

## Improving The Strategy of Internal Audit institutions In Economic Units under The Changes In The Local and International Environment

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### Abstract

The research problem is that several variables and developments have occurred in the local and international environment that is supposed to affect the reformulation of the strategy and plans of internal audit. So, the reality of internal audit institutions in the research sample was studied to judge how they are affected by these changes and developments and how they prepare their strategy under the criteria. The guidelines of the American Institute of Internal Auditors (IIA) and how they are affected by the variables of the study, which include local variables (laws and legislation) and global variables (environmental and technical). As a result, the research recommends adopting international internal audit standards and local and international evidence and guidelines when preparing an internal audit strategy while emphasizing the absorption of advanced internal audit roles, including developing or improving a proactive risk management system in the unit economy.

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### 1. Introduction

The world is witnessing many changes and events, and developments today. These changes and developments may be at the level of laws, legislation, or regulations and controls governing the work of the economic unit or at the level of external economic or social influences and other circumstances and events affecting the working environment. Those variables require the internal audit institutions to develop procedures, plans, and measures to respond to them. Therefore, it has become necessary for internal audit agencies to establish a well-defined business strategy. In addition, it will benefit from fulfilling its professional functions and practices to promote audit procedures, taking into account limited resources, restrictions on their exploitation, multiple and accelerated environmental variables, and compliance with the professional audit standards to be followed. Therefore, the research was divided into three investigations: the first research methodology, the second theoretical aspect, and the third research, the practical aspect, conclusions, and recommendations.

### 2. the strategy of internal audit institutions and the local and international environment

#### 2.1. Internal Audit Strategy

Internal public sector audit criteria include a requirement for the head of internal audit to prepare a risk-based plan to prioritize internal audit activity according to the organization's objectives. In addition, the internal audit strategy explains how to provide and develop internal audit service under

the Internal Audit Charter, as the Strategic Audit Plan is a high-level concept of how interior audit services are provided.

### **1. The concept of internal audit strategy**

An internal audit strategy is a mechanism or tool used to achieve audit functions efficiently. It is also a measure used to describe how audit objectives are achieved through available resources in the development, formulation, and implementation of audit action plans aimed at effectively achieving the goal of internal audit (gurama et al.,2020,1). In most companies and organizations, the internal audit function has a well-established mission and vision that has evolved and is periodically reviewed as the organization changes. Reviewing, evaluating, and verifying the audit function is critical to providing a sound basis for developing a strategic internal audit plan. The last element is to inform this task and stakeholders' vision, ensuring that stakeholders agree with the notion of leading an internal audit of the mission and vision for the future (pett and others,2015,4). Taylor and Glezen defined the audit strategy as the entry point or general approach to planning the audit task and developing a strategy. It is based either on internal oversight or basic tests in the collection of evidence or evidence related to the audit process, in what Boynton defined as the approach used by the auditor to plan the audit process to collect or evaluate evidence (Al-Nawaisa, 2007,345).

### **2. Building an internal audit strategy**

The criteria addressed the need for internal auditing to develop a strategic risk-based audit plan. The standards also addressed the need for the audit manager to periodically reassess this audit plan with management and modify the method according to business needs. Therefore, it is essential to gain management vision and input when identifying the strategic internal audit plan components. Given this guidance, the well-developed and risk-based audit plan results from information from management, the audit committee, and various internal audit assessments (Fountain, 2016,143). The author believes that the requirements or steps needed to prepare a business strategy for internal audit departments and agencies issued by the Institute of Internal Auditors within the framework of international professional practices (IPPF - Practice Guide to developing the Strategic Plan for Internal Audit 2012) must be based. If understood by internal audit institutions and introduced as a working guide will enable the departments of Internal auditing to develop a more profitable and sophisticated strategy that takes on risks. It involves many vital challenges and factors such as plan development approaches, resource identification, strategy time frame, and auditable risk identification. Therefore, the following steps can develop the Internal Audit Strategic Plan: IPPF - Practice Guide,2012).

#### **A. Understanding the relevant industry (industries) and the objectives of the organization**

Internal public sector audit standards have identified the requirements of the Head of Internal Auditors to prepare a risk-based audit plan to prioritize internal audit activity consistent with the organization's objectives. (Internal Audit Strategy, 2018-2019). The most practical and successful starting point for formulating a work program based on the assessment of the external and internal environment (which is the basis of the organization's strategy) is its alignment with the company or organization's strategy, plans, objectives, management information, etc. (,2015,16 Moolenaar). To focus on essential risks, create value and help the organization achieve its goals, internal audit needs to focus on aligning its strategy with the organization's overall strategy (Amhofet al., 2012,5).

#### B. Consider the International Framework for Professional Practices(IPPF)

Another essential part of mission planning is the appointment of informed auditors with relevant experience to each task. It has been noted that experienced and knowledgeable auditors are more likely to gain employees who review their field. It is equally important that internal audit managers comply with the relevant standards by appointing auditors who can act independently and objectively in the performance of their functions. This feature of effective participant recruitment may require outsourcing from professional service companies with the skills needed to complete participation. (Nzechukwu, 2017,77).

#### C. Understand stakeholder expectations and develop a communication plan

According to the Institute of Internal Auditors(IIA, 2012),one of the key aspects of developing the Internal Audit Strategic Plan is to understand the expectations of the organization's stakeholders during the formulation and implementation of audit activities (Guramaet al.,2020,4). Stakeholders have differed in internal audits for the past 60 to 70 years. In the late 1940s, Rezai considered that internal audit functions were primarily focused on meeting management needs. However, by 1990, this had changed to a focus on the organization as a whole. (Pitt,2014,78).

#### D. Update internal audit vision and message

"The strategic plan is how to continue to see the internal audit activity and its mission. The Chief Audit Officer should develop and update vision and message data based on stakeholder expectations and the guidance of the Institute of Internal Auditors. When writing this data, it is important to realize that internal audits cannot be everything for all people. Therefore, the CEO of the audit must make difficult choices - recommending to the Board of Directors what will be followed and what will not be followed." The internal audit strategy is the adhesive that connects the internal audit function and determines its vision and purpose (Pitt,2014,75).

#### E. Identify critical success factors

Critical enablers are the primary levers of the internal audit function in daily execution. Appropriate resources and the right level of risk coordination and innovation are essential for continued success. As the role of the internal auditor evolves and stakeholder expectations grow, internal audit increasingly requires competencies beyond traditional technical skills. In addition to knowing about internal auditing, stakeholders expect internal auditors to have the ability to work collectively with management and business units on related business issues. They also hope internal audit resources have deep knowledge of the sector and business acumen (Amhofet al., 2012,8).

#### F. Analyze strengths, weaknesses, opportunities, and threats(SWOT)

An assessment of the current state of internal audit activity will help determine what should be included in the strategic plan. One technique analyzes strengths, weaknesses, opportunities, and threats(SWOT) versus vision, mission, and critical success factors.

1. Internal factors - the strengths and weaknesses unique to internal audit activity.

External factors - opportunities and threats provided by the external environment to internal audit activity. The external environment includes forces within the organization (but outside the internal audit activity) and outside the organization.

### **Identify key initiatives**

"Based on the results of swot analysis, it is possible to identify and prioritize key initiatives that will have a significant impact on achieving critical success factors for internal audit activity, thereby demonstrating vision and mission. For each initiative, it is useful to set a timetable for implementation, desired objectives, performance measurements (quality and quantity), and associated SWOT elements." (IPPF – Practice Guide,2012). In addition, appropriate performance metrics must be developed to determine the extent to which the strategy is achieved and must be included or linked to the Quality Assurance and Improvement Program(Pitt, 2014.77).

## **2.2. Changes in the local and international environment**

As the audit environment continues to evolve and change rapidly, internal audits need to identify these changes and respond to them so that internal auditing can meet the requirements for which it existed.

The research addressed several variables that have occurred in Iraq and the world and have been affected by internal audit activities:

**1. Abolishing the offices of public inspectors: The offices of general inspectors are one of the bodies responsible for implementing and monitoring the implementation of** anti-corruption laws, among other regulators, through the powers granted to them by CPA Resolution 57 of 2004 amended to improve the efficiency and effectiveness of performance in government departments and institutions and to work with concepts and standards of monitoring and evaluation of performance and addressing issues of administrative and financial corruption (Badiri and Hadi, 2015.3).

However, these offices have passed a law requiring their abolition in Iraq on 14 October 2019 under Law No. 24 of 2019.

One of the most prominent topics to be considered in the Inspectors' Offices Act is A. Axis of Powers and Powers: One of the things that should be used to evaluate the performance of internal audit activities are the powers and authorities enjoyed by these offices to perform their oversight role and exercise the functions of proactive auditing and control over all the actions of the Ministry or government unit, under the principles of the standard (100) IIA's purpose, authority, and responsibility in the IIA Manual of International Standards for Professional Practice of Internal Audit 2017. Perhaps one of the most important of these powers under Order 57 of 2004 is unrestricted access to all ministry sites whose access is subject to limited restrictions and those that are prohibited, as well as access to records. Statement of information, reports, plans, expectations, contracts, notes, correspondence, and any other material, including electronic data (CPA Order No. 57,2004).

B. The axis of independence: The other important focus of the Inspectors' Office Act is independence, which is essential to track and benefit from its experience in those offices and enhance the independence of internal audit institutions. The Public Accounting Assets Act No. (28) of 1940 amended in article (33) also stipulated the need to link the oversight and auditing bodies of public funds contained in the general budget to the Minister of Finance to ensure complete independence from the units implementing the budget to prevent them from being affected by any pressures by those units. Its autonomy was also confirmed by audit manual No. 4 issued by the Council of

Accounting and Supervisory Standards in Iraq at its meeting on 15 July 2000 when it defined the internal audit body as an independent evaluation device within the formations of the establishment and is considered one of the effective internal control methods established by the administration to carry out. Etc." In addition to confirming the IIA Standard (1100) in the Professional Practice Standards Guide for internal scrutiny of independence and objectivity. The system of work of the offices of public inspectors was a sophisticated experience. It took into account the standards, recommendations, and guidelines issued by international and local professional bodies and organizations, especially since they are entirely consistent with the principles of the Beijing Declaration on strengthening good national governance by the higher oversight bodies. It was approved and adopted by the Antosai Organization on 26 October 2013. Under this declaration, the highest oversight bodies can promote good governance if they are independent of control and protected against any form of external influence.

**2. CORONA Pandemic:** Internal audit functions have been significantly affected by COVID-19. Some internal audit agencies have updated the risk assessment and risk-based audit plan based on the current environment. (Kretchmar, 2020, 3). It gets out of it with the least losses. One of the most prominent of these measures is the arrangements for remote work. It is no secret that the majority of the world's countries adopted the procedures of work and tele-audit using electronic programs and electronic audit programs due to the circumstances of the Corona pandemic and the requirements of social divergence.

3. The Third Amendment to the Law of the Iraqi Accountants and Auditors Union: The Iraqi Accountants and Auditors Association came up with the proposal of the Third Amendment Law of the Union Law, which the Iraqi Parliament voted at its session on March 6, 2021, because of the central importance of the internal audit profession in preserving public money and standing up to any form of corruption, fraud, waste, and misuse of state resources.

This proposal came with several amendments to the Law of the Union of Accountants and Auditors in Iraq, perhaps the most prominent and most important of which is establishing an institute of internal auditors accredited in Iraq. It will grant a higher professional certificate in internal audit and sponsor and regulate the interior audit profession in Iraq and be the sectoral body for the internal audit profession in Iraq. The Institute will also prepare studies, publications, and instructions on regulations, regulations, and standards related to internal audits in Iraq.

### **Impact of local and international environmental variables on the activities and strategy of internal audit agencies**

We have also mentioned several domestic and international variables and impact internal audits and their strategy formulation. For example, the abolition of the offices of public inspectors and after studying the law and functions of those offices. We see the model of their independence and the powers granted to them as an essential local variable that draws the review of the strategic plan for internal audit and its adaptation according to this variable. Therefore, the direction of consideration is to review the functions and powers of the internal audit institutions after this change has occurred. As recommended by the Institute of Internal Auditors (IIA), this is guided through the Guideline for the Development of the Strategic Plan for Internal Audit, as follows (it will be necessary to review the strategic plan periodically. Etc.). Therefore, we have addressed this variable as a significant change in Iraq's public sector regulatory system.

As for the CORONA pandemic variable, it is clear that there have been challenges that auditors have never faced before in performing audits during the epidemic conditions. In response, auditors need to be more flexible and creative in conducting audits and complying with audit standards. Internal audit criteria determine the performance requirements necessary to perform the assurance and consultation services to achieve the objectives of the economic unit and add value to it in addition to obtaining confirmation of the validity of the operations and financial statements carried out by the monetary team and the audit criteria do not specify specific requirements on how auditors receive this confirmation. Now, more than ever, auditors may rely on technology to perform audit procedures.

The variable of the amendment of the Law of the Union of Accountants and Auditors represents a recent change in the internal audit environment in Iraq. It has an impact and importance in building the internal audit strategy for its paragraphs serving the reality of internal audit departments in public units when preparing a plan for internal audit activity here must get an answer to the following question Does internal audit have the strategy of the right people to carry out its mission?. we mentioned that the internal audit environment is constantly changing. This change should be reflected For internal auditors themselves, investing in auditors is critical to the success of internal auditing devices, as the culture of learning and continuous development of internal audit staff must be established to keep their skills within the required level, including technical and technological skills, digital skills, sectoral and government knowledge and personal effectiveness skills.

The variables that occur in the internal and external environment significantly impact how internal audit institutions perform their work and meet the requirements for which they exist. It makes changing the traditional role of internal auditing a critical necessity, and identifying the risks facing the economic unit has become an essential role of internal audit not only. But internal audit has become responsible for solidarity with the team's management in the face of those risks and exiting them with minimal damage.

### **3. Research Methodology**

1. The problem of research: The problem of research is to study the reality of internal auditing devices and answer the following questions:

- The extent to which internal audit institutions respond to changes and developments in the local and international environments, including laws, legislation, guidelines, and international and professional standards governing the audit profession.
- Crises, disasters, and unusual circumstances (domestic and international) and their impact on the strategy and procedures of internal audit institutions.

2. The importance of research: The importance of research lies in the need to study and show the reality of internal audit institutions in Iraq in the current circumstances and the changes and developments that the world is exposed to today in the local and international working environment and the need to seek to keep up with them always.

3. Research objectives: Providing practical guidance for the performance of auditing emergency conditions, crises, and economic, social, and environmental developments by helping to develop and implement effective response plans for similar future needs.

4. The research hypothesis: The research is based on a general and basic assumption: there is no morally significant correlation between the local and international environment (in its different dimensions) and the variable building of the internal audit strategy.

5. Research sample: Internal audit institutions at Karbala University and Karbala Health Department for 2018 to 2021.

#### 4. The Results

This research seeks to identify the impact of local and international environmental variables in the internal audit strategy/analytical study of the opinions of a sample of auditors in the Karbala Health Department and Karbala University. The variables that make up the local and international environment variables are presented and analyzed as an independent variable with its three dimensions, including the abolition of the inspectors' offices and the role of internal audit afterward. The Corona pandemic and its, in addition, the on the performance of the following:

1. After the abolition of the offices of public inspectors and the role of internal audit after that

According to the hypothetical research model, it was adopted after the abolition of the offices of the inspectors general and the role of internal audit after that as one of the dimensions of the variable variables of the local and international environment, which consists of the following paragraphs:

X1 Is the abolition of the offices of public inspectors generated weakness in the regulatory measures on the implementation of the general budget and the regulatory system in general?

X2 Have priorities and the relative importance of internal audit functions been updated after the abolition of the offices of public inspectors?

X3 Does the abolition of the offices of public inspectors require a review of the functions and powers of internal audit institutions?

X4 Do you support giving internal auditing devices unrestricted access to all unit sites and even those whose access is limited and prohibited from entering, and access to all files and data at any time

X5 Does the Internal Audit Department conduct inspection tours on important sections and activities in the economic unit?

X6 Do you check the post-exchange work in addition to the previous work of the exchange?

X7 Is there a functional and personal chapter of the Internal Audit Department on responsibility for administrative tasks and decisions?

X8 Is there any point in linking the internal audit department administratively to the economic unit and technically in the Ministry of Finance?

The answers to the sample generally researched on paragraphs after the abolition of the offices of the general inspectors and the role of internal audit sought after that towards the agreement and to a moderate degree, as the results indicate a discrepancy in the sample answers, as the results showed that the highest value was at paragraph X4, which read (do you support giving internal audit institutions unrestricted access to all unit sites and even those whose admission is subject to limited restrictions) It is prohibited to enter, access all files and data at any time) in the middle of my account (2.72) at an extreme level of answer and standard deviation (0.47), as the difference factor for it (17.26), this paragraph came at the first level in terms of the severity of the answer (91%). The lowest value came in paragraph X2, which reads (have the priorities and relative importance of internal audit functions been updated after the abolition of the offices of the inspectors?), with a mathematical

average (1.21), a weak level. With a standard deviation (0.43), The difference factor was 35.70, with this paragraph coming in at the eighth level in terms of the severity of the answer of 40 percent. Overall, after the abolition of the offices of the inspectors general and the role of internal audit, it was achieved in the middle of my account (2.09), with an average level and a standard deviation (0.47), a difference factor of 25.30, and severity of an answer (70%).

Dimension	Paragraphs	Repetition and percentage	Repeat answers			Mean	Standard deviation	Variation coefficient	The severity of the answer %	Answer level	Trip for an answer.
			agree	to some extent	disagree						
Abolition of inspectors' offices and internal audit roles thereafter	X <sub>1</sub>	Iteration	12	93	0	2.1	0.3	15.1	70	Medium	5
		%	11.4	89	0						
	X <sub>2</sub>	Iteration	1	20	84	1.2	0.4	35.7	40	Weak	8
		%	1	19	80						
	X <sub>3</sub>	Iteration	72	33	0	2.6	0.4	17.3	90	strong	2
		%	68.6	31	0						
	X <sub>4</sub>	Iteration	77	27	1	2.7	0.4	17.2	91	strong	1
		%	73.3	26	1						
	X <sub>5</sub>	Iteration	0	26	79	1.2	0.4	34.7	42	Weak	7
		%	0	25	75.2						
	X <sub>6</sub>	Iteration	71	34	0	2.6	0.4	17.5	89	strong	3
		%	67.6	3.4	0						
	X <sub>7</sub>	Iteration	8	28	69	1.4	0.6	44.5	47	Weak	6
		%	7.6	27	65.7						
	X <sub>8</sub>	Iteration	67	36	2	2.6	0.5	20.0	87	strong	4
		%	63.8	34	1.9						
<b>General average</b>						<b>2.09</b>	<b>0.47</b>	<b>25.30</b>	<b>70</b>	<b>Medium</b>	
<b>Source: Author</b> setup according to computer results using <b>Ver. SPSS 26</b>											

We noted from the results of the responses of the members of the research sample outlined in table 15 that the abolition of the offices of the inspectors general generated weakness in the control procedures on the implementation of the general budget. The regulatory system in general and to a medium degree. Therefore, it requires a review of the functions and powers of the internal audit institutions of the public to abolish the inspectors' offices and to a high degree by giving internal audit institutions unrestricted access to all unit sites. Even those whose admission is subject to limited restrictions and



prohibits their entry and access to all files and data and any other Time and scrutiny of the post-disbursement work. The previous work of the disbursement by linking the internal audit department administratively to the economic unit and technically in the Ministry of Finance. However, we note that there is a weakness in updating the priorities and the relative importance of internal audit tasks after the abolition of the offices of the inspectors general due to the failure of the Internal Audit Department to conduct inspection tours on the critical sections and activities in the economic unit. Furthermore, it created a functional and personal separation of the internal audit department for administrative tasks and decisions.

2. After the CORONA pandemic and its impact on the performance of internal audit functions and activities:

According to the hypothetical research model, it was adopted after the CORONA pandemic and its impact on the performance of internal audit functions and activities as one of the dimensions of the variable of the local and international environment, which consists of the following paragraphs:

X1 Have there been decreases in the quality of the audit requirements due to the CORONA pandemic outbreak?

X2 Were there delays and disruptions in obtaining the information and data needed to complete internal audit work under the pandemic?

X3 Have there been any violations of laws, regulations, and instructions in the Economic Unit or an infringement of powers as a result of the work of exceptional circumstances and procedures due to the Corona pandemic?

X4 Has the proportion of fraud, fraud, or money and resources increased under pandemic conditions more than in previous circumstances?

X5 Is there a system for exchanging and flowing information between the Internal Audit Department and other sections that increase the effectiveness of delivering audit results to the relevant authorities?

X6 Does the Audit Department have the willingness to understand the risks of changing processes associated with digital and electronic transformation initiatives and automate procedures?

X7 Is electronic audit software suitable for the implementation of audit activities and reliable in various circumstances?

X8 Were some or part of the audit functions performed electronically during the CORONA pandemic outbreak?

X9 Has the Economic Unit carried out current or previous electronic archiving of its business records and priorities?

X10 Does the economic unit have the appropriate capabilities to apply information technology systems and software-mediated work requirements?

X11 Will relying on electronic auditing and telework be more feasible, efficient, and fast?

The answers to the sample generally researched paragraphs after the CORONA pandemic and their impact on the performance of internal audit functions and activities tended to be strongly agreed, with the results indicating a discrepancy in the sample's answers. The results showed that the highest value was at paragraph X11, which read (would relying on electronic auditing and remote work be more feasible, efficient, and faster?) in the middle of my account (2.73) at an intense level and with a standard deviation (0.44), with a variation factor of 16.44. 26) This paragraph came at the first level regarding the severity of the (91%) answer. At a weak level and with a standard deviation (0.42), The

difference factor was 34.09. This paragraph came at the eleventh level in terms of the severity of the answer of 41 percent.

Overall, it achieved after the CORONA pandemic and its impact on the performance of internal audit functions and activities in the middle of my account (2.34), an intense level, a standard deviation (0.44), a difference factor of 16.26), and an answer intensity (78%).

Dimension	Paragraphs	Repetition and percentage	Repeat answers			Frequency	arithmetic mean	Standard deviation	Variation coefficient	of the	Answer level	Trip for an answer.
			agree	some extent	disagree							
After the CORONA pandemic and its impact on the performance of internal audit functions and activities	X <sub>1</sub>	Iteration	50	55	0							
		%	47.6	52.4	0	2.48	0.50	20.27	83	strong	7	
	X <sub>2</sub>	Iteration	58	47	0							
		%	55.2	44.8	0	2.55	0.50	19.58	85	strong	5	
	X <sub>3</sub>	Iteration	60	45	0							
		%	57.1	42.9	0	2.57	0.50	19.34	86	strong	4	
	X <sub>4</sub>	Iteration	12	93	0							
		%	11.4	88.6	0	2.11	0.32	15.12	70	Medium	8	
	X <sub>5</sub>	Iteration	69	36	0							
		%	65.7	34.3	0	2.66	0.48	17.95	89	strong	2	
	X <sub>6</sub>	Iteration	60	38	7							
		%	57.1	36.2	6.7	2.50	0.62	24.84	83	strong	6	
	X <sub>7</sub>	Iteration	67	38	0							
		%	63.8	36.2	0	2.64	0.48	18.30	88	strong	3	
	X <sub>8</sub>	Iteration	0	23	82							
		%	0	21.9	78.1	1.22	0.42	34.09	41	Weak	11	
	X <sub>9</sub>	Iteration	3	40	62							
		%	2.9	38.1	59	1.44	0.55	38.48	48	Weak	10	
	X <sub>10</sub>	Iteration	4	40	61							
		%	3.8	38.1	58.1	1.46	0.57	39.27	49	Weak	9	
	X <sub>11</sub>	Iteration	77	28	0							
		%	73.3	26.7	0	2.73	0.44	16.26	91	strong	1	
<b>General average</b>						<b>2.3</b>	<b>0.4</b>	<b>21.1</b>	<b>78</b>	<b>strong</b>		

	4	8	8		
<b>Source: Author</b> setup according to computer results using <b>Ver. SPSS 26</b>					

We note from the results of the responses of the members of the research sample shown in table 16 that there are no decreases in the quality of the performance of the audit requirements as a result of the outbreak of the Corona pandemic. The reduction in delays and disruptions in the access to information and data needed to complete internal audit work under the pandemic so that there was no breach of laws, regulations, and instructions or overstepping of powers as a result of the work of exceptional circumstances and procedures due to the Corona pandemic due to the existence of a system of exchange of information and flow between the Internal Audit Department and the rest of the departments. The other contributes to increasing the effectiveness of the process of delivering audit results to the relevant authorities. The audit department is ready to understand the risks of changing processes associated with digital and electronic transformation initiatives and automate procedures, which led to the reliance on electronic auditing. Remote work will be more feasible, efficient, rapid, and robust. However, it was noted that there was a weakness in the appropriateness of electronic audit programs to carry out audit activities, which could not be relied upon in various circumstances. So, some or part of the audit functions were carried out electronically during the Corona pandemic outbreak due to the failure of the Economic Unit to carry out current or previous electronic archiving of its records and priorities because it did not have the appropriate capabilities to apply information technology systems and work requirements through electronic software, which led to an increase in the proportion of fraud, fraud or misuse of money and resources under the circumstances of The pandemic is more than the previous circumstances.

### 3. After amending the Law of the Association of Accountants and the impact on the system of rehabilitation and development of internal auditors

According to the hypothetical research model was adopted after the amendment of the law of the Union of Accountants and the impact on the system of rehabilitation and development of internal auditors as one of the dimensions of the variable variables of the local and international environment, which consists of the following paragraphs:

X1 Do you agree with the procedure of the Association of Accountants and Auditors to oblige public units to obtain a professional certificate granted by the Iraqi Institute of Internal Auditors after a two-year study

X2 Is there evidence of the powers and responsibilities of the Internal Audit Department in the form of a written official document supported by the approval of senior management?

X3 Is a well-thought-out and scientific mechanism followed in the department to recruit those with scientific qualifications, experience, and competence in internal audit activity

X4 Are internal auditors aware of and familiar with the international internal audit standards issued by the U.S. Institute of Internal Auditors and the guidance guide for internal audit units issued by the Financial Supervisory Office

X5 Are internal auditors familiar with the rules of professional conduct and the principles of internal audit ethics

X6 Does the Internal Audit Department have mandatory training programs to support and develop the skills of internal audit staff on a regular and periodic basis?

X7 Is the level of internal auditors appropriate in the payroll, incentives, and regulatory allocations in proportion to the importance and responsibilities of internal audit

X8 Are people's officials and auditors changed periodically to exchange business between them and whenever possible?

The answers to the sample generally researched about paragraphs after the amendment of the Law of the Union of Accountants and the impact on the system of rehabilitation and development of internal auditors went towards the agreement, as the results indicate a moderation in the answers of the sample, The results showed that the highest value was at paragraph X1. It reads (is it consistent with the procedure of the Association of Accountants and Auditors to oblige public units to obtain a professional certificate granted by the Institute of Iraqi Accredited Internal Auditors after a two-year study) in the middle of my account (2.75) at an intense level. With a standard deviation (0.43), The difference factor was 15.76. Therefore, this paragraph came at the first level regarding the severity of the answer of 92%). On the other hand, weak level and standard deviation (0.32), The difference factor was 28.69, with this paragraph coming in at the eighth level in terms of the severity of the answer of 37 percent.

In general, after amending the Law of the Association of Accountants and its impact on the system of rehabilitation and development of internal auditors in the middle of my account (1.92), at an average level and a standard deviation (0.45), with a different factor of 24.80 and a firm answer (64%)

Dimension	Paragraphs	Repetition and percentage	Repeat answers			arithmetic mean	Standard deviation	Variation coefficient	of the	Answer level	Trip for an answer.
			agree	some extent	disagree						
After amending the Law of the Association of Accountants and the impact on the system of rehabilitation and development of internal auditors	X <sub>1</sub>	Iteration	79	26	0	2.7	0.4	15.7	92	strong	1
		%	75.2	24.8	0	5.3	3.6	6			
	X <sub>2</sub>	Iteration	23	82	0	2.2	0.4	18.7	74	Medium	3
		%	21.9	78.1	0	2.2	0.4	18.7			
	X <sub>3</sub>	Iteration	0	12	93	1.1	0.3	28.6	37	Weak	8
		%	0	11.4	88.6	1.1	0.3	28.6			
	X <sub>4</sub>	Iteration	34	61	10	2.2	0.6	27.3	74	Medium	2
		%	32.4	58.1	9.5	2.2	0.6	27.3			
	X <sub>5</sub>	Iteration	20	85	0	2.1	0.3	18.0	73	Medium	4
		%	19	81	0	2.1	0.3	18.0			
	X <sub>6</sub>	Iteration	0	18	87	1.1	0.3	32.4	39	Weak	7
		%	0	17.1	82.9	1.1	0.3	32.4			
	X <sub>7</sub>	Iteration	3	49	53	1.5	0.5	36.5	51	Weak	6
		%	2.9	46.7	50.5	1.5	0.5	36.5			

	X <sub>8</sub>	Iteration	22	80	3	2.1	0.4	20.8	73	Medium	5
		%	21	76.2	2.9	8	6	8			
<b>General average</b>						1.92	0.45	24.80	64	Medium	
<b>Source: Author setup according to computer results using Ver. 26 SPSS</b>											

We note from the results of the answers of the members of the research sample shown in table 17 that the Union of Accountants and Auditors obliges the available units to obtain a professional certificate granted by the Institute of Internal Auditors accredited Iraqi after a two-year study at an intense level. However, it has a weakness in following a well-thought-out and scientific mechanism in the department to recruit those with scientific qualifications, experience, and competence in internal auditing activity, which led to a weakness in the level of internal auditors in the payroll incentives regulatory allocations. Furthermore, under the importance of internal audit and its responsibilities and the lack of ownership of the Internal Audit Department, mandatory training programs to support and develop the skills of internal audit department staff on a regular and periodic basis. The weakness in the existence of a guide to the powers and responsibilities of the Internal Audit Department is in the form of a written official document supported by the approval of senior management. On the other hand, the internal auditors have knowledge and knowledge of the international internal audit standards issued by the Institute of Internal Auditors of the United States and the guidance guide for internal audit units issued by the Financial Supervisory Office to a medium degree due to the lack of change People's officials and auditors periodically so that business is exchanged between them and whenever possible.

**Testing the primary (first) research hypothesis,**

It states *(there is no morally significant correlation between the variable of local and international environmental variables and the variable building of the internal audit strategy)*

The correlation factor between the local and international environment variables and the building of the internal audit strategy (0.64\*\*). It is highly moral, which means accepting the alternative hypothesis (there is a morally significant correlation between the local and international environment variables and the dimensions of building the internal audit strategy). It indicates that the local and global environment variables have an active and fundamental role in building the internal audit strategy.

**Conclusions and discussion**

There is no official and editorial documentation of all the terms and details of that strategy. Still, some elements are discussed and agreed upon internally between the audit manager and internal auditors, based on the guidance guide of the internal audit units in the implementation of the tasks and duties of the internal audit department in light of the activities and work of the economic unit. It is essential to Do not rely on internal auditors working in the internal audit department or take advantage of their opinions and proposals when preparing an internal auditstrategy. The audit strategy of the search sample auditing devices usually covers (3) years and above. It also contains implicit annual and more petite than yearly plans. Still, there is a weakness in the existence of measures or

indicators to measure the level of progress and implementation of the strategy. However, the internal audit institutions cannot play all the roles of the inspectors' offices for several reasons, including inadequate resources, potential, insufficient independence, and powers, as a result of freezing the work of specific laws, instructions, and controls or the development of controls and other internal instructions to keep up with the epidemic situation occurring. However, there are obstacles to this, namely the lack of resources among the economic units, the most important of which is the failure of the majority of government monetary units to follow a system of electronic archiving that allows the possibility of electronic work, even if almost no electronic audits have been carried out. Furthermore, there is no scientific mechanism and is considered recruiting employees with the audit department according to the required competence and experience. There is no regular system for the training and development of internal audit staff by introducing specialized courses in the Association of Accountants and Auditors and the Federal Financial Control Office or any entity that grants such development courses.

Attention to the rules and basics of preparing the strategic plan for internal audit, under international standards of professional practices and guidelines and rules of professional conduct of professional organizations, led by the American Institute of Internal Auditors (IIA). Internal auditing staff should be allowed to propose improvements and business models to be used in internal audits, in line with the requirements of each audited activity and light of internal audit criteria. It is essential to emphasize the absorption of current internal audit roles and the expansion of the concept and traditional roles of internal audit, such as auditing compliance, financial and administrative auditing, and fraud detection. But also developing the idea and role through non-financial evaluation and auditing and initiating participation in establishing a proactive risk management system in the economic unit or helping it establish that system. It is the responsibility of the team's management to help assess and manage the expected risks, which will be an obstacle to achieving the economic unit's objectives. Seeking to shift towards the application of program and performance budget in the coming years, and its application for a period of (3-5) years, so that internal auditing agencies can conduct compliance audits, audit and performance evaluation, and harmonize Internal audit strategy with the unit's approach implementing government programs, and with the strategy and methodology of the federal government.

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