Al-Qadisiyah Journal for Administrative and Economic Sciences ISSN$_{Online}$: 2312-9883
QJAE, Volume 26, Issue 1 (2024) ISSN$_{Print}$: 1816-9171

Applying corporate governance mechanisms for the purposes of improving the effectiveness of internal control: an applied study

Nazim Shaalan Jabbar Tamimi
Karrar Asdkhan Musa
Al-Qadisiyah University, College of Administration and Economics

Corresponding Author : Karrar Asdkhan Musa

Abstract : The main objective of the research is to identify the extent of the impact of these mechanisms of corporate governance on the effectiveness and efficiency of the internal control system, and this research was conducted on a sample of 12 companies for the period from 2017 to 2021. It was concluded that the application of governance mechanisms helps to increase and improve the effectiveness of the internal control system as a tool for the provisions of control and control over all uncontrolled behaviors, and the absence of legislation or legal text in Iraq directly concerned with governance, or its principles, or Its mechanisms, except for some paragraphs that overlap within other laws that regulate the work of companies, and that the size of the board of directors of all banks and in most of the research years was within the scope (determined in accordance with Article (104) of the amended Companies Law, which ranged from (5) to (9). Members, The banks varied in the concentration of ownership rates, as they reached the highest percentage during the research period with an arithmetic mean (94.00%). Islamic lowest percentage with the arithmetic mean (of 43.67%), and the sample banks varied in their results as Related to the percentages of administrative ownership, as the Kurdistan Bank obtained the highest arithmetic mean of (87%), while Al-Thiqa Investment Bank came in last place

Keywords: corporate governance, corporate governance mechanisms, OECD principles

Introduction: The world today is witnessing great and tremendous developments, especially after the Industrial Revolution in the eighteenth century, Which it had a positive impact on corporate governance, mechanisms, systems, and development, and the subject of corporate governance is one of the important topics as the means by which many economic units reach safety from crises and failures, which led many of them in recent years to bankruptcy. Good governance can play an effective role in the areas of financial and administrative reform of various economic units and increase investor confidence in financial statements.

Governance contributes to raising the quality and efficiency of performance, so that it can lead to the elimination of weaknesses in internal control systems, as it has become necessary to have a definition of the corporate governance strategy and its application in various aspects of the work of the economic unit, and that governance has received great attention, especially in recent years, especially after the financial collapses and economic crises that occurred in the countries of America And East Asia and the Russian Federation in the nineties of the last century and the most important causes of these crises is due to the absence of efficient and effective control over the financial aspects and accounting control in institutions and banks in addition to the inability of information systems to produce efficient and reliable information that can enhance the confidence of shareholders and investors, which leads to the emergence of incorrect information and weaken the confidence of shareholders and investors These reasons led professional organizations to pay attention to the subject of governance and consider it the best solution to face these crises and was one of the first The organizations that advocated these topics are the OECD.

Especially since the internal control system is a must and very important and is not limited to protecting the assets of the economic unit, but went beyond that to consider the internal control system as an alarm bell through which the administrative and accounting audit is carried out, and accordingly this research came to show the importance of corporate governance mechanisms to improve the effectiveness of internal control.

1. Research problem

The problem of the research is that the economic units, specifically the Iraqi banking environment, face major challenges and problems due to weak internal control procedures in general, due to the nature of the modern work environment in which they operate as they deal with companies and large investors, and the weakness or absence of applying corporate governance mechanisms, which reflects negatively. On the performance and effectiveness of internal control systems, and then the problem can be formulated in the following form (**weakness of internal control systems in Iraqi companies due to the absence or weak**

application of corporate governance mechanisms, whether internal or external). On this basis, the research problem can be formulated in the following questions**:**

• Are corporate governance mechanisms applied in Iraqi economic institutions and is there a discrepancy in their application?

• How can internal or external corporate governance mechanisms influence the improvement and development of the effectiveness and efficiency of internal control systems?

2. The importance of the research:

Scientifically:

It is represented by the variables of the study related to corporate governance mechanisms to improve the effectiveness of internal control in the possibility of linking them, as this link represents a great scientific addition to the study

Practical importance:

The importance of the current study stems from in order to reach the best practices by the Board of Directors and the parties concerned with the application of corporate governance, and employees in the internal control departments

3. Research objectives:

The research mainly aims to study the implications of corporate governance mechanisms on conservative practices, and the main objective is related to achieving a number of sub-objectives, which are as follows:

1. Study the internal corporate governance mechanisms and some external mechanisms and seek to unify them and identify their availability in a sample of banks listed on the Iraq Stock Exchange.
2. . Study and measure the effectiveness of the internal control system in Iraqi banks, the research sample.
3. Reaching the results of testing the correlation and influence between corporate governance mechanisms and the effectiveness of the control system in the research sample

4. study Hypotheses:

5. The first main hypothesis: "The banking sector, represented by the banks in the study sample, is not committed to applying all corporate governance mechanisms, and there is a discrepancy in their application."

The second main hypothesis: "There is no statistically significant relationship between corporate governance mechanisms and the effectiveness of internal control." Among them are the sub-hypotheses:

- "There is no statistically significant relationship between the size of the board of directors and the effectiveness of internal control."
- "There is no statistically significant relationship between the audit committee mechanism and the effectiveness of internal control."
- "There is no statistically significant relationship between the administrative ownership mechanism and the effectiveness of internal control."
- "There is no statistically significant relationship between the ownership concentration mechanism and the effectiveness of internal control."
- "There is no statistically significant relationship between the risk management mechanism and the effectiveness of internal control."
- "There is no statistically significant relationship between the auditor's mechanism and the effectiveness of internal control."
- "There is no statistically significant relationship between the mechanism of the Information Technology Committee and the effectiveness of internal control

6. Search parameters:

1. The research relied on a set of seven governance mechanisms (six internal and one external) due to the difficulty of measuring the rest of the mechanisms.
2. The current research was limited to the Iraqi banking sector, being the only sector that applies the principles of corporate governance, and the lack of data on governance in the rest of the sectors.

7. search limits :

1. Spatial boundaries: The research relied on studying a set of financial reports published in the Iraq Market Authority for Securities for the banks of the research sample.
2. Temporal limits: represented by a period of five years (2017-2021).

8. Means of data collection:

9. The researcher relied on the theoretical side on what is available from Arab and foreign sources and literature, letters, dissertations, research and periodicals. The data was obtained by studying and analyzing the Board of Directors' reports, auditors' reports, and internal audit reports, and designing a checklist to evaluate and measure the effectiveness of internal control.

10. Research sample and research community:

11. It represents the research community in the banking sector, which represents (44) banks listed in the financial market, while the research sample was represented by (12) banks, as the research sample represents (27%) of the total research community

1. Concept and definition of corporate governance

The concept of corporate governance has become a concept of global interest, and it has become a part of the process of economic and political reform for governments and companies, and therefore it is necessary to know the meaning of governance, as the term governance is newly used in the Arabic language, as it began to be used in 2002, and it is one of the many attempts to translate the term (In the English language, the origin of the word goes back to the Greek language in the thirteenth century, which means driving a warship or tank, and then it was used in the language. As a word at the beginning of the eighteenth century with the same meaning, then a term appeared after that in the French language, where it meant the way of government, then It was then used in the sixteenth century in the English language with the current term (Bessey, 2021: 9), in contrast, there are many concepts that do not have a literal meaning in the Arabic language so that they have the same meaning and content that they include in the English language, and the term Governance is one of the examples Accordingly, a specific synonym is not reached unless it is associated with the word (Corporate). In the same context, there are several meanings for Corporate Governance, namely: (company governance, corporate governance, corporate governance, joint control, joint management, government participation)(Al-Jubouri, 2018: 22)

Where corporate governance is **defined as** "the system through which commercial companies are directed and monitored. The corporate governance structure determines the distribution of rights and responsibilities among the various participants in the company, such as the board of directors, managers, shareholders, and other stakeholders, and clarifies the rules and procedures for making decisions about the company's affairs" (Almashhadani,2021 :4).

Corporate governance is also defined as "the system of organization, rules and factors that are able to control the company's operations" (Ajao, 2022:30).

The American Institute of Internal Auditors has defined governance as "the processes that take place through the procedures used by representatives of stakeholders in order to provide oversight of risk management, control the risks of the enterprise, and confirm the adequacy of controls to achieve the objectives and maintain the values of the enterprise through the performance of institutional control in The facility (Fattoush, 2015: 7)

According to Schafer, corporate governance is: "The procedures and processes by which an organization is directed and controlled. The corporate governance structure determines the distribution of rights and responsibilities among the various participants in the organization such as the board of directors, directors, shareholders, and other stakeholders" (Schafer,2022:45)

((Through the above, the researcher shows that corporate governance "is a set of laws, principles and mechanisms necessary to guide, standardize and standardize practices, define rights and distribute duties between the main and active parties in the economic unit, whether they are employees, shareholders, managers, board members, in order to achieve The goals set for the company and predicting the problems facing the company in the future and hedge them through control and guidance"))

2. Principles of Corporate Governance (Principles issued by the OECD):

Where the Organization for Economic Cooperation and Development took the first step to confront the lack of commitment to governance in economic units, as it was asked to develop a set of principles for governance due to the pressure of investors who witnessed the collapse of their forms, which were approved in May 1999 and thus prepared the first international standard in this field (the principles of the Economic Cooperation Organization and development in the economic field for the year 1999 (Burak, 2017: 8), and during 2004 the principles issued by the Organization for Economic Cooperation and Development were updated to be able to keep pace with economic and political developments in the business environment by adding a sixth principle to extinguish flexibility in work (Al-Falahi, 2021: 6), the Organization for Economic Cooperation and Development committed itself to working with international organizations of the G20, as well as local institutions in order to assess the effectiveness of the systems that were in place at the time, and to support and facilitate the implementation of the principles, which ultimately aim to guide and develop publicly listed companies inside and outside the sector. financial, and has also been formulated to be a useful guidance tool for companies in the private sector. The Principles recognize the key players in corporate governance as the company's board of directors, management, shareholders and various stakeholders. As corporate governance has evolved over many decades, the OECD recognizes that as various trends emerge and the business and economic climate change, the principles can be revised from time to time to reflect the current state of affairs; Therefore, it is of an evolutionary nature. (Yegon, 2021: 31) These principles are:

2.1 The first principle: the rights of shareholders and the functions of the owners)

In general, this principle aims to establish a general framework that is capable of protecting shareholders and facilitating the exercise of their rights. The basic rights include the election of members of the Board of Directors, the necessary means that affect the formation of the Board of Directors, and the approval of the basic issues stipulated in the internal regulations of the company and the Companies Law. There are some additional rights Such as the election of auditors and the direct appointment of members of the Board of Directors, as well as the approval of dividends, and the ability to mortgage shares, as this principle can be seen as an effective guarantee for the majority of the main rights of shareholders that are legally recognized by the Organization for Economic Cooperation and Development countries (Abdul,et al, 2022: 171)

2.2 The second principle: equal treatment (equivalent) to shareholders

The governance framework emphasizes equal treatment and protection of the rights of shareholders of all categories. The principle addresses the problems of cross-border voting through electronic voting in order to ensure justice in participation in meetings. The principle stresses the mechanisms that are used to meet the needs of shareholders regardless of their ownership structure. The Board of Directors takes The best decisions to preserve the capital become subject to the approval of all the shareholders associated with the company on the material modifications that take place in the system from the transfer of assets and cash flows and the offering of additional shares or risks that can be predicted and they have the right to know the size and forms of political compensation and any transactions that affect the objectives of the company (Ahmed, 2020:451).

2.3 The third principle: the role of stakeholders in corporate governance:

The framework of corporate governance must recognize the rights of stakeholders that have arisen through the law or have arisen as a result of mutual agreements, and it works to encourage cooperation between companies and stakeholders in creating wealth and targeting financial facilities and job opportunities, and includes the following (Fatoush,2015: 23-24):

1. . Finding mechanisms to develop opinions for the participation of employees
2. . When stakeholders participate in the corporate governance process, relevant information must be obtained.
3. . Emphasis on respecting the rights of stakeholders that are published by law and are the result of mutual agreements.
4. Stakeholders must be able to contact the Board of Directors to express their interest in illegal practices.
5. . When the law guarantees the protection of the interest, there should be an opportunity for stakeholders to obtain effective compensation in return for the violation of their rights.
6. The state must recognize, through ownership policy, the responsibilities of state-owned companies, the survival of stakeholders, by submitting reports on their relationship with them (Al-Ghazzi2022:103).

2.4. The fourth principle: disclosure and transparency

The standards of transparency and disclosure must be observed and followed in accordance with what is required by the principles of governance of state-owned companies according to the Organization for Economic Cooperation and Development (Al-Zubaidi, 2014: 81), where the UNCTAD organization defined transparency as the extent to which the participants in the investment process are able to obtain and access without obstacles to sufficient Appropriate information in order to make important decisions that allow them to fulfill their commitments and obligations (Al-Savan, 2020: 73), and in order for the economic unit to achieve the maximum levels of disclosure and transparency and for all relevant parties, the economic unit must disclose the information provided by the accounting system that is relevant By financial performance (Gyamerah ,et al, 2016: 85))

2.5 . The fifth principle: the responsibilities of the board of directors

The corporate governance framework must ensure the strategic direction of the company, effective oversight of management by the board of directors, and accountability of the board to the company and its shareholders. Monitoring and replacing executives, when necessary. Overseeing the CEO's performance, setting a tone at the top that articulates the company's commitment to integrity and legal compliance. The board needs to manage potential conflicts of interest and oversee disclosure and communication. There is a consensus in the literature that the board of directors must function well and effectively in order to implement corporate governance (Hannoon et al, 2021:21))

2.6 Sixth Principle: The existence of an effective foundation and framework for governance

The existence of an effective framework for corporate governance is considered one of the most important elements, as it is to ensures the application of governance by providing an effective framework of legislation, laws and effective financial markets, which must be consistent with the rules of the law and have integrity, transparency and applicability, the distribution of responsibilities and powers, and the lifting of restrictions on capital across borders and encouragement On the establishment of markets that are characterized by efficiency and effectiveness, and that this framework must have an impact on the overall economic performance, as it defines the responsibilities and authorities for each of the various supervisory, executive and regulatory bodies. (Shawish, 2017: 30)

3. Corporate Governance Mechanisms:

The environment of economic activity differs from one country to another, just as the laws, procedures and rules governing corporate activity differ in it, which makes the process and classification of the operating mechanisms of their systems difficult and impossible to generalize the results because it is an attempt to narrow down, which applies to the corporate governance system (Abdul Majeed, 2021: 24).), and that many academics and researchers assert that in order to apply the principles of corporate governance properly, there must be good mechanisms that support them so that they can be relied upon to reduce conflicts of interest between executives and shareholders and ensure that the rights of other stakeholders are preserved (Al-Jubouri, 2018: 36) Whereas, corporate governance mechanisms are defined as: It is a set of internal and external mechanisms that contribute to setting a general structure for effective rules, policies and practices of the company that regulate the relations between all parties as well as enhance its ability to manage risks and exercise control in order to achieve greater value for shareholders' investments through Financial stability and continuity of growth (Ahmed ,et al, 2020: 448),Corporate governance is applied through two sets of mechanisms:

3.1 The first group: internal mechanisms:

As you know the internal mechanisms: they are the arrangements that the company makes with the aim of reducing risks by defining the relationship between the members of the board of directors, management, shareholders, and stakeholders. For the purpose of the success of these mechanisms, they must be supported by external institutions that are compatible with the conditions of the economy (Al-Halawi, 2010: 57)

3.1.1 First: Board size mechanism:

The board of directors is defined as "the supreme body that controls the economic unit and is elected by the shareholders. It is primarily responsible for monitoring the achievement of the goals of the economic unit or company determined by the general assembly. The board of directors consists of executive members and non-executive members" (Al-Hindawi,et.al, 2019: 277), and the Board of Directors is one of the effective internal mechanisms in corporate governance, as it provides two main functions: providing resources, and monitoring executive management on behalf of shareholders (Hamad ,et al, 2019: 77**).**

The Iraqi Companies Law No. 21 of 1997 indicated in Article 104 for private joint stock companies that the number of members of the board of directors must not be less than five members and not more than nine members, while Article 103 of the same law indicated that the number of members of the board of directors in mixed joint stock companies is seven. Members (Companies Law No. 21 of 1997, amended in 2004) In order for the Board of Directors to be able to carry out its duties in oversight, supervision and direction, it will resort to establishing a group of committees, which are as follows:

3.1.1.1.The Board of Audit Committee:

As a result of the failures and financial turmoil that occurred in international companies, the Audit Committee found great interest from international scientific bodies. The reason for this interest is due to the role that the Audit Committee can play as a tool of corporate governance in increasing confidence and transparency in financial information that pertains to companies through its role in Preparing financial reports and supervising the internal audit function, as well as its importance in adhering to the principles of corporate governance, and the role it plays in supporting external audit bodies. (Al-Rahman, 2020: 27), and that the number of members of the flour committee and how they are selected depends on the size of the company, and the standards used in selecting committee members based on the most experienced and most qualified, and that these criteria differ from one company to another, because there is a relationship between the functions of the audit committee and the criteria for informing its members (Talaba, 2015: 391).And between both Lou and Ruffu, there are main points agreed upon by most researchers and the special discharges of the audit committees, which are as follows (Llou,et al, 2019: p. 8)

- The focus of the work of these committees is to control and supervise the internal and external audit operations, and they have experience and skill in auditing, accounting and financial work.
- The members of this committee shall be non-executive members of the Board of Directors.
- These committees are a link between the external, internal and administrative auditor.
- Works to protect the rights of shareholders.
- The focus of its interest is to ensure the correctness, integrity, fairness and validity of financial reports and the extent of compliance with policies and rules.

3.1.1.2. Remuneration Committee Mechanism:

It is a committee consisting of three members formed from the Board of Directors, and its responsibility is limited to determining bonuses and salaries related to senior management, as well as this committee presents opinions and proposals regarding compensation and reward for executives (Brown,et al, 2011), and the vast majority of studies and research that concern corporate governance The recommendations and rules issued by the professional bodies concerned with governance recommended that the Compensation and Remuneration Committee be composed of non-executive board members. In the case of state-owned companies, it stipulated the guidelines issued by the Organization for Economic Cooperation for Development (OECD) that the remuneration be reasonable in order to Promoting the interests of the company in the long term and attracting talent and highly qualified professionals (Youssef ,et al, 2019:196). It falls within the scope of the competence of this committee to determine the basis on which these rewards are granted, in line with the strategy followed and the quality of the achieved performance. The duties of this committee are as follows: (Kahloush, 2018: 23):

- Set policies for management benefits and monitor them on an ongoing basis.
- Developing special policies for managing programs related to senior management rewards and reviewing them periodically.
- Dealing with senior management rewards that entail payments that are not logically related to the performance of a member of the administration.
- Determining rewards and other benefits for members of the Board of Directors, directing the company's Board of Directors to approve them.

3.1.1.3.Risk Committee mechanism

This committee consists of three members who have the status of independence. The main task of this committee is to find studied strategies for risks, provided that this strategy is appropriate to the activity of the unit and is formed and clear (Al-Jubouri, 2018:39) and is concentrated in it:

- The need to cooperate with those who work in risk management in terms of methods of risk prevention and hedging for future risks.
- The need to ensure the reports submitted by the risk management on a regular basis.
- Ensure the civilization management system used in the economic unit and correct it in case of problems.
- The committee must inform the board of directors about future plans that will be applied to face potential risks.

3.1.2.Ownership Concentration Mechanism:

Concentration of ownership means: owning a category of shareholders represented by a limited number of them with a high percentage of the company’s shares, and it is called internal effective ownership (Al-Swerki, 2021: 87). The concentration of ownership is determined by the number of major shareholders and the percentage of the name they own, so the major shareholders own at least 5% of the shares of the issuing company.(Al-Jazrawi and Khudair, 2015: 366), and that the concentration of ownership affects the level of disclosure and transparency, the greater the concentration of ownership leads to reducing the conflict between management and owners and reducing the discrepancy in the information disclosed, and that this mechanism can cause anxiety among the minority shareholders who will They have less influence in the economic unit when there is collusion with those with concentrated ownership to reduce information disclosed to minority shareholders, and to make decisions that are harmful to their interests and rights. (Cunha,et al, 2018:4)

3.1.3. the administrative ownership mechanism

Administrative ownership means that managers and members of the board of directors own part of the shares of the company in which they work (Qader,et al, 2022 :290). The administrative ownership structure is a technique or amount of shares owned by executive managers or members of the board of directors, as these are more inclined to control. Because the shares they own in the companies qualify them to do so, and because the connection between ownership and management is the main reason for the agency problem, the management works to organize its interests over the interests of shareholders. (Al-Jubouri,2018: 41). Therefore, the effect of administrative ownership on agency costs is in two ways:

<u>3.1.3.1 The first method: the influence of management control:</u>

The strength of the administration's influence increases with the increase in its share of ownership, and therefore it will have a wide scope for operating in a beneficial form or interests, and it will take decisions through which it aims to achieve its interests.

<u>3.1.3.2. The second method: the effect of convergence of interests:</u>

The presence of the management that has a large ownership will lead to a rapprochement with the external shareholders. Also, the management must not take decisions that lead to achieving its personal interests at the expense of the interests of the company, because this will lead the management to bear the penalties for the behavior that it takes because it does not lead to maximization The value of the company, whose negative effects are reflected on the shareholders, in which this management is an important main part. In return, if the management has a reduced ownership, it will be reflected at times on the company’s performance and does not work to achieve the interests of the shareholders. It showed that if the management owns 10% of the property rights, there will be a convergence with the interest of the shareholders in the company (Hassan and Mohsen, 2016:490).

3.1.4 Mechanism for compensation of executives:

The aim of this mechanism is to integrate and unify the interests of each of the managers and owners through long-term incentives, bonuses and salaries, and this mechanism is very dangerous in the event that the Board of Directors fails to determine the appropriate compensation, as the company will suffer a lot (talab, 2015:391). It pays the compensation of the CEO To link the interests of the owners on the one hand, and the interests of the managers on the other hand, through incentives, rewards, and salaries (Hamad,et al, 2019: 78)

3.2 The second group: external mechanisms:

It is defined as "the strategies used by the economic unit, through which it aims to achieve rapid expansion and penetration of new markets, and it is considered an important tool for rationalizing production, expanding the size of economic units, and the need to replace incompetent managers" (Monteiro, et al, 2014). Also, external mechanisms are known: they are external incentives that were regulatory or legal obligations designed in order for the economic units that entered the competition to adhere to them according to international standards that achieve transparency, justice, responsibility, accountability and protection for workers, shareholders, the community, and the environment from environmental practices (Babatunde,et al, 2009: 334) . which is next :

3.2.1. laws and regulations:

It is one of the external mechanisms of corporate governance, and it represents the safety valve for the good application of corporate governance and clarifies the rights of shareholders. There are many laws and legislations that differ from one country to another, which aim to clarify them to the owners of the rights of small shareholders by clearly defining their rights (Jumu'i, 2022:143).

3.2.2. External audit:

There is an important role played by the external auditor, as it helps to improve the quality of the financial statements, and with the increasing attention on the role of the Board of Directors, in particular the Audit Committee, in selecting and assigning the external auditor, independent audit committees will need highly qualified audits, and the Institute of Internal Auditors in the United States The American Academy stresses the importance of external auditing in enhancing governance responsibilities in foresight, wisdom and supervision, and many professional organizations have emphasized the need to take into account the importance of internal auditing by the external auditor (Elias, 2015:28). And that the external auditor plays an important role in improving The quality of the financial reports, and in order to achieve this, he must discuss the audit committee in these reports, and with increasing the focus of the boards of directors represented by the audit committee to choose the external auditor, the external audit will help these companies improve operations and achieve integrity and accountability (Sensawi, 2018: 55)

4.Internal control :

Internal control is an organization's confidence in its ability to perform or carry out a certain behavior. Also, the presence of an internal control system can prevent errors and fraud by monitoring and enhancing regulatory and financial reporting processes as well as ensuring compliance with relevant laws and regulations. Internal control represents a continuous process in which the Board of Directors, senior management and all levels of employees participate, which aims to ensure the achievement of all set objectives. (Fardowsa,2014:16)

As COSO (Committee of Sponsoring Organizations) defines, internal control "is a process carried out by the commissioners or owners, management and employees, which is designed to provide assurances of the effectiveness and efficiency of the company's operations, reliable financial reporting, and compliance with applicable regulations" (Harini, et al, 2019:91).The American Institute of Certified Public Accountants (AICPA) defined internal control as "a plan used to organize procedures and policies that ensure the protection of assets in the possession of the economic unit and the protection of financial books and records" (Barakati and Shaker, 2018: 17).It is also defined by (LASB) as "the process that is designed, implemented, and developed by those in charge of management, governance, and other personnel to provide reasonable assurance about achieving the objectives of the economic unit with regard to compliance with applicable laws and regulations, the effectiveness and efficiency of operations, and the reliability of financial reports" (Ajao & Victory, 2021). : 139). Internal control is a process influenced by organizational leadership, management, and employees and is designed to provide reasonable assurance that organizational goals will be achieved (Astuty, et al, 2021: 596).

5.Objectives of internal control

The objectives of general internal control are represented in a group of main objectives, which are: (Tanina, 2017: 22) and (Al-Shammari, 2018: 60)

(1) Providing reliable financial statements: It is the responsibility of the administration to prepare the financial statements, and it is also the responsibility of the administration to ensure that the information contained in these lists has been presented fairly in accordance with the generally accepted accounting standards and principles prepared for the benefiting parties.-

(2) Ensuring the extent of compliance with laws and regulations: The existence of regulations, laws and instructions requires that the economic unit be committed to them, whether they are external or internal, direct or indirect, such as insurance and tax laws (Mansour and Yassin, 2021: 102).

(3) Protection of the unit's assets from damage, loss, tampering and extravagance:

Economic units must have the necessary capabilities to protect and preserve all asset records from damage, loss or corruption. There are multiple interpretations of the term ((protection)), and among these interpretations is that it enables the achievement of deliberately avoiding errors in processing operations in order to embezzlement of assets or... Concealing management fraud, the errors committed intentionally by untrustworthy people with fraudulent intentions and with a well-thought-out plan, may be intended as preventive protection from unintentional errors as a result of incorrect application of accounting principles (Al-Falahi, 2016: 37).

6: Internal control and governance systems, relationship and impact

The internal control system, regardless of the quality of its operation or design, cannot give an absolute guarantee that the facility has accomplished and achieved its objectives. That is, what internal control works to achieve is a specific or reasonable level of certainty or guarantee, and that "reasonable guarantee" constitutes a third party. Essentially in an equation in which the other party has a satisfactory level of reliability in light of the determinants of costs and returns, in addition to that, the existence of an acceptable level of guarantee requires management to carry out the necessary assessment in order to determine the risks resulting from operations and the acceptable or normal level of Risks under conditions characterized by instability and then evaluate the risks from both qualitative and quantitative aspects, and the principle of cost or return may be achieved in private and public sector institutions because the decisions taken regarding the management's desire to obtain an internal control system to control risks, maintain them, and reduce them depend on a The degree of risk is fundamental to the degree of risk, which means that management is willing and able to bear an unknown level of these risks. Most researchers believe that it is necessary to view the function performed by internal audit as the most qualified to strengthen the basic control approach, that is, control over the tools used. In improving corporate governance, as well as monitoring and evaluating operational effectiveness, concerned with administrative initiatives and strategies, and so that internal auditors can benefit from this significant increase in demand for the services they provide, they need to commit internal auditors to the new framework for carrying out the profession as partners in developing their organizational rank, considering internal auditing as one of the Elements of institutional control, through his role in: (Al-Samarrai and Al-Rashida, 2019: 9):

1. -The management is confident in the application of its procedures in all parts of the facility, and the extent of the success of this application.
2. -The efficiency and validity of the statistics and data provided to the administration.
3. - Preserving the facility's funds and protecting the management plans against deviation.
4. - Obtaining standards that can be used in governance over the practical practice of internal control.
5. The control aspects of the system should be evaluated in order to assist the administration in performing its tasks.
6- Internal audit is completely independent from the rest of the departments and not subordinate to any of them.

Strengthening corporate governance is not only a matter of enforcing laws and rules, but rather is related to developing and strengthening a healthy and ethical corporate culture, forming an efficient system of internal control and monitoring its effectiveness, and necessarily implementing mechanisms that enable the company to achieve its strategic objectives, and meet the expectations of stakeholders and shareholders. As a main condition for the existence of effective supervisory procedures. The company should ensure that it has clear objectives approved by the board of directors and well understood by senior management and employees. The company must subsequently prioritize and evaluate the risks that prevent it from achieving these goals, and create structures to manage them effectively. It should include early warning indicators so that if things go wrong, the situation is addressed quickly and the attention of qualified personnel is directed to the appropriate people. For this to happen, there must be an effective flow of information and good communication, both internally and with third parties, such as regulators and auditors, and there is a need for monitoring and auditing of the system as the business environment and circumstances change. Moreover, governance includes all work activities in the organization, and can be configured A governance structure to comply with the laws and regulations in which the organization operates. The organization's board of directors can establish governance structures in order to meet the needs of its primary stakeholders and that the organization operates within the values and limits that are determined by senior management and the board of directors (Mohammed, et al, 2021: 10).

7.The applied side of the research:

7.1 :Measuring the variables: After measuring the variables and to facilitate the statistical analysis process, the arithmetic means for all variables were calculated:

(1) Board of Directors size = actual number of Board of Directors members. Then the arithmetic mean is calculated for the five-year period.
(2) Concentrated ownership = the number of common shares owned by major shareholders ÷ the total number of shares issued for a period of five years, then the arithmetic mean is calculated.
(3) Administrative ownership = the number of shares owned by members of the Board of Directors ÷÷ the total number of shares issued for a period of five years, then the arithmetic mean is calculated.
(4) Audit Committee = the actual number of Board of Directors meetings during the year, then the arithmetic mean is calculated at the end of the five-year period.
(5) Remuneration Committee mechanism = If the Remuneration Committee is formed, it is given (1), otherwise it is given (0)
(6) Risk management: Two types of risks were calculated, which are liquidity risks and credit risks, and their arithmetic means were calculated ((liquidity risks = cash in banks / total assets), ((credit risks = total loans / total assets))
(7) The auditor's mechanism was calculated through the following indicator:
• Audit report delay ARL (report delay period) = The audit report delay period is calculated by the number of days from the end of the fiscal year 12/31 to the date of signing the audit report.
• The opinion of the external auditor (OEA):
If the company's external auditor's opinion is not qualified, it will be given the number (1), but if the company's external auditor's opinion is conservative, it will be given the number (0).
• Reissuing financial statements as a measure of the quality of external auditing: It is calculated by default, which is 1 when reissuing the financial statements, and the value is 0 with the exception of that: not all companies have reissued their financial statements for all years.
• - The contract period with the external auditor as a measure of the quality of the external audit: a dummy variable that takes the value 1 when changing the contract period with the external auditor to 0, except for that: not all companies changed the contract period with the external auditor (auditor).
(8) Information Technology Committee mechanism = If the Information Technology Committee is formed, it is given (1), otherwise it is given (0)
(9) Effectiveness of the internal control system: An examination form was designed to verify the effectiveness of the internal control components and calculate their results

banks	eabr aleiraq	almutahad	alimansur	alayiytiman	alahli	noor al iraq	kurdistan	al arabi\	alqabid alaslami	al alam\	sumer	al thekaa
BORSIZE	**5.8**	**7**	**7**	**7.6**	**6.2**	**6.2**	**6.2**	**5.4**	**5**	**5.8**	**6.4**	**7.4**
Concentrationof ownership	**0.126**	**0.485**	**0.678**	**0.872**	**0.620**	**0.240**	**16.02**	**4.396**	**0.379**	**0.147**	**0.10**	**0.098**
Administrative ownership	**71.66**	**0.75**	**86.87**	**94.00**	**81.75**	**43.67**	**67.11**	**79.13**	**0.84**	**0.735**	**51.71**	**81.26**
AC DEL	**13.4**	**11.2**	**10.6**	**6.8**	**9.2**	**5.2**	**9.2**	**11.8**	**10.8**	**11.00**	**5.2**	**9.2**
RCM	**3**	**5**	**3**	**5**	**4**	**5**	**5**	**5**	**4**	**2**	**4**	**4**
RiskCM	**0.156**	**0.171**	**0.229**	**0.3395**	**0.35**	**0.3675**	**0.377**	**0.378**	**1.416**	**0.2605**	**0375**	**0.5705**
External audit	**32**	**165.6**	**35.8**	**106.6**	**44.6**	**64.8**	**181.6**	**161.4**	**126.6**	**193.8**	**108.6**	**101**
internal control:	**0.786**	**0.692**	**0.826**	**0.807**	**0.846**	**0.826**	**0.596**	**0.788**	**0.7880.**	**0.769**	**0.788**	**0.923**

7.2: Testing the significance of correlation coefficients:

The researcher used the statistical program SPSS to obtain the following table, which shows the extracted correlation value and its statistical significance between corporate governance mechanisms and the effectiveness of internal control Testing the significance of correlation coefficients

First: corporate governance mechanisms

The researcher extracted the correlation coefficient between corporate governance and the effectiveness of internal control, and it was tested statistically for the purpose of demonstrating its significance. The statistical hypothesis to be tested here is
H0: There is no statistically significant correlation between corporate governance mechanisms and the effectiveness of internal control
Against the alternative hypothesis
H1: There is a statistically significant correlation between corporate governance mechanisms and the effectiveness of internal control
:

Correlations			
		effectiveness Censorship Interior	Corporate governance mechanisms
effectiveness Censorship Interior	Pearson Correlation	1	.868 **
	Sig. (2-tailed)		.000
	N	12	12
Gokma Companies	Pearson Correlation	.868 **	1
	Sig. (2-tailed)	.000	
	N	12	12
**. Correlation is significant at the 0.01 level (2-tailed).			

From the table it is clear that the correlation coefficient between corporate governance and the effectiveness of internal control reached 0.868, with a significant value of sig. Equal to 0.000, which is a direct and significant value below the 5% significance level, being the sig value. Less than the level of significance, and this leads to rejecting the null hypothesis H0 and accepting the alternative hypothesis H1, through which we conclude that an increase in the value of corporate governance leads to an increase in the value of the effectiveness of internal control.

Second: The mechanism for the size of the board of directors

The researcher extracted the correlation coefficient between the size of the board of directors and the effectiveness of internal control, and it was tested statistically for the purpose of demonstrating its significance. The statistical hypothesis to be tested here is
H0: There is no statistically significant correlation between the size of the board of directors and the effectiveness of internal control
Against the alternative hypothesis
H1: There is a statistically significant correlation between the size of the board of directors and the effectiveness of internal control
The researcher used the statistical program SPSS to obtain the following table, which shows the extracted correlation value and its statistical significance between the size of the board of directors and the effectiveness of internal control:

Correlations			
		effectiveness Censorship Interior	Size Council Administration
effectiveness Censorship Interior	Pearson Correlation	1	.913 **
	Sig. (2-tailed)		.000
	N	12	12
Size Council Administration	Pearson Correlation	.913 **	1
	Sig. (2-tailed)	.000	
	N	12	12
**. Correlation is significant at the 0.01 level (2-tailed).			

From the table it is clear that the correlation coefficient between the mechanism of board size and the effectiveness of internal control reached 0.913, with a significant value of sig. Equal to 0.000, which is a direct and significant value below the 5% significance level, being the sig value. Less than the level of significance, and this leads to rejecting the null hypothesis H0 and accepting the alternative hypothesis H1, through which we conclude that an increase in the value of the size of the board of directors leads to an increase in the value of the effectiveness of internal control.

Third: Administrative ownership mechanism

The researcher extracted the correlation coefficient between the administrative ownership mechanism and the effectiveness of internal control, and it was tested statistically for the purpose of demonstrating its significance. The statistical hypothesis to be tested here is

H0: There is no statistically significant correlation between the administrative ownership mechanism and the effectiveness of internal control
Against the alternative hypothesis
H1: There is a statistically significant correlation between the administrative ownership mechanism and the effectiveness of internal control
The researcher used the statistical program SPSS to obtain the following table, which shows the extracted correlation value and its statistical significance between the administrative ownership mechanism and the effectiveness of internal control.

Correlations			
		effectiveness Censorship Interior	mechanism for A ownership Administrative
effectiveness Censorship Interior	Pearson Correlation	1	.660 *
	Sig. (2-tailed)		.019
	N	12	12
Ownership Administrative	Pearson Correlation	.660 *	1
	Sig. (2-tailed)	.019	
	N	12	12
*. Correlation is significant at the 0.05 level (2-tailed).			

From the table it is clear that the correlation coefficient between the administrative ownership mechanism and the effectiveness of internal control reached 0.660, with a significant value of sig. Equal to 0.019, which is a direct and significant value below the 5% significance level, being the sig value. Less than the level of significance, and this leads to rejecting the null hypothesis H0 and accepting the alternative hypothesis H1, through which we conclude that an increase in the value of administrative ownership leads to an increase in the value of the effectiveness of internal control.
Fourth: Ownership concentration mechanism
The researcher extracted the correlation coefficient between the concentration of ownership and the effectiveness of internal control, and it was tested statistically for the purpose of demonstrating its significance. The statistical hypothesis to be tested here is
H0: There is no statistically significant correlation between the ownership concentration mechanism and the effectiveness of internal control
Against the alternative hypothesis
H1: There is a statistically significant correlation between the ownership concentration mechanism and the effectiveness of internal control
The researcher used the statistical program SPSS to obtain the following table, which shows the extracted correlation value and its statistical significance between ownership concentration and effectiveness of internal control:

Correlations			
		effectiveness Censorship Interior	Focus Ownership
effectiveness Censorship Interior	Pearson Correlation	1	.834 **
	Sig. (2-tailed)		.001
	N	12	12
Focus Ownership	Pearson Correlation	.834 **	1
	Sig. (2-tailed)	.001	
	N	12	12
**. Correlation is significant at the 0.01 level (2-tailed).			

From the table it is clear that the correlation coefficient between the ownership concentration mechanism and the effectiveness of internal control reached 0.834, with a significant value of sig. Equal to 0.001, which is a direct and significant value below the 5% significance level, being the sig value. Less than the level of significance, and this leads to rejecting the null hypothesis H0 and accepting the alternative hypothesis H1, from which we conclude that an increase in the value of ownership concentration leads to an increase in the value of the effectiveness of internal control.

Fifth: Audit Committee mechanism

The researcher extracted the correlation coefficient between the audit committee mechanism and the effectiveness of internal control, and it was tested statistically for the purpose of demonstrating its significance. The statistical hypothesis to be tested here is

H0: There is no statistically significant correlation between the audit committee mechanism and the effectiveness of internal control

Against the alternative hypothesis

H1: There is a statistically significant correlation between the audit committee and the effectiveness of internal control

The researcher used the statistical program SPSS to obtain the following table, which shows the extracted correlation value and its statistical significance between the audit committee and the effectiveness of internal control:.

Correlations

		effectiveness Censorship Interior	Committee Auditing
effectiveness Censorship Interior	Pearson Correlation	1	.919 **
	Sig. (2-tailed)		.000
	N	12	12
Committee Auditing	Pearson Correlation	.919 **	1
	Sig. (2-tailed)	.000	
	N	12	12

**. Correlation is significant at the 0.01 level (2-tailed).

From the table it is clear that the correlation coefficient between the audit committee and the effectiveness of internal control reached 0.868, with a significant value of sig. Equal to 0.000, which is a direct and significant value below the 5% significance level, being the sig value. Less than the level of significance, and this leads to rejecting the null hypothesis H0 and accepting the alternative hypothesis H1, through which we conclude that an increase in the value of the audit committee leads to an increase in the value of the effectiveness of internal control.

Sixth: The mechanism of the remuneration determination committee

The researcher extracted the correlation coefficient between the remuneration determination committee and the effectiveness of internal control, and it was tested statistically for the purpose of demonstrating its significance. The statistical hypothesis to be tested here is

H0: There is no statistically significant correlation between the remuneration determination committee and the effectiveness of internal control

Against the alternative hypothesis

H1: There is a statistically significant correlation between the remuneration determination committee and the effectiveness of internal control

The researcher used the statistical program SPSS to obtain the following table, which shows the extracted correlation value and its statistical significance between the remuneration determination committee and the effectiveness of internal control:

Correlations

		effectiveness Censorship Interior	A committee to set Rewards
effectiveness Censorship Interior	Pearson Correlation	1	.905 **
	Sig. (2-tailed)		.000
	N	12	12
A committee to set Rewards	Pearson Correlation	.905 **	1
	Sig. (2-tailed)	.000	
	N	12	12

**. Correlation is significant at the 0.01 level (2-tailed).

From the table it is clear that the correlation coefficient between the remuneration determination committee and the effectiveness of internal control reached 0.905, with a significant value of sig. Equal to 0.000, which is a direct and significant value below the 5% significance level, being the sig value. Less than the level of significance, and this leads to rejecting the null hypothesis H0 and accepting the alternative hypothesis H1, through which we conclude that an increase in the value of the remuneration determination committee leads to an increase in the value of the effectiveness of internal control.

Seventh: Risk Management Committee

The researcher extracted the correlation coefficient between the risk management committee and the effectiveness of internal control, and it was tested statistically for the purpose of demonstrating its significance. The statistical hypothesis to be tested here is

H0: There is no statistically significant correlation between the risk management committee and the effectiveness of internal control

Against the alternative hypothesis

H1: There is a statistically significant correlation between the risk management committee and the effectiveness of internal control

The researcher used the statistical program SPSS to obtain the following table, which shows the extracted correlation value and its statistical significance between the Risk Management Committee and the effectiveness of internal control:

Correlations			
		effectiveness Censorship Interior	A committee administration Risks
effectiveness Censorship Interior	Pearson Correlation	1	.732 **
	Sig. (2-tailed)		.007
	N	12	12
A committee administration Risks	Pearson Correlation	.732 **	1
	Sig. (2-tailed)	.007	
	N	12	12
**. Correlation is significant at the 0.01 level (2-tailed).			

From the table it is clear that the correlation coefficient between the risk management committee and the effectiveness of internal control reached 0.732, with a significant value of sig. Equal to 0.007, which is a direct and significant value below the 5% significance level, being the sig value. Less than the level of significance, and this leads to rejecting the null hypothesis H0 and accepting the alternative hypothesis H1, through which we conclude that an increase in the value of the risk management committee leads to an increase in the value of the effectiveness of internal control.

Eighth: The auditor's mechanism

The researcher extracted the correlation coefficient between the auditor and the effectiveness of internal control, and it was tested statistically for the purpose of demonstrating its significance. The statistical hypothesis to be tested here is

H0: There is no statistically significant correlation between the auditor and the effectiveness of internal control

Against the alternative hypothesis

H1: There is a statistically significant correlation between the auditor and the effectiveness of internal control

The researcher used the statistical program SPSS to obtain the following table, which shows the extracted correlation value and its statistical significance between the auditor and the effectiveness of internal control:

Correlations			
		effectiveness Censorship Interior	observer the accounts
effectiveness Censorship Interior	Pearson Correlation	1	.851 **
	Sig. (2-tailed)		.000
	N	12	12
observer the accounts	Pearson Correlation	.851 **	1
	Sig. (2-tailed)	.000	
	N	12	12
**. Correlation is significant at the 0.01 level (2-tailed).			

From the table it is clear that the correlation coefficient between the auditor and the effectiveness of internal control reached 0.851, with a significant value of sig. Equal to 0.000, which is a direct and significant value below the 5% significance level, being the sig value. Less than the level of significance, and this leads to rejecting the null hypothesis H0 and accepting the alternative hypothesis H1, through which we conclude that an increase in the value of the auditor leads to an increase in the value of the effectiveness of internal control.

Ninth: Information Technology Committee

The researcher extracted the correlation coefficient between the Information Technology Committee and the effectiveness of internal control, and it was tested statistically for the purpose of demonstrating its significance. The statistical hypothesis to be tested here is

H0: There is no statistically significant correlation between the Information Technology Committee and the effectiveness of internal control

Against the alternative hypothesis

H1: There is a statistically significant correlation between the Information Technology Committee and the effectiveness of internal control

The researcher used the statistical program SPSS to obtain the following table, which shows the extracted correlation value and its statistical significance between the Information Technology Committee and the effectiveness of internal control:

Correlations			
		effectiveness Censorship Interior	A committee Technology the information
effectiveness Censorship Interior	Pearson Correlation	1	.840 **
	Sig. (2-tailed)		.001
	N	12	12
A committee Technology the information	Pearson Correlation	.840 **	1
	Sig. (2-tailed)	.001	
	N	12	12

**. Correlation is significant at the 0.01 level (2-tailed).

From the table it is clear that the correlation coefficient between the Information Technology Committee and the effectiveness of internal control reached 0.840, with a significant value of sig. Equal to 0.001, which is a direct and significant value below the 5% significance level, being the sig value. Less than the level of significance, and this leads to rejecting the null hypothesis H0 and accepting the alternative hypothesis H1, through which we conclude that an increase in the value of the Information Technology Committee leads to an increase in the value of the effectiveness of internal control.

<u>Regression analysis (impact)</u>

Dependent variable	Independent variable	Model summary		F test		Regression coefficients		
		R	R2 ⁻	F	Sig. F	βi	T	Sig.T
Effectiveness of internal control	Corporate governance	.868 a	.753	30.551	.000 b	.868	5.527	.000
Effectiveness of internal control	Board size	.913a ⁻	.834	50.210	.000 b	.913	7.086	.000
Effectiveness of internal control	Administrative ownership	.660 a	.436	7.732	.019 b	.660	2.781	.019
Effectiveness of internal control	Concentration of ownership	.834 a	.696	22.933	.001 b	.834	4.789	.001

Effectiveness of internal control	The Audit Committee	.919 [a]	.844	54.116	.000 [b]	.919	7.356	.000
Effectiveness of internal control	Remuneration Determination Committee	.905a –	.819	45.318	.000 [b]	.905	6.732	.000
Effectiveness of internal control	Risk Management Committee	.732a –	.536	11.562	.007 [b]	.732	3.400	.007
Effectiveness of internal control	Auditor	.851 [a]	.724	26.287	.000 [b]	.851	5.127	.000
Effectiveness of internal control	Information Technology Committee	.840 [a]	.705	23.928	.001 [b]	.840	4.892	.001

Through the previous results, The researcher reached a set of conclusions:

1. The correlation coefficient between corporate governance mechanisms and the effectiveness of internal control reached 0.868, with a significant value of sig. Equal to 0.000, which is a direct and significant value below the significance level of 5%.
2. The correlation coefficient between the size of the board of directors and the effectiveness of internal control was 0.913, with a significant value of sig. Equal to 0.000, which is a direct and significant value under the significance level of 5
3. The correlation coefficient between administrative ownership and the effectiveness of internal control reached 0.660, with a significant value of sig. Equal to 0.019, which is a direct and significant value below the significance level of 5%.
4. The correlation coefficient between ownership concentration and effectiveness of internal control reached 0.834, with a significant value of sig. Equal to 0.001, which is a direct and significant value below the significance level of 5%.
5. The correlation coefficient between the audit committee and the effectiveness of internal control was 0.868, with a significant value of sig. Equal to 0.000, which is a direct and significant value below the significance level of 5%.
6. The correlation coefficient between the remuneration determination committee and the effectiveness of internal control reached 0.905, with a significant value of sig. Equal to 0.000, which is a direct and significant value under the significance level of 5
7. The correlation coefficient between the risk management committee and the effectiveness of internal control was 0.732, with a significant value of sig. Equal to 0.007, which is a direct and significant value below the significance level of 5%.
8. The correlation coefficient between the auditor and the effectiveness of internal control reached 0.851, with a significant value of sig. Equal to 0.000, which is a direct and significant value below the significance level of 5%.
9. The correlation coefficient between the Information Technology Committee and the effectiveness of internal control was 0.840, with a significant value of sig. Equal to 0.001, which is a direct and significant value below the significance level of 5%.
10. An increase of one unit in corporate governance mechanisms leads to an increase of 0.868 in the value of the effectiveness of internal control.
11. An increase of one unit in the size of the Board of Directors leads to an increase of 0.913 in the value of the effectiveness of internal control.
12. An increase of one unit in administrative ownership leads to an increase of 0.660 in the value of the effectiveness of internal control.
13. An increase of one unit in ownership concentration leads to an increase of 0.834 in the value of internal control effectiveness.
14. An increase of one unit in the Audit Committee leads to an increase of 0.919 in the value of the effectiveness of internal control.
15. An increase of one unit in the remuneration determination committee leads to an increase of 0.905 in the value of the effectiveness of internal control.

16. An increase of one unit in the Risk Management Committee leads to an increase of 0.732 in the value of the effectiveness of internal control.
17. An increase of one unit in the position of auditor leads to an increase of 0.851 in the value of the effectiveness of internal control.
18. An increase of one unit in the Information Technology Committee leads to an increase of 0.84 in the value of internal control effectiveness.
19.Implementing governance mechanisms helps increase and improve the effectiveness of the internal control system as a tool for monitoring and controlling all uncontrolled behavior.
20.. There is no legislation or legal text in Iraq that is directly concerned with governance, its principles, or its mechanisms, except for some paragraphs that overlap within other laws that work to regulate the work of companies.
21.The size of the Board of Directors for all banks and in most years of the research was within the range (determined in accordance with Article (104) of the Amended Companies Law, which ranged from (5) to (9).) Members

Recommendations:

1. The bodies regulating the work of companies must issue instructions, legislation, or laws directly concerned with governance and its mechanisms, provided that their articles are detailed, binding for application, and complementary to corporate laws, whether the Companies Law No. (21) of 1997, which concerns private companies, or the Companies Law No. (22) of the year 1997, which concerns public companies
2. Private oversight and auditing offices and companies must take care of the oversight reports they issue regarding the financial statements and the reports issued by companies, so that the observations made by the auditor are more detailed and include all aspects of the work, so that they include all the details of internal control, and that the paragraph in which the auditor expresses them is A more detailed opinion on the internal control system.
3. Boards of directors in companies must focus more on the work of internal control, eliminating all deficiencies and weaknesses, working to ensure that the work of internal control, internal auditing and risk management is independent, and attracting competent workers who possess academic qualifications in the field of accounting and control to work in these departments in a way that contributes To further improve oversight processes.
4. Working to activate the compensation and rewards committee mechanism for management in a certain way or by increasing the privileges they receive instead of monetary policy. This constitutes a great motivation for them to make more efforts to achieve the highest level of efficiency and excellence in performance and increase
5. The effectiveness of the control procedures, as the control system is under the direct supervision of the Board of Directors and achieves the highest amount of profits.
6. The necessity of activating Law No. 21 of 1997 in a specific manner, Article (117), the eighth paragraph in clauses (a and b), which includes the formation of the compensation and audit committees, provided that their members are competent, skilled, and specialized, as well as defining their powers and tasks, and taking into account the addition of other committees that were not The law addresses it, such as the Risk Committee, due to its great importance in confronting the risks it anticipates.
7. The responsibility of supporting and enhancing the level of application of corporate governance and its mechanisms is a shared responsibility and is not specific. The matter is not limited to legislative bodies or competent professional organizations, but also includes the management of the Iraqi market for securities and corporate management. The focus must be on:

a. The commitment of banks listed on the financial market to the size of the board of directors and the number of its members specified in accordance with what is stated in the applicable companies law, which should include a greater representation of a number of independent, experienced and competent members because of their effective role in increasing the monitoring and supervisory capacity of the board.

B. Availability of an audit committee of external board members who enjoy independence, experience and management. Finance and accounting, while supporting and enhancing an effective internal control system

T. Setting limits on administrative ownership percentages and committing to disclosing them in a way that contributes to limiting the utilitarian behavior of management. Its influence will increase with the increase in its ownership share, in addition to activating the regulatory systems to manage the market and monitor the percentage of ownership in a way that protects stakeholders.

Th. Working to make the administrative ownership mechanism more effective, such that there are controls governing share ownership ratios, and working to set appropriate limits for ownership concentration ratios.

9. References:

1. BessiY, Jaafar, Saber, (2021). Quality of Auditing in light of Corporate Governance Mechanisms, Master Thesis, Faculty of Economic Sciences, Commercial Sciences and Facilitation Sciences, University of Martyr Hama Lakhdar El Wadi, Algeria, page: 9

2. . Al-Jubouri, Ali Hussein Salman, (2018), "Corporate Governance Mechanisms and their Impact on the Transparency and Quality of Accounting Disclosure in Financial Reports: An Analytical Study of a Sample of Iraqi Companies", Master Thesis, College of Administration and Economics, Accounting Department, Al-Qudsiya University

3. Almashhadani, M. (2021). How Dose Coporate Governance Leverage Organizational Performance: A Survey With Suggestions And Notes For Further Research. *Russian Journal*

4. Ajao, T. M. S. (2022). *The impact of competition and internal corporate governance mechanism on bank performance: the case of North American and European countries* (Doctoral dissertation, Middlesex University).

5. Fattoush, Amal, (2015), The Role of Corporate Governance Mechanisms in Addressing Administrative Corruption, Master Thesis, Faculty of Economic and Administrative Sciences, University of Biskra, Algeria, page 7

6. Schafer, C. (2022). AN ASSESSMENT OF THE IMPACT OF CORPORATE GOVERNANCE MECHANISMS AND PRINCIPLES ON CORPORATE PERFORMANCE: THE CASE OF THE UAE

7. Burak, E., Erdil, O., & Altindağ, E. (2017). Effect of corporate governance principles on business performance. *Australian Journal of Business and Management Research*,vol *5,no*(7), p(8)

8. . Al-Falahi, Ali Khudair Abbas, (2021), "Designing a model to examine the extent to which banks adhere to the principles of corporate governance in fulfillment of the requirements of the Central Bank: an applied study in Mosul Bank, Heritage College Journal, Issue (31), page (6)

9. Yegon, L. C. (2021). *Extent of adoption of corporate governance principles by Deposit-Taking SACCOs in Kenya and the effect on financial performance* (Doctoral dissertation, Strathmore University).

10. Ahmed, Shatha Akram, & Ibrahim Mohamed Abdullah. (2020). Measuring the impact of corporate governance mechanisms on social responsibility reports for a sample of Iraqi companies listed in the Iraq Stock Exchange, Journal of Economic and Administrative Sciences, University of Baghdad, Baghdad, Volume 26 (No. 121) 2020, p. 5

11. Al-Ghazi, Saud Saad Munshed. (2022). "Integration between the two techniques of resource consumption and the theory of constraints to support the application of corporate governance," PhD thesis, College of Administration and Economics, University of Baghdad

12. Al-Zubaidi, Khalil Ibrahim Ismail, (2014), The Role of Modern Management Accounting in Supporting Corporate Governance to Achieve Competitive Advantage, Master Thesis, University of Baghdad, Higher Institute for Accounting and Financial Studies, p. 82

13. Gyamerah ,S . & Agyei , A .(2016). " OECD Principles of Corporate Governance: Compliance among Ghanaian Listed Companies " , International Journal of Advanced Multidisciplinary Research , Vol.3, No.11.

14. Alsvan, Maitham Badr Aliwi, (2020), "The effect of governance mechanisms in light of business consolidation on the quality of profits in a sample of economic units in Iraq," doctoral thesis, College of Administration and Economics, University of Baghdad.

15. Hannoon, A., Abdalla, Y. A., Musleh Al-Sartawi, A., & Khalid, A. A. (2021). Board of directors composition and social media financial disclosure: the case of the United Arab Emirates. In The Big Data-Driven Digital Economy: Artificial and Computational Intelligence. Springer, Cham., 229-241

16. 2. Abu Shawish, Salwa Muhammad Saleh, (2017), "The extent of the relationship between the application of corporate governance principles and the external auditor's fees," Master's thesis, College of Commerce, Accounting and Finance, University of Gaza

17. Abdel Majeed, Kamouche, (2021), "The Role of Corporate Governance Indicators in Predicting the Financial Faltering of Companies," PhD thesis, Faculty of Economic Sciences, Commercial Sciences and Facilitation Sciences, Mohamed Boudiaf University, Algeria.

18. Al-Halawi, Ali Hussein Aliwi, (2010), "Corporate Governance and its Impact on Improving Business Organizations, Master Thesis, University of Karbala, College of Administration and Economics, p. 40

19. Hamad, Mona Kamel & Muhammad, Marwa Adnan, (2019), "The Role of Governance in Achieving the Competitive Advantage of Iraqi Banks: Applied Research," Al-Tanmia Journal for Foresight and Research, Volume (4), Issue (7).

20. Al-Rahman, Abd and Hamada. (2020). Ghardaïa Agency ANSEJ The role of internal auditing in activating the governance of public sector institutions A case study of the National Agency for Supporting Youth Employment (Doctoral dissertation), University of Ghardaïa/Faculty of Economic, Commercial and Management Sciences

21. Brown, P., Beekes, W., & Verhoeven, P. (2011). Corporate governance, accounting and finance: A review. *Accounting & finance*,vol *51,no*(1), 96-172

22. Law, Nassim Youssef & Rami Nizar Jamil (2015) "The role of audit committees as one of the mechanisms of governance

23. Cunha, V., & Rodrigues, LL (2018). Determinants of structure of corporate governance disclosure in Portugal. *Brazilian Business Management Magazine* , *20* , 338-360. □□

24. Monteiro, M. A. P., Oliveira, M. C., Marcon, R., & de Alencar, R. C. (2014). External Corporate Governance mechanisms: mergers and acquisitions on the Brazilian market. *Revista de Gestão, Finanças e Contabilidade*, *4*(2), 04-19

25. Fardowsa, A. D. (2014). *Internal control and organizations' performance in non governmental organizations* (Doctoral dissertation, Kampala Inte

26. Harini, A. S., Kurniawan, A., & Umiyati, I. (2019). The influence of accounting information system implementation and internal control effectiveness on the performance of employees (Case study on micro, small, medium enterprises subang regency). *JASS (Journal of Accounting for Sustainable Society)*, VOL(*1) NO*(01), 88-88

27. Ajao, Owolabi, Sunday& Victory, Onyeka-Iheme,(2021) " Accounting and Internal Control Systems Evaluation and audit quality" american journal of humanities and social sciences research (ajhssr) e-issn :2378-703x volume-5

28. Astuty, W., Zufrizal, Z., Pasaribu, F., & Rahayu, S. (2021). The effects of customer relationship management, human resource competence and internal control systems on the effectiveness of supply chain management in the Indonesian public sector. *Uncertain Supply Chain Management*, VOL(*9)NO*(3), 595-602.

29. Mohammed, M. A., Al-Abedi, T. K., Flayyih, H. H., & Mohaisen, H. A. (2021). Internal Control Frameworks and Its Relation with Governance and Risk Management: An Analytical Study. *Estudios de economía*

30. . Talab, Hassanein Ragheb. (2015). "The impact of implementing corporate governance mechanisms in reducing the expectations gap about fair value, an applied study in private Iraqi companies listed on the Iraqi Stock Exchange," Baghdad Journal of University Economic Sciences, Volume 1, Issue 45, 381-412.

31. . Lalo, Naseem Youssef & Rafo, Rami Nizar Jamil, (2015), "The role of audit committees as one of the corporate governance mechanisms in predicting financial failure in Iraq, an exploratory study," University of Babylon, College of Administration and Economics, Journal of Economic, Administrative and Financial Studies, Volume (11), Issue (1)

32. . Al-Shammari, Mustafa Muhammad Haliw, (2018), "The effect of analyzing the control environment in improving internal control performance according to the COSO model, an applied study at the University of Wasit," Master's thesis, College of Administration and Economics, University of Wasit, p. 60

33. . Al-Falahi, Ali Khudair Abbas, (2021), "Designing a model to examine the extent of banks' commitment to the principles of corporate governance in meeting the requirements of the Central Bank: An applied study in the Bank of Mosul," Heritage College Journal. Issue (31), page (6).

34. . Al-Samarrai, Ammar Essam, Al-Rashida, Nadia Abdul-Jabbar, (2015), "The impact of applying the concepts and principles of corporate governance on the efficiency of internal control systems - a field study in traditional Bahraini banks - the retail sector and the University of Applied Sciences, Kingdom of Bahrain https://www.researchgate .net/profile/Ammar-Alsammarraee

35. . Barkati, Laila, (2018), "The role of internal audit in monitoring treasury accounts," a study by Jala on the industrial and commercial complex in M'sila, Master's thesis, Department of Accounting and Auditing, Algeria.

36. . Sonsaoui, Elham, (2018), "The impact of applying corporate governance mechanisms on the quality of financial reports: a case study of some Algerian companies," Faculty of Economic and Commercial Sciences and Facilitation Sciences, Farhat Abbas University, Algeria. 1. Kahloush, Briwa, Qira (2018). The role of internal audit in activating corporate governance: a case study of the African Glass Company (Doctoral dissertation, University of Jijel).

37. 2. Hani Jawdat Al-Suwerki. (2021). The impact of corporate governance mechanisms on voluntary disclosure (an applied study on industrial companies listed on the Palestine Stock Exchange). Journal of the Islamic University for Economic and Administrative Studies, 29(3)

38. 3. Al-Jazrawi, Ibrahim Muhammad, Khudair, Bushra Fadel, (2014), "A proposed model for disclosing corporate governance and its internal mechanisms," Journal of the Baghdad University College of Economic Sciences, Volume (1), Issue (39)

39. 4. Al-Hindawi, Anwar Abbas & Al-Salhi, Haider Sadiq, (2019) "Corporate governance mechanisms and their role in enhancing the reality of reporting on sustainable development," Journal of the College of Education for Human Sciences, Issue (24), Volume (13)

40. 5. Qadir, Thamer Hussein, Jassim, Muthanna Rokan, (2022), "The effect of corporate governance mechanisms on appropriateness of the value of accounting information," Tikrit Journal of Economic and Administrative Sciences, Tikrit University, Volume (8), Issue (57), Part One.