysis level and it is sent to the Accounting Department in the Ministry of Finance for the purpose of oversight and control in addition to the control of the same entity that prepares this table .

4-Preparing annual or semi-annual tables of debit and credit balances after the end of the final accounts period showing the balances of these suspended accounts, their dates, and the names of the entities owed by those balances .

5-Follow up on the suspended debit and credit balances and work to collect them in various ways and rotate their balances from year to year and impose fines on overdue amounts. Rotating the remaining balances from year to year and through the tables prepared facilitates the follow-up process instead of being within approved records .

search form

In order to analyze the research variables, the researcher relied on the (1,0) model in order to know the extent to which the internal audit was achieved

For the efficiency of calculating debit and credit accounts through indicators (independence, professionalism, certification, compatibility with external audit), as the auditor's independence will be measured through his report. Analytical to know the ratios of debit and credit accounts, as well as conducting financial analysis of companies to determine the extent of the auditor's ability to employ debit and credit accounts to improve performance, as shown in the following table ;-

Table (1) Analysis of internal audit indicators in the years investigated for the research sample

Internal Audit indicators	2016	2017	2018	2019
independence	1	0	1	1
Certificate	1	1	0	1
Professional	1	1	1	0
Compatibility	0	1	1	0
The ratio	70%	70%	70%	50%

It is noted from Table (1) that the year (2019) was the least compared with the rest of the years in terms of the efficiency of the internal audit, which could affect the credibility of the audit of accounts and the expression of the opinion related to it by the external auditor as well as its reflection on improving performance, which will be clarified in the subsequent tables.

Table (2) Revenues actually collected compared to total expenses and expenses without employee compensation

Particular	2016	2017	2018	2019
Actual total expenditures in Iraqi dinars(1 IQD)	1422842606	2632896026	2614377991	3226016815
Actual revenues collected in Iraqi dinars(1 IQD)	282858079	446361984	484839882	595760236
RATIO 1/2	0.19879787	0.169532705	0.185451332	0.18467363

It can be seen from Table (2) that

The ratio of actual revenues to total expenditures is in fluctuation, as it reached for the years (2019, 2018, 2017, 2016) (19%, 16%, 18%, 18%), respectively, i.e. in a state of decline and did not constitute a good percentage despite the multiple activities of the Directorate Muthanna Agriculture in Revenue Collection, which indicates that the Directorate of Agriculture is not serious in collecting its revenue, and this has a negative impact on achieving its goals .

Table (3) the ratio of annual funding to annual expenses

Particular	2016	2017	2018	2019
Total annual expenses (1)	1422842606	2632896026	2614377991	3226016815
Total annual financing amounts (2)	2467811543	2632734891	2119035372	3099939461
Ratio 1/2	0.576560479	1.000061204	1.233758542	1.040670908

It is noted from Table (3) the following

-An increase in the ratio of total annual expenses to total annual financing, as the ratio for the year (2016) was (57%), while the ratio of total expenses to total financing for the year (2018) was (123%), and this indicates the presence of accumulated and retained credit balances from previous years As well as a pure balance rounded .

Table (4) Balances of advances and revolving cash to the next year during the years of research

Particular	2016	2017	2018	2019
Rollover cash balance to the next year (1)	776448233	1800254952	2190137124	1939462498
Advance balances rolled over to the next year (2)	0	151920	0	0
Ratio 1/2	0	8%	0	0

It can be seen from Table (4) that

-The internal auditor has an effective role in clearing the accumulated imprest accounts, as the retained advance balances (0%) in all years except for the year (2017) constitute (8%) of the revolving cash balance, and this indicates that the Muthanna Agriculture Directorate has resolved to liquidate its accounts as The current balances were the opposite of their nature, which indicates the liquidation of the accumulated advances accounts, and this is evidence of the good work of the auditor on the side of the advances.

Table (5) Ratio of deposit balances to the revolving cash balance

Particular	2016	2017	2018	2019
Rollover cash balance to the next year (1)	776448233	1800254952	2190137124	1939462498
Deposit balances rolled over to the next year (2)	468649288	(55313921)	(235915817)	301550807
Ratio 1/2	0.603580855	(0.030725604)	(0.107717373)	0.155481639

It can be seen from table (5) that

-The ratio of the revolving trust balances to the revolving cash balance for the year (2016) reached (60%), which indicates the accumulation of trust account balances and their non-liquidation.

-The ratio of trust balances to the revolving cash balance for the years (2017, 2018) reached (-3%, -10%), which indicates the liquidation of the accumulated trust accounts from (2016), but it is noted once again that the ratio of trust balances to the revolving cash balance account has been increased. At a rate of

(15%) in (2019), although it is a small percentage, but it forms part of the cash balance due to the lack of a special bank for safe deposits .

Table (6) the ratio of trust balances to financing

Particular	2016	2017	2018	2019
Annual Funding (1)	2467811543	263234891	2119035372	3099939461
Deposit balances rolled over to the next year (2)	468649288	(55313921)	(235915817)	301550807
Ratio 1/2	0.189904812	(0.021010061)	(0.111331703)	0.097276354

It can be seen from table (6) that

-The ratio of trust balances to the total annual financing for the year (2016) reached 18%, and for the years (2018, 2017) (-2%, -11%) respectively, but we notice an increase again in (2019) to form (9%) of the total annual funding, and this negatively affects the collection of all allocations for the year (2019) due to the accumulation of trust balances in the current account.

Table (7): Fixed Assets to Expenses Ratio

Particular	2016	2017	2018	2019
Total annual expenses (1)	1422842606	2632896026	2614377991	3226016815
Total amount of fixed assets (2)	418545480	190289044	1939462498	2710696187
Ratio 1/2	0.294161475	0.072273664	0.741844716	0.840261022

It can be seen from Table (7) that

-The percentage of fixed assets to total annual expenses for the year (2016) reached (29%), then this percentage decreased in (2017) to reach (7%) and then increased for the years (2018, 2019) to reach (74% and 84%) respectively, which indicates the good use of the allocations in the purchase of fixed assets with a long productive life, which is beneficial to achieving the objectives of the Directorate of Agriculture.

Table (8) The percentage of actually collected revenues compared to the annual financing

Particular	2016	2017	2018	2019
Annual Funding (1)	2467811543	263234891	2119035372	3099939461
Actual revenues collected in Iraqi dinars	282858079	446361984	484839882	595760236
Ratio 1/2	0.114618995	0.169543081	0.228802166	0.192184474

It is noted from table (8) the following The percentage of actual revenues to annual financing decreased, as the percentages for the years (2016, 2017, 2018, 2019) were (11%, 16%, 22%, 19%), respectively, which are very small percentages compared to the planned revenues for the activities of the Muthanna Agriculture Directorate.

Table (9) Measuring the financial performance in the years

Particular	2016	2017	2018	2019
return on assets	7.71	11.94	10.44	14.5
return on equity	0.36	0.325	0.327	0.258
Return on preferred stock	64.99	70.34	65.51	60.99
revenue growth	12.69	13.17	15.75	12.58
Liquidity ratios	2.76	3.38	3.7	3.58
net profit to revenue	3.42	3.901	3.397	3.891
Average financial performance ratios	13.42	14090	14.60	13.98
Overall average financial performance		12.8		

Table (9) above shows the percentages of financial performance that will be compared with the efficiency ratios of the internal audit, as well as the percentages of analysis of debit and credit accounts, which will be relied upon in the statistical analysis shown in the following table.

Table (10) Statistical analysis between the averages of the efficiency of knowledge capital and the efficiency of financial performance in the research sample

Particular	Statistical analysis indicators			
	2016	2017	2018	2019

Views	4	4	4	4
modulus (T)	0.41	10996	0.349	0.235
modulus (F)	0.177	0.108	0,084	0.321
B	0.852	0.881	0.871	0.838
link size	0.011	0	0.020	0.010
sig . moral level	0.882	2.803	0.310	0.421

It is noted from table (9) above that there is a strong correlation between the internal audit ratios and the debit and credit accounts ratios, as the correlation ratio reached (0.852), (0.881) (0.871) (0.838) (0.632), respectively, with a relevant level of (0.011) (0.000) (0.020) (0.020) (0.10) respectively, which is less than the significance level (5%), and this correlation is also reflected in the efficiency and improvement of the financial performance of companies through the indicators shown above, which support the research hypothesis that (the internal auditor has an effective role in verifying from the accounts debit and credit balances and their impact on the results of budget implementation and performance improvement).
Internal auditor procedures proposed by researchers to reduce the negative effects of debit and credit balances in the financial statements

1-Activating the role of the internal auditor in contacting the management of the Directorate of Agriculture and submitting a memorandum to form committees for collecting the revenues of the directorate's activities and following them up on a monthly basis by giving rewards to the collection committees in order to raise the percentage of collected revenues to the total actual expenses.

2-Reviewing the balances of the secretariats by the internal auditor and forming follow-up committees in order to liquidate those balances so that they do not have a negative impact on the collection of all the annual budget allocations of the Directorate of Agriculture.

3-Continuing the role of the internal auditor in clearing the accumulated imprest accounts from their own year's allocations and not transferring them to subsequent years in order to ease the burden of those accounts or balances on the current budget allocations.

4-Activating the role of the internal auditor by forming committees and following them up periodically to liquidate the accumulated deposit balances that appear within the revolving cash balance, which negatively affects the current budget allocations by not obtaining funding significantly as a result of the presence of those balances in the current account.

5-The internal auditor must activate the procedures for maintaining fixed assets in order to preserve them in achieving the objectives of the directorate's activity and the formation of annual inventory and matching committees, as well as the periodic and sudden inventory of those assets.

III. CONCLUSIONS

1-Low percentage of collected revenues to total actual expenses, which indicates the weak role of the internal auditor in activating the committees for collecting those revenues.

2-The high percentage of expenses to the total annual funding, which indicates the weak role of the internal auditor in clearing the accumulated trust accounts, which in turn negatively affects the withdrawal of all allocations through financing.

3-The existence of an effective role for the internal auditor in clearing the accumulated imprest accounts, as the imprest account balances constituted (0%) for all years except for the year (2017) amounting to (8%) of the cash balance.

4-Increasing the trust balances to the total annual financing from what negatively affected the collection of all the current years' allocations.

5-Increasing the percentage of fixed assets to total expenses, which indicates the good use of the allocations in the purchase of fixed assets with long life and high productivity, and this requires the internal auditor to maintain them.

IV. RECOMMENDATIONS

1-The internal auditor should reconsider the collection of annual revenues through the formation of revenue collection committees for the purpose of raising the percentage of those revenues from annual expenses.

2-Activating the role of the internal auditor in clearing the accumulated trust accounts through the formation of periodic committees and mitigating their negative impact on the collection of annual funding.

3-Continuing the role of the internal auditor in clearing the accumulated advances accounts in order to reduce its burden on the allocations of the current years.

4-Continuing the role of the internal auditor in maintaining fixed assets through periodic and annual inventory committees and compliance committees.

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