The Impact of Internal Control on the Quality of Financial Reporting under Modern International Standards: An Applied Study on the Iraqi Project Implementation Company

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Abstract : This study aims to explore the impact of the internal control system on the quality of financial reporting in light of modern international standards, with a specific focus on the Iraqi Project Implementation Company. The research examines the relationship between the five dimensions of internal control (control environment, risk assessment, control activities, information and communication, and monitoring) and their effect on improving the quality of financial reports.

The study utilized a descriptive analytical approach, combining both qualitative data. A survey was distributed to employees of the Iraqi Project Implementation Company, and the responses were analyzed using statistical methods such as regression analysis and Pearson correlation to test the research hypotheses.

The results revealed a strong positive relationship between the internal control system and the quality of financial reporting. Among the five dimensions, monitoring and supervision had the most significant influence, followed by information and communication. The findings also indicated that enhancing the internal control system leads to improved transparency, reliability, and compliance in financial reporting, aligning with international standards.

This study concludes that an effective internal control system is essential for ensuring the quality of financial reports, especially in environments with complex operational structures. It recommends that organizations continually review and improve their internal control practices to meet modern international standards and enhance financial reporting accuracy.

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Keywords: internal control, financial reporting quality, international standards, control environment, risk assessment, monitoring.

INTRODUCTION: The internal control system is the cornerstone of effective organizational management, ensuring efficiency, effective risk management, and accurate and reliable financial reporting. In today's global and competitive environment, it has become it is important to comply with modern international standards for financial reporting. Comply with regulatory requirements and internal controls, with five key components—environmental monitoring, risk assessment, implementation, information communication, and analysis—for a structured approach maintain financial discipline and transparency for This study focuses on an Iraqi company implementing the project, examining how its internal controls affect the quality of financial reporting. The study examines whether effective internal controls can improve the accuracy, transparency and reliability of financial statements, thereby bringing them into line with international standards. In addition, it highlights the important role of factors such as monitoring and risk assessment in ensuring quality reporting.

The importance of this research lies in its potential to provide actionable insights for organizations seeking to strengthen their internal control systems. By understanding the relationship between internal controls and financial reporting quality, companies can identify weaknesses, implement corrective measures and achieve greater financial transparency.

Chapter One: Methodological Framework of the Study

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The study of the impact of internal control on the quality of financial reporting under modern international standards is a central topic that combines several important aspects in the context of developing institutions and improving their

accounting practices. This study seeks to analyze the relationship between internal control systems and the quality of financial reports, as well as to determine the extent to which this relationship affects the Iraqi Project Implementation Company. This introduction aims to provide a brief overview of the content of the first chapter and the central elements to be discussed.

This chapter will deal with determining the general framework of the study and the methodologies used in its implementation, in addition to the hypotheses developed by the researcher and the questions he seeks to investigate and answer, after conducting a literary review of previous studies that dealt with the subject of research and its variables.

1.1 Importance of the study

The importance of research lies in the decisive role of its variables (internal control system, quality of financial reports) which are key elements to achieve the accounting and financial objectives set for the institution. The internal control system contributes to detecting defects and weaknesses in financial reports and working to fix them before crises worsen and spread, as the quality of financial reports is a key measure that shows the level of transparency and compliance in the institution.

The importance of the study can be divided into:

- **Scientific importance**: The study gains its importance by studying the concept of the internal control system and its role in improving the quality of financial reports, which was overlooked by some previous studies that focused on other aspects. Thus, this study is a continuation of previous research and opens a new field of research for researchers.

- **Practical importance**: The importance of the study comes from analyzing the reality of the quality of financial reports in the design and implementation of projects company, which helps in determining the extent of this company's commitment to the dimensions of the study variables. The company can also benefit from the results of the study to improve the quality of its financial reports and enhance its credibility with investors and stakeholders.

1.2 Objectives of the study

The objectives of the study focus on knowing the effectiveness of the internal control system and its role in enhancing the quality of financial reports. Accordingly, the study aims to:

1. Identify the concept of quality of financial reports and methods of measuring them.
2. Definition of the internal control system and its basic dimensions.
3. Identify the reality of the internal control systems in the company and its main obstacles.
4. Study the impact of the internal control system on the quality of financial reports in the design and implementation of projects.

1.3 The problem of the study

The problem of the study is the endeavor of Iraqi organizations in general and the project implementation company in particular to improve and develop the internal control system in its various dimensions (internal control environment and activities, risk forecasting, communications and information, and follow-up) in a way that contributes to raising the quality of financial reports and providing an accurate and transparent picture of financial performance. To illustrate the problem, the study is identified by several key questions:

1. Do the employees of the project implementation company have a clear perception or awareness of the research variables (internal control system, quality of financial reports)?
2. To what extent is the dimensions of the internal control system applied in the Iraqi Project Implementation Company?
3. What is the quality level of financial reporting in IPIC?
4. What is the nature of the relationship between the internal control system and the quality of financial reporting in the Iraqi Project Implementation Company?
5. What is the impact of the internal control system on the quality of financial reporting in the Iraqi Project Implementation Company?

1.4 Study limits and constraints

- **Logical frameworks**: This research will focus on determining the effectiveness of internal control systems and their role in improving the quality of financial reports.
- **Spatial boundaries**: The study will be limited to the project implementation company in Iraq.
- **Human Frameworks**: The current research will be limited to a segment of employees and administrators in the Iraqi Project Implementation Company.
- **Timeframes**: This research will be carried out during the 2023 academic year.

1.5 Methodology

To achieve the objectives of the study and answer its problem, the researcher will adopt the descriptive analytical approach, as follows:

- **In the theoretical study**: reference will be made to previous literature and studies, Arab and foreign, that dealt with the topics of internal control and the quality of financial reports.
- **In the practical study**: the data will be collected through a questionnaire specially prepared to measure the variables of the study, namely internal control systems and the quality of financial reports.

1.6 Study population and sample

The research community is represented by the individuals working for the Iraqi Project Implementation Company. A random soft sample will be selected from this population for the practical study.

1.7 Study hypotheses

The first main hypothesis: There is a relationship between the internal control system and improving the quality of financial reporting in the Iraqi Project Implementation Company.

The following sub-hypotheses are branched out:

1. There is a relationship between the internal control system and improving the quality of financial reporting in the Iraqi Project Implementation Company.
2. The internal control system has an impact on improving the quality of financial reporting in the Iraqi Project Implementation Company.

The second main hypothesis: There is a statistically significant impact of the internal control system in improving the quality of financial reporting in the Iraqi Project Implementation Company.

The following sub-hypotheses are branched out:

1. There is a statistically significant impact of the internal control system in improving the quality of financial reporting in the Iraqi Project Implementation Company.
2. There is a statistically significant impact of the internal control system in improving the level of financial compliance in the Iraqi Project Implementation Company.

Previous Studies:

1. **Jreisat Study (2022): Factors Influencing the Efficiency and Effectiveness of the Internal Control Unit and Its Role in Improving Municipal Performance – A Case Study of Al-Fuheis Municipality**

a. The study aimed to identify the factors that influence the efficiency and effectiveness of the internal control unit and its role in improving municipal performance. The study followed the inductive approach due to its suitability to the nature of the research. The results indicated that the internal control unit in the government sector complements financial management and is essential for the strength of the financial system. The internal control function in municipalities is both financial and administrative, aimed at ensuring performance according to predefined goals and standards. The study emphasized that one of the main responsibilities of the internal control unit in Al-Fuheis Municipality is auditing records, ensuring the accuracy of financial statements, and aligning expenditures with official financial regulations. Key factors influencing the quality and efficiency of the internal control unit include the concurrent application of government accounting standards, the quality of human resources, the implementation of internal control systems, and the use of information technology.

2. **Abdul Karim Study (2020): The Impact of Developing Internal Control Systems in Government Units on the Performance of Higher Supervisory Bodies – A Field Study in Libya**

a. This study focused on two main areas: the performance of higher supervisory bodies and the internal control system in government units. The main goal was to measure the impact of internal control system development on the performance of higher supervisory bodies in Libya. A questionnaire was designed and analyzed using statistical methods such as Cronbach's alpha, Pearson correlation, and simple regression. The study found that internal control is vital in government units due to the complexity of their operations and the challenges of communication between levels. The study recommended enhancing internal control in public services to increase accountability and efficiency through developing the infrastructure of government units.

3. **Fathallah et al. Study (2020): Administrative Control and Its Role in Improving Employee Performance – A Theoretical Framework**

a. The study aimed to explore the role of administrative control in improving employee performance. The researchers used a descriptive approach and found that administrative control plays an essential role in enhancing employee productivity and organizational performance. Moreover, the study highlighted the importance of training programs in reinforcing the role of internal control within organizations.

4. **Abu Mohammed Study (2019): The Role of Internal Auditing in Enhancing Performance Efficiency in Government Units – A Field Study on the Localities of the White Nile State**

a. This study aimed to identify the role of internal auditing in improving financial and administrative performance. The study found that qualified internal auditors significantly contribute to improving performance, reducing risks, and

enhancing accountability. It recommended implementing comprehensive auditing systems and developing internal audit units to enhance government unit performance.

5. **Osman Study (2018): The Impact of the Internal Control System on Financial Performance in Public Institutions – A Case Study of the Tax Authority**

a. The study examined the role of internal control systems in improving financial performance, focusing on combating fraud and ensuring revenue collection. The study emphasized the importance of qualified human resources and adherence to financial regulations. Recommendations included improving the effectiveness of internal control systems and encouraging continuous training for staff.

6. **Thanh Hoai Study (2022): The Impact of Internal Control Systems on the Intensity of Innovation and Organizational Performance in Public Sector Organizations in Vietnam – The Moderating Role of Transformational Leadership**

a. This study examined the relationship between internal control systems (ICS) and organizational performance in Vietnam's public sector, focusing on the moderating role of innovation intensity and transformational leadership. Data from 319 public sector organizations confirmed that ICS enhances innovation intensity, positively affecting organizational performance. The study concluded that transformational leadership further strengthens the positive impact of ICS on innovation and performance.

7. **Alemu Study (2020): The Effect of Internal Control on Organizational Performance – A Case Study of Moha Soft Drinks Company, Ethiopia**

a. The study aimed to assess the impact of internal control systems on organizational performance in Moha Soft Drinks Company, Ethiopia. Using a descriptive design, the study found that the internal control system had significant shortcomings, such as unrecorded transactions, which hindered proper financial reporting. The study recommended that the company develop more effective internal control strategies to reduce fraudulent activities.

8. **Rey Study (2021): Effectiveness of Internal Control Systems and Perception of Employee Work Performance – A Case Study of Asia-Pacific International University**

a. The study investigated the effectiveness of internal control systems at Asia-Pacific International University and their impact on employee work performance. Using a descriptive statistical approach, the study found that internal control significantly improved employee performance. The study recommended that the university further enhance its internal control mechanisms to optimize employee productivity.

9. **Olanrewaju Study (2019): The Impact of Internal Control Systems on Financial Accountability in Non-Governmental Organizations in Nigeria**

a. This study examined the effect of internal control systems on the financial accountability of NGOs in Nigeria. Data was collected through surveys and analyzed using multiple regression techniques. The study concluded that effective internal control systems play a crucial role in enhancing financial transparency and accountability in NGOs. It recommended that authorities provide more support to NGOs to strengthen their internal control mechanisms.

10. **Al-Fatlawi Study (2018): The Role of Internal Auditing and Internal Control Systems on Financial Performance Quality in the Banking Sector**

a. This study aimed to analyze the impact of internal auditing and control systems on preventing financial fraud in the banking sector. The sample consisted of employees from Indonesia's three largest banks. The results indicated that both internal auditing and internal control systems had a significant positive effect on preventing financial fraud and improving financial performance.

1-10 Data Collection Methods

- **Secondary Sources**: The researcher will rely on books, research papers, and related Arabic and foreign theses to address the theoretical framework.
- **Primary Sources**: The researcher will use a questionnaire specifically designed for the topic, which will help address the analytical aspects of the study.

1-11 Statistical Methods

Various statistical methods will be employed using SPSS to analyze the data, including:

- Frequencies, percentages, and descriptive statistics (mean, standard deviation) to describe the sample's characteristics and responses to the questionnaire.
- **Cronbach's Alpha** to test the reliability of the questionnaire statements.
- **T-Test** to determine if the mean responses significantly differ from neutral values.
- **One-Sample Kolmogorov-Smirnov Test** to check for the normal distribution of variables.
- **Pearson Correlation** to study the relationship between the variables of the study.
- **Regression Analysis** to determine the impact of the independent variables on the dependent variable.

Chapter Two: Theoretical Framework of the Study

Introduction

The internal control system is an essential part of an organization's management structure, designed to ensure the effectiveness and efficiency of operations and to maintain compliance with defined standards and policies. This system identifies and addresses weaknesses and flaws in institutional processes before they negatively impact overall performance.

2-1 Internal Control System

To gain a deeper understanding of this concept, we will explore its definition, importance, and types.

2-1-1 Definition and Importance of the Internal Control System

The internal control system is a set of procedures, policies, and practices implemented within an organization to ensure its objectives are achieved effectively and efficiently. The main goals of an internal control system include:

1. **Protecting assets and property**: Internal control systems help protect the organization from loss, theft, or damage to its physical and intangible assets.
2. **Ensuring data reliability**: These systems ensure the accuracy and reliability of accounting, statistical, and other critical data that inform decision-making within the organization.
3. **Improving efficiency and productivity**: By imposing strict control and monitoring over internal processes, organizations can enhance efficiency and optimize the use of resources, resulting in higher productivity.
4. **Preventing fraud and breaches**: Internal control systems are designed to detect and prevent illegal activities or policy violations that could harm the organization.
5. **Compliance with laws and regulations**: These systems ensure that the organization complies with local and international regulations applicable to its operations.
6. **Building trust**: Internal control systems contribute to building trust between management, shareholders, and all other stakeholders, promoting the success and sustainable growth of the organization.

In general, the internal control system is vital for the success and continuity of organizations, as it helps reduce risks, improve performance, and achieve desired objectives with integrity and transparency.

- Internal control consists of various measures and procedures aimed at ensuring the smooth operation of the organization and achieving its goals effectively and within the framework of applicable laws and regulations. These measures usually include monitoring operations to ensure they are carried out correctly according to established procedures and identifying any deviations or errors for immediate correction.
- Additionally, internal control contributes to enhancing the organization's financial and statistical reporting processes, ensuring the accuracy and reliability of published financial and statistical data. This enables the organization to make sound decisions based on trustworthy and accurate information.
- The application of internal control within an organization is crucial to achieving effectiveness, sustainability, and addressing potential risks that could affect the organization's performance and reputation. Internal control is one of the fundamental pillars of successful business management, as it helps achieve continuous improvement and develop processes and procedures to meet institutional goals in the best possible way (Hall, J., 2011, p.5).

Here are some details about this definition:

- **Ensuring the protection of all assets**: This means safeguarding the organization's physical and intangible assets by applying strong internal controls and following necessary policies and procedures to prevent loss or damage.
- **Data quality**: This refers to ensuring that financial and accounting information published by the organization is accurate and reliable.
- **Performance improvement**: This involves certified accountants and financial experts providing guidance and advice to management on how to improve the organization's performance.
- **Explanation of methods and techniques**: Management should clarify and document the methods and techniques to be followed to ensure the organization's continuity and achievement of set goals. This helps guide teams properly and avoid unintended errors (Moellre, 2013, p.124).
- The definition provided by **IFAC** (International Federation of Accountants) describes a set of policies and procedures followed by management within the organization to protect assets, prevent fraud and errors, ensure the accuracy of accounting records, and provide accurate financial information.

- IFAC is an international organization composed of professional accounting bodies from various countries. It aims to promote high standards of quality and professionalism in accounting and ensure that accountants perform with high levels of competence and ethical standards.
- The policies and procedures implemented by management within the organization play a critical role in achieving the goals outlined by IFAC.
- Addressing fraud and errors means establishing mechanisms and procedures to identify risks related to fraud or errors in accounting and administrative operations, and taking necessary actions to address them and prevent recurrence.
- IFAC emphasizes the importance of adhering to accounting principles and complying with laws and international standards to achieve transparency, accountability, and sustainable economic development (Al-Sharif, 2019, p.144).

Thus, it becomes clear that the set of policies and procedures followed by management are tools and regulations that help ensure effective control over the organization's functions. By applying these policies and procedures, the organization achieves control and oversight over the financial and administrative operations it undertakes.

The purpose of this control is to ensure the achievement of the organization's stated objectives and maintain its continuity and sustainable growth.

1. Importance of Internal Control

Internal control is crucial due to the urgent need for it in organizations. It is required to ensure the quality of performance in implementing specified policies and achieving desired objectives. This is done through effective planning of activities across all branches and departments.

The importance of internal control policies and procedures has increased due to the growing challenges organizations face in a complex and changing business environment.

Some of the key factors contributing to the increased attention to internal control policies and procedures are the growing complexity of organizational activities, which require stricter and more effective measures to maintain sustainability and control risks. Additionally, increasing legislative and accounting requirements have led to a focus on compliance with standards and regulations, which can be achieved through proper implementation of internal controls. In summary, the growing attention to internal control policies and procedures reflects the urgent need to achieve high-quality performance and effective control over organizational activities and processes.

The importance of internal control policies and procedures is linked to several factors (Al-Shaer, 2016, p.182):

1. Large size and diverse operations of organizations
2. Delegation of authority, tasks, and responsibilities
3. Need for accurate periodic information
4. Protecting and maintaining organizational funds
5. Providing accurate information to governmental entities

In short, the importance of internal control policies and procedures reflects the urgent need to achieve high-quality performance and effective guidance for contemporary organizations, ensuring transparency and trust among stakeholders.

2-1-2 Types of Internal Control

1. **Administrative Control**: This type of internal control is implemented through organizational plans, methods, and procedures, aiming to achieve maximum operational efficiency within the organization. It involves applying and monitoring set policies and procedures to ensure that administrative objectives are met and the overall performance of the organization is enhanced (Al-Hussein, 2016, p.79).
2. **Accounting Control**: The primary goal of accounting control systems is to test the accuracy and reliability of accounting data. This is achieved by tracking the process of recording and analyzing accounting data in the organization's accounting records to ensure its correctness and reliability.

When accounting data is recorded and classified, it is essential to ensure that it accurately represents the transactions and operations carried out by the organization. The accounting records are reviewed and matched with supporting documents and other relevant information to verify the accuracy and completeness of the recorded information.

2-1-3 Understanding the Internal Control System

To gain a deeper understanding of accounting control systems, it is essential to consider the five main components of these systems. These components contribute to building a robust control system that ensures the accuracy and quality of accounting data (Al-Hussein, 2011, p.98):

1. Design of internal control components
2. Ensuring implementation during operations

By designing internal control components and monitoring their implementation, the organization can ensure that its accounting control system operates effectively, providing the necessary protection for assets and properties, ensuring

the accuracy of accounting records, and detecting errors and fraud. This system also supports the organization's overall performance and helps achieve its goals successfully.

- **Understanding the Control Environment**

To understand these systems, the auditor must study the nature of the control environment that determines the framework within which the organization operates and its managerial orientation. This includes studying the policies and procedures established by management to regulate accounting operations and achieve internal control. Additionally, the auditor examines the actions and behavior of management, audit committees, and the board of directors concerning internal control and the procedures they follow to support and enhance the organization's objectives. (Samiya, 2020, p.43).

- **Understanding Risk Assessment**

Based on these discussions and the information gathered, the auditor identifies the key risks affecting financial reports and assesses their materiality and likelihood. This assessment enables the auditor to develop an action plan to address these risks, focusing on the areas that are most sensitive and require additional attention. Understanding risk assessment allows the auditor to improve their work and achieve their objectives in evaluating the organization's financial performance and internal control (Al-Bajarmi, 2012, p.108).

- **Understanding Control Activities**

The understanding of control activities can vary significantly. For smaller clients, implementing a large number of control activities may be challenging due to a lack of sufficient resources or personnel to execute them. Consequently, it is common to define a limited number of key control activities.

For clients with multiple control elements, the auditor may find this provides a solid foundation for control, making it appropriate to define many control elements during the understanding phase. In other cases, the auditor may identify only a few control elements during the initial understanding of control activities and later identify additional elements during the audit (Al-Khesi, 2020, p.47).

- **Understanding Information and Communication**

The focus is on the following (Al-Jabri, 2021, p.56):

- The main processes of the entity that are critical to its financial standing.
- The mechanism for classifying financial operations.
- Accounting documents, supporting documents, machine-readable information, and specific accounts used by the organization to operate and report on processes.
- The accounting processes for recording transactions included in financial statements that the organization uses to manage this data and record it electronically.
- The financial reporting steps the organization implements to prepare estimates, disclosures, and other key aspects of the data and financial statements.

2.2 The Quality of Financial Reports

Introduction: This section will explore the concept of the quality of financial reports by presenting the key definitions of this concept to reach a comprehensive understanding. It will also discuss the essential standards that should be adhered to when preparing financial reports, contributing to high-quality financial documentation. Furthermore, the section will examine the impact of financial report quality on the credibility and transparency of companies.

2.2.1 The Concept of Financial Report Quality

Before discussing this concept, it is necessary to define its components, which can be summarized as follows:

First: Financial Documentation Financial documentation is a tool used by accounting systems to present their results and activities within an economic unit. For example, the income statement presents the activity results, while the balance sheet shows the financial position of the institution. These reports are provided to interested parties both inside and outside the institution, displaying the financial situation to all stakeholders who deal with the organization (Al-Adam and Rizk, 2000, p. 724).

In general, financial documentation is defined as "the primary means of financial reporting for the institution, providing information that reflects the financial position, performance, and cash flows of the entity. It forms the cornerstone of decision-making processes, representing a quantitative summary of financial events and their impact on the assets, liabilities, and equity of the institution" (Al-Jararat, 2008, p. 93). (Harfoush, 2019, p. 182).

Second: Financial Statements

Financial statements are defined as "a large set of comprehensive accounting and financial documents that cannot be separated or differentiated. They provide a clear and accurate picture of the financial position, performance, and changes in the financial status of the institution at the time of closing the accounts" (Lazaar, 2012, p. 3).

Another definition states that financial statements are "the primary means of communication with stakeholders involved in the institution's activities, allowing these parties to understand the key elements affecting the institution's financial position" (Khanavis, 2018, p. 12). (Niqal and Dahaj, 2022, p. 7).

Third: Quality

Quality is a widely used concept in modern times, with institutions of all types, whether private or public, competing to adopt various methods and approaches to quality to satisfy their customers. Initially, quality was associated with industrial institutions, which were the first to apply it following the Industrial Revolution. However, the concept has since expanded to include all products and services, including financial documentation.

The term "quality" is derived from the Latin word meaning the nature or degree of fitness of something. It has also been defined in relation to output-focused programs that aim to minimize defects and shortcomings in performance, regardless of their nature, and to implement the desired outcome (Al-Alaja and Al-Saadi, 2022, p. 24).

2.2.2 Standards for the Quality of Financial Reports

It is commonly understood that the management of institutions, regardless of type, act on behalf of their owners (principals) as agents. Accounting theories have emerged to ensure the integrity of these managers, regulating the relationship between them and the owners by requiring adherence to multiple accounting principles. These principles ensure that managers register all transactions according to specific procedures and rules, maintaining integrity within a defined accounting system (Khalil, 2003, p. 353).

Therefore, it is crucial for decision-makers in any institution to rely on these principles to produce high-quality financial reports. These reports must be relevant, accurate, reliable, timely, adequately disclosed, relatively significant, comparable, and honest. To achieve these characteristics, the following standards must be met: Ad et al., 2018, p. 51).

- **Legal Standards** (
- **Professional Standards** (Hassan and Ahmed, 2013, p. 125).
- **Control Standards**: (Al-Alaja and Al-Saadi, 2022, p. 24).

Control standards also play a key role in regulating governance rules, as they assess management's adherence to procedures that facilitate resource allocation, enhancing institutional efficiency and user trust in financial statements. This positively impacts the reinforcement of the control role (Qadri et al., 2021, p. 54).

- **Technical Standards**: These standards contribute to updating and improving the concept of information quality, positively impacting the quality of financial documentation and reducing uncertainty for all users of accounting and financial information. This increases the confidence of stakeholders, owners, shareholders, and investors, ultimately leading to a rise in investment (Abbas, 2013, p. 13).

. It can be said that adhering to these standards grants financial documentation high quality and distinguishes it with essential qualitative characteristics. Some of the most important characteristics required in accounting information within these documents include:

First: Relevance One of the most important qualities that accounting information must possess when preparing financial documentation is relevance. This ensures that the information accurately reflects the institution's past, allows for the management of its present, and objectively predicts the future. Relevant information assists users in their analysis and decision-making, leading to more effective and efficient decisions than if the information were irrelevant (Chouthari and Rwabih, p. 23).

Second: Reliability Reliability and credibility of accounting information are indicators of proper accounting measurement techniques and the objective evidence on which the information is based. For example, users trust audited accounting information more than unaudited information because the auditor's certification confirms the objectivity and accuracy of the information (Slimani, 2020, p. 195).

Accounting information must accurately reflect all financial transactions and events it represents or is expected to represent. For instance, the final accounts and the balance sheet should precisely mirror the financial operations and events (Jomaa et al., 2014, p. 32).

Third: Comparability Comparability refers to "the ability to compare accounting information across different time periods and organizations. It allows for comparisons between financial information over multiple periods for the same institution, as well as comparisons between similar organizations. This helps identify and interpret similarities and differences in the information and enhances the understanding of specific issues" (Hamdi, 2011, p. 101).

Fourth: Understandability Understandability refers to "the ability of users to easily comprehend the information, assuming they have a reasonable level of knowledge about financial, economic, and accounting matters" (Jomaa et al., 2014, p. 32). Accounting information expressed in financial reports must be easy to understand and clear to users, provided that the users possess an acceptable level of knowledge in management and accounting (Abdul Malik and Draouzi, 2019, p. 416).

Fifth: Timeliness The timeliness of providing accounting information is one of its most important characteristics. It must be available to users in a timely manner to help them make effective decisions, allowing them to address deficiencies or errors as quickly, efficiently, and cost-effectively as possible. The efficiency of the accounting staff and the system itself are key indicators of the speed with which accounting information is provided when needed. Decision-making relies heavily on the swift access to financial reports to achieve maximum benefit from them (Chouthari and Rwabih, 2019, p. 25).

Chapter Three: Practical Framework

To implement the practical part of this study in the best possible way, it is essential to follow a systematic approach to achieve the objectives set at the beginning of the research preparation. In this practical section, the methods and techniques for providing statistical treatment were determined.

3-1 Methodological Procedures of the Study:

To conduct the applied research project, a method was adopted that significantly helped in achieving the study's objectives while addressing its various areas. To reach the goal of the research project, provide appropriate responses to its questions, and ensure the validity of the proposed assumptions, the descriptive-analytical method was employed. This approach involves a series of complete processes to describe the issue or problem at hand, based on data collection, classification, treatment, and thorough analysis.

3-2 Study Population and Sample:

Before defining the study population, a brief overview of the General Corporation for Design and Project Implementation is necessary. This organization, a division of the Ministry of Industry and Minerals, was established in 1959. The company specializes in preparing designs, conducting quantity surveys, performing topographical studies, and executing industrial and construction projects. Additionally, it carries out engineering inspections, installs factories and equipment, maintains power plants, and conducts specialized scientific and engineering research. The company has achieved ISO 9001:2008 certification from BM TRADA, a British certification body, and operates entirely in accordance with international quality standards. Furthermore, the company has partnered with Hammurabi Engineering Consultancy to implement the Integrated Management System as part of its commitment to maintaining quality standards.

The study population includes all employees working in the Iraqi Project Implementation Facility, totaling 300 individuals. Using the Morgan table for determining sample size and the Thompson equation:

. Based on the Morgan table for determining sample size and the following Thompson equation:

$$n = (N \times p(1-p))/([[N-1\times(d^2 \div z^2)]+p(1-p)])$$

n: sample size. N: total population. Z: equals (1.96). p: equals (0.5).

By applying the equation, we get:

$$n = 300 * 0.50(1-0.50)/[300-1*\{(0.05)^2/(1.96)^2]+0.50(1-0.50)]$$

n = 168

Thus, the sample size should not be less than 168 employees. To achieve this, the researcher distributed 200 questionnaires, and 179 were returned, making the research sample consist of 178 employees, achieving a response rate of 89.5%. This is represented in the following table:

Table (3-1): Study Sample

Item	Distributed Count	Count Analyzed	Percentage (%)
Employees in the Iraqi Project Implementation Facility	200	178	89.5%

3-3 Study Tools:

Many scholars believe that employing multiple tools in practical research is beneficial. Utilizing a variety of study tools enables researchers to gain a comprehensive understanding of the subject. In this project, the following tools were used to achieve the desired outcomes:

- **Research Questionnaire**: A primary tool in this research, the questionnaire is defined as a survey document containing a series of questions directed at a specific group of individuals to collect data on a particular issue. The survey can be conducted in person or sent via email or post. The questions must be clear, accurate, and free from ambiguity.

- **Observation**: No research project is complete without observation. The researcher usually observes the field of study and the data presented.

- **Validation Step**: To verify the credibility of the study tool, the researcher presented the initial questionnaire to a number of judges who provided feedback on its relevance to the subject, clarity, and phrasing.

- **Questionnaire Distribution**: The researcher distributed the questionnaire to the sample to gather their observations and respond to them in a timely manner.

- **Questionnaire Collection**: After allowing sufficient time for responses, the researcher collected the completed questionnaires, examined them, and then analyzed the data.

3-4 Statistical Treatment Methods:
To address the study's subject and test its assumptions, the researcher used the statistical program (SPSS version 25) and applied several statistical methods.
3-4-1 Descriptive Statistical Methods:
Several descriptive statistical methods were used to treat the data collected in this study:
- **Percentages and Frequencies**: Used to provide an analytical description of the characteristics of the sample in terms of its attributes.
- **Arithmetic Means**: Applied as an indicator of the consistency of the study's items based on their prominence in relation to the respondents' opinions, examining whether their responses show an increase or decrease.
- **Standard Deviations**: Used to assess the degree of deviation in respondents' answers for each research variable and its main aspects, demonstrating the dispersion of the respondents' answers.

3-4-2 Inferential Statistical Methods:
These include the following:
- **Cronbach's Alpha Coefficient**: Used to estimate the reliability of the tool.
- **Validity Coefficient**: Used to estimate the validity of the tool.
- **Linear Regression Coefficient**: A model adopted to investigate the effectiveness of the research variables, considering the margin of error, which is minimized toward zero during parameter estimation. This model helps decide whether to accept or reject the null hypothesis.
- **Pearson Correlation Coefficient**: Used to examine the relationship between variables and determine the level of correlation between each item and the overall rank of the variable (internal consistency of the research tool).
- **R-squared Coefficient**: Assesses the contribution of the independent variable to the dependent variable, showing the effectiveness of the future performance of the independent variable on the dependent one. This metric helps evaluate the strength of the explanatory models.

3-5 Validity and Reliability Testing of the Study Tool
These metrics were determined as follows:
3-5-1 Testing the Validity of the Study Tool:
This refers to ensuring that all components required for analytical processes are included, and the clarity of the tool's items and concepts is ensured for all users.
- **Face Validity of the Questionnaire**: The researcher presented the study tool to the academic supervisor and a group of academic members from various universities. Based on their feedback, several items were rephrased and modified to ensure clarity and understanding, ultimately reaching the final version of the questionnaire.
- **Construct Validity of the Questionnaire**: Following the face validity of the research tool, the next step was to test the degree of construct validity. This aims to determine the alignment and internal consistency of the questionnaire. The questionnaire was distributed to a random sample of 178 participants from the study population.

3-5-2 Cronbach's Alpha Coefficient:
This is a statistical measure that indicates the consistency of results obtained using the same tool over time. It is a measure of the tool's reliability in gathering practical data and reflects how consistently individuals interpret the tool. If the same individuals respond to the tool in the same way after a certain period, it indicates its reliability. The Cronbach's Alpha coefficient is considered acceptable if it is above 60%. The following table shows the results for each variable tested using Cronbach's Alpha:

Table (3-2): Reliability Coefficient

Variable	Items	Cronbach's Alpha	Result
Internal Control Environment	5	0.764	Stable
Control Activities	5	0.774	Stable
Risk Assessment	5	0.883	Stable
Information and Communication	5	0.885	Stable
Monitoring and Supervision	5	0.792	Stable
Financial Report Quality	10	0.907	Stable
Total	45	0.968	Stable

The table above shows that all variables have a Cronbach's Alpha coefficient greater than 60%, confirming that all survey items are reliable and valid. Thus, the questionnaire's items can be relied upon, as they demonstrate internal consistency.
3-5-3 Validity and Internal Consistency of the Questionnaire:

To assess the internal consistency of the questionnaire, Pearson's correlation coefficient was used to determine the relationship between each item and the overall score of the variable to which it belongs. The following tables show the Pearson correlation results for each section:

Table (3-3): Pearson's Correlation Coefficient for Internal Control Environment Items

No.	Item	Correlation	Significance
1	The company regularly reviews its policies and strategies.	0.698	0.000
2	The company enforces control over all employees' responsibilities.	0.627	0.000
3	The company has written rules defining department and employee responsibilities.	0.819	0.000
4	The company informs all employees of their duties in the internal control process in a written and clear manner.	0.840	0.000
5	The company has a merit-based pay and incentive system.	0.662	0.000

The table shows that the correlation results for the internal control environment variable are significant at the 5% level, with a significance value of 0.000, indicating a significant correlation between the variable's components.

Tables for Other Variables: Similar tables (Tables 3-4 to 3-9) for **Control Activities, Risk Assessment, Information and Communication, Monitoring and Supervision,** and **Financial Report Quality** show significant correlations at the 5% level, demonstrating consistency and reliability across all variables.

3-6 Relationship Between Variables in the Questionnaire:

Table (3-10): Pearson's Correlation Coefficient for Study Variables

Variable		Control Environment	Control Activities	Risk Assessment	Information & Communication	Monitoring & Supervision	Financial Report Quality
Control Environment	Pearson Coefficient	1	0.825**	0.699**	0.518**	0.694**
Significance			0.000	0.000	0.000	0.000	0.000
Control Activities	Pearson Coefficient	0.825**	1	0.733**	0.508**	0.671**
Risk Assessment	Pearson Coefficient	0.699**	0.733**	1	0.414**	0.575**
Information & Communication	Pearson Coefficient	0.518**	0.508**	0.414**	1	0.684**
Monitoring & Supervision	Pearson Coefficient	0.694**	0.671**	0.575**	0.684**	1
Financial Report Quality	Pearson Coefficient	0.793**	0.721**	0.694**	0.593**	0.792**

The correlation matrix shows that all correlations between the independent variable and the dimensions of the dependent variable are significant at the 1% level.

3-7 Validity Testing:

Exploratory analysis was conducted, and the results are as follows:

Table (3-11): KMO Analysis for Study Variables

Variable	KMO	Chi-Square	df	Significance
Control Environment	0.686	317.009	10	0.000
Control Activities	0.703	412.602	10	0.000
Risk Assessment	0.824	673.792	10	0.000
Information & Communication	0.674	429.207	10	0.000
Monitoring & Supervision	0.671	428.952	10	0.000
Financial Report Quality	0.777	2177.561	45	0.000

The table shows that the KMO values are above 0.60, and the p-values are less than the allowable margin of error (0.05).

3-8 Kolmogorov-Smirnov Test

Table (3-12): Distribution Test Results

Variable	Control Environment	Control Activities	Risk Assessment	Information & Communication	Monitoring & Supervision	Financial Report Quality
N	178	178	178	178	178	178
Mean	3.9191	3.9360	3.9079	4.0258	4.0708	4.1354
Std. Deviation	0.28637	0.26585	0.25610	0.42093	0.36660	0.33766
Test Statistic	0.431	0.438	0.478	0.307	0.223	0.263
Significance (2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000

The results indicate that the significance values (Sig < 0.05) for all dimensions suggest that the variables do not follow a normal distribution. However, with sample sizes N ≥ 30, non-normality tests are not critical for robustness in tests like ANOVA or t-tests.

3-9 Sample Characteristics

:

Characteristic	Category	Count	Percentage (%)
Gender	Male	121	68.0%
	Female	57	32.0%
Educational Qualification	High School or Less	20	11.2%
	Diploma	54	30.3%
	Bachelor's	74	41.6%
	Master's	23	12.9%
	PhD	7	3.9%
Experience	5 years or less	24	13.5%
	6-10 years	57	32.0%
	11-15 years	54	30.3%
	16-20 years	32	18.0%
	21 years or more	11	6.2%
Age	30 years or less	36	20.2%
	31-40 years	61	34.3%
	41-50 years	63	35.4%
	51 years or more	18	10.1%

The table summarizes the key characteristics of the sample as follows:
1. **Gender:** The majority of respondents are male (68%), while females make up 32%.
2. **Educational Qualification:** Most respondents hold a Bachelor's degree (41.6%), followed by Diploma holders (30.3%). PhD holders represent the smallest group (3.9%).
3. **Experience:** The largest group of respondents have between 6-10 years of experience (32%), while those with 21 years or more have the lowest representation (6.2%).
4. **Age:** The highest percentage of respondents are aged between 41 and 50 years (35.4%), whereas those aged 51 and above constitute the smallest group (10.1%).

3-10 **Description of Research Variables**
To analyze the data related to the research variables, the researcher calculated both the arithmetic mean of the respondents' answers and the standard deviation for each variable. These values were then used to compute the Relative Importance Index (RII) for the items associated with each variable. This process helps in understanding the level of importance and the impact of these variables on the quality of financial reports under modern international standards.

Summary of Research Variables and Their Impact on Financial Report Quality under Modern International Standards"

Variable	Overall Mean	Standard Deviation	RII	Importance Level
Control Environment	3.92	0.286	0.784	Medium to High
Control Activities	3.94	0.266	0.788	Medium to High
Risk Assessment	3.91	0.256	0.782	Medium to High
Information & Communication	4.03	0.421	0.806	High
Monitoring & Supervision	4.07	0.367	0.814	High
Financial Report Quality (Dependent Variable)	4.08	0.348	0.816	High

Commentary:
- **Financial Report Quality** under modern international standards has the highest RII (0.816) and a strong overall mean of 4.08, reflecting a high level of perceived importance and implementation.
- **Control Environment**, **Control Activities**, and **Risk Assessment** have medium-to-high ratings, suggesting moderate performance with areas for improvement.
- **Information & Communication** and **Monitoring & Supervision** are well-established, with high RII values exceeding 0.80.

This suggests that the internal control system positively supports the quality of financial reports, but further enhancements in the control environment and risk assessment could reinforce financial reporting under modern standards.

Chapter Four: Testing the Study Hypotheses

1- **First Main Hypothesis**: There is a relationship between the internal control system and improving the quality of financial reporting in the Iraqi Project Implementation Company.
To test the relationship between the five dimensions of internal control and the dependent variable (financial report quality), the researcher used canonical correlation analysis, which is appropriate for this type of analysis. The results are presented as follows:

Canonical Coefficients	Linear Relationship	Dependent Variable

1.339	0.997	Financial Report Quality

Source: Prepared by the researcher based on SPSS outputs, version 25.

The table shows the linear relationship between the independent variable (internal control) and the dependent variable (financial report quality). The correlation values between internal control and financial report quality are 99.7%, which indicates a strong positive relationship. The standardized coefficients show that a 1% change in internal control leads to a 133.9% improvement in financial report quality.

2- **First Sub-Hypothesis of the First Main Hypothesis**: There is a relationship between the internal control system and improving the quality of financial reporting in the Iraqi Project Implementation Company.

The researcher used simple regression analysis to test this hypothesis, as it examines the relationship between internal control and financial report quality. The results are as follows:

Main Hypothesis	Independent Variable	Dependent Variable	R	R Square	Adjusted R Square	Std. Error	Sig.
First Sub-Hypothesis	Internal Control	Financial Report Quality	0.852	0.725	0.724	0.183	0.000

Source: Prepared by the researcher based on SPSS outputs, version 25.

The table shows the result of testing the first sub-hypothesis of the first main hypothesis. Pearson's value (0.852) indicates a strong positive correlation between internal control and financial report quality. The R Square value (0.725) shows that internal control explains 72.4% of the variance in financial report quality. The adjusted R Square (0.724) further confirms the strong correlation, with a standard error of 0.183. Based on the significance level (Sig. = 0.000), which is less than 0.05, the alternative hypothesis is accepted, indicating a significant relationship between the studied variables.

3- **Second Sub-Hypothesis of the First Main Hypothesis**: There is a relationship between the internal control system and improving financial compliance in the Iraqi Project Implementation Company.

The researcher used simple regression analysis to test this hypothesis. The results are as follows:

Main Hypothesis	Independent Variable	Dependent Variable	R	R Square	Adjusted R Square	Std. Error	Sig.
Second Sub-Hypothesis	Internal Control	Financial Compliance	0.809	0.654	0.652	0.199	0.000

Source: Prepared by the researcher based on SPSS outputs, version 25.

The table shows the result of testing the second sub-hypothesis of the first main hypothesis. Pearson's value (0.809) indicates a strong positive correlation between internal control and financial compliance. The R Square value (0.654) shows that internal control explains 65.2% of the variance in financial compliance, with a standard error of 0.199. Based on the significance level (Sig. = 0.000), which is less than 0.05, the alternative hypothesis is accepted.

4- **Second Main Hypothesis**: There is a statistically significant impact of the internal control system on improving the quality of financial reporting in the Iraqi Project Implementation Company.

To test the impact between the five dimensions of internal control and the dependent variable (financial report quality), the researcher used canonical correlation analysis. The results are presented as follows:

Canonical Correlations	Correlation	Eigenvalue	Wilks Statistic	F Value	Num D.F	Denom D.F	Sig.
Financial Report Quality	0.875	3.281	0.188	44.649	10.000	342.000	0.000

Source: Prepared by the researcher based on SPSS outputs, version 25.

The table shows that the F-value for financial report quality is significant at (Sig. = 0.000), which is less than the significance level ($\alpha = 0.05$). This indicates that there is a significant impact of the independent variable (internal control) on the dependent variable (financial report quality).

5- **First Sub-Hypothesis of the Second Main Hypothesis**: There is a statistically significant impact of the internal control system on improving the quality of financial reporting in the Iraqi Project Implementation Company.

The researcher used multiple regression analysis to determine the impact between internal control and financial report quality. The results are as follows:

Model	Sum of Squares	D.F.	Mean Square	F Value	Sig.
Regression	15.121	4	3.780	103.898	0.000
Residual	6.294	173	0.036		
Total	21.416	177			

Source: Prepared by the researcher based on SPSS outputs, version 25.

The F-value is significant at (Sig. = 0.000), which is less than the allowable error of 0.05, leading to the acceptance of the hypothesis.

The researcher also estimated the coefficients of the equation as follows:

Model	B	Std. Error	Beta	t Value	Sig.
Control Environment	0.441	0.087	0.363	5.088	0.000
Control Activities	0.147	0.095	0.136	6.452	0.000
Risk Assessment	0.280	0.077	0.206	3.645	0.000
Information & Communication	0.052	0.042	0.163	3.223	0.000
Monitoring & Supervision	0.376	0.059	0.396	6.387	0.000

Source: Prepared by the researcher based on SPSS outputs, version 25.

The table shows that the t-values are significant at (Sig. = 0.000), indicating an impact of internal control dimensions on financial report quality. The most influential dimension is the control environment, where a 1% increase in control environment leads to a 44.1% improvement in financial report quality.

6- **Second Sub-Hypothesis of the Second Main Hypothesis**: There is a statistically significant impact of the internal control system on improving the level of financial compliance in the Iraqi Project Implementation Company.

The researcher used multiple regression analysis to determine the impact between internal control and financial compliance. The results are as follows:

Model	Sum of Squares	D.F.	Mean Square	F Value	Sig.
Regression	14.312	5	2.862	83.886	0.000
Residual	5.869	172	0.034		
Total	20.180	177			

Source: Prepared by the researcher based on SPSS outputs, version 25.

The F-value is significant at (Sig. = 0.000), which is less than the allowable error of 0.05, leading to the acceptance of the hypothesis.

The researcher also estimated the coefficients of the equation as follows:

Model	B	Std. Error	Beta	t Value	Sig.
Control Environment	0.254	0.093	0.216	2.729	0.007
Control Activities	0.102	0.087	0.145	3.544	0.000
Risk Assessment	0.283	0.083	0.215	3.432	0.000
Information & Communication	0.212	0.045	0.115	3.270	0.000
Monitoring & Supervision	0.488	0.063	0.530	7.715	0.000

Source: Prepared by the researcher based on SPSS outputs, version 25.

The table shows that the t-values are significant at (Sig. = 0.000), indicating an impact of internal control dimensions on financial compliance. The most influential dimension is monitoring and supervision, where a 1% increase leads to a 48.8% improvement in financial compliance. This suggests a positive and strong relationship between internal control systems, particularly the monitoring and supervision dimension, and financial compliance. The increase in internal control measures, especially through thorough monitoring and supervision, can result in substantial improvements in the accuracy and reliability of financial compliance within the company.

5-1 Conclusions

5-1-1 Analysis Results

1. **Internal Control Dimensions**: The results show that the "monitoring and supervision" dimension ranked first with an average score of 4.07, followed by "information and communication" with an average score of 4.03, "control activities" with 3.94, "control environment" with 3.92, and finally "risk assessment" with 3.91. This suggests that improving internal controls requires a deeper understanding of the current monitoring activities and challenges faced by the company. By analyzing these areas, auditors can identify necessary actions to strengthen and enhance the internal control system, which will ultimately improve financial report quality.

2. **Financial Reporting Quality**: The findings show that the quality of financial reports is rated highly, with an overall average score of 4.08. The highest score (4.41) was for the company's assistance in ensuring that employees understand the mechanisms of financial reporting and internal control procedures, while the lowest score (3.90) indicated that there is room for improvement in making significant organizational changes that could enhance reporting accuracy and transparency. The company should focus more on improving the internal communication of reporting procedures and ensuring that these processes are well-understood across departments.

3. **Financial Reporting Accuracy**: The accuracy of financial reports was also rated highly, with an overall average score of 4.14. The highest score (4.40) was related to the company's efforts in regularly reviewing customer needs and ensuring compliance with financial reporting standards, while the lowest score (3.91) indicated that there is a need for more strategic planning to enhance continuous improvement in reporting. The company should ensure that its reporting structures are well-designed and efficient to meet organizational objectives and stakeholder expectations.

4. **Company Policies and Review Mechanisms**: The study revealed that the company regularly reviews its policies and strategies and reinforces internal control by assigning responsibilities to all employees, ensuring they are aware of their tasks under the internal control system.

5. **Separation of Duties**: The results indicate that the company ensures the principle of task separation and uses written financial and administrative reports as a monitoring tool.

6. **Risk Management**: The company considers the cost-benefit principle when assessing risks and sets quick procedures to address those risks, with the internal audit department defining acceptable risk levels.

7. **Effective Communication**: The company has established effective communication channels to ensure that employees understand the procedures related to the internal control system, which contributes to improving internal control processes through increased employee awareness.
8. **Access to Documents**: The study showed that employees working in the internal audit department have full authority to access all documents and records, and the company uses the results of performance evaluations to address weaknesses and improve its operations.

5-1-2 Hypothesis Testing Results

1. **Internal Control and Financial Report Quality**: The study found a strong relationship between the internal control system and the improvement of financial report quality in the Iraqi Project Implementation Company. The correlation between internal control and financial report quality was 99.7%, indicating an excellent and strong association. A 1% change in internal control resulted in a 133.9% improvement in financial report quality.
2. **Internal Control and Financial Reporting Improvements**: There is a strong correlation between the internal control system and the improvement of financial report quality, with a Pearson correlation value of 0.852, indicating a significant positive relationship.
3. **Risk Management and Financial Reporting**: There is a significant correlation between the internal control system and risk management, with a Pearson correlation of 0.809, indicating a strong link between internal control and risk management effectiveness.
4. **Statistical Significance of Internal Control**: The study revealed a statistically significant effect of the internal control system on improving financial report quality, with a greater impact observed in the monitoring and supervision dimension compared to other dimensions.
5. **Control Environment and Reporting**: The internal control environment had the most significant impact on financial report quality, with a 44.1% improvement in financial reporting resulting from a 1% increase in the control environment.
6. **Monitoring and Supervision Impact**: The monitoring and supervision dimension showed a statistically significant impact, with a 48.8% improvement in financial report quality, emphasizing the importance of rigorous monitoring in ensuring accurate and reliable reporting.

5-2 Recommendations

5-2-1 General Recommendations

1. **Establish Clear Responsibilities**: The company should ensure that written guidelines clearly define the responsibilities and duties of departments and employees, and communicate these responsibilities transparently to enhance the effectiveness of internal control procedures.
2. **Utilize Financial Reports for Monitoring**: It is important for the company to use written financial and administrative reports as key monitoring tools and include periodic comparisons of results over different periods to identify trends and areas for improvement.
3. **Continuous Risk Assessment**: The company should continuously assess risks through the internal audit department to determine acceptable risk levels and establish appropriate mechanisms to evaluate all potential risks.
4. **Strengthen Information Security**: The company should ensure its financial and operational information systems are secure from breaches, while also providing adequate academic and practical training for internal audit staff, encouraging them to contribute innovative ideas that can improve internal control processes.
5. **Leverage Performance Evaluation Results**: The company should use the results of performance evaluations and internal audits to address weaknesses in operations and make necessary structural changes that can enhance reporting accuracy.
6. **Update Strategies and Systems**: The company should regularly update its strategies, product designs, services, and internal control systems, while seeking input from research and consultancy firms to determine future directions.
7. **Adopt Innovative Technologies**: The company should invest in new technologies and innovative methods for its operations, and adopt mechanisms for comparing achieved performance with set objectives based on established benchmarks, to foster continuous improvement.
8. **Provide Resources for Effective Operations**: The company should ensure it provides sufficient staff, equipment, and resources on a regular basis to meet operational requirements, while designing organizational processes that align with employee suggestions for greater efficiency.

5-2-2 Recommendations for Academics and Researchers

1. **Further Studies on Internal Control**: Future research should focus on the internal control system and its various dimensions, studying each dimension in-depth to understand the awareness of Iraqi organizations regarding the importance of internal control systems.
2. **Exploring Control Dimensions Separately**: Studies should also explore the individual impact of each dimension of internal control on financial report quality in different sectors or industries.
3. **Suggested Research Topics**:
   o   The impact of internal control on financial reporting quality in the era of electronic transactions.
   o   A study on the influence of internal control systems on the accuracy and transparency of financial reports.
   o   Challenges and risks associated with implementing internal control and its impact on the quality of financial reporting in organizations in Iraq.

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