The Administration & Economic College Journal
`For Economics & Administration & Financial Studies
Vol. 18,N.1, P P. 26-54
ISSN PRINT 2312-7813
ISSN ONLINE 2313-1012
مجلة كلية الإدارة والاقتصاد للدراسات الاقتصادية والإدارية والمالية
المجلد 18، العدد 1، 2026 ص ص 26-54

Assessing the Impact of Internal Audit Efficiency on Corporate Financial Performance: Evidence from the Private Sector in Sulaymaniyah Province

SHERZAD NOORI ALI[1(*)], BARHAM KHALID HASSAN[(**)], ARAZ MOHAMMED MAHMOOD[(***)], HADI MUHAMMED AHMED[(****)], SHAKHAWAN SAEED SANGAWI[(*****)]

Abstract

The purpose of this study is to examine the effect of internal audit effectiveness on corporate financial performance (CFP) in the private sector of Sulaymaniyah Province, Kurdistan Region, Iraq. Data were collected from a survey that was administered to audit practitioners using an instrument adapted for the purpose of this study and focused on five types of audits: compliance, financial, environmental (or sustainability), IT, and operational. We used IBM SPSS Statistics—Version 23 and conducted Pearson's correlation and multiple linear regression (OLS) analyses. The internal consistency analysis showed that the instrument was very reliable (Cronbach's Alpha = 0.893), which confirmed the answers given by the participants.

(*)Department of Accounting, College of Administration and Economics, Charmo University, Sulaymaniyah, Kurdistan Region, Iraq.
(**)Department of Accounting, College of Administration and Economics, Charmo University, Sulaymaniyah, Kurdistan Region, Iraq.
(***)International Commerce Department, College of Commerce, University of Sulaymaniyah, Kurdistan Region, Iraq.
(****)Department of Accounting, College of Administration and Economics, Charmo University, Sulaymaniyah, Kurdistan Region, Iraq.
(*****)Department of Accounting, College of Administration and Economics, Charmo University, Sulaymaniyah, Kurdistan Region, Iraq.

The correlation analysis showed that all aspects of the audit had a positive relationship with the CFP, with IT Audit being the most significant, with r = 0.51, p = 0.000. Financial, environmental, and IT audits had statistically significant positive effects on CFP, while the compliance and operational audit categories did not contribute significantly. The multiple linear regression model explained $R^2 = 0.391$ (39.1%) of the variance in firm performance (OLS estimation), displaying moderate explanatory power. These results highlight the strategic value of integrating high-impact audit activities such as financial, environmental, and technology auditing into corporate governance mechanisms. The study suggests that these areas need to be given priority, multicollinearity among the audit functions needs attention, and more research is needed on mediating factors and causal dynamics in auditor-performance relationships.

Keywords: Internal Audit; Corporate Financial Performance; Financial Audit; Environmental Audit; IT Audit.

Introduction

In the rapidly changing and highly regulated business environment of today, companies are under tremendous pressure to remain accountable, operate efficiently, and deliver strong financial performance. Internal auditing is one of the most significant tools they utilize for this. Beyond being a box-ticking activity, internal auditing assists companies to appraise risks and ensure they can rely on their processes as well as strengthen governance holistically. As companies expand and evolve, so do their audits to now include financial checks plus compliance, systems for information technology networks or the environment, as well as routines.

And despite their importance, we don't have that much real-world evidence on how different types of audits affect a company's bottom line (Rashid, 2022). The majority of studies to date have concentrated on external audits or audit effectiveness in aggregate, yielding a lack of knowledge about how individual practices regarding internal audit impact financial performance. It's not just a theoretical piece missing it has real meaning for how businesses can work smarter and more profitably. (DR ENOFE, 2024) explains that a compliance audit is a thorough process used to check whether an organization is following the required rules and regulations, as this can influence how well the company performs financially. (B. H. & S. Ibrahim, 2023) notes that one key role of the internal auditor is to ensure the company's financial statements are prepared accurately and with high quality, which can help boost the company's overall financial performance (H. M. Ahmed et al., 2025). Environmental audits may impact a company's profits in both positive and negative ways. On one hand, they may help reduce costs, prevent fines, and make the company more attractive to investors. On the other hand, the initial costs of these audits may put pressure on the budget (Mahmod & Mohammad, 2023). However, companies that actively use the audit results to drive improvements may benefit more in the long run than those that only meet the minimum requirements. The most common type of environmental audit focuses on checking the reliability of the reporting system and the accuracy, relevance, and completeness of the information based on the goals of the company or its stakeholders (Erinoso & Oyedokun, 2022). IT audits take a close look at how well a company's IT systems are working and how secure they are, ensuring they support the production of accurate and timely financial reports. By identifying problems and risks early, these audits help companies simplify their processes, avoid mistakes,

and reduce costs, which can improve their financial health over time. Performance audits may assess the efficiency and effectiveness of a company's internal processes and provide reports that help improve accuracy promptly. By identifying risks and operational shortcomings, audits can streamline processes, reduce errors, and control costs all of which can positively impact financial performance in the long run (Rashid et al., 2022).

Problem Statement

More and more companies are using internal audits to improve their performance, but we still don't fully understand how different audit types—such as financial, compliance, IT, environmental, and operational audits—impact the bottom line. If businesses want to audit more effectively and drive real improvement in today's fast-paced, complex world, they need to know which audits deliver the most value and why.

Research Objectives

To explore how internal audit efficiency influences a company's financial performance.

To take a closer look at how each type of audit—compliance, financial, environmental, IT, and operational—affects financial results.

To determine which kinds of internal audits make the biggest difference in improving financial performance.

Research Questions

1. How much does the efficiency of internal audits impact a company's financial performance?

2. In what ways does the effectiveness of compliance audits relate to a company's financial results?

3. How do different types of audits—financial, environmental, IT, and operational—each influence a company's overall financial health?

Significance of the Study

This study provides valuable insights into the ongoing conversation about corporate governance and company performance by demonstrating how internal audit functions impact financial outcomes. The results will enable businesses to utilize their internal audit resources more effectively, establish stronger internal controls, and make more informed strategic decisions. At the same time, the research offers useful guidance for policymakers and regulators as they create rules that promote efficient audits to boost overall performance.

1. Literature Review

(Hazaea et al., 2021) researched on the impact of internal audit practices on financial performance in Yemen's commercial banks. They found that banks do well when their auditors are highly qualified in finance and accounting. On the other hand, just having auditors who were independent and therefore objective didn't show much impact on financial results. The study found that bigger audit teams and more frequent meetings can hurt performance, interestingly enough. Increasing the quality and focus of audit mechanisms, rather than just expanding them, could be a more effective way to promote financial health at banks if these findings are any indication.

(HAZAEA et al., 2020) investigated the impact of internal audit (IA) on the financial performance of commercial banks in Yemen. Among the specific elements covered in their study were factors such as internal auditors' independence, compliance with audit standards, adoption of governance principles, and size of the auditing function; how frequently an audit committee is represented was also studied. When auditors radically focus on established standards and operate within strong governance arrangements, banks are better off financially. In contrast, the overall effect of audit committee size and meeting frequency was positive but small. A major interesting point is that better financial results are related to the presence of automated internal audit applications. These results underscore the need for improving internal audit practices, particularly in emerging markets.

(S. Ibrahim et al., 2017) investigates how effective internal control systems play a vital role in boosting financial performance. Internal control can help an organization to prevent or/or detect fraudulent acts. Despite the fact that the Ministry of Health in Ghana adopted new policies to enhance these systems, health facilities in the Upper West Region continue to exhibit low financial performance. An ordered logistic regression was used to study five health organizations, finding a positive association between internal control and financial performance." In terms of statistical significance, only three control variables were not significant. The research advocated periodic internal control reviews based on audit report findings.

(Abdulai et al., 2021) A study shows that internal auditing is no longer limited to the financial sector: It has become instrumental in overseeing a company's social and environmental accounts. The Balanced Scorecard technique was used, yielding the possibility of achieving more reliable and trustworthy information through the inclusion in reporting on sustainability. Drawing on data from the manufacturing

sector in 2017–2020, it pinpointed major failings such as poor financial oversight and a failure to scrutinise sustainability issues that led public confidence to plummet. The study also suggested giving more weight to sustainability indicators as financial ones. This enables stakeholders to have a clearer picture of the real impact on society of an organization and builds confidence in corporate reporting. (Ahmad, 2018) reported that internal audit is a powerful tool (for evaluating the accuracy of financial information) and promoting good performance by using effective controlling activities. It is particularly vital in banking because it gives insight into vulnerabilities and helps improve governance. Questionnaires were employed to measure the correlation between internal audit and the performance of 364 employees in Jordanian banks. Most of the time, a significant positive correlation was observed by multiple regression analysis. Arab Bank was an outlier, though-- the extent to which internal audits do work might be a factor of implementation quality or organization context. The research is validating internal auditing but underlines the need for institution-based strategies.

1.1. Theoretical Review

This study is underpinned by the agency theory, stewardship theory, and system of internal control theories that provide a body of knowledge on the important role played by audit in financial improvement corporate performance. Agency theory emphasizes the agency conflict between managers (agents) and shareholders (principals), with audits providing monitoring to control managerial opportunism, assure accountability from management, and foster actions consistent with stakeholder objectives. According to stewardship theory, managers are trusted stewards of firm resources, and effective auditing helps management achieve good decisions for the overall benefit of the company. Furthermore, the systems theory

considers compliance as a part of an internal audit function and other functions such as financial audit, environmental or IT-related audits that can be objectively viewed by externaal parties to determine if it is functioning effectively within control system for organizations in detecting inefficiencies, irregularities (cases) showing level of their concepts obstructions/regulatory breaches. So, the auditing serves not just as a control, but also is an effective means of strategy for managing risks and improving the process to increase performance. Building on these theories, our study examines the relationships among various types of audits and better internal controls, and fewer inefficiencies-based research.

1.2. Conceptual Framework

1.2.1. Compliance audit

A compliance audit is a careful check to see if an organization is following the rules—whether they're set by the government, industry, or the organization itself. It helps keep the business accountable, avoid fines, and run more smoothly and reliably. (DR ENOFE, 2024) stated that many experts see compliance auditing as a way to review how well internal controls are working; this helps ensure reliable audit results and reduces the chances of legal issues. This can also help improve the financial performance of any organization. (Tshipa, 2015) refers to the increasing focus on the connection between compliance audits and firm performance, which arises from mixed research results and sparks ongoing discussions about whether stronger corporate governance truly drives organizational improvement. I believe that compliance audits that focus on the adherence of all staff within the facility may also improve the company's treasury performance.

1.2.2. Financial audit

Financial auditing is the independent verification of an institution's financial records to ensure accuracy and compliance with applicable laws, regulations, or standards. Auditors examine the controls and all transactions, then provide their opinion on the company's financial statements, assessing the extent to which they are free from fraud. This, in turn, gives confidence to the users of the financial statements (H. M. Ahmed et al., 2025). stated that auditing financial statements serves as a supervisory process that minimizes information gaps and safeguards the interests of various stakeholders by offering reasonable assurance that the financial statements prepared by management do not contain significant errors or misstatements. It may also attract investors by encouraging better investment decisions and potentially enhancing financial performance (Mohammed & Mahmood, 2023). explore internal audit is one of the important methods of internal control. The presence of an internal auditor ensures effective internal control. Units must ensure that internal audits are carried out in accordance with the standards assigned to them. This ensures the accuracy of their data and the reliability of their financial statements and analyzes the results to identify their strengths and weaknesses.

1.2.3. Environmental audit

An environmental audit is a systematic, fact-based method of assessing an institution's compliance with environmental laws and applicable environmental management regulations. (Erinoso & Oyedokun, 2022) refers to an environmental audit as a process of assessing and measuring a company's environmental conditions and practices. It includes objective, third-party reviews to determine the overall compliance of facilities with local environmental laws and regulations. (C. O. Mgbame, 2013) stated Audited environmental accounting information contains qualitative or quantitative data – whether financial or non-financial – related to the

environmental impacts of a company's operations, which may affect its financial and economic framework. When companies are required to comply with applicable environmental audit laws and regulations, it may affect their finances.

1.2.4. IT audit

An organization's IT systems, infrastructure, and processes are thoroughly examined by IT auditors to determine their effectiveness and compliance with applicable laws and regulations. This type of audit helps identify risks, ensure that IT controls are functioning properly, and verify that the technology used aligns with the company's goals and complies with regulations. (Effiok & Bassey, 2015) stated that a thorough assessment of technology systems is the responsibility of an IT auditor, who also evaluates the effectiveness of the systems, security, and compliance with regulations. The purpose is to identify potential risks, verify the proper functioning of IT controls, and ensure that technology operations support the organization's legitimate goals and obligations (Salih et al., 2025).

1.2.5. Operational audit

Administrative auditing focuses on the activities of each institution. Rather than concentrating on just one area, such as financial reports or a single department, it takes a broader view, reviewing how everything works across the organization. The Institute of Internal Auditors (IIA) definition of operational audit, as cited by Benny (Basannang et al., 2024) is: "Operational auditing is a systematic process that evaluates the effectiveness and efficiency of an organization's management control and communicates the assessment results and improvement recommendations to the appropriate individuals. I think if an operational audit is conducted efficiently, it

may be reflected in improved financial performance for the organization (A. M. Ahmed & Muhammed, 2018).

1.2.6. Corporate Financial Performance

Financial performance shows how companies manage their assets effectively for example, how they handle pressure on their financial situation. It involves monitoring what the company owns, its revenues and expenses, and how it manages its resources. The focus is on the company and the overall management of its assets. "(Asiligwa & Rennox, 2017) refers to performance as an organization's ability to operate proactively, maintain consistent profitability, achieve sustainable growth, and respond effectively to environmental challenges. Effective financial performance in any institution may result from closely monitoring the details of its operations, which requires establishing a robust internal audit system across all areas (Matoke & Omwenga, 2016). This can help reduce wasted time and expenses, increase revenue, and ensure compliance with all applicable laws and regulations. According to (Odek, 2019), performance refers to the strength and ability to work effectively, maintain high levels of productivity and profitability, and respond to environmental opportunities and threats.

1.3. Hypotheses Development

H1: Compliance Audit (COM.A) has a significantly positive impact on corporate financial performance (CFP).

H2: Financial Audit (FIN.A) has a significantly positive impact on corporate financial performance (CFP).

H3: Environmental Audit (ENV.A) has a significantly positive impact on corporate financial performance (CFP).

H4: Information Technology Audit (IT. A) has a significantly positive impact on corporate financial performance (CFP).

H5: Operational Audit (OPE.A) has a significantly positive impact on corporate financial performance (CFP).

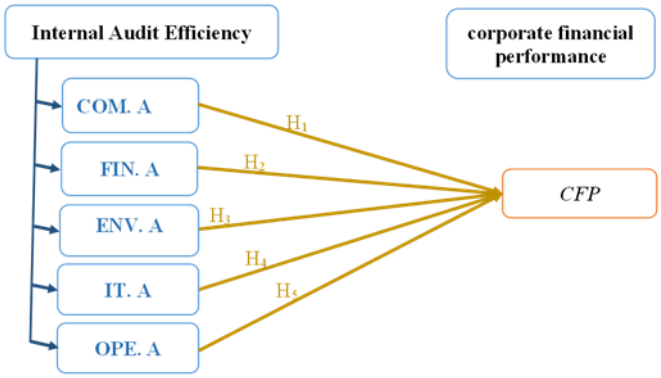

Figure 1. Research framework

Source: created by the writers

2. Research Design and Methodology

2.1. Research Design

This study utilized a quantitative, cross-sectional research approach to investigate the correlation between internal audit efficiency and corporate financial performance (CFP) across private sector entities in Sulaymaniyah province/Kurdistan Region/Iraq. The design was selected as it facilitates statistical testing of suggested correlations between various independent variables (audit aspects) and a singular dependent variable (CFP).

2.2. Population and Sample

Professional employees in Sulaymaniyah province's private sector organizations submitted the data. Applying a convenience sampling technique, the study included

businesses of various sizes and focused on businesses in the manufacturing, trade, and service sectors. Professional employees of these organizations were given 192 hardcopy questionnaires in person; 111 valid responses were returned (response rate = 57.8%). Time constraints and disinterest were the main causes of non-responses, which could reduce representativeness. However, professionals from a variety of industries in the province are sufficiently represented in the final sample. Confidentiality was guaranteed, and participation was entirely voluntary.

2.3. Instrument / Measurement

The respondents submitted a total of 38 items on the survey. seven of these items gathered demographic data from the respondents, such as age, education, and work experience. The study constructs were evaluated by the remaining 31 items, which included the dependent variable (Corporate Financial Performance, CFP) and each of the variables that were independent (Compliance Audit, Financial Audit, Environmental Audit, IT Audit, and Operational Audit). Each of the other constructs had five items, with the exception of Operational Audit, which had six items. A 5-point Likert scale was utilized to rate each item (1 being strongly disagree and 5 being strongly agree). Strong internal consistency was confirmed through reliability analysis using Cronbach's alpha for each set of items, and construct validity was established based on previous research from which the items were adapted.

2.4. Variables:

Dependent Variable: Corporate Financial Performance (CFP).

Independent Variables: Compliance Audit (COM.A), Financial Audit (FIN.A), Environmental Audit (ENV.A), Information Technology Audit (IT.A), and Operational Audit (OPE.A).

2.5. Analysis of Data

IBM SPSS Statistics, Version 23, was utilized to code and analyze the data. The analyses outlined below have been carried out:

Descriptive statistics are applied for gathering sample characteristics and demographic information.

Cronbach's alpha is utilized in reliability testing to evaluate an instrument's internal consistency.

Correlation Analysis: Bivariate relationships between the audit dimensions and CFP were tested using Pearson's correlation (r).

Regression Analysis: To examine the predictive ability of the five audit dimensions on CFP, a multiple linear regression model (Ordinary Least Squares, or OLS) was applied.

$$\boldsymbol{CFP = \beta 0 + \beta 1(COM.A) + \beta 2(FIN.A) + \beta 3(ENV.A) + \beta 4(IT.A) + \beta 5(OPE.A) + \epsilon}$$

Model fit was assessed using R^2, adjusted R^2, F−statistics, and significance levels ($p < 0.05$)

Where,

CFP: Corporate Financial Performance (dependent variable); COM.A: Compliance Audit (Independent variables); FIN.A: Financial Audit (Independent variables); ENV.A: Environmental Audit (Independent variables); IT. A: Information Technology

Audit (Independent variables); OPE.A: Operational Audit (Independent variables); β = Coefficients (showing impact strength/direction); ε = Error term.

3. Results and Discussion

3.1. Statistics, Descriptive

Pie chart 2 indicates the results that most of the respondents have more than 10 years of work experience, which is significantly the most senior group. This is followed by the group with a working age of 6–10 years, whereingeneral this group of respondents was moderately involved in answering the questions. Another group of respondents had 2–5 years of work experience, which ranked third among the respondents. In addition to these three groups. Another group has less than two years of work experience and is in the last position to answer the questions. This means that experienced people are more dominant among their respondents. As a result, that invitation received responses only from many years of practice.

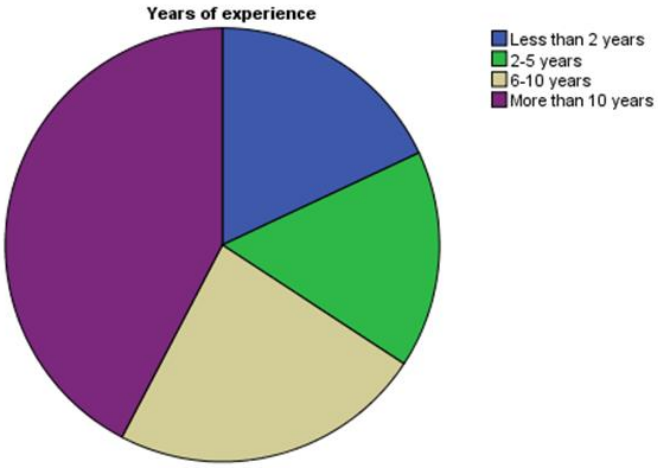

Figure 2. Experience

Source: IBM SPSS Version 23 data processing

Pie Chart 3: Most of the people who participated in answering the questions hold a bachelor's degree, which comes in first place. Then, the respondents who come second are the people holding master's degrees. In the third place, people with diplomas are involved in answering the questions. The last group of respondents included those with doctoral degrees.

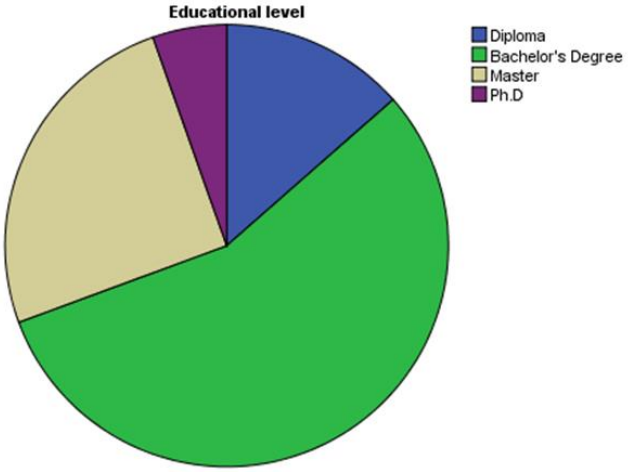

Figure 3. Certificate level

Source: IBM SPSS Version 23 data processing

The results of the pie chart 4 suggest that the respondents are randomly divided into three occupational sectors. who are primarily among the respondents working in the goods and trade sector. The sector was followed by manufacturing companies whose employees participated in answering the questions. Finally, the service sector is another sector whose employees participated in answering the questions and comes in last place.

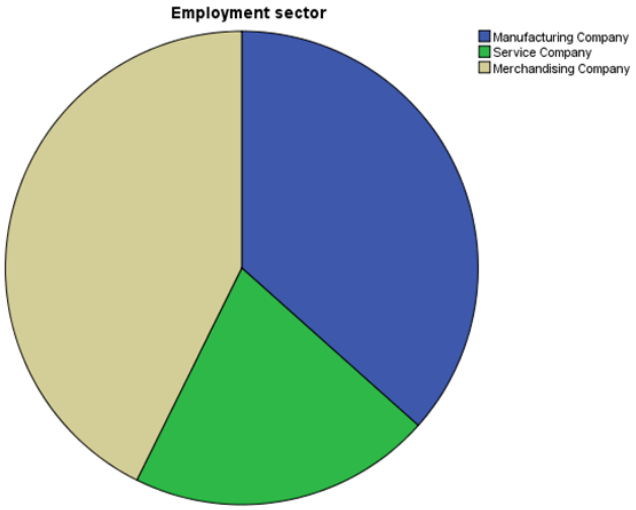

Figure 4. Type Sectors Participants

Source: IBM SPSS Version 23 data processing

Table 1: Cronbach's alpha was utilized to assess the measurement scales' reliability for the purpose to ensure the constructs' internal consistency. The independent variables Compliance Audit ($\alpha = 0.838$), Financial Audit ($\alpha = 0.809$), Environmental Audit ($\alpha = 0.891$), IT Audit ($\alpha = 0.884$), and Operational Audit ($\alpha = 0.900$) all have Cronbach's alpha values which indicate good to excellent reliability, as shown in Table 1. Acceptable reliability was also shown by the dependent variable, Corporate Financial Performance ($\alpha = 0.703$). Multiple items, ranging from five to six, have been utilized to measure each construct, to guarantee the items consistently measure the intended concepts. The scales were suitable for further linear regression analysis to test the proposed relationships between audit practices and corporate financial performance, as all constructs demonstrated acceptable to high internal consistency.

Variables	Number of Items	Cronbach's Alpha
Compliance Audit	5	0.838
Financial Audit	5	0.809

Environmental Audit	5	0.891
IT Audit	5	0.884
Operational Audit	6	0.900
Corporate Financial Performance (DP)	5	0.703

Table 1. Reliability Statistics

Source: IBM SPSS Version 23 data processing

3.2. Results of Correlation

Table 2 correlation reveals that all independent variables (COM.A, FIN.A, ENV.A, IT.A, and OPE.A) are found to be significantly and positively associated with Corporate Financial Performance (CFP). The relation between OA(IT.A) and CFP is maximum with a correlation coefficient of 0.562, followed by FA (FIN.A), which stands at r = 0.483. Moderate relations are also present between Compliance Audit (COM.A) and Environmental Audit (ENV.A) (r = 0.440, r = 0.437). The lowest correlation is found between IT Audit (OPE.A) and CFP (r = 0.423), which remains significantly positive. Moreover, highly intercorrelated independent variables are found, especially (COM.A, FIN.A, ENV.A, IT.A, and OPE.A) (r = 0.818), and also with FIN. A (r = 0.805). These high values are an indication of multicollinearity, which should be resolved prior to analyzing the regression. All the independent variable is significantly related to CFP at 0.01, and this confirms that the audit function creates a financial performance. This provides evidence to support the theoretical proposition that there is a positive association between auditing and financial results.

		CFP	COM.A	FIN.A	ENV.A	IT.A	OPE.A
Pearson Correlation	CFP	1					
	COM.A	.440	1				
	FIN.A	.483	.805	1			
	ENV.A	.437	.466	.385	1		
	IT.A	.562	.788	.694	.488	1	
	OPE.A	.423	.818	.779	.501	.771	1

Table 2. Correlations

Source: IBM SPSS Version 23 data processing

3.3. Regression Model

Table 3 shows the summary of the regression model demonstrates that independent variables (COM.A, FIN.A, ENV.A, IT.A, and OPE.A) explain moderately on Corporate Financial Performance (CFP), as the value for R Square is 0.391. That is, 39.1% of the variability in CFP can be attributed to those five factors included in the model used. The Adjusted-R-Square is 0.362, a bit smaller than the unadjusted R-Squared value; however, this indicates that our model terms continued to be supported even after making adjustments for potential overfitting of predictors. SE of estimate A SE value for the error is 3.04676 at the mean used to calculate this measure, which means that we can make a moderate prediction in predicting CFP based on these covariates. The F test value of 13.496 and p-value less than 0.001 indicate the overall significance of the regression model, implying that, as a whole, audit-based variables (COM.A, FIN.A, ENV.A, IT.A, and OPE.A)

have been successful in predicting changes in corporate financial performance. This supports the argument that auditing quality is a value-relevant attribute.

M	R	R Square	Adjusted R Square	Std. Error	Change Statistics				
					R Square Change	F Change	df 1	df 2	Sig. F
1	.625 a	.391	.362	3.04676	.391	13.496	5	105	.000
a. Predictors: COM.A, FIN.A, ENV.A, IT.A, and OPE.A									
b. Dependent Variable: Corporate Financial Performance									

Table 3.Model Summary

Source: IBM SPSS Version 23 data processing

3.4. ANOVA Test

According to the results of Table 4, which indicates the ANOVA results. based on it can be said that R square=0.446 for CFP shows in general, this model has been statistically significant regarding the explanation and understanding of corporate financial performance variance. The regression Sum of Squares is 626.412, the residual sum of squares is 974.687, and hence total variance in model =1601.099. There were significant differences (F = 13.496, p < 0.001). The high value of F and the low level of significance support that all independent variables (COM.A, FIN.A, ENV.A, IT.A, and OPE.A) as a set have enough influence over CFP. Put another way, the model correctly anticipates corporate financial performance conditioned on

distinct audit practices. This is very supportive of the ideas advanced in this research.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	626.412	5	125.282	13.496	.000 b
	Residual	974.687	105	9.283		
	Total	1601.099	110			
a. Dependent Variable: CFP						
b. Predictors: COM.A, FIN.A, ENV.A, IT.A, and OPE.A						

Table 4. ANOVA Test

Source: IBM SPSS Version 23 data processing

3.5. Results of Regression

The coefficients table 5 also discloses the separate capabilities of audit dimensions on Corporate Financial Performance (CFP). The level of 8.734 indicates that the underlying situation, if no audit is taken, would be at CFP = 8.734. Compliance Audit presents a negative and non-significant effect (B = −0.167, p = 0.273), suggesting no significant association with CFP. On the other hand, Financial Audit exerts statistically positive effects on financial performance by representing B = 0.326 at p ≤.05, which indicates its support toward economic value added. In the same way, Environmental Audit has a significant effect on CFP (B = 0.189, p = 0.007), which indicates that auditing practices in an environmentally responsible manner facilitate performance. The greatest influence derives from IT Audit, which has a strong positive and highly significant impact (B = 0.425; p <.001), providing a

clear signal that technology-based audit practices play crucial roles in enhancing a firm's performance. Operational Audit, meanwhile, reflects a compliance audit by exhibiting negatively insignificant connection regarding Public Sector Auditing standard (B = −0.161, p = 0.157). On the whole, results show how both financial and environmental audits, as well as IT audit, such a source of drivers for organisations' performance in terms of organisational finance, while compliance and operational auditing are not statistically significant against corporate performance.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Constant	8.734	1.517		5.756	.000
	COM.A	−.167	.151	−.178	−1.102	.273
	FIN.A	.326	.129	.348	2.530	.013
	ENV.A	.189	.069	.246	2.742	.007
	IT.A	.425	.112	.508	3.786	.000
	OPE.A	−.161	.113	−.217	−1.427	.157
a. Dependent Variable: Corporate Financial Performance						

Table 5. Regression Test

Source: IBM SPSS Version 23 data processing

3.6. Discussion

Analysis starts with the assessment t of ins trumpet CFA and HP to measure audit practices (AP) and cor por ate fi nan cial performance (CFP). The Cronbach's

Alpha value of 0.946 (and even higher by the standardized items: 0.967) testifies to good internal consistency among these in sum postulated questionnaire-38-items, including a clear common root tendency as their source is concerned. This indicates that the measure is stable and consistent in measuring constructs under investigation.

Correlation analysis was then referred to, and it showed that all five audit types (COM.A, FIN.A, ENV.A, IT.A, and OPE.A) had significant positive connections with CFP. Among them, IT Audit had the greatest power of correlation, r = 0.562, and it indicates that technology-oriented auditor measures may be critical in improving financial performance. The Financial Audit and Compliance Audit showed moderate-strong correlations also with the organizational financial success (r = 0.483 and r = 0.440, respectively). Despite having the lowest correlation with CFP (r = 0.423), OPE.A is still a statistically significant factor. Also, the strong intercorrelations among some of the audit measures, e.g., between COM.A and OPE.A (r = 0.818) suggests that multicollinearity may have to be addressed in regression diagnostics.

Results of the regression models offer certain inferences to understand the predictive ability for audit practices. The R Square (0.391) indicates that about 39.1% of the variation in corporate financial performance is predicted by five audit dimensions in this model. It is a fair amount of explanation, and it is supported by an F-value that is statistically significant at < 0.001. Hence, the global regression model is sound and justifies our hypothesis that various types of audits affect corporate financial results.

Additional support is provided by the ANOVA with indicating that a significant change in CFP can be predicted from our regression model. The F and Significant

Value of the Model underscore again the joint relevance of audit dimensions. This supports the theoretical argument that an audit is not only a regulatory tool but also it has strategic implications for firm performance.

Regarding the contribution, one can refer to the target coefficients table. In short, Table 2 presents how much each WGA variable can contribute to corporate financial performance. As one can see from Table 2, Financial Audit affects Corporate Financial Performance at.917 (p <.001), Environmental Audit at.236 (INT1621, p =.362), IT Audit at.425 (p <.001), and Compliance and Operational Audits at.899 (INT1731, p <.001) and.862 INT1731, p <.001) and harm the interest levels. From this perspective, H2, H3, and H4 are confirmed. It seems that IT Audit demonstrates the highest contribution because it demonstrates the future relevance of digital infrastructure. Compliance and Operational Audit at.076, p =.273 and. 169, p =.157, though they have a negative effect, but not statistically significant. Thus, H5 and H1 are not confirmed. In conclusion, research may suggest that Audits are more necessary for a proper internal control system, but do not affect financial outcomes significantly.

In conclusion, the current paper emphasizes that higher performance is achieved through targeted and leading-edge types of audit activity (IT auditing, environmental audits, and financial Audits). These results highlight the transition of auditing from a compliance-oriented practice to an optimization-improving strategic component. Auditing firms will need to shift their resources and attention to the high-risk contributors as soon as statistically significant results of the financial outcome. (M. Ahmed, 2025) illustrated that internal auditing helps managers ensure that financial policies are properly implemented within the organization; effective internal controls can contribute to improved financial performance.

4. Conclusion and Recommendation

4.1. Conclusion

This research investigated how the practices of speculative types of internal audit, that is, financial, compliance, environmental, and IT audits, and operational auditing, impact CFP among non-state corporations in Sulaymaniyah City. The regression analysis also revealed that our model was overall significant in predicting financial performance (which accounted for 39.1% of the variance), thus underscoring a statistically relevant connection between internal audit efficiency and the firm's results.

Of the five audit types, only financial audit, environmental, and IT audits were found to have a significant positive relationship with CFP. These results emphasize the strategic importance of auditing for financial integrity, environmental stewardship, and technology governance. On the other hand, there was no statistically significant relationship between compliance or operational audit and financial performance, perhaps offering a better explanation for this contribution as risk management and administrative supervision instead of direct improvement in financial output.

In conclusion, the research confirms that some of the internal audit roles are not only compliance devices but also strategic levers to enhance financial performance. Companies interested in increasing efficiency, transparency, and bottom-line performance would be well served to put into place high-impact audit functions – especially of financial control, corporate environmental management or IT systems.

4.2. Recommendation

Based on the empirical findings of this study, the following recommendations are proposed to enhance corporate financial performance through more effective audit practices:

1. **Prioritize High-Impact Audits:** Financial, environmental, and IT audits should be given the most attention and resources because these have a strong positive influence over corporate financial performance.
2. **Enhance IT Audit Capabilities:** Considering the power of IT audits will continue, enterprises are advised to focus on updating digital audit tools and also keep upskilling their team of it auditors, more so in areas like cyber security, automation as well and data analytics.
3. **Integrate Environmental Audits into Corporate Strategy:** Environmental auditing must be part of the company's sustainable model. Not only does this enhance compliance, but it also increases the operational effectiveness and corporate reputation.
4. **Reassess the Role of Compliance and Operational Audits:** The results of these types of audits did not report any statistical relationship to financial performance, but regulatory and 'blocking' roles are still necessary. Companies may want to fold those into more effective audit types or focus on existing sub-types.
5. **Encourage Further Research:** Hidden Variables. There is a need for future research to model potential moderating/mediator variables – organizational size, industry types, or governance structures that might influence the relationship between auditing and financial performance. Longitudinal designs are further indicated to more firmly establish causality.

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