
THE ROLE OF INTERNAL AUDITOR IN ENHANCING RISK MANAGEMENT: AN APPLIED STUDY IN IRAQI BANKS

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Abstract

This study aimed to investigate the impact of internal auditing on risk management in light of internal auditing standards. The study was conducted on a sample of banks operating in Iraq, where data was analyzed through an empirical study and a questionnaire was conducted, using international internal auditing standards as a tool. The results of the study showed a strong positive relationship between internal auditing and risk management by contributing to improving risk management procedures and enhancing internal control in banks. The study recommended the importance of enhancing the role of internal auditing as an effective tool in improving risk management in public banks.

Keywords Auditing standards, Internal Auditor, Risk auditing, Risk management, Iraqi banks, internal auditing.

Introduction

Risk management is essential in the public banking sector when facing various financial, operational, and legal risks. To enhance risk management and ensure the efficient achievement of the institution's objectives, internal auditing plays a crucial role.

Internal auditing includes independent and objective examination of risk management processes, control systems, and organizational structures of the institution. Its role lies in helping to identify and evaluate risks by assessing the effectiveness of control measures, while providing recommendations for improvement. Thus, internal auditors act as internal monitors, ensuring compliance with regulations, policies, procedures, and all bank decisions (1).

Internal auditors provide valuable insights into the bank's operations, financial systems, and exposure to risks. Through conducting routine examinations, they help identify potential weaknesses, pinpoint areas for improvement, and suggest mechanisms and strategies to manage risks and enhance operational efficiency.

Internal auditors also play a critical role in promoting transparency and accountability within the bank organization through their assessments and reports, providing assurance to management, the board of directors, and stakeholders that risks are effectively managed and appropriate controls are in place. Overall, effective internal auditing is essential for successfully managing risks in public banks (2).

Banks play a vital role in the country's economy by facilitating financial transactions and directing capital, and in order to earn the trust of customers and stakeholders, strong systems for monitoring and internal auditing are necessary. Adherence to international and local auditing standards also enhances the effectiveness and credibility of the internal auditing function.

Internal audit procedures in Iraqi banks do not fully comply with internal audit standards. Auditors often rely on their personal judgments rather than standards, leading to inconsistencies and affecting the quality of internal audit work, weakening the confidence of external auditors in their results.

Through comprehensive examinations, internal auditing helps identify and evaluate various risks facing public banks, such as credit, market, liquidity, and operational risks. Internal auditors can also assess the effectiveness of risk management strategies and provide recommendations for improvement, as public banks are subject to various regulatory requirements and standards, with internal auditors playing a crucial role in ensuring compliance with these laws and guidelines (3).

Auditors review policies and procedures, assess the bank's compliance with relevant regulations, identify areas for enhanced control compliance, and internal auditors evaluate the effectiveness of internal controls in mitigating risks by examining control systems, operations, and procedures to identify any weaknesses. By assessing control gaps, assistance is provided in enhancing risk management frameworks and reducing the likelihood of fraud or operational failure. Through conducted examinations, operational efficiency is enhanced, as internal auditors provide valuable insights into the efficiency and effectiveness of operations within public banks, helping to identify areas for improvement in work such as streamlining processes, reducing duplication, and improving resource allocation. This leads to enhanced operational efficiency and cost reduction, not forgetting the overarching goal of internal auditing, which is to enhance transparency and accountability within public banks. Where it helps in ensuring the provision of recommendations to all stakeholders, including management, the board of directors, and regulatory authorities, to mitigate specific risks and improve risk management practices (4).

The insights and reports of internal auditors help senior management make informed decisions regarding risk-taking, capital allocation, and strategic planning.

Research Objectives:

The research aims to analyze the impact of internal auditing on risk management in public banks and study the extent of application of international standards for internal auditing in the banks included in the study, and determine the importance of the role of internal auditing in improving risk management procedures in public banks, in addition to identifying possible improvements in internal auditing processes to enhance the effectiveness of risk management in banks.

Research Problem:

Weak oversight of these risks may affect the stability of the institution and its ability to efficiently achieve its goals, as public banks face multiple risks, including financial,

operational, and legal risks. Internal auditing is known to be an effective tool for enhancing risk management, but these banks may face challenges in implementing international standards for internal auditing and identifying best practices in this field.

Research Questions:

1. What is the impact of internal auditing on risk management in public banks, and do the banks included in the study adhere to international standards for internal auditing? To what extent do they apply these standards?
2. What are the benefits that internal auditing can achieve in enhancing risk management in public banks? What are the possible improvements in internal auditing processes that can contribute to enhancing the effectiveness of risk management in public banks? What are the other factors that affect the internal auditing process and its application in risk management in public banks?

Reference Studies:

- The study titled "Fraud prevention and internal control in the Nigerian banking system" (5) presented by researchers Adetiloye, K. A., Olokoyo, F. O., & Taiwo, J. N., was conducted at the Public Petroleum Products Distribution Company. The study theoretically addressed the definition of internal auditing, its objectives, and its importance in verifying the accuracy of financial and operational processes and evaluating them from an accounting perspective. The study also included an analysis of the work reality of the Public Petroleum Products Distribution Company, outlining its administrative structures and the accounting system used therein.

It reached important conclusions, considering the internal auditing department as one of the important pillars on which management relies to effectively perform its duties.

The study titled "Internal Auditing Outsourcing, Nonaudit Services and Audit Fees. AUDITING: A Journal of Practice & Theory" (6) in Iraqi banks by Abdul Wahab, E. A., Gist, W. E., Gul, F. A., & Mat Zain, M (2010), aims to examine the practical aspects of the role of internal auditing in these banks. It discussed the foundations and procedures of internal auditing role and proposed a model for the internal auditor's report.

The study also concluded that the performance of internal auditing role is influenced by the personal characteristics of internal auditors, and mentioned that the decision of external auditors to rely on the work of internal auditors is influenced by international auditing standards.

The study conducted in the United Arab Emirates titled "Internal Audit Practices And Service Delivery: A Case Study Of Some Selected Metropolitan, Municipal And District Assemblies (Mmdas) In Ghana" (7) by Adu-Nimako, F. R. A. N. C. I. S. (2011).

The aim was to evaluate the international auditing standards and their implementation in the United Arab Emirates. The study identified the extent to which these standards could be useful and applicable in the country, as well as the standards that do not apply in developing societies in general. The study concluded that the accounting and auditing profession in the UAE requires the development of auditing standards that align with local societal conditions, laws, and regulations. Several recommendations were provided, suggesting the need to

develop widely recognized auditing standards through collaboration with relevant stakeholders, and proposing that audit offices take on the responsibilities of professional associations and offices in the country.

• Internal audit concept, its fundamental principles, and its framework:

Internal audit is an independent and systematic process aimed at evaluating and improving the effectiveness and efficiency of risk management and internal control systems within the organization. It is carried out by internal auditors working within the organization, who possess independence, competence, and neutrality.

The fundamental principles of internal auditing revolve around integrity, independence, competence, communication, and cooperation. The internal audit team must have the necessary skills and experience to assess processes and activities in order to identify risks, provide recommendations for performance improvement, and verify compliance with established policies and procedures.

The framework of internal auditing includes defining audit objectives, scope, planning, execution, and monitoring of audit processes, using standardized criteria and procedures to guide the auditing process and ensure the achievement of objective and reliable results (8).

Internal auditing is considered a vital tool for enhancing risk management within organizations as it contributes to improving processes, strengthening internal controls, reducing potential risks, and providing recommendations for enhancing performance and compliance with adopted standards and policies. In general, the main purpose of internal auditing is to assess and improve operational, organizational, and financial risks while promoting transparency and accountability within the organization.

• The importance of internal auditing in enhancing risk management, its objectives, and scope:

Internal auditing is an independent and systematic process carried out by a team of internal auditors in institutions and organizations with the aim of evaluating and improving the efficiency and effectiveness of risk management. Internal auditing is considered an important part of the internal control system in institutions as it helps identify and assess potential risks and ensure the implementation of policies and procedures to deal with those risks. The importance of internal auditing in enhancing risk management is evident in the following points (9):

1. **Compliance Verification:** Internal auditing helps verify compliance as an independent and systematic process carried out by a team of internal auditors in institutions and organizations to assess and improve the effectiveness and efficiency of risk management. Internal auditing is considered an important part of the internal control system in institutions as it helps identify and evaluate potential risks and ensure the implementation of policies and procedures to address those risks.
2. Internal auditing helps verify the organization's compliance with laws, regulations, and policies while ensuring adherence to recognized professional standards.
3. **Improving internal processes:** Internal auditing provides a comprehensive assessment of the organization's internal processes by analyzing their effectiveness, identifying weaknesses and gaps, and offering recommendations for improvement.

4. Internal auditing aims to evaluate the effectiveness of the organization's internal control system, directing efforts towards enhancing and improving it to strengthen internal control by verifying the presence of effective procedures and mechanisms to control risks, protect assets, and ensure the accuracy and reliability of financial information and reports.

5. Internal auditing contributes to building trust between officials within the organization and external stakeholders to enhance confidence. The goal is to provide an independent and reliable assessment of the organization's performance and the application of governance principles and ethical practices.

Areas of internal auditing include many different fields, including (10):

1. Financial auditing: aims to verify the accuracy and reliability of financial information and reports and their compliance with approved accounting standards.

2. Operational auditing: focuses on evaluating and improving the efficiency and effectiveness of the organization's operational processes, including inventory management, supply chain management, manufacturing, and other operations.

3. Technical auditing: involves evaluating and improving the systems and technology used in the organization, including information security and data protection.

4. Organizational auditing: focuses on assessing compliance with internal policies, procedures, regulations, and external laws and ensuring a sound organizational environment.

5. Legal auditing: deals with assessing compliance with laws and legal regulations by the institution, verifying the presence of sound legal procedures, and compliance with legal requirements. This means that internal auditing contributes to improving risk management by evaluating processes,

- **The International Standards for Internal Audit and how to apply and establish them within the framework of professional behavior:**

The internal audit process is a completely independent and organized process aimed at assessing and improving the effectiveness of risk management, control, and governance processes within the organization. This process is based on a set of international standards that define the basic requirements and principles for effectively and robustly implementing internal auditing. The International Standards for Internal Audit also rely on globally recognized risk management, control, and governance standards, which aim to enhance the transparency and objectivity of the internal audit process and ensure its implementation with high professionalism and in accordance with best practices (11).

The International Standards for Internal Audit, issued by the Institute of Internal Auditors (IIA), are among the key standards for internal auditing, including the fundamental standard (the first standard) which defines the mission, objectives, and authorities of internal auditing. There are also additional standards related to evaluation, control, communication, technical skills, and ethical standards for internal auditors.

Applying the International Standards for Internal Auditing requires internal auditors to be familiar with these standards and to apply them in their daily work, where their primary duty is to follow the specified professional code of conduct in the international standards, which include integrity, confidentiality, professionalism, competence, and compliance with ethical standards. These standards are widely applied across various sectors and industries

worldwide to enhance trust, improve risk management, and internal control. Therefore, the International Standards for Internal Auditing have been developed over time, regularly reviewed and updated to keep pace with developments in the auditing field and contemporary business requirements. It is worth mentioning that the current versions of the International Standards for Internal Auditing include standards issued by the Institute of Internal Auditors (IIA) and other globally recognized standards.

Applying the International Standards for Internal Auditing helps achieve many benefits, including (12):

1. **Enhancing Risk Management:** Internal auditing based on international standards helps identify and evaluate risks and develop strategies to manage them effectively.
2. **Enhancing Internal Control:** Internal auditing assists in assessing the effectiveness of the internal control system and providing recommendations for its improvement, enhancing control over operations and resources.
3. **Enhancing Compliance and Professional Ethics:** Internal auditing based on international standards helps enhance compliance with ethical and professional codes of conduct for internal auditors.
4. **Improving Processes and Efficiency:** Internal auditing analyzes and evaluates work processes and provides recommendations for improving efficiency and achieving organizational goals.
5. **Enhancing Trust and Transparency:** Internal auditing contributes to enhancing trust between management, stakeholders, and external parties by providing independent and transparent reports on the effectiveness of risk management and internal control. In other words, applying international standards for internal auditing contributes to enhancing risk management and internal audit contributes to improving the performance of institutions and achieving their goals more effectively and sustainably.

The above can be classified in Table 1:

Standard number	The standard
1000	Definition and clarification of the purpose, authority, and responsibility of internal audit activity.
1100	Independence and neutrality.
1110	Organizational independence.
1120	Individual neutrality.
1130	Obstacles that affect independence or neutrality.
1200	Performing internal audit activity efficiently and professionally.
1210	Competence.
1220	Deserved professional care.
1230	Continuous development of professional skills.
1300	Quality assurance and improvement program.
1310	Quality assurance program.
1320	Reporting on the quality assurance program.
1330	Using the phrase "complies with international standards" or "aligns with international standards."
1340	Detection of non-compliance.
2000	Managing internal audit activity.

• **Internal audit in banks:**

Internal audit in banks is a process of evaluating and reviewing financial and accounting processes and systems within banks with the aim of verifying compliance with adopted policies and procedures and ensuring a high level of control and protection. Internal audit is considered a vital part of risk management in banks and contributes to maintaining the safety and integrity of bank operations (13).

The importance of internal audit in banks can be summarized in several points:

1. **Control and protection:** Internal audit help to detect and correct any violations or weaknesses in internal control and financial protection, by evaluating the effectiveness of the adopted systems and procedures and recommending improvements if necessary.
2. **Compliance and Professional Standards:** Internal auditing ensures that banks adhere to professional standards and relevant financial regulations by reviewing financial operations and transactions and ensuring the implementation of approved rules and policies.
3. **Improving Efficiency and Effectiveness:** Internal auditing contributes to improving the efficiency and effectiveness of bank operations by identifying inefficient processes and recommending improvements, through providing recommendations for process improvement and system development.
4. **Risk Management:** Internal auditing contributes to identifying and evaluating banks' risks and providing mechanisms for dealing with them, by assessing the effectiveness of the risk management system, identifying weaknesses, and recommending enhancements.

The tasks of internal auditing in banks include evaluating financial and accounting operations, reviewing systems and internal controls, providing recommendations to improve performance, and monitoring risks (14).

Internal auditing can be conducted by independent teams within banks or by external independent parties such as central financial oversight or the central bank. When conducting internal auditing in banks, characteristics such as the independence and efficiency of the internal audit team and the effectiveness of bank operations are taken into account.

Internal auditing is carried out based on a specific plan that includes the scope and objectives of the audit and the required procedures. Internal audit teams in banks rely on a range of tools and techniques to perform their tasks, including data and financial analysis, conducting interviews and surveys, and using statistical models and statistical sampling techniques.

The results of the audit are documented in written reports that include important recommendations and observations.

Generally, internal auditing in banks aims to enhance trust in bank operations and achieve compliance with financial and professional standards. Internal auditing plays a vital role in ensuring the sustainability and success of banks, as well as enhancing trust among customers and other stakeholders.

Research methodology:

The internal auditing process in banks is carried out and managed according to the following methodology (16):

1. Annual audit planning: An annual audit plan is prepared to identify the entity to be audited and the required scope of work. This includes periodic audits of branches and departments, as well as performing specific tasks according to business requirements or senior management needs. The plan may also include surprise audits of branches.
2. Field inspection: Field inspection is conducted at the audited entity's work site, where an inspection committee appointed by the department management responsible for auditing the branch or entity in question.

The committee members and its chairperson are determined at this stage, usually consisting of four or three individuals depending on the size of the entity involved, holding meetings and conducting audits.

3. Office audit: Office audits are conducted on a daily basis, involving examination and verification of data and records, matching them, and verifying their accuracy.
4. Follow-up on audit reports: The reports prepared after the audit are followed up with the audit body, where the observations and recommendations in the reports are reviewed and the actions taken by the branches that have been reviewed regarding those observations are followed up, as well as ensuring the implementation of necessary actions to improve operations and enhance compliance.

Table (2) shows the number of internal audit department employees and their specialties in the study:

Table (2): Internal audit department employees with their specialties and years of service

Bank name	Number of Employees	Internal Audit Department	Number of Internal Auditors in the Department	Years of Service				
				Less than 5	Between 6-15 years	16-25	35-26	More than 36
Al-Jihan Bank	58	14	11	11	5	22	16	4
Kurdistan Bank	12	3	8	8	2	-	-	2
Abu Dhabi Bank, Erbil Branch	15	5	10	10	-	-	5	-
Mosul Commercial Bank, Erbil Branch	5	2	3	3	-	-	2	-
Al-Tayf Islamic Commercial Bank	10	4	6	6	-	-	4	-

Table (3): Internal audit questionnaires models

Bank name	Distributed samples	Recovered samples	Recovery rate
Al-Jihan Bank	20	15	37%
Kurdistan Bank	4	4	10%
Abu Dhabi Bank, Erbil Branch	7	7	17%
Mosul Commercial Bank, Erbil Branch	3	3	8%
Al-Tayf Islamic Commercial Bank	4	4	10%
Al-Jihan Bank	4	4	10%
Kurdistan Bank	3	3	8%
Total	45	40	100%

From Table (4), it is clear that the highest percentage reached 50%, and the lowest percentage was in the postgraduate diploma at 3%. It is also noted that degree holders may obtain a percentage ranging from 3% to 7%.

Table (4): Individuals in the research sample by academic achievement

Academic Level	Number	Percentage
Ph.D.	4	7%
Master's	-	-
Law Accountant	3	5%
Higher Diploma	2	3%
Bachelor's	30	50%
Diploma	12	20%
Preparatory	9	15%
Total	60	100%

In Table (5), the accounting specialization had the highest percentage at 45%, while the lowest percentage was shared by the economics, finance, and banking specializations, each at 8%. As for the business administration specialization, the percentage reached 15%, while the percentage of other specializations including the preparatory school was 24%, indicating that nearly a quarter of individuals are outside the auditing and accounting specializations, including those without a university degree.

Table (5): Individuals in the research sample by scientific specialization

Scientific Specialization	Number	Percentage
Accounting	27	45%
Business Administration	9	15%
Economics	5	8%
Finance and Banking	5	8%
Other	14	24%
Total	60	100%

It is evident from Table (6) that 40% of the individuals in the sample had years of service ranging from one to five years, followed by the percentage of individuals with years of service ranging from 26-35 years, where the percentage reached 34%. As for individuals with years of service ranging from 6-25 years, the percentage was 18%, while the percentage of individuals with more than 36 years of service was 8%, indicating that the majority of employees are newly recruited.

Table (6): Research sample members according to years of service

Years of Service	Number	Percentage
Less than 5 years	24	40%
5-18	11	18%
19-34	20	34%
More than 35 years	5	8%
Total	60	100%

From Table (7), it is clear that the position of manager held the highest percentage, which was 19% within the internal audit group, and the lowest percentage was for the accountant position, which was 3%.

The percentage for the rest of the positions in this group ranged from 7% to 13%, while the highest percentage for the positions held by the group was the external auditor position as a financial controller, which reached 13%, and the lowest percentage for this group was the financial controller at 8%, while the percentage of the legal accountant was 8%.

Table (7): Research Sample by Occupation

Work Position	Number	Percentage
Certified Accountant	7	12%
Financial Supervisor	8	13%
Senior Financial Officer	5	8%
Senior Manager	4	7%
Manager	11	19%
Senior Financial Officer	3	5%
Senior Auditor	8	13%
Accounting Manager	2	3%
Senior Auditor	5	8%
Controller	7	12%
Total	60	100%

From Table (8), it is noted that 18% of the research sample did not participate in any training courses in the fields of banking or auditing, considering that a high percentage of the sample individuals are recent graduates who have been employed, while the remaining 82% participated in several sessions. This is considered a good indicator in various banking fields. As for the number of participants in the standards field, this indicates a tendency to participate in accounting and auditing fields, with a percentage of 13% in receiving such courses and benefiting from them in the auditing field.

Table (8): Individuals in the Research Sample by Participation in Specialized Courses

Followed Course	Number	Percentage
Audit and Accounting	15	25%
Accounting and Audit Standards	8	13%
Other Banking Activities	26	44%
Not participating in any course	11	18%
Total	60	100%

Survey Organization:

The survey consists of 20 questions related to internal auditing in Iraqi public banks, where participants were asked to indicate their agreement with each statement using a Likert scale consisting of five points ranging from "Strongly Agree" to "Strongly Disagree."

The purpose of this survey was to gather opinions and perceptions about various aspects of the internal audit function in the bank. The data covers topics such as the independence of the internal audit department, qualifications and skills of internal auditors, the importance of following auditing standards, and the role of internal auditors in ensuring compliance with laws and regulations. The survey was also designed to assess the effectiveness, efficiency, and credibility of the internal audit process.

Table (9): Survey Questions

№	The question	I strongly agree	I agree	I don't know	I disagree	I strongly disagree
1	Internal auditing must be linked to the highest level of management and be independent of executive departments.					
2	The internal auditor is not tasked with organizing some of the accounting work in the bank, even if required.					
3	(There should be an audit committee for the bank's board of directors)					
4	The bank's management is interested in implementing the recommendations made by the internal auditor and taking necessary corrective actions.					
5	The internal auditor bases decisions and judgments on evidence that is impartial to any department within the bank.					
6	The success of the internal auditing process depends on the scientific and practical knowledge of the internal auditor.					
7	The internal auditor must have sufficient ability and experience to identify and monitor banking risks.					
8	The internal audit management in the bank employs qualified employees in terms of:					
9	Education, skill, and training to work in it.					

10	The work of the internal auditor requires high skills in dealing with people and the ability to communicate properly.					
11	The internal auditor respects the value and ownership of the information obtained unless there is a professional or legal obligation to disclose specific information.					
12	It is necessary to keep up with developments in auditing standards.					
13	The internal auditor must be familiar with the internal control system in banks.					
14	The internal auditor verifies the reasonableness of the accounting estimates made by management (the bank).					
15	The internal auditor ensures that the established systems are consistent with applicable laws and regulations.					
16	They have an effective impact on the bank's operations and reporting on them.					
17	The internal auditor ensures that the bank continues to implement its (accounting) policies.					
18	Internal auditors assess the bank's ability to continue as a source of funding.					
19	Internal auditors perform their work according to written instructions distributed to them to complete the internal auditing process.					
20	Every part of the bank's activities is subject to examination and monitoring. It is essential to have mandatory auditing standards to guide the internal auditing process.					

Results and Discussion:

We conducted statistical analysis and obtained the following values for the survey questions results according to SPSS analysis. The data is presented in frequency tables representing the answers and percentages of various survey questions related to internal auditing practices within banks, where participants were asked to express their agreement or disagreement on the data related to the internal audit process and the role of internal auditors. In the first question about linking internal audit to the highest level of management and ensuring independence from executive departments, responses varied. We noticed that 10% of participants completely objected, 20% objected, 10% were unsure, 50% agreed, and 10% strongly agreed with the statement.

The survey also addressed other aspects of internal audit, such as assigning internal auditors accounting tasks, the presence of an audit committee affiliated with the board of directors, and the bank management's readiness unit to implement recommendations.

Each question received a range of answers, indicating differences in participants' opinions. Overall, the data suggests that opinions are convergent regarding various aspects of internal audit practices in the banking sector, with some participants strongly supporting certain practices, while others express disagreement or doubt.

In the end, we analyzed all the questions in the following tables:

Table (10): Survey Results

		Internal audit should be linked to the highest administrative level and independent of executive departments.	The internal auditor is not assigned to organize some accounting work in the bank, even if the need arises.	There should be an audit committee for the bank's board of directors.	The bank management is interested in making the amendments recommended by the internal auditor and taking necessary corrective actions.	The internal auditor bases his judgment and decisions on evidence that is not biased toward any department inside the bank.	The success of the internal audit process depends on the scientific and practical knowledge of the internal auditor.	The internal auditor should have sufficient ability and experience to identify and monitor banking risks.	The internal audit department in the bank obtains qualified employees in terms of education, skill, and training to work in it.	The work of the internal auditor requires high skill in dealing with people and the ability to deliver properly.	The internal auditor respects the value and ownership of the information he obtains unless there is a professional or legal obligation that requires the disclosure of certain information.
N	Valid	20	20	20	20	20	20	20	20	20	20
	Missing	0	0	0	0	0	0	0	0	0	0
Mean		3.3000	3.3000	3.0000	4.0000	3.5000	3.6000	3.3500	2.6500	2.7000	3.1000
Median		4.0000	3.0000	3.5000	4.0000	4.0000	4.0000	4.0000	2.0000	3.0000	3.0000
Mode		4.00	5.00	4.00	5.00	4.00	4.00	4.00	2.00	3.00 ^a	4.00
Std. Deviation		1.21828	1.52523	1.37649	1.21395	1.53897	.75394	1.22582	1.30888	1.12858	1.29371
Variance		1.484	2.326	1.895	1.474	2.368	.568	1.503	1.713	1.274	1.674
Skewness		-.644	-.170	-.269	-1.177	-.770	-.786	-1.519	.418	-.312	-.528
Std. Error of Skewness		.512	.512	.512	.512	.512	.512	.512	.512	.512	.512
Kurtosis		-.702	-1.479	-1.366	.585	-.999	.464	.450	-.949	-1.244	-.705
Std. Error of Kurtosis		.992	.992	.992	.992	.992	.992	.992	.992	.992	.992
Range		4.00	4.00	4.00	4.00	4.00	3.00	3.00	4.00	3.00	4.00
Sum		66.00	66.00	60.00	80.00	70.00	72.00	67.00	53.00	54.00	62.00

Question 1: Cronbach's Alpha = -0.894, Standardized Cronbach's Alpha = 1.842, and within the frequency tables, we see the number of repetitions and the percentage of responses for each of the survey questions.

Table (11): Internal audit should be linked to the highest administrative level and be independent of executive departments.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	i totally disagree	2	10.0	10.0	10.0
	i don't agree	4	20.0	20.0	30.0
	not sure	2	10.0	10.0	40.0
	i agree	10	50.0	50.0	90.0
	strongly agree	2	10.0	10.0	100.0
Total		20	100.0	100.0	

Table (12): This table shows individuals' opinions on appointing an internal auditor to organize accounting work in the bank. Responses ranged from "Strongly Disagree" to

"Strongly Agree," with the majority of responses strongly agreeing on the necessity of having an internal auditor to assist in organizing accounting work when needed.

Table (13): This table displays people's opinions on establishing an audit committee for the bank's board of directors. Responses ranged from "Strongly Disagree" to "Strongly Agree," where a large number of participants either agreed or strongly agreed on the necessity of having an audit committee.

Table 14: This table presents opinions on the bank management's interest in implementing recommendations from the internal auditor and taking necessary corrective actions. Responses ranged from "strongly disagree" to "strongly agree," with the majority of responses showing strong agreement on the bank management's interest in implementing the proposed changes and taking necessary corrective actions.

Table 12: The internal auditor is not assigned to organize some accounting tasks in the bank, even if necessary.

	Frequency	Percent	Valid Percent	Cumulative Percent
i totally disagree	3	15.0	15.0	15.0
i dont agree	4	20.0	20.0	35.0
not sure	4	20.0	20.0	55.0
i agree	2	10.0	10.0	65.0
strongly agree	7	35.0	35.0	100.0
Total	20	100.0	100.0	

Table 13: There should be an audit committee for the bank's board of directors.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid i totally disagree	4	20.0	20.0	20.0
i dont agree	4	20.0	20.0	40.0
not sure	2	10.0	10.0	50.0
i agree	8	40.0	40.0	90.0
strongly agree	2	10.0	10.0	100.0
Total	20	100.0	100.0	

Table 14: The bank management is interested in implementing the recommended changes by the internal auditor and taking necessary corrective actions.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	i totally disagree	1	5.0	5.0	5.0
	i dont agree	2	10.0	10.0	15.0
	not sure	2	10.0	10.0	25.0
	i agree	6	30.0	30.0	55.0
	strongly agree	9	45.0	45.0	100.0
	Total	20	100.0	100.0	

Table 15: Most participants agree that internal auditors should base their decisions on unbiased evidence.

Table 16: The majority of participants agree that the success of internal auditing depends on the auditors' knowledge.

Table 17: Participants largely agree that internal auditors need the ability to identify and monitor banking risks.

Table 18: Opinions vary on whether internal audit management employs qualified staff.

Table 19: Participants have mixed opinions on whether internal auditors have high skills in dealing with people.

Table 20: Opinions vary on whether internal auditors should respect the confidentiality of information obtained, based on professional or legal obligations.

Table (15): The internal auditor bases his decisions and choices on unbiased evidence towards any department within the bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	i totally disagree	4	20.0	20.0	20.0
	i dont agree	2	10.0	10.0	30.0
	i agree	8	40.0	40.0	70.0
	strongly agree	6	30.0	30.0	100.0
	Total	20	100.0	100.0	

Table (16): The success of the internal auditing process depends on the scientific and practical knowledge of the internal auditor.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	i dont agree	2	10.0	10.0	10.0
	not sure	5	25.0	25.0	35.0
	i agree	12	60.0	60.0	95.0
	strongly agree	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Table (17): The internal auditor should have sufficient capabilities and experience to identify and monitor banking risks.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	i totally disagree	4	20.0	20.0	20.0
	not sure	1	5.0	5.0	25.0
	i agree	15	75.0	75.0	100.0
	Total	20	100.0	100.0	

Table (18): The bank's internal audit department includes qualified employees in terms of education, skill, and training to work in it.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	i totally disagree	4	20.0	20.0	20.0
	i dont agree	7	35.0	35.0	55.0
	not sure	3	15.0	15.0	70.0
	i agree	4	20.0	20.0	90.0
	strongly agree	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

Table (19): The work of the internal auditor requires high skill in dealing with people and the ability to provide service correctly.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	i totally disagree	4	20.0	20.0	20.0
	i dont agree	4	20.0	20.0	40.0
	not sure	6	30.0	30.0	70.0
	i agree	6	30.0	30.0	100.0
	Total	20	100.0	100.0	

Table (20): The internal auditor respects the value and ownership of the information obtained unless there are professional or legal obligations requiring the disclosure of specific information.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	i totally disagree	4	20.0	20.0	20.0
	i dont agree	1	5.0	5.0	25.0
	not sure	6	30.0	30.0	55.0
	i agree	7	35.0	35.0	90.0
	strongly agree	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

Table (21): It is necessary to keep up with developments in auditing standards.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	i totally disagree	2	10.0	10.0	10.0
	i dont agree	3	15.0	15.0	25.0
	not sure	4	20.0	20.0	45.0
	i agree	5	25.0	25.0	70.0
	strongly agree	6	30.0	30.0	100.0
	Total	20	100.0	100.0	

Table (22): The internal auditor must be familiar with the internal control system in banks.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	i totally disagree	3	15.0	15.0	15.0
	i dont agree	3	15.0	15.0	30.0
	not sure	6	30.0	30.0	60.0
	i agree	2	10.0	10.0	70.0
	strongly agree	6	30.0	30.0	100.0
	Total	20	100.0	100.0	

Table (23): The internal auditor verifies the reasonableness of the accounting estimates made by the bank's management.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	i totally disagree	3	15.0	15.0	15.0
	i dont agree	2	10.0	10.0	25.0
	i agree	10	50.0	50.0	75.0
	strongly agree	5	25.0	25.0	100.0
	Total	20	100.0	100.0	

Table (24): The internal auditor ensures that established systems are consistent with current laws and regulations, and have an effective impact on the bank's operations and preparation of related reports.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	i totally disagree	1	5.0	5.0	5.0
	i dont agree	4	20.0	20.0	25.0
	not sure	4	20.0	20.0	45.0
	i agree	3	15.0	15.0	60.0
	strongly agree	8	40.0	40.0	100.0
	Total	20	100.0	100.0	

Table (25): Internal auditors ensure the continuity of accounting policies in the bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	i totally disagree	2	10.0	10.0	10.0
	not sure	2	10.0	10.0	20.0

i agree	10	50.0	50.0	70.0
strongly agree	6	30.0	30.0	100.0
Total	20	100.0	100.0	

Table (26): Internal auditors assess the bank's ability to continue as a going concern.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	i totally disagree	6	30.0	30.0	30.0
	i dont agree	2	10.0	10.0	40.0
	not sure	1	5.0	5.0	45.0
	i agree	9	45.0	45.0	90.0
	strongly agree	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

Table (27): Internal auditors carry out their work according to written instructions distributed to them to complete the internal auditing process.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	i totally disagree	4	20.0	20.0	20.0
	i dont agree	4	20.0	20.0	40.0
	not sure	4	20.0	20.0	60.0
	i agree	6	30.0	30.0	90.0
	strongly agree	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

Table (28): Every part of the bank's activities is subject to review and monitoring.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	i totally disagree	7	35.0	35.0	35.0
	not sure	2	10.0	10.0	45.0
	i agree	5	25.0	25.0	70.0
	strongly agree	6	30.0	30.0	100.0
	Total	20	100.0	100.0	

Table (29): It is essential to have mandatory auditing standards to guide internal auditing tasks.

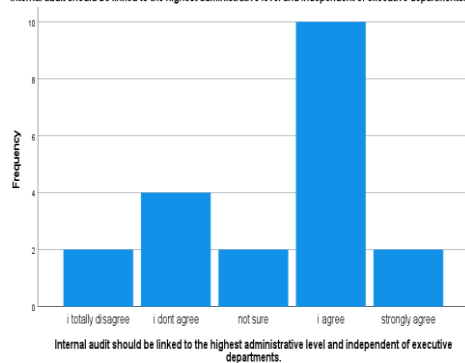
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	i totally disagree	5	25.0	25.0	25.0
	not sure	4	20.0	20.0	45.0
	i agree	7	35.0	35.0	80.0
	strongly agree	4	20.0	20.0	100.0
	Total	20	100.0	100.0	

Table (30): Existing laws, regulations, and regulations affect the development and implementation of audit standards in the internal affairs of operating Iraqi banks.

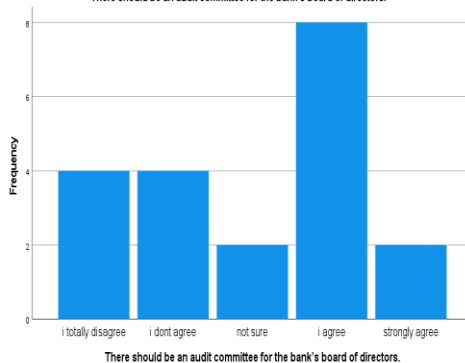
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	i totally disagree	1	5.0	5.0	5.0
	not sure	6	30.0	30.0	35.0
	i agree	3	15.0	15.0	50.0
	strongly agree	10	50.0	50.0	100.0
	Total	20	100.0	100.0	

We conduct a descriptive study through columns and a percentage circle, where we obtain the number of repetitions in representing the columns, and in the percentage circle, we obtain the frequency ratio.

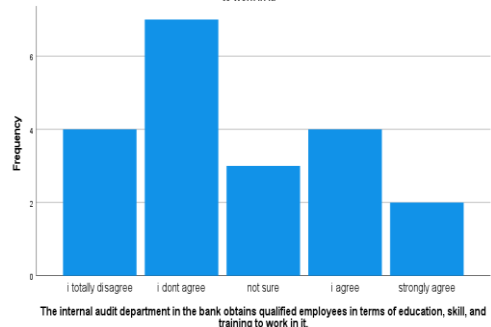
Internal audit should be linked to the highest administrative level and independent of executive departments.



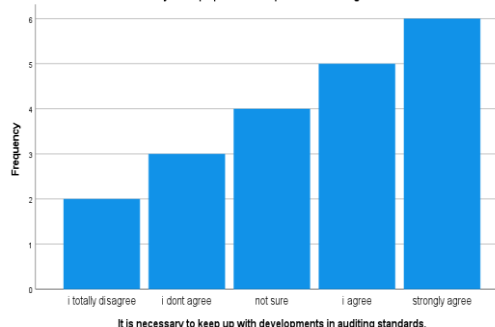
There should be an audit committee for the bank's board of directors.



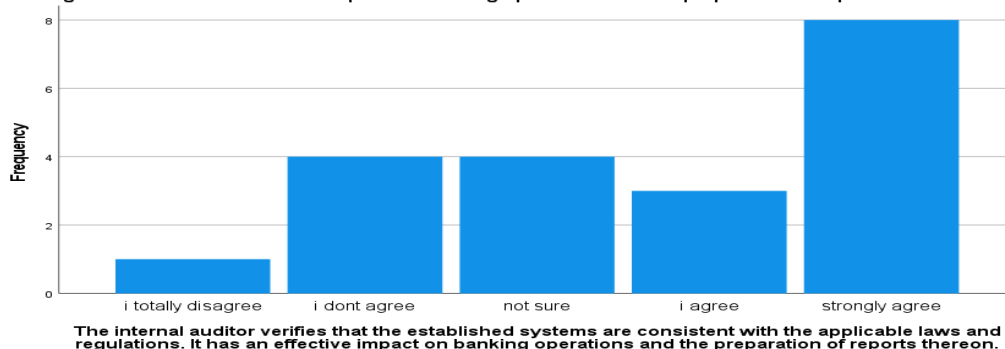
The internal audit department in the bank obtains qualified employees in terms of education, skill, and training to work in it.

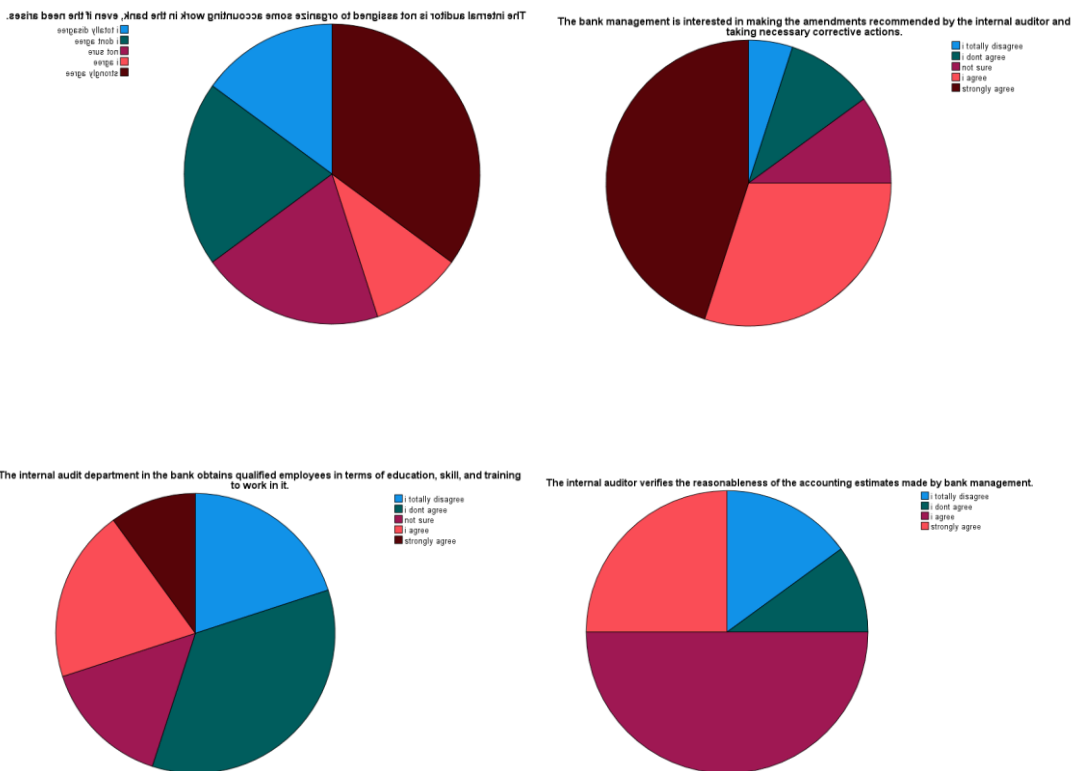


It is necessary to keep up with developments in auditing standards.



The internal auditor verifies that the established systems are consistent with the applicable laws and regulations. It has an effective impact on banking operations and the preparation of reports thereon.





Conclusions:

In this research, we have concluded that internal auditing plays a vital role in improving risk management in public banks by evaluating processes and activities, identifying potential risks, and providing recommendations for improvement. Internal auditing also contributes to enhancing efficiency and operational effectiveness in public banks.

Furthermore, internal auditing helps enhance transparency and accountability within the bank by providing assurances to management, the board of directors, and stakeholders that risks are effectively managed and that appropriate controls are in place. In general, effective internal auditing is necessary for the success of risk management in public banks.

Public banks face challenges in applying international standards for internal auditing and identifying best practices in this field. Banks must adhere to international standards for internal auditing to enhance the effectiveness and credibility of the internal auditing function, where internal auditing teams must have the necessary competencies and experiences to evaluate processes, identify risks, and provide improvement recommendations. Additionally, other factors that affect the internal auditing process and its application in risk management in public banks should also be addressed based on research findings.

The results also recommend enhancing the role of internal auditing in public banks as an effective tool for improving risk management. Compliance with international standards related to internal auditing and enhancing internal auditing processes should be strengthened to improve risk management effectiveness in public banks.

The central bank and relevant regulatory authorities can play a significant role in promoting the adoption of international standards and enhancing awareness and capabilities in the field of internal auditing.

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