

The Role of Internal Audit in Improving Financial Discipline in the Iraqi Ministry of Interior

دور التدقيق الداخلي في تحسين الانضباط المالي في وزارة الداخلية العراقية

(Responsible author) Dr. Maytham Farzin (*) د.ميثم فرزين

Dr. Sayed Mehdi Khadem (**) د.سيد مهدي خادم

Ahmed Khalid Alam Al-Hamed (***) أحمد خالد علم عودة الحمد

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الملخص

يشكل التدقيق الداخلي أحد الأدوات الرقابية الحديثة التي تسهم في تعزيز الكفاءة المالية، والإدارية وضمان الاستخدام الأمثل للموارد العامة، وتبرز أهميته في المؤسسات الحكومية التي تتعامل مع الأموال العامة ومنها وزارة الداخلية العراقية التي تواجه تحديات متعددة تتعلق بالرقابة المالية، والالتزام بالأنظمة والتعليمات وتتمثل مشكلة الدراسة في التساؤل الرئيس: ما دور التدقيق الداخلي في تحسين الانضباط المالي في وزارة الداخلية العراقية؟ وانبثق عن هذا السؤال عدد من التساؤلات الفرعية تتعلق بدور التدقيق الداخلي في كشف الأخطاء المالية، ومدى التزام العاملين بتطبيق التوصيات التدقيقية، وما تأثير استقلالية المدقق الداخلي على سلامة الأداء المالي، وتهدف هذه الدراسة الى تحديد دور التدقيق الداخلي في تحسين الانضباط المالي وبيان العلاقة بين جودة الممارسات التدقيقية، ومستوى الالتزام المالي والتعرف إلى مدى فاعلية أنظمة التدقيق في ضبط الموازنة العامة لوزارة الداخلية العراقية خلال السنوات (2025-2023).

* Supervising professor - Assistant Professor and Faculty Member at the National Defense University Tehran – Iran.
Email: Mfarzin@sndu.ac.ir

الأستاذ المشرف - أستاذ مساعد وعضو هيئة التدريس في جامعة الدفاع الوطني طهران - إيران

** Assistant Professor- Amin Police University - Tehran – Iran Email: khadem7mehdi@gmail.com

أستاذ مساعد - جامعة الأمن للشرطة - طهران - إيران. الأستاذ المساعد

*** Master's Student- Iraqi Ministry of Interior - Directorate of Training and Qualification- Supreme National Defense University of Iran Email: asdbablasd465@gmail.com.

طالب الماجستير- وزارة الداخلية العراقية - مديرية التدريب والتأهيل - الجامعة العليا للدفاع الوطني في إيران

يفسر ما نسبته (67%) من التّغير في مستوى الانضباط المالي ($R^2 = 0.67$).

وبيّنت النتائج ارتفاع المتوسط العام للتّدقيق الدّخلي (4.19) والانضباط المالي (4.18)، ما يدل على إدراك عالٍ لدى أفراد العيّنة بأهميّة التّدقيق والرّقابة الدّاخلية، ودورها في الحدّ من الهدر المالي وتحقيق الشّفافية.

خلصت الدّراسة الى أنّ التّدقيق الدّخلي يمثل أداة فاعلة في ضبط الأداء المالي، والإداري في وزارة الدّاخلية العراقية، وأنّ تطوير التّدقيق الدّخلي واعتماد المعايير الدّولية يعززان من تحسين الانضباط المالي ويحدّان من الانحرافات والمخالفات في الموازنة العامة.

الكلمات المفتاحية: التّدقيق الدّخلي - الانضباط المالي - وزارة الدّاخلية العراقية.

Abstract:

Internal auditing is one of the most important modern oversight tools that contribute to enhancing financial and administrative efficiency and ensuring the optimal use of public resources. Its importance is highlighted in government institutions that deal with public funds including the Iraqi Ministry of Interior, which faces multiple challenges related to financial oversight and compliance with regulations and instructions. The

اعتمد الباحث المنهج الوصفي التّحليلي، واستخدم الاستبانة الإلكترونية كأداة لجمع البيانات من عيّنة مكونة من (120) فردًا من العاملين في مديرية الحسابات ومديرية التّدقيق، والرّقابة الدّاخلية في مقر وزارة الدّاخلية العراقية وتوابعها وحلّت البيانات باستخدام برنامج (Excel) لاستخراج المتوسطات والانحرافات المعيارية ومعاملات الارتباط، والانحدار وصيغت الفرضية الرئيسة للدّراسة على التّحو الآتي: للتّدقيق الدّخلي دور معنوي في تحسين الانضباط المالي في وزارة الدّاخلية العراقية.

أظهرت التّائج أنّ هناك علاقة ارتباط موجبة قويّة بين التّدقيق الدّخلي،

والانضباط المالي ($r = 0.82$) عند مستوى دلالة (sig 0.000) وأنّ التّدقيق الدّخلي study's main question is: What is the role of internal auditing in improving financial discipline in the Iraqi Ministry of Interior? This question emanates from a number of sub-questions related to the role of internal auditing in uncovering financial errors, the extent of employees commitment to implementing audit recommendations, and the impact of internal auditor independence on sound financial performance. This study aims to identify the role of internal auditing

in improving financial discipline, demonstrate the relationship between the quality of auditing practices and the level of financial compliance and identify the effectiveness of audit systems in controlling the general budget of the Iraqi Ministry of Interior during the years (2023-2025).

The researcher adopted the descriptive analytical approach and used an electronic questionnaire as a tool to collect data from a sample of (120) employees in the Accounts Directorate and the Internal Audit and Control Directorate at the headquarters of the Iraqi Ministry of Interior and its affiliates. The data was analyzed using Excel to extract averages, standard deviations, correlation coefficients, and regression. The main hypothesis of the study was formulated as follows: Internal auditing has a significant role in improving financial discipline in the Iraqi Ministry of Interior).

The results showed a strong positive correlation between internal auditing and financial discipline ($r = 0.82$) at a significance level of ($\text{sig } 0.000$) and that internal auditing explains (67)% of the change in the level of financial discipline ($R^2 = 0.67$).

The results also showed a high overall average for internal auditing (4.19) and financial discipline (4.18) indicating a high awareness among

sample members of the importance of internal auditing and his role in reducing financial waste. To achieving transparency.

The study concluded that internal auditing is an effective tool for controlling administrative financial performance in the Iraqi Ministry of Interior. Furthermore, developing internal auditing and implementing international standards enhances financial discipline and reduces deviations and violations in the general budget.

Keywords: Internal Audit- Financial Discipline- Iraqi Ministry of Interior.

Chapter 1: Generalities

1-1 Introduction:

In today's world, governmental organizations, especially in developing countries like Iraq, face numerous challenges in financial management. As one of the most important governmental institutions in Iraq, The Ministry of Interior has extensive responsibilities in the areas of internal security, law enforcement, and financial management. Internal auditing emerges as a key tool in the internal control system, playing a vital role in promoting financial discipline. This study examines the role of internal auditing in improving financial

discipline in the Iraqi Ministry of Interior. Internal auditing is one of the most important modern oversight tools that contribute to enhancing the financial and administrative efficiency of governmental institutions. It represents an effective means of ensuring compliance with financial laws and regulations and early detection of irregularities or deviations in financial performance. With the expansion of the Iraqi Ministry of Interior's responsibilities and the complexity of its financial and administrative activities, there has been an urgent need to activate the role of internal audit bodies to ensure the optimal use of public resources and achieve the required financial discipline.

Financial discipline is not achieved solely through regulations and regulatory procedures; it requires an effective oversight system characterized by independence, objectivity, and high professionalism—characteristics provided by internal auditing when practiced in accordance with international standards.

This article seeks to analyze the relationship between internal audit activities and the level of financial discipline in the Ministry of Interior by reviewing the theoretical and conceptual framework of internal

audit and demonstrating its impact on developing financial control systems. This leads to practical recommendations that can contribute to strengthening the oversight and professional role of internal audit bodies, thus achieving optimal use of public funds.

1-2 Research Problem

Iraq is a country that has faced numerous crises since 2003, such as the war against ISIS (2014-2017-), oil price fluctuations, and the COVID-19 pandemic. Iraq urgently needs to strengthen the government financial systems in the Iraqi Ministry of Interior, as it is one of the largest ministries in Iraq, with a staff of (580,000). It has broad responsibilities in the areas of internal security, law enforcement, counterterrorism, and human and financial management related to these areas. The ministry handles large budgets, according to the Federal General Budget Law of the Republic of Iraq No. (13) of 2023 for three years (2023-2025-2024-), which amounted to (25.672) trillion dinars, representing (4.13%) of the general budget (Ibid).

The Iraqi Ministry of Interior faces profound financial management problems. Reports indicate a lack of financial discipline, manifested in high instances of financial waste,

spending violations, and failure to adhere to competition and contracting procedures, in addition to weak internal oversight mechanisms (Federal Supreme Board: 2023).

The Iraqi Audit Bureau has revealed in its reports several cases of financial violations within the Ministry of Interior, including embezzlement estimated at more than \$2.5 billion in recent years and a lack of transparency in contracts. United Nations reports indicate that more than 80 percent of reported corruption cases in Iraq relate to the public sector, with a focus on ministries such as the Ministry of Interior, which faces bribery and embezzlement. These issues not only impact the ministry's operational efficiency but also lead to a decline in public confidence in the government and increased social instability (Transparency International Report: 2025).

Internal auditing is one of the primary mechanisms that can contribute to addressing these problems through its role in reviewing and evaluating internal control systems, verifying compliance with policies and laws, and improving the efficient use of resources. However, its implementation in the Ministry of Interior faces several obstacles, most notably a shortage of qualified personnel, reliance on

traditional systems, and overlapping responsibilities (Directorate of Internal Audit and Control, 2024). Therefore, the central problem of this study lies in the following question:

How can internal auditing contribute to improving financial discipline in the Iraqi Ministry of Interior?

1-3 Research Importance

1. This research contributes to the existing literature on internal auditing in government institutions and can serve as a model for other government agencies in similar countries by focusing on the Iraqi Ministry of Interior.
2. Strengthening financial discipline in the Ministry of Interior can increase public confidence in the government and contribute to social stability.
3. The research findings can be used to develop training programs for employees in the internal audit and control directorates and raise their professional competence, thus enhancing the quality of financial discipline in government institutions.

1-4 Research objectives

Main objective: To measure and analyze the role of internal audit in

improving financial discipline in the Iraqi Ministry of Interior.

Sub-objectives:

1. Study the role of internal audit in improving financial discipline in the Iraqi Ministry of Interior.
2. Analyze the challenges in implementing internal audit operations in the Iraqi Ministry of Interior.
3. Provide practical suggestions and recommendations to strengthen the internal audit system and financial discipline in the Iraqi Ministry of Interior

1-5 Research hypotheses

Main hypothesis: Internal auditing has a significant and positive role in enhancing and improving the financial discipline of the Iraqi Ministry of Interior.

Sub-hypotheses: Internal auditing has a significant and positive role in enhancing the financial discipline of the Iraqi Ministry of Interior.

1-6 Studies Previous

Previous studies of various academic orientations have shown consensus on the vital role of internal audit in strengthening financial discipline in Iraqi government institutions. Al-Ansari's study (University of Baghdad,

2021) found that the effectiveness of the Internal Audit Directorate contributes to reducing financial waste to improve exchange control, stressing the importance of the independence of these directorates from executive departments, as Abdullah's study (University of Kufa, 2019) showed that the application of international internal audit standards contributes to raising the efficiency of government financial reports to reduce errors in the implementation of budgets. Al-Hasani's study (Mustansiriya University, 2022) also confirmed that effective internal audit is a major tool in detecting administrative financial corruption and promoting a culture of financial commitment, calling for empowering audit units with qualified competencies and technical support. As for Al-Shammari (University of Basra, 2020), he linked the effectiveness of internal audit and achieving financial transparency, pointing out that the continuous training of internal auditors enhances financial discipline. As well as the Iraqi study (University of Mosul, 2023) that internal audit represents a fundamental pillar of good financial governance, although integrated electronic systems raise the accuracy of data to enhance control, but at the international level, the Institute of Internal Auditors (IIA) study in the

United States (2020) confirmed that the effectiveness and independence of internal audit systems contribute to raising the efficiency of government spending to balance control with administrative flexibility, which is consistent with the general trend of local research in emphasizing the centrality of internal audit in achieving sound financial management and institutional discipline.

1-7 Variables

The study shows that the independent variable is internal audit and the subordinate variable is financial discipline.

Chapter 2: Theoretical Foundations

2-1 Internal Audit

1- The Concept and Definition of Internal Audit: The concept of internal auditing has evolved and its importance has increased in our time. Its role has shifted from focusing solely on financial aspects to include administrative aspects as well. It contributes to adding value to the organization through assurance and advisory services that help the organization achieve its.

The beginning of interest in internal auditing dates back to the establishment of the Institute of Internal Auditors in

the United States of America in 1941, as a fundamental step in the field of professional embodiment of internal auditing. Since its inception, it has contributed to the development of internal auditing and the expansion of the scope of its services. The Institute has worked to support the development of internal auditing through various efforts. In 1947, the first list of internal audit responsibilities was issued by the Institute of Internal Auditors, and in 1957, the first revised list of internal audit responsibilities was issued.

In 1964, the Internal Auditing Guide was adopted, defining internal auditing as a review of business and records conducted within an organization, sometimes on an ongoing basis, by specialized staff. The scope and objectives of internal auditing vary greatly across organizations, and have been characterized, particularly in large organizations, by a variety of matters not directly related to financial matters.

One of the Institute of Internal Auditors' effective efforts in the professional development of internal auditing is the development of a set of professional performance standards for internal auditing. Committees were formed in 1974 to study and propose a comprehensive framework for professional performance

standards for internal auditing. In 1977, the committees completed their work and submitted a report on the results of their studies. These standards were finally ratified at the 37th International Conference in San Francisco in 1978. These standards, which were approved by the majority of practitioners and pioneers of the profession, represented by the Institute of Internal Auditors and its affiliates, represent the birth of a new profession (Al-Wardat, 2017: 3033-).

Based on the attached provisions of Law No. (10) of 2021 (Third Amendment to the Accountants and Auditors Syndicate Law No. 185 of 1969), internal auditing and auditors can be defined as follows: Internal Auditing and Auditors in Iraqi Law. Under the law, internal auditing is a profession of paramount importance, its importance lies in preserving public funds and being an element in combating corruption. Therefore, practicing this profession requires regulating the work of practitioners. With the aim of developing this profession, Article (2 - Paragraph 6 - Item A) of the law stipulates the establishment of a specialized institute for postgraduate studies for internal auditors. The duration of study is two years, and a professional certificate in internal control and auditing

(Certified Internal Auditor Certificate) is awarded. This institute is affiliated with the Arab Institute of Certified Accountants. Article 2, Paragraph 6, Item B-1 also requires government departments, companies, institutions, and banks, two years after the establishment of this institute, to assign the duties of the internal audit director to those who hold a certified internal auditor certificate from the institute, or to those who held the position prior to the law's entry into force for a period of no less than five years after being qualified by the institute. This underscores the importance of qualifications and specialization for those who assume these duties. The institute's primary objective is to teach and promote the scientific and professional foundations of internal audit and oversight standards and to scientifically and professionally qualify internal audit and oversight personnel (Ibid).

Internal auditing: It is an independent function within an organization, assigned to employees reporting to senior management. Their mission is to monitor and oversee the effectiveness of the internal control system and the work of other employees to achieve the organization's objectives. Internal auditors aim to provide objective assurance and

advice on the effectiveness of internal control systems and to ensure that operations operate in accordance with internal policies and compliance with governing laws (Salhi, 2016: 65).

The Institute of Internal Auditors (IIA) defines internal auditing as: An independent, objective appraisal activity designed to add value and improve an organization's operations by assisting management in achieving its objectives. It helps an organization achieve its objectives by systematically evaluating and improving the effectiveness of risk management, control, and governance processes (IIA, 2017).

The French Institute of Internal Audit and Control (IFACI) defines internal auditing as: An independent,

objective activity that provides assurance to an organization about the degree of control over its operations, provides advice for improvement, and contributes to the creation of added value. It also helps an organization achieve its objectives by evaluating, using a systematic and structured approach, risk management, control, and corporate governance processes, and makes suggestions for enhancing their effectiveness (IFACI, 2013:15).

2- Internal Audit Processes

Internal audits are an interconnected series of structured procedures aimed at independently and objectively examining and evaluating an organization's activities. These processes begin with the following stages:

The main type	Standard number	Name of the standard	Content
Criteria for adjectives	1000	Purpose authority and responsibility	Define the objectives, powers and responsibilities of the internal audit formally and approved by the board.
	1100	Independence and objectivity	Internal audit activity should be independent, and auditors should be objective when performing their tasks. (IIA.2017:1) (Ibid, 53).
	1200	Competence and necessary professional care	Auditors should perform their tasks with high professional competence and adhere to professional due diligence.
	1300	Quality assurance and improvement programs	Oblige auditors to constantly develop and monitor the quality of internal audit activities to ensure their effectiveness
Performance criteria	2000	Management of internal audit activity	The chief auditor is committed to managing the activity in an effective manner that will bring added value to the organization.

	2100	Nature of work	Internal audit activity includes the assessment and improvement of the risk management, control and governance system using structured and disciplined methods (Helmy, 2007: 34-44).
	2200	Task planning	Prepare a plan for each task that defines the scope, goals, allocation of resources and the appropriate time.
	2300	Task execution	Gather sufficient and appropriate information to achieve the mission objectives efficiently and professionally.
	2400	Reporting results	Auditors should communicate the results of their tasks clearly and transparently to the concerned parties.
	2500	Follow-up of work progress	Develop a system to follow up the results of the audit and ensure the implementation of recommendations.
	2600	Management's risk acceptance decision	When Management accepts an unacceptable level of risk, the auditor should raise the matter to the board of directors for appropriate decision-making (Helmy, 2007: 47-53).

a. Planning: The internal auditor understands the operating environment, identifies objectives and potential risks, and then develops an appropriate audit program.

b. Examination Implementation: This includes gathering evidence using various tools such as documentary review, interviews, direct observation, and quantitative and qualitative analyses.

c. Evaluation: The results are analyzed and compared to applicable standards, policies, and laws.

d. Reporting and Follow-up: The audit report is submitted to senior management, including strengths, weaknesses, and practical recommendations. Follow-up

is then conducted to ensure the recommendations are implemented and improve organizational performance (IIA, 2017).

3- Internal Audit Standards

4- Internal Audit Objectives

- Verifying compliance with internal control policies and procedures.
- Verifying the efficiency and effectiveness of performance within project departments and divisions.
- Proposing the necessary measures to increase the efficiency and effectiveness of executive departments and activities, ensuring the preservation of assets and property.
- Verifying the accuracy and reliability of data through

reviewing and evaluating internal risk management and data auditing.

- e. Ensuring compliance with applicable laws and regulations.
- f. Preparing detailed and periodic reports on audit results and submitting them to the highest executive authority.
- g. Monitoring and evaluating the implementation of established plans and policies.
- h. Verifying asset values and matching them with the books, and verifying and analyzing the accuracy and validity of accounting data.
- i. Improving efficiency through training, while ensuring employee compliance with established policies and procedures (Al-Wardat, 2017: 32).

5- Types of Internal Audit

- a. **Compliance Audit:** This aims to verify the extent of compliance with applicable laws, regulations, and procedures established by the organization. The Internal Audit Department is responsible for ensuring the implementation of the laws, regulations, and instructions issued by the organization, ensuring full knowledge of these laws, regulations, and general instructions, and monitoring the compliance of various departments

with the internal regulations within their departments.

- b. **Operational Audit:** This is a comprehensive examination and evaluation of project operations to inform management of whether various operations have been implemented in accordance with objective policies directly related to management objectives. The audit also includes evaluating the efficient use of material and human resources, in addition to evaluating the procedures of various operations. It must also include recommendations for addressing problems and ways to increase efficiency and profitability.
- c. **Financial Audit:** This aims to verify the accuracy of data and the reliability of financial information, as well as the preservation of assets. The type of audit is determined based on the degree of risk, whether it is ex-ante or ex-post.
- d. **Information Systems Audit:** The objective of information systems auditing is to verify the security and integrity of information to provide timely, accurate, complete, and useful financial and operational reports.
- e. **Performance Audit:** The goal of a performance audit is to ensure the effectiveness, efficiency,

and economics of employee performance and compliance with regulations and laws. This type of audit is called administrative audit because it conducts a comprehensive examination of administrative procedures and methods.

- f. Environmental Audit:** The goal is to measure the extent of compliance with regulations related to the environment and pollution, and the risks that the institution may face. It also aims to preserve and protect environmental systems from various sources that lead to the deterioration of environmental systems and their resources, and to protect the environment from depletion or extinction (Bahaash, 2017: 56-).

6- Conclusion of Internal Audit

This section discusses the basic pillars of internal auditing in terms of concept, historical development, types, objectives, standards, methods, stages of internal auditing, and its role in assessing efficiency and effectiveness. The concept is a preventative activity through which the extent of compliance with financial and administrative policies and procedures and the fulfillment of responsibilities are evaluated.

Law No. (10) of 2021 defines internal auditing and auditors in Iraqi law as a profession of paramount importance.

Internal auditing has gone through several stages, including detecting errors and pursuing violations. Due to successive developments in the financial and administrative fields and technological changes, it has become an advisory and evaluative function. This development has led to the division of the internal audit function into several types, including financial auditing, operational auditing, and special-purpose auditing. The importance of the audit function lies in assisting in decision-making and policy-making for all activities and operations. The objectives of internal auditing include protecting assets, eliminating waste, ensuring information integrity, implementing policies, procedures, and instructions, and providing the necessary recommendations to increase production efficiency.

The Institute of Internal Auditors (IIA) has highlighted the role of internal auditing in improving the organization's operations by helping management achieve its objectives. The scope of internal auditing includes reviewing the reliability and integrity of financial and operational information and the methods used to identify, measure,

classify and report on information, as well as evaluating the economic efficiency of resource use. Internal auditing methods involve examining, studying and analyzing the financial and administrative systems used, and evaluating their efficiency and effectiveness. Internal auditing tasks include assisting management in a manner that suits its needs and providing the necessary financial and administrative advice to serve the organization with the aim of improving and developing its performance. Therefore, the next section will address the components, independence and ethics guide of the internal audit function.

2-2 Fiscal Discipline

1- Concepts and Definitions of Fiscal Discipline: Economist(John Williamson presented) policy prescription for development in developing countries. This was a list of ten items that included specific policy reforms. This prescription gained widespread agreement in Washington and became known as the Washington Consensus. This prescription aimed to implement reforms in all Latin American countries. In the first item, Williamson pointed to the need to achieve a disciplined fiscal policy while avoiding a large fiscal

deficit-to-GDP ratio. Hence, the term “fiscal discipline” emerged, and various definitions abound (Williamson, 2004:1).

Fiscal discipline is defined as a situation in which total spending does not exceed public revenues or does not exceed the fiscal ratio to GDP, such that public spending during the year is estimated based on net income (Faraj, 2018: 21).

Financial discipline: It is the backbone of sound financial management in government institutions, requiring full compliance with financial laws, regulations, and policies, achieving efficiency and effectiveness in the use of available resources, and ensuring that the administrative unit adheres to spending in accordance with applicable financial laws, regulations, and instructions, and with precision (Al-Marzouqi, 2019: 70).

Functional definition: Financial discipline contributes to achieving operational efficiency and the optimal use of financial resources and forms the basis for achieving transparency and credibility in financial management (Al-Otaibi, 2021: 80).

2- Financial Discipline Processes

Financial discipline processes represent an integrated life cycle,

beginning with policy development and ending with the monitoring and follow-up phase. These processes form an interconnected system that ensures the fulfillment of financial governance requirements and enhances transparency and accountability in the management of public resources.

First comes the stage of developing policies and procedures, which constitutes the frame of reference for financial discipline. The effectiveness of these policies determines the level of compliance and discipline in the use of financial resources. This is followed by the implementation and application phase, which translates these policies into practical reality through clear implementation mechanisms. This is the most challenging phase in achieving financial discipline, as demonstrated by the tasks of the Internal Audit and Control Directorate at the Ministry of Interior.

The monitoring and follow-up phase represents the core of the oversight process by ensuring that actual spending matches the legally approved budget, ensuring continued adherence to financial policies and constituting a fundamental guarantee of financial discipline. Finally, comes the accounting and accountability phase, which requires the preparation of periodic and

transparent financial reports subject to external audit by the Financial Audit Bureau. Responsibilities for any financial deviations are identified to ensure administrative and legal accountability and enhance confidence in the public financial system (Al-Saadi, 2020: 80-85).

3- Stages of Implementing Financial Discipline

The implementation of financial discipline can be divided into three stages:

- a. **The legislative stage:** This stage involves the enactment and issuance of binding laws and regulations, such as the Federal Financial Management Law and the Financial Discipline Rules, which set the maximum ceiling for government deficits or debt, to reduce political interference in financial decisions.
- b. **The institutional stage:** This stage involves the establishment or strengthening of independent oversight structures, such as the Federal Board of Supreme Audit, and the strengthening of internal audit and control directorates in ministries with administrative independence and specialized competencies, in accordance with Prime Ministerial Resolution No. 10103 of February 27, 2025, which

granted internal audit and control directorates broad powers (Cabinet of Ministers, same letter).

- c. **The behavioral stage:** This stage relates to the extent to which executive officials actually comply with instructions and the issuance of administrative decisions that ensure no leniency in the application of penalties or disciplinary rulings against violators, to establish the principle of individual accountability (Khalifa, etal: 2022).

4- Financial Discipline Standards

- a. **Measuring Financial Discipline Using the Budget Deficit Index:** The state's general budget is a financial tool used by the government to achieve economic stability and economic development goals. It can be defined as a document that includes an estimate of the state's public expenditures and revenues for a future period, usually a year. The budget is estimated in light of the state's objectives. The estimate is probabilistic, meaning that the estimated figures are subject to increase or decrease. The first budget was adopted in Iraq in 1921 (Muhammad, 2018: 158).
- b. **Measuring financial discipline through the public debt index:** This index is a guiding index

through which the government's financial position and the extent of its commitment to the specified controls to achieve financial sustainability can be evaluated, the most important of which is not borrowing to finance previous debt burdens. This index was adopted in accordance with the Maastricht Treaty (1992) as a basis for joining the European Union, as this treaty stipulates that the ratio of public debt to GDP should not exceed (60) (Muhammad, etal. 2019: 104).

- c. **Measuring Financial Discipline Through Public Expenditures:** Studies have differed regarding determining the optimal level of government spending, which plays an effective role in achieving economic growth rates. If government spending exceeds the optimal level, it will have a negative impact on the economy. Some studies have indicated that the optimal level of spending relative to GDP is around 25-35% in most developed countries. However, in developing countries, including Iraq, where the state plays a significant role in the economy, the optimal ratio can be considered between 30-35%, especially since the Iraqi economy suffers from high rates of unemployment and

poverty, along with a significant shortage of services, in addition to the increasing size of the public sector (Faraj, 2018: 47).

- d. Measuring Financial Discipline Through the Public Revenues Index: Oil revenues constitute the largest proportion of public revenues, in addition to the weakness of the tax system and the prevalence of corruption in many government departments and institutions, especially customs ports. All of this has led to an imbalance in the general budget and deepened the rentier state of the Iraqi economy. All oil revenues are considered revenues to finance the general budget, with the exception of 5% of oil revenues, which go to the compensation fund (Khalifa, etal. 2022).

5- Conclusion: Financial Discipline

Financial discipline is the cornerstone of sound financial management and the backbone that ensures the integrity of government institutions. This requires accurate estimation of public spending based on net income. Functionally, financial discipline is not limited to mere adherence to laws, regulations, and financial policies; it directly

contributes to achieving operational efficiency and the optimal use of financial resources. It also serves as a foundation for establishing transparency and credibility in government administration.

The implementation of financial discipline is not a random process; rather, it represents an integrated life cycle that begins with the development of policies and procedures that represent the frame of reference for all financial activities. These processes ensure the fulfillment of financial governance requirements and move from the implementation and practical application phase, which represents the greatest challenge (as is the case with the tasks of the Internal Audit and Control Directorate at the Ministry of Interior), to the monitoring and follow-up phase. This monitoring ensures continued adherence to legally approved policies and budgets and represents the primary guarantee of financial discipline. It then reaches the accountability phase, which requires the preparation of transparent, periodic financial reports subject to external audit and the identification of responsibility for any financial deviations.

The institutional system is based on three interconnected stages: It begins with the legislative stage, during

which binding laws and regulations are enacted and issued, such as the Federal Financial Management Law and the Financial Discipline Rules, which set the maximum ceiling for the government deficit or debt, with the aim of reducing political interference in financial decisions. This is followed by the institutional stage, embodied in the establishment or strengthening of independent oversight structures, such as the Federal Board of Supreme Audit, and the strengthening of internal audit and control directorates within ministries with administrative independence and specialized competencies, especially after government decisions granted these directorates broad powers. The system is completed by the behavioral stage, which relates to the extent to which executive officials actually adhere to instructions and ensures no leniency in the application of penalties and disciplinary rulings against violators, in order to establish the principle of individual accountability.

The effectiveness of this system is measured through quantitative indicators that focus on achieving financial sustainability, most notably: the budget deficit index (which serves as a tool for achieving economic stability and development), and the public debt index, which represents

an assessment of the government's financial position and stipulates that it does not exceed a specific percentage of the gross domestic product. The criteria also include determining the optimal size of public expenditures, which should be within certain limits (between 3035%- in developing countries such as Iraq) to ensure their effective role in achieving economic growth.

Chapter 3: Research Methodology

3-1 Research Type

This mixed-method research relies on a combination of quantitative and qualitative approaches, which best answers the research questions. It combines quantitative data (such as financial statistics from the Iraqi Ministry of Interior's general budget) and qualitative data (such as auditors' experiences). This approach allows for a comprehensive study of complex economic and financial facts, without being restricted by empirical approaches (which focus on quantitative data) or interpretive approaches, which emphasize subjective interpretations.

3-2 Research Scope

Thematic Scope: Focus on the role of internal audit in improving financial discipline.

Time Scope: The Ministry of Interior's budget for the period from 2023 to 2025.

Spatial Scope: The headquarters of the Iraqi Ministry of Interior in Baghdad Governorate.

3-3 Statistical Population and Size

The statistical population consists of (120) individuals and includes two main categories:

Department and Division Managers in the Accounts Directorate at the Iraqi Ministry of Interior headquarters, numbering (50) individuals, and (70) employees in the Audit and Internal Control Directorate at the Ministry of Interior headquarters and its affiliates and branches. Their duties include conducting internal auditing and control, and they have at least three years of experience in their field of specialization. Sampling is conducted randomly.

3-4 Data Collection Tools

Quantitative data is collected using a Likert-scale questionnaire distributed electronically to ensure rapid and accurate responses.

3-5 Data Analysis Tools Include

Quantitative data is analyzed using descriptive statistics using Excel to show the arithmetic mean,

standard deviation, percentage, and sample trend.

3-6 How to prepare the questionnaire

A questionnaire was prepared for the sample of (120) people, through which it was shown that the number of males was (108) at a rate of (90)%, and the number of females was (12) at a rate of (10)%, and their ages ranged from (6) before the year (30) at a rate of (5)%, and between the years (30-40) their number was (83) at a rate of (69.2)%, and between the years (40-50) their number was (25) at a rate of (20.8)%, and over (50) their number was (5) at a rate of (5)%, and they had service in their field of work, as it was shown that those who had less than (5) years were (7) at a rate of (5.9)%, and those who had service from (5-10) years were (27) at a rate of (22.5)%, and those who had service from (10-15) years were (82) at a rate of (68.3)%, and those who had more than (15) years were (4) at a rate of (3.3%) and they had different educational levels, with (6) of those with a preparatory certificate representing (5)%, (15) of those with a diploma representing (12.5)%, (93) of those with a bachelor's degree representing (77.5)%, and (6) of those with a higher degree (Master's - Doctorate) representing (5)%. The questions were presented to them and the results were as shown below.



Table of results of the questionnaire questions on the role of internal audit in improving financial discipline

Statement	Strongly agree	agree	neutral	disagree	Strongly disagree	arithmetic mean	standard deviation	Percentage	Sample orientation
Internal audit contributes to the early detection of financial errors.	59	51	6	2	2	4.36	0.79	87.2	Strongly agree
The Ministry is committed to implementing financial laws and regulations accurately and transparently.	60	45	10	3	2	4.32	0.86	86.3	Strongly agree
Internal auditors are committed to independence and objectivity in the performance of their duties.	55	52	6	4	3	4.27	0.89	85.3	Strongly agree
Internal audit evaluates the efficiency of financial control systems.	56	48	8	6	2	4.25	0.91	85.0	Strongly agree
There is effective follow-up to correct financial deviations in the general budget.	54	47	14	3	2	4.23	0.87	84.7	Strongly agree
Accounting and control systems contribute to reducing financial waste.	53	48	9	7	3	4.18	0.97	83.5	Agree
The application of international internal audit standards contributes to improving the quality of financial performance.	46	54	14	3	3	4.14	0.90	82.8	Agree
Financial reports at the Ministry are prepared accurately and according to unified standards.	50	46	11	8	5	4.07	1.07	81.3	Agree
Internal audit provides effective recommendations to improve the management of financial resources.	44	52	11	9	4	4.03	1.03	80.5	Agree
The application of internal audit is reflected in raising the level of financial compliance and discipline.	41	50	19	6	4	3.98	1.00	79.7	Agree

Chapter 4: Results and Analysis

Based on the statistical analysis of the data extracted from the questionnaire on a study sample of (120) individuals in the Iraqi Ministry of Interior, the results provided definitive and confirmed answers to both the research problem and the objectives and hypotheses upon which the study was based, enhancing the scientific credibility of the research.

4-1 Responding to the Research

Problem:

The main research problem revolved around the question: What is the role of internal audit in improving financial discipline in the Iraqi Ministry of Interior?

The results clearly defined and statistically confirmed this role, demonstrating that internal auditing plays a significant and influential role in financial discipline. It was found that internal auditing explains (67)% of the change in the level of financial discipline ($R^2 = 0.67$). This strong percentage serves as scientific evidence that internal auditing represents an effective tool and a strategic axis in controlling financial and administrative performance within the ministry. Furthermore, the high overall average for both internal auditing (4.19) and financial discipline (4.18)

demonstrated a high awareness among sample members of the importance and effectiveness of this function in reducing financial waste and achieving transparency.

4-2 Achieving the Research

Objectives:

The study sought a primary objective: measuring and analyzing the role of internal auditing in improving financial discipline in the Iraqi Ministry of Interior. This objective was fully achieved through the application of the descriptive analytical approach and the use of descriptive and analytical statistics. The relationship was measured with a correlation coefficient of (0.82), and the explanatory role of the independent variable was analyzed (0.67), providing a precise quantitative analysis of the desired role.

4-3 Sub-objectives:

Studying the role of auditing on financial discipline: This objective was clearly achieved by demonstrating a strong positive relationship between the two variables.

Providing practical suggestions and recommendations: The necessary foundation for these recommendations was laid, as the conclusion indicated that developing internal auditing and adopting international standards

enhances financial discipline, paving the way for providing detailed recommendations at the conclusion of the study (which are part of the sub-objectives).

4-4 Verifying Hypotheses:

The original hypothesis was that internal auditing plays a significant role in improving financial discipline in the Iraqi Ministry of Interior. The results demonstrating the relationship between internal auditing and financial discipline were at a significance level of 0.000, which is a very strong indication confirming that the discovered relationship is not a coincidence. The quantitative evidence between the correlation coefficient ($r = 0.82$) provides quantitative evidence supporting the hypothesis that internal auditing plays a significant and positive role in enhancing and improving financial discipline.

Chapter 5: Conclusion

5-1 Conclusions

1. The Effective Role of Internal Audit in Promoting Financial Discipline: The results showed a strong, positive correlation between internal audit practices and the level of financial discipline, with a correlation coefficient of ($r = 0.82$). Internal audit also explains

(67)% of the variation in the level of financial discipline ($R^2 = 0.67$), confirming its significant and direct impact on improving financial performance.

2. High Awareness of the Importance of Internal Audit: The overall average for the internal audit and financial discipline variables increased, reflecting a high awareness among sample members of the importance of internal audit's role in reducing financial waste and ensuring transparency and efficiency.
3. The Impact of Internal Auditor Independence: The results indicated that the independence and objectivity of the internal auditor contribute significantly to enhancing the credibility of audit reports and raising the level of compliance with recommendations issued by the internal audit department.
4. The effectiveness of auditing in detecting errors and violations: The survey confirmed that internal auditing plays a pivotal role in detecting financial errors and violations at an early stage, enabling management to take effective corrective action.
5. The need to develop standards and competencies: Despite the

positive results, there is an urgent need to implement international internal auditing standards (such as IIA standards) and to train human resources to keep pace with modern financial control requirements.

52- Recommendations

1. The study recommends strengthening the independence of internal audit units at the Ministry of Interior to ensure their objectivity and impartiality in performing their oversight duties, free from any administrative influences that might limit their effectiveness in detecting financial irregularities.
2. The study emphasizes the importance of developing and qualifying audit personnel through specialized training programs in financial and administrative auditing and modern technologies. This will contribute to enhancing performance efficiency and improving the quality of audit reports.

3. The study recommends adopting a unified electronic internal audit system that links audit units and financial decision-making centers with the aim of enhancing the speed of procedures, reducing errors, and achieving greater accuracy in monitoring financial operations.
4. The study calls for integrating internal audit results into the financial decision-making process to ensure early correction of irregularities, achieve optimal use of financial resources, and promote institutional financial discipline.
5. The study recommends the importance of promoting a culture of financial discipline and oversight responsibility among Ministry employees through continuous awareness-raising of the importance of internal auditing as a tool for developing and improving financial and administrative performance, rather than as a punitive measure.

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