

**أثر التدقيق الداخلي في تحسين جودة الأرباح  
(دراسة تطبيقية على عينة من المصارف الخاصة المدرجة في سوق العراق للأوراق المالية)  
The impact of internal audit on improving the quality of profits  
(An applied study on a sample of private banks listed on the Iraq  
Stock Exchange)**

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المستخلص:

هدفت هذه الدراسة إلى تحديد أثر جودة التدقيق الداخلي على جودة الربح للمصارف العراقية الخاصة ممثلة بالقطاعين الحكومي والخاص، وذلك باستخدام المتغير المستقل التدقيق الداخلي والمتغير التابع لجودة الربح. وبناء على الاستبيانات المنشورة لعينة من البنوك العراقية المدرجة في سوق العراق للأوراق المالية، تم استخدام البيانات الكمية لهذا الغرض، وتم استخدام برنامج SPSS للتحليل الإحصائي لهذه البيانات من خلال نماذج الارتباط والانحدار لفحص طبيعة العلاقة والتأثير بين متغيرات الدراسة. تم توزيع 200 استبيان، مع 188 إجابة صالحة للتحليل. وكانت نسبة الاستجابة 96% عند استخدام معادلة الاستجابة. وخلص المقال إلى أن جميع عناصر جودة التدقيق الداخلي لها تأثير على جودة الربح. ونصحت الدراسة بإجراء المزيد من الدراسات لتوضيح أهمية جودة التدقيق الداخلي داخل البنوك، ودورها في حماية موارد البنوك من الهدر وسوء الاستخدام.

الكلمات المفتاحية: البنوك، جودة الأرباح، التدقيق الداخلي، جودة الربح المحاسبي، جودة الأرباح

## Abstract

The purpose of this study was to determine the effect of internal auditing quality on profit quality for Iraqi private banks represented by the governmental and private sectors, using the independent variable internal auditing and the dependent variable profit quality. Based on published questionnaires for a sample of Iraqi banks listed on the Iraq Stock Exchange, quantitative data were used for this purpose, and the SPSS program was used for statistical analysis of this data through correlation and regression models to examine the nature of the relationship and the effect between the variables of the study. 200 questionnaires were distributed, with 188 valid responses for analysis. The response rate was 96% when using the response equation. The article concluded that all elements of internal auditing quality had an impact on profit quality. The study advised that more studies be conducted to illustrate the importance of internal auditing quality within banks, as well as its role in protecting banks' resources from waste and misuse.

**Keywords: Banking, earnings quality, internal audit, quality of accounting profit, quality of profits**

## 1. Introduction

The internal auditor plays a major role in creating confidence in the financial statements presented, which influences the decisions of its users, which has led to increased interest in the concept of audit quality and measuring the extent of its impact on the quality of profits. The research will depend on the existence of an assumed relationship between the independent variable, which is the impact of internal audit, which is expected to have an impact on the dependent variable of earnings quality (Eulerich & Eulerich, 2020).

Audit quality practices are procedures undertaken by internal auditors to ensure that financial statements are of high earnings quality and provide information that is relevant and reliable to various users. The company's financial data and records contain a degree of manipulation that gives priority to the interests of a certain party over the interests of other parties who use that data, as the information disclosed by companies, whether financial or non-financial, must be true and fair to achieve the goal for which it was prepared. Auditors are to ensure that the work being performed meets applicable professional standards, regulatory requirements, and quality standards and confirm adherence to relevant audit procedures and standards. Many users of financial statements are only concerned with the value of net profits without considering its quality; Which makes the decisions that depend on it incorrect decisions if it is not characterized by quality (Krichene & Baklouti, 2021; Putra & Hermawan, 2022).

The concept of the quality of accounting earnings (Earnings Quality) differs in the accounting literature, and this difference stems from the different viewpoints and goals of the users of financial reports, as creditors are interested in the cash flow from profits, given that the quality of earnings reflects the basics of operation, and that it expresses the high quality of the income that is disclosed. It is before exceptional items in the income statement, meaning that this income is a good indicator of future profits. Accordingly, the quality of accounting profits expresses the profits that faithfully represent the economic situation of the company, and can be relied upon in evaluating performance. It also contains information that enables future prediction, as well as being free from opportunistic earnings management, so that it can be relied upon in decision-making, and this prediction can be reflected in the company's future and continuity (Going Concern), as its future depends mainly on its financial condition, achieving profits, its ability to face events in the future, and maintaining adequate liquidity and the ability to repay its debts. Therefore, the subject of forecasting the financial condition of the company is an important matter for all parties, whether inside or outside the company. There is no doubt that the subject of forecasting the financial condition is essentially linked to the concept of assuming continuity and its importance in accounting thought. Accordingly, the study aims to clarify the role of the internal auditor in achieving the quality of accounting profits and their reflection. This is to enhance the company's continuity in the Iraqi environment (Ali, et al., 2019; Hakim & Naelufar, 2020; Park, et al., 2021).

Developments that have occurred in the business environment require the provision of monetary or non-monetary data of high value. To the beneficiaries of the financial statements provided to them; to make rational decisions related to investments, accounting flexibility allows for the use of accounting methods and alternatives, which may have the effect of manipulating that information, especially after the financial problems that faced some companies, whether local or international, that led to their bankruptcy, which called on companies and audit offices to Paying attention to the quality of internal auditing and enhancing the quality of auditing and advisory work, thus adding confidence to the financial statements audited by them for companies listed on the Iraq Stock Exchange (Albitar, et al., 2020; Dewi, et al., 2019).

The primary aim of this research is to investigate the influence of internal audit on enhancing the profitability's quality. The present article is structured in the following manner. The research questions will be provided in Section 2. The preceding study will be critically examined in Section 3. The methodology and hypotheses shall be expounded upon in Section 4. The questionnaire will be presented in Section 5. The sample and findings will be presented in Section 6. The conclusion of the article will be presented in Section 7.

## 2. Research Problem

Developments that have occurred in the business environment require the provision of monetary or non-monetary data of high value. To the beneficiaries of the financial statements provided to them; For the purpose of making rational decisions related to investments, accounting flexibility allows for the use of accounting methods and alternatives, which may have the effect of manipulating that information, especially after the financial problems that faced some companies, whether local or international, that led to their bankruptcy, which called on companies and audit offices to Paying attention to the quality of internal auditing and enhancing the quality of auditing and consulting work, thus adding confidence to the financial statements audited by them for companies listed on the Iraq Stock Exchange. Accordingly, the research question can be formulated by asking the following questions:

- Does internal audit affect the quality of profits?
- What is the extent of the quality of internal auditing in banks in Iraq?
- Are the profits announced by banks of high quality?
- To what extent does the quality of internal audit affect improving the quality of profits of banks listed on the Iraq Stock Exchange?

## 3. Research Questions

The main goal of this paper is to analyze the effect of using internal audit on enhancing the quality of profits; thus, the following research question is illustrated:

- What is the impact of using internal audits on improving the quality of profits?

From this question, the following sub-questions can be derived:

- Does internal audit affect the quality of profits?
- What is the extent of the quality of internal auditing in banks in Iraq?
- Are the profits declared by banks of high quality?
- To what extent does the quality of internal audit affect improving the quality of profits of banks listed on the Iraqi Stock Exchange?

## 4. Research objectives:

- The research seeks to achieve a set of goals that can be summarized as follows:
- Highlight internal audit quality and earnings quality issues.
- Studying the quality level of internal auditing provided by banks, and those performing the auditing process for the research sample banks in the Iraq Stock Exchange.
- Studying the relationship between the quality of internal auditing and the quality of profits for banks in Iraq

## 5. Significance Research:

### ○ 1- Scientific importance

- - The scarcity of scientific studies that addressed the impact of internal audit on the quality of profits in Iraqi banks, the research sample, to the best of the researcher's knowledge.
- - Contributing to developing modern methods and means and benefiting from them in other studies
- - This study keeps pace with recent developments in the field of research that focuses on modern scientific methods (the impact of internal audit) on the quality of profits.

### ○ 2- Practical importance

- The practical importance of research lies in the following points:

- - Finding a positive impact of the quality of internal audit service provided by banks in Iraq on the quality of profits
- - The extent to which banks are able to impart confidence and credibility to their financial statements, through auditing their financial statements by highly qualified internal auditors.

## 6. Hypothesis Research Hypothesis:

- Depending on the question and problems posed, the following study assumptions can be formulated:
- **The first main hypothesis:**
  - There is a correlation between internal audit and the quality of profits for banks listed on the Iraqi Stock Exchange, and the following sub-hypotheses branch out from it:
  - First hypothesis H<sup>o</sup>: There is a statistically significant correlation in the relationship between the internal auditor and the quality of profits for banks listed on the Iraqi Stock Exchange.
  - The second hypothesis, H1: There is no statistically significant relationship in the relationship between the internal auditor and the quality of earnings for companies listed on the Iraqi Stock Exchange.
- **The second main hypothesis:**
  - There is an effect of the relationship between the internal auditor and the quality of earnings for companies listed on the Iraqi Stock Exchange
  - The following sub-hypotheses branch out from it:
  - First hypothesis H<sup>o</sup>: There is a statistically significant effect of the relationship between the internal auditor and the quality of profits for banks listed on the Iraqi Stock Exchange.
  - The second hypothesis, H1: There is no statistically significant effect of the relationship between the internal auditor and the quality of profits for banks listed on the Iraqi stock market.

## 7. Literature Review

The US took action to oversee management and auditors' reporting of internal controls in 2001. Many jurisdictions have not followed the US's example, however some have. The importance of internal control to stakeholders is a crucial matter, therefore. It's also current to discuss the advantages of US-style regulation of internal control reporting.

Chalmers et al. (2019) examined studies on the factors influencing internal control effectiveness and its financial ramifications for key constituencies such as investors, creditors, managers, auditors, and financial analysts. By concentrating on US research released since 2013 as well as all non-US studies looking into IC quality, including those from nations that regulate IC disclosure as well as unregulated settings and both established and emerging economies, they extend prior reviews.

In doing so, they pinpoint study issues where the evidence is still conflicting and fresh angles where research opportunities exist. This analysis yields three key conclusions. First, the quality of internal control may have a considerable impact on how users of financial information make decisions, according to research on the economic effects of internal control quality. Second, the findings of research on the actual relationships between ownership structure, particular board features, and the effectiveness of internal control are often contradictory. Internal control quality and audit committee features are often shown to be positively and significantly correlated, according to empirical research.

Finally, despite the rise in non-US studies, there are still possibilities to investigate the causes and effects of internal control in other countries. The analysis offers proof to policymakers

that forcing management and auditors to report on internal control over financial reporting has merits. Management is helped by the internal audit function (IAF) in enhancing internal controls over operations, reporting, and compliance. Although internal control over financial reporting (ICFR) and the IAF have been the subject of much research, little is known about internal control over operations and compliance.

Chang et al. (2019) investigated the relationship between IAF quality and internal control weaknesses in operations and compliance using a distinctive dataset from Taiwan. According to the findings, a larger internal audit team can improve internal audit performance for both operations and compliance, whereas internal auditor competency is positively correlated with the efficiency of internal control for compliance but not operations. By shedding light on the factors that influence the accomplishment of operations and compliance objectives, the study adds to the body of literature. It also has significant ramifications for stakeholders and practitioners because compliance and operational control at a firm can both affect the ICFR and, ultimately, the success of the organization's operations.

Liu and Chen (2022) developed a regression model based on panel data from 2011 to 2019 on A-shared listed businesses in China and offers empirical proof that digital finance can support green innovation by exerting resource and information effects. The findings show that (1) by broadening its application and boosting its level of use, digital finance can encourage green innovation among businesses, (2) by easing businesses' financial limitations and maximizing the impact of internal and external information, digital finance may considerably increase the number and quality of green innovation, and (3) the analysis demonstrates the varied nature of the impact of digital finance and how it can more significantly and successfully spur eco-friendly business practices in organizations with lower analyst optimism bias and higher synchrony.

Yoon et al. (2020) aimed to investigate whether improvements in the quality of benefits increase the percentage of conservative opinions. The study dealt with several different methods used to measure the variable, including the model (Jones, et al., 1991) and (Jones, 1995), which is proportional to the quality of income. These two models are widely used to calculate discretionary accruals. The quality of earnings depends on accounting accruals, where the measures are multiplied by (-1) because the quality of accruals decreases as the absolute value of discretionary accruals increases. The study concluded that conservative and overrepresented opinions do not relate to the quality of accruals, meaning that auditors' opinions have questionable informational value. More research is needed to determine the reasons for the decline in unqualified opinions.

Sharf and Nassar (2021) aimed to investigate the quality of the audit process and the effect of the auditor's opinion on earnings management. The study examined the use of three measures to indicate the impact of the quality of the audit process on earnings management (period, size of the audit firm, and auditor specialization). The final model consisted of 57 industrial companies listed on the Amman Stock Exchange, with a total of 547 observations. The study used correlations and multiple regression analysis to test the quality of the audit process and the effect of the auditor's opinion on earnings management. The study found that period has a statistically significant negative relationship with earnings management. In addition, auditor specialization as measured by the size of the client company plays an important role in reducing earnings management. Moreover, the results show that when moving from an unqualified opinion to a disclaimer opinion, the level of earnings management increases.



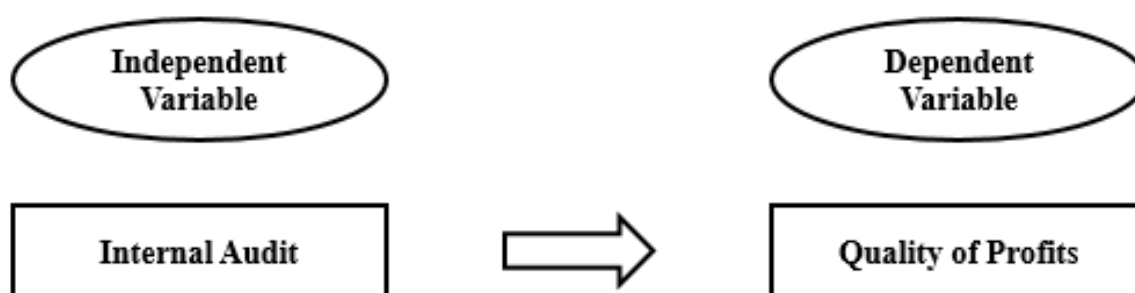
## 8. Methodology and Hypotheses

The researchers relied on the descriptive analytical approach in the theoretical and field aspects to demonstrate the impact of internal audit on improving the quality of profits in Iraqi banks listed on the Iraqi Stock Exchange (Mishra & Alok, 2022):

- Descriptive approach: where references, books, and previous Arab and foreign studies are made use of, as well as websites related to the subject to compose secondary data.
- Analytical approach: Through a field study that will be conducted on a sample of Iraqi banks, a questionnaire will be prepared and distributed to a sample of the study population to form primary data.

Two main variables are adopted in this study (see Figure 1):

- Independent variable: The independent variable for this study is internal audit.
- Dependent variable: The dependent variable for this study is the quality of profits.



**Figure 1:** Conceptual framework

Based on the research questions and variables, the following Hypothesis can be derived:

- Main hypothesis: There is an effect of the relationship between the internal auditor and the quality of earnings for companies listed on the Iraqi Stock Exchange.

The following sub-hypotheses branch out from it:

- First hypothesis – H0: There is a statistically significant effect of the relationship between the internal auditor and the quality of profits for banks listed on the Iraqi Stock Exchange.
- Second hypothesis – H1: The second hypothesis, H1: There is no statistically significant effect of the relationship between the internal auditor and the quality of profits for banks listed on the Iraqi stock market.

## 9. Questionnaire

This study used an analytical descriptive methodology. For this reason, a questionnaire was designed. The questionnaire included the following:

- Demographic information: gender, nature of banks, age, job location, job experience.
- Independent variable: internal audit.
- Dependent variable: quality of profits.

The Likert Five scale was adopted as illustrated in Table 1 (Taherdoost, 2019).

**Table 1:** Likert five scale

Answer	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Scale	1	2	3	4	5

## 10. Sample and Results

200 questionnaires were distributed and 188 correct answers were analyzed. Using the following equation, the response rate reached 96%:

Ratio = number of answers / total number of community \* 100 = (188 / 200 \* 100) = 0.96  
The presence of this percentage would be very appropriate to test the hypothesis of this study.  
Table 2 shows the percentages classified according to gender, age, title, and experience in the study sample.

**Table 2:** Frequencies and percentages for gender, age, career level, and experience years

Variable	Category	Number	Percentage
<b>Gender</b>	Male	150	72
	Female	38	27
<b>Age</b>	20 - 30	25	10
	31 - 40	90	48
	41 - 50	60	29
	51 - 60	13	13
<b>Career Level</b>	Staff	93	40
	Accountant	44	31
	Audit	30	25
	Manager	21	3
<b>Experience Years</b>	One year and less	39	15
	2 to 5 years	61	24
	6 to 10 years	59	23
	More than 10 years	99	38

Most bank employees are male, representing 72% of the total research sample, and this is normal in a society like Iraq that still has reservations about work. Accordingly, the percentage of women working in this field is not bad at 27%, which suggests some homogeneity in the world of work between the two categories.

Respondents between the ages of 31 and 40 accounted for 48% of the total sample, followed by respondents between the ages of 41 and 50 at 29%, while respondents between the ages of 18 and 30 accounted for 10 %, and the last category greater than 50 was 13%. Looking at these percentages, the researchers can see that the youth group is the majority working in the field of internal auditing and this field requires effort and enthusiasm that is difficult for older groups.

The largest percentage of respondents with job titles (employees) represents 40% of the total sample, followed by accountants with job titles at 31% of the total sample, then the auditor category at 25% of the total sample. The total sample is 25% of the total sample. Finally, the auditor category is 40% of the total sample. Managers are equal to 3% of the whole sample; this indicates that most practitioners in the field of internal audit come from the category of employees, which reflects a high level of practitioners in this field and helps us obtain information for research.

Most of the respondents have more than 10 years of work experience, accounting for 38%, followed by the category of 2-5 years of work experience, accounting for 24%, followed by the sample category with 6-10 years of experience, accounting for 23%, and the percentage of less than a year 15%. This indicates that most practitioners in the field of internal audit have rich experience and many years of work.

The researchers applied it to 30 samples excluded from the study focus sample and calculated reliability using the  $\alpha$ -Cronbach equation (Eisinga, et al., 2013), as shown in Table 3.

**Table 3:** Cronbach's alpha coefficient to measure the stability of the study tool

Axis	Number of Items	Axis Stability
Internal audit	12	0.88
Quality of Profits	12	0.81
Questionnaire	24	0.94

The overall reliability coefficient of the research axis is high, and the sum of the 24 items in the questionnaire reaches 94%, and the reliability of the axis is between 88% and 81%. According to the Niley scale, the questionnaire has high reliability, and reliable field application in research, and the minimum reliability is 70% (Amirrudin, et al., 2021).

Afterward, the researchers tested the quality of measuring variables by calculating KMO (Niniel & Sucuahi, 2023); the results are shown in Table 4.

**Table 4:** Results of the Goodness of Measurement Test (KMO and Bartlett's Test)

Test	Scale Value	Significance level
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.88	0.00

It appears that KMO is 0.88, which is a high number in the range where the significance of 0.000, less than 0.05, means that this is a large part of the source of the intrigue of this result because the lowest value of the scale is 0.600 (Liu & Wang, 2021).

A simple linear regression approach will be used to prove the second main assumption, but as mentioned earlier, the regularity of the dependent variable must be confirmed before proceeding with the multiple regression analysis, because according to Sekaran (2003), the sample collected was 188 answers, with a sample size of over 30. For 50 respondents, the normality of the dependent variable can be ignored, allowing a simple regression model to be estimated and the results presented below.

Before looking at the simple regression results, let us explain the value of the inflation factor (VIF), to see if there is a correlation problem between the independent variables. Table 5 shows these results (Maulud & Abdulazeez, 2020).

### **Honesty of the questionnaire and honesty of internal consistency**

The researcher calculated the subjective validity of the resolution, that is, the square root of the stability coefficient, which was 96.9%, which indicates that the resolution is highly credible. A statistical program (SPSS version 20) was used to calculate the Pearson correlation coefficient between the scores of the five axis elements and the overall score of the axis to which the element belongs to validate the internal consistency of the questionnaire.

**Table 9: Pearson's correlation coefficient between the score of each paragraph and the degree of the first axis**

Paragraphs of the first axis (Internal Audit)	Correlation coefficient (Pearson Correlation)	Significance value Sig. (2-tailed)
The internal auditor is committed to integrity and impartiality during his work and avoids the existence of a conflict affecting the interests of the bank.	0.74**	0.00
The internal auditor possesses full knowledge and good experience in all banking audit work	0.77**	0.00



The internal auditor possesses the qualification and experience necessary for banking performance	0.73**	0.00
The introduction of the internal auditor audit courses and workshops leads to professional practice	0.74**	0.00
The introduction of auditing courses and workshops by the internal auditor leads to higher professional practice in banking performance	0.75**	0.00
The internal auditor contributes to building trust between the bank, shareholders and customers, which creates high trust between the customer and the bank..	0.74**	0.00
The internal auditor is authorized to carry out his audit procedures in banks.	0.77**	0.00
Internal audit refers to the process of evaluating and reviewing the activities and operations of a bank by an independent internal team	0.77**	0.00
Internal audit contributes to improving risk management and internal control, which leads to an increase in the quality of profits	0.75**	0.00
The internal auditor enjoys complete independence at work and is not professionally biased		0.00
The internal auditor is committed to identifying the strengths and weaknesses of the banking performance and the bank's internal system	0.75**	0.00
The internal auditor identifies accounting gaps, errors and lapses by auditing and suggesting to management the necessary improvements.	0.77**	0.00
The efficiency and effectiveness of the internal auditor's performance contributes to saving costs and improving the quality of	0.75**	0.00

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

From the results included in Table 9, it can be seen that all the similarities between each paragraph of the first axis and the overall results of the axis are a statistical parameter, with an exact significance, that is, when using the rejection parameter, the level of similarity is between 0.01 and 0.73, while the level of similarity is between 0.01 and 0.77.

**Table 10: Pearson's correlation coefficient between the score of each paragraph and the degree of the second axis**

Paragraphs of the first axis (Quality of Earnings)	Correlation coefficient (Pearson Correlation)	Significance value Sig. (2-tailed)
The quality of profits in banks is an important indicator of the strength and sustainability of the institution in the financial market.	0.74**	0.00
The efficiency and effectiveness of the bank's management in making the right financial decisions helps to achieve strong returns that enhance the quality of profits	0.77**	0.00
Achieving high and sustainable profits that ensures the continuity of banking business, which helps meet the requirements of customers and shareholders	0.73**	0.00
The diversity of sources of banking revenues leads to efficient management and risk management, which contributes to improving the quality of profits effectively.	0.74**	0.00

The quality of profits in banks is the health and sustainability of bank profits and improving the prices of securities for banks in the Iraq Stock Exchange	0.75**	0.00
Diversification of revenues such as interest, commissions and fees reduces exposure to limited risk in one area, enhancing the quality of profits	0.74**	0.00
Profits that come from loan interest and long-term financial investments are more stable, leading to an increase in the quality of bank profits.	0.73**	0.00
Stable long-term loans and investments in banks have an impact on the quality of profits.	0.77**	0.00
The efficiency and effectiveness of banking performance will achieve high quality profits	0.75**	0.00
The efficiency and effectiveness of banking performance will achieve high quality profits		0.00
Achieving a good balance between bank returns and risk leads to a rise in the assessment of the quality of profits	0.75**	0.00
Adopting international standards in banking performance leads to raising the quality of profits and improving confidence among all beneficiaries of the internal auditor's services	0.77**	0.00
The internal auditor contributes to enhancing transparency and trust between the bank, the customer and the external auditor	0.73**	0.00

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

From the results included in Table 9, it can be seen that all the similarities between each paragraph of the first axis and the overall results of the axis are a statistical parameter, with an exact significance, that is, when using the rejection parameter, the level of similarity is between 0.01 and 0.73, while the level of similarity is between 0.01 and 0.77.

As a result of the compatibility and consistency in the above table, it can be clearly seen that the research tool (questionnaire) has a high degree of compatibility and stability, therefore it is appropriate for the entire sample.

From the results of the internal constancy and consistency in the table above, we clearly see that the research tool (questionnaire) has a high degree of stability and corresponds to its internal consistency, which allows us to apply it to the entire sample.

**Fourth requirement: Testing the quality of measuring variables by calculating (KMO))**

**Table 14: KMO and Bartlett's Test)**

Test Name	Scale value	Significance level
Kaiser-Meyer-Olkin Measure of Sampling Adequacy .	0.88	0.00

From Table 14, it is shown that (KMO) is 0.88, which is a high number in the range where the significance of 0.000, is less than 0.05, which means that this is a large part of the source of the intrigue of this result, since the minimum value of the scale is 0.600.

**Fifth requirement: Configure indicators to calculate the approvals of respondents on research questions**

**Sixth requirement: descriptive statistics of the variables in question**

1. Independent variable - arithmetic averages, standard deviations, torsion characteristics, hyperbole characteristics in relation to the surface characteristics of internal audit paragraphs (Table 16).

**Table 16: Descriptive statistics of the independent variable (internal audit)**

Independent variable (Internal Audit)		Average	Standard deviation	Skewness	Kurtosis
Application (Internal Audit)	The quality of profits in banks is an important indicator of the strength and sustainability of the institution in the financial market.	4.09	0.79	-0.939	1.618
	The efficiency and effectiveness of the bank's management in making the right financial decisions helps to achieve strong returns that enhance the quality of profits	3.96	0.75	-0.692	1.199
	Achieving high and sustainable profits that ensures the continuity of banking business, which helps meet the requirements of customers and shareholders	4.00	0.75	-0.864	1.950
	The diversity of sources of banking revenues leads to efficient management and risk management, which contributes to improving the quality of profits effectively.	4.01	0.79	-0.860	1.482
	The quality of profits in banks is the health and sustainability of bank profits and improving the prices of securities for banks in the Iraq Stock Exchange	4.03	0.78	-1.000	2.031
	Diversification of revenues such as interest, commissions and fees reduces exposure to limited risk in one area, enhancing the quality of profits	4.09	0.79	-0.860	1.482
	Profits that come from loan interest and long-term financial investments are more stable, leading to an increase in the quality of bank profits.	3.96	0.75	-1.000	2.031
	Stable long-term loans and investments in banks have an impact on the quality of profits.	4.00	0.75	-0.860	1.482

The efficiency and effectiveness of banking performance will achieve high quality profits	4.01	0.79	-0.860	1.482
The efficiency and effectiveness of banking performance will achieve high quality profits	4.03	0.78	-1.000	2.031
Achieving a good balance between bank returns and risk leads to a rise in the assessment of the quality of profits	4.09	0.79	-0.860	1.482
Adopting international standards in banking performance leads to raising the quality of profits and improving confidence among all beneficiaries of the internal auditor's services	3.96	0.75	-1.000	2.031

In this way, we find that the estimated mean of the variable in which the internal audit is carried out (oligarchy standard) is (4.03 - 3.96) according to Table (16), which indicates that banking professionals are strongly inclined to conform to the standard to express this variable. The deviation mentioned is less than 1, which indicates the variable trend tends to mean, while the deviation coefficient is between -0.692 and -1.000, which is negative, indicating that the frequency distribution curve is slope to the left, and that the coefficient of mutation is between (1.199) -2.031), because the arithmetic mean is smaller than the average.

1. Dependent variable (quality of profits) - arithmetic mean, standard deviation, torsion coefficient and mutation coefficient

Table 17 shows the indicators of the dependent variable of profit quality.

**Table 17: Descriptive statistics of the dependent variable**

Dependent variable (Quality of Earnings)		Average	Standard deviation	Skewness	Kurtosis
Profit Quality	The quality of profits in banks is an important indicator of the strength and sustainability of the institution in the financial market.	4.03	0.93	-0.934	0.746
	The efficiency and effectiveness of the bank's management in making the right financial decisions helps to achieve strong returns that enhance the quality of profits	4.06	0.78	-0.931	1.788
	Achieving high and sustainable profits that ensures the	3.81	0.85	-0.647	0.532

	continuity of banking business, which helps meet the requirements of customers and shareholders				
	The diversity of sources of banking revenues leads to efficient management and risk management, which contributes to improving the quality of profits effectively.	3.91	0.86	-0.878	0.902
	The quality of profits in banks is the health and sustainability of bank profits and improving the prices of securities for banks in the Iraq Stock Exchange	4.02	0.80	-0.743	0.522
	Diversification of revenues such as interest, commissions and fees reduces exposure to limited risk in one area, enhancing the quality of profits	4.07	0.79	-0.904	1.522
	Profits that come from loan interest and long-term financial investments are more stable, leading to an increase in the quality of bank profits.	4.14	0.79	-0.743	0.665
	Stable long-term loans and investments in banks have an impact on the quality of profits.	3.81	0.85	-0.647	0.532
	The efficiency and effectiveness of banking performance will achieve high quality profits	3.91	0.86	-0.878	0.902
	The efficiency and effectiveness of banking performance will achieve high quality profits	4.02	0.80	-0.743	0.522
	Achieving a good balance between bank returns and risk leads to a rise in the assessment of the quality of profits	4.07	0.79	-0.904	1.522
	Adopting international standards in banking performance leads to raising the quality of profits and improving confidence among all beneficiaries of the internal auditor's services	3.81	0.85	-0.647	0.532
	The internal auditor contributes to enhancing transparency and trust between the bank, the customer and the external auditor	3.91	0.86	-0.878	0.902

Source/prepared by the researcher based on the outputs of the SPSS program)

Table 17 shows that the arithmetic mean of the dependent variable is between 4.14 and 3.81, which means that the answers are skewed towards those who strongly agree and agree that the standard deviation is less than 1, which means that the answers are clustered around the mean which shows that: Banking practitioners from their point of view recognize that banks need



to use internal audit to achieve profit quality and that the use of internal audit has a significant impact on success and increase the profit percentage and quality according to what Precede. Indicators cited. While the coefficient of deviation ranges from -0.934 to -0.743, which is a negative value, indicating that the frequency distribution curve is slope to the left, and the coefficient of mutation ranges from 0.522 to 1.788, since the arithmetic mean is smaller than the median.

### **Requirement Seven: Study the Linear Correlation and Normal Distribution of the Dependent Variable**

This requirement depends on proving assumptions and finding the regression equation, as shown in Table 18.

**Table 18: Analysis of the correlation between the dependent variable and the independent variable**

Internal audit and its impact on the quality of profits		
Independent Variable (Internal Audit)	Correlation with semantics	Dependent variable
0.74**	Pearson Correlation	Profit Quality
0.00	Sig.(2-tailed)	

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

Source/prepared by the researcher based on the outputs of the SPSS program)

From Table (18) it can be seen that there is a positive direct relationship between the variables involved (profit quality) and independent indifferent (internal control) with confidence (95%) because the value of (sig) = 0.000 is less than 0.05, and dozens of values related to gradient rates are negative (Figure 1). That is, through the regression equation, this linear obtainability is verified variables, the normal distribution of which is one of the criteria that must be adhered to.

### **Conclusion**

From the theoretical and applied study he conducted, the researcher reached several conclusions and recommendations, which were divided into recommendations specific to the study and general recommendations.

Based on what was mentioned previously, the researchers agreed to accept the research hypotheses as follows:

- The first main hypothesis: Accepting the hypothesis that there is a link between internal audit and the quality of profits
- The first sub-hypothesis: Accepting the hypothesis that there is a strong positive correlation between the use of internal audit and the quality of profits in Iraqi banks.
- The second main hypothesis is accepting the existence of a significant effect between the use of internal auditing and the quality of profits in Iraqi banks
- the second sub-hypothesis is accepted; there is a significant effect between the use of internal auditing and the quality of profits in Iraqi banks

The following was observed from the above-mentioned analysis and conclusion:

- The current study is consistent with previous studies in terms of the importance of internal auditing to improve the quality of banks and the profits achieved.
- Most previous studies focused on the investment and financial aspects of banks that rely on internal auditing in their work, and this study agreed with them in terms of achieving quality profits.
- Focus on bank performance and job management from the customer's perspective, demonstrating workers' and managers' awareness of modern approaches to managing local and global banks.
- Increase the level of efficiency and effectiveness of the use of resources by providing officials with a database of information about the bank, the bank's trends and strategies, and all information related to revenues and expenses, while ensuring the confidentiality of data to gain the trust of the bank's customers and build a focus of trust and cooperation to win new customers.
- Build a strong database that contains information about customers, their preferences, and the time they visit the bank's website, and predict their future transactions by collecting and analyzing this data accurately and quickly.

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