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Article

The effectiveness of internal control systems on accounting disclosure and their impact on the quality of accounting information in financial statements An analytical study of economic institutions operating in the Iraqi market

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Abstract: Internal control systems, in their accounting concept, are an integrated organizational system that includes a set of policies, procedures, and means adopted by economic institutions with the aim of protecting their assets, ensuring the integrity, accuracy, and reliability of accounting information, effectively enhancing productive and economic efficiency, and ensuring compliance with the policies, procedures, and plans established by management. Internal control also helps reduce financial errors, whether intentional or unintentional, by providing an effective control system that ensures the integrity of financial and administrative operations, this study focuses on understanding the control environment, its procedures, and its various methods for detecting its impact on the accuracy and integrity of accounting information in financial reports and statements. The results of the study demonstrate that internal control plays an effective role in presenting this information with high quality, which positively impacts the efficiency of economic institutions and improves their performance. The study also showed that strengthening this role requires supporting the independence of internal control departments within the organization's organizational structure, and not subjecting them administratively to the departments or units over which control is exercised. The study recommended the need to pay attention to developing the scientific and professional competencies of internal auditors, and to work on developing their skills through continuous training programs, in addition to employing modern technologies in implementing audit and oversight work, which contributes to raising the level of professional performance and improving the quality of oversight work. She also stressed the importance of adhering to the rules of professional conduct issued by the Iraqi Syndicate of Accountants and Auditors, in order to ensure keeping pace with the rapid developments witnessed by the accounting and auditing profession.
Keywords: Internal control, auditing, accounting information, accounting disclosure, financial statements, economic institutions

1. Introduction:

Internal control is defined as a set of main activities in the form of instructions and regulations created by the management of institutions to assist that management or internal control system. It is a set of planned and organized policies and procedures that aim to protect the economic assets of the institution and ensure the optimal use of resources, review the accuracy and documentation of financial and administrative data, and achieve compliance with the laws, regulations and policies in force within the institution The oversight system is also a tool to support the Board of Directors and executive management in making decisions based on reliable information.(Hijazi: 2017: 45). It can be said that internal control has an important and influential role in obtaining financial data that serves shareholders and owners of stocks and bonds. Consequently, a reciprocal relationship arose between the accounting, auditing, and control professions at the academic and professional levels, as the literature of that profession addressed the concept of accounting disclosure and its impact on the quality of financial statements published by these economic institutions. The importance of the role of internal control systems has increased with the new requirements that have begun to be imposed by laws, including the American Companies Act and the American Securities Commission, which have obligated the management of economic institutions to follow up and verify the effectiveness, efficiency, and procedures for controlling disclosure in the annual, quarterly, and semi-periodic financial statements and reports published by these economic units (Issa: 2018: 13).

To achieve this, the study came according to the following axes:

The first axis: study methodology and previous studies.

The second axis: the theoretical aspect of the study.

The third axis: the practical aspect of the study.

The Fourth axis: conclusions and recommendations.

The first axis: study methodology and previous studies.

2. Study methodology

First: The problem of study:

The internal control system is considered one of the most prominent departments in economic institutions through the role it plays in enhancing transparency in the quality of financial reports and statements and achieving credibility and trust in financial statements, especially after the crisis that always arises between current investors and the content of the auditor's report and expressing his neutral technical opinion Therefore, the inefficiency of internal control systems in economic institutions is what may lead to the failure of these institutions to contribute to economic development in Iraq and create financial crises, whether at the present time or in the near future.

Second: Objectives of the study: The study aims to:

1- Identifying the efficiency and effectiveness of the administrative and accounting control system over the performance of economic institutions in the Iraqi market.

2- Knowing the statistical differences according to the study sample and the extent of their impact on the quality of reports and financial statements published by economic institutions.

Third: The importance of the study:

The issue of the quality of accounting information in financial statements and its disclosure is one of the important issues in light of the development taking place in issuing international accounting standards that meet the needs of all economic institutions, including International Accounting Standard No. (1) Presentation of Financial Statements The importance of the study stems from the importance and role of internal control systems in the planning and preparation of audit programs, the responsibility of auditors to implement the audit process well, and the identification of the strengths and weaknesses of the internal control system, which facilitates the process of providing an impartial technical opinion by the auditor on the veracity and fairness of financial statements and the methods and policies used in preparing those statements.

Fourth: Study hypothesis: This study is based on a main hypothesis, which is: (There is a statistically significant relationship between the internal control system and the accounting disclosure of accounting information in reports and financial statements produced by economic institutions operating in the Iraqi market).

Fifth: Study method:

To achieve the objectives and hypothesis of the study, the researcher relied on the scientific method as a method of study. In the first stage, the study relied on theoretical information obtained from books, previous research, and periodicals, from master's theses and university doctoral dissertations in the field of accounting, auditing, auditing standards, and local regulatory rules. In the second stage, the spatial and temporal determination came in a selected sample of economic institutions listed on the Iraqi Stock Exchange A questionnaire was designed and distributed to the operating entities, including internal auditors, senior management employees, executive management, external clients, chartered accountants, and auditors. The relevant conclusions were drawn from the study hypothesis on the relationship between the role of the internal control system and its impact on the quality of accounting information and accounting disclosure in the financial statements published by these economic institutions.

3. Previous studies

First: Jassim's study, (2020) entitled "The role of the internal control system in reducing financial and administrative corruption, a study in the Water Resources Directorate in Maysan"

The study aimed to demonstrate the effectiveness of internal control and audit systems in reducing the phenomenon of financial and administrative corruption. This was achieved by clarifying the components and objectives of the internal control system, as well as introducing the concept of financial and administrative corruption and identifying its most prominent forms, causes, and effects. The study community was represented by the Water Resources Directorate in Maysan Governorate.

The results of the study showed deficiencies in the facility's management's commitment to some of the control standards and procedures that must be applied, in addition to the lack of a sufficient number of specialized cadres in the fields of control and internal audit. This has negatively impacted the efficiency of the regulatory system, leading to increased potential for manipulation and waste of public funds, weak asset protection, increased opportunities for financial and administrative corruption, and a reduced ability to detect errors and violations in a timely manner.

Second: Abbas's study (2024)) entitled "Study of the relationship between the quality of accounting information and the quality of auditing in financial statements"

This study was conducted on a sample of Iraqi commercial banks. It addressed the concept and definition of accounting information, focusing on its importance, qualitative characteristics, and objectives. It also demonstrated its impact on its users and reviewed the relationship between it and the quality of both internal and external auditing. The researcher adopted the descriptive analytical approach, using a questionnaire specially prepared to collect primary data from members of the study sample. The results of the study showed a statistically significant direct correlation between the study variables. The study also recommended the need for auditors to measure the efficiency and effectiveness of the means and procedures of the internal control system in financial institutions, and to evaluate its performance on a periodic basis, which contributes to reducing supervisory risks and implicit risks and enhancing the quality of supervisory performance.

The second axis: the theoretical aspect of the study

4. Internal control system

First: The concept and importance of internal control.

Internal control is defined as a set of policies, procedures, and instructions established by the board of directors of an economic institution and supervised by its implementation, with the aim of managing inherent and regulatory risks and enhancing the chances of achieving the institution's strategic objectives. Internal control is one of the main components of the management system, as it represents a supervisory framework on which the supervisory authority (the Board of Directors) relies, while the executive departments at various levels are responsible for implementing and adhering to these policies, which contributes to protecting the institution's assets, ensuring the optimal use of resources, and achieving its objectives efficiently and effectively (Khalaf, 2026: 29). Audit Manual No. (4) issued by the Supervisory and Accounting Standards Board in the Republic of Iraq defined the internal control system as a set of policies and procedures taken by the administration that achieve the institution's objectives and ensure the organized and practical implementation of operations, preservation of assets, detection and prevention of errors, accuracy of accounting entry, completeness of records, and preparation of the required financial statements in a timely manner (Audit Manual No. (4).

Internal control is defined as an organized process that includes the examination, verification, and evaluation of accounting and administrative procedures and other activities implemented within an organization, with the aim of ensuring their efficiency and effectiveness, and providing a reasonable degree of confidence to beneficiaries, such as project owners, partners, shareholders, and banks, regarding the accuracy and reliability of the information presented and the extent to which it reflects the actual reality of the organization. Thus, internal control represents an integrated process that includes examination, investigation, and reporting of evaluation results (American Society of Accountants, 2009: 3). We find that the scope of the internal control process has expanded with the recognition of the senior management of economic institutions, which prompted these institutions to design an effective and efficient internal control and audit system to enhance the confidence of shareholders and owners by providing high confirmation that the management is monitoring the programs, laws in place and daily activities through the control device that reassures the management that the means of control are in place by all working individuals This leads to increased investment and contribution to these institutions (Abdul Samad, 2018: 54). It includes internal control, means, procedures, and records related to the institution's financial operations, the accuracy of accounting data recorded in books and accounts and the extent to which it can be relied upon, tracking the processes of correct tabulation and analysis, and preparing and displaying that data (Al-Salmi et al.: 2021: 270).

Second: Objectives and characteristics of internal control.

The scope and objectives of internal control vary depending on the size of the economic institution and its organizational structure, as well as management requirements and control needs. Accordingly, the internal control system includes a set of basic requirements and activities that contribute to achieving its objectives, the most prominent of which are the following:

1- The organization's management is responsible for achieving consistency between the accounting system and the approved internal control system, supervising their proper implementation, and providing the necessary recommendations and proposals for their development in line with the organization's needs and performance improvement requirements.

2- Paying attention to the means and procedures used in operating and processing financial statements within the accounting system is essential, as these procedures include measurement, analysis, recording, classification, and preparing financial statements and reports that represent the final outputs of the accounting system, with the necessity of ensuring their accuracy and subjecting them to effective accounting control that ensures the integrity and reliability of the information.

3- Controlling the institution's assets, whether fixed or current, holding them accountable, and providing adequate protection from embezzlement, theft, and negligence.

4- Separating jobs and defining powers and responsibilities between jobs, such as registration, the disbursement process, or receiving funds, i.e. automatically monitoring the work of one employee for another employee, which does not lead to duplication of work.

5- Emphasizing that every part of the organization's activities within the organizational structure is subject to oversight, by developing internal control programs and activating the internal control apparatus to monitor the implementation of instructions and regulations set by the public administration, not the financial administration- that is, the extent of compatibility between the oversight system and the requirements of the public administration.

Third: Types of internal control.

Audit Manual No. (4) issued by the Accounting and Supervisory Standards Board in Iraq divided the types of internal control into the following: (Iraqi Audit Manual, 2000: 2).

1- **Administrative Control:** represents a set of systems, procedures and methods adopted by the institution to examine and evaluate various administrative activities, with the aim of detecting administrative problems and identifying shortcomings, deviations and errors, which contributes to proposing appropriate solutions and corrective measures to improve performance and raise management efficiency. Administrative control is based on a number of methods and tools, most notably estimated budgets, cost accounting systems, statistical reports, and performance evaluation reports.

2- **Accounting control:** refers to the set of policies, procedures, and organizational plans adopted by an economic institution with the aim of protecting its assets and ensuring the integrity and reliability of accounting data and information. It also aims to verify the accuracy of accounting operations and the correctness of their recording in accounting records and books, and to detect any deviations or violations of accepted accounting rules and principles, while stating the impact of those deviations on the financial position and results of the economic unit's business. Accounting control is based on many means, the most prominent of which are: implementing the double entry system, registration, transfer and balance procedures, preparing audit balances, using the certification system and conducting settlement restrictions, as well as providing management with the accounting data and information necessary to support the decision-making process.

3- **Internal Control System:** It is an integrated set of organizational and accounting procedures and methods adopted by an economic institution with the aim of organizing and monitoring operations on a continuous and automatic basis. This system is based on the principle of separation of tasks, whereby each employee's work is reviewed by another employee, contributing to ensuring smooth workflow, reducing errors and tampering, and detecting them in a timely manner through the systematic and automated application of internal control procedures.

4- **Internal Audit System:** The internal audit system is an independent evaluation unit within the organization's organizational structure, and represents one of the basic pillars of the internal control system. This body is established by the institution's management with the aim of providing oversight and advisory services that contribute to enhancing performance efficiency and ensuring that approved controls and procedures are applied properly and adequately. He also conducts continuous examination of accounting and administrative processes and restrictions to verify the accuracy and reliability of accounting and statistical data, and ensures the preservation of the institution's assets and assets, as well as ensuring that employees adhere to approved administrative policies, procedures and instructions, which supports the achievement of the institution's goals efficiently and effectively.

Table (1) The most important differences between accounting control and administrative control

Accounting control – its controls	Administrative control - its controls
Protecting the assets of the economic institution. **The extent to which accuracy can be relied upon accounting information.** **Detect deviation from applicable accounting rules and principles revealed**	**Trying to figure out administrative problems.** **Proposing appropriate solutions to administrative problems.** **Evaluation of policies, programs and administrative decisions.**
Through the following means:	**Through the following means:**
Follow the double entry system method. **Recording operations and daily transfer to the professor's record.** **Preparing monthly and annual trial balances.** **Adopting a system of customer verifications and adopting adjusting entries on the trial balance.**	**Preparing future estimated budgets.** **Cost accounting reports and statistical reports on employees.** **Performance reports on all operational processes and close quality control.**

	Diverse training programs for employees and all workers

Accounting control, administrative control and the most important means adopted to achieve its objectives, source: based on Iraqi Audit Guide No. (4).

5. Accounting disclosure in accounting information

Accounting disclosure is the primary means and most effective tool for communicating business results to users of financial information, supporting their decision-making, particularly those related to investment and financing. It also highlights its role in providing the necessary information contained in financial statements, which contributes to enhancing understanding of financial instruments, their importance and performance in financial markets. This includes providing appropriate information about the use of these tools, the accounting policies applied for them, and the risks associated with them, as well as the management policies followed in managing and reducing those risks. Thus, accounting disclosure contributes to providing investors with the necessary information that helps them make more efficient and informed investment decisions (Al-Ramahi and Al-Dheebah, 2020: 28).

The importance of the principle of accounting disclosure has increased with the expansion of the establishment of financial companies. Legislation regulating the work of institutions in most countries requires these economic units to disclose and publish their financial statements before the annual general assembly meeting. These legislations also specify the minimum data and information that must be disclosed, and in some cases require the use of specific forms when preparing and presenting this information in a way that ensures uniformity in the disclosure method and achieves transparency. The importance of this principle has increased significantly in recent years, particularly after the global financial crisis that erupted in the United States and spread to many countries around the world. Numerous studies and opinions have attributed the causes of this crisis to the spread of financial and administrative corruption in some major institutions. Part of the responsibility was also placed on company management and auditors as a result of their failure to achieve complete and transparent accounting disclosure of financial information, which is information that accurately and truthfully reflects the financial position and financial performance of economic institutions (Abu Nassar et al., 2021: 41).

Types of accounting disclosure.

Accounting disclosure is the means by which economic units can inform various segments of society about their activities and business results, including activities with a social dimension. Financial statements and the accompanying reports and clarifications represent the main tool that economic units rely on to achieve this disclosure and provide information users with the data necessary to make decisions.

Accounting disclosure is achieved through one of the following forms:

1- Full disclosure: Publish all necessary material information to users of financial statements without concealing any influential information.

2- Fair Disclosure: Present all financial information equally and fairly to all beneficiary parties without discrimination.

3- Adequate Disclosure: Providing the minimum necessary information that helps users of financial statements make appropriate and rational decisions regarding their investments.

These three forms are the most common in the field of accounting disclosure, as the application of each varies depending on the nature of the information to be disclosed, and in accordance with the requirements of approved accounting standards (Atta Allah, 2019: 45).

Accounting information.

Accounting information is the final output of the accounting system. Its production process begins with collecting financial data related to economic operations and events, then processing, analyzing, and classifying it, and finally presenting it as information in the financial statements. These lists gain their importance from containing data and figures that reflect the results of historical financial events and operations witnessed by the economic unit during a specific period of time, which makes them the main means of financial reporting and providing the necessary information to its various users.

The qualitative characteristics of accounting information are one of the fundamental foundations of the conceptual framework of financial accounting, representing the second level of this framework. They also play a pivotal role in linking financial reporting objectives with the concepts of accounting recognition and measurement. These characteristics are represented in a set of features and advantages that should be present in accounting information to ensure its quality and raise the level of its benefit to users of financial statements, which contributes to enhancing their ability to make rational economic decisions (Hanan, 2018: 85).

The accounting information contained in financial statements and reports is one of the basic foundations in evaluating an organization's profitability and financial position, as it contributes to enhancing investor confidence and encouraging them to invest, as well as supporting economic decision makers with the information necessary to make more efficient decisions. Because this information can be misunderstood or interpreted inaccurately, researchers and professional bodies have been interested in establishing a set of qualitative characteristics that must be present in accounting information to ensure the achievement of its objectives. These characteristics are called **qualitative characteristics of accounting information**, and they were included in List No. (2) issued by the Financial Accounting Standards Board (FASB) in 1980, which defined them as the set of characteristics that give accounting information its value and benefit to users of financial statements. These characteristics also represent a frame of reference that helps accounting standard setters and financial report preparers evaluate the quality of accounting information resulting from the application of various alternatives to accounting policies and methods (Al-Sabbagh, 2018: 32). The Financial Accounting Standards Board (FASB) has confirmed that the characteristics of relevance and credibility represent the two basic pillars that determine the usefulness of accounting information in supporting the economic decision-making process. He also explained in List No. (2) that the quality of accounting information, and the benefit it provides to its users, depends mainly on the availability of these two characteristics, in addition to a set of enhanced qualitative characteristics that contribute to improving the quality of information and increasing its ability to meet the needs of users of financial statements (Kiso and Jerry, 2015: 69).

First: Interest and benefit.

The usefulness of accounting information is linked to its ability to meet the needs of decision makers and support them in making sound economic decisions. The utility characteristic is one of the most prominent qualitative characteristics of accounting information, as it represents the primary purpose of preparing and presenting financial information, because of its role in reducing the degree of uncertainty and increasing the level of knowledge among its users. To achieve this benefit, accounting information should be presented in a clear and understandable manner, taking into account the characteristics of the information users, the nature of the decisions they seek to make, and the methods they adopt in the decision-making process.

Second: Convenience.

Relevance is one of the basic characteristics that determine the quality of accounting information, and it means the extent to which the information is compatible with the needs of decision makers and its ability to meet their requirements in a timely manner. The degree of relevance of information varies depending on the circumstances and timing. Information may be relevant at one time, while its importance may be lost at another time due to changes in the surrounding environment or the nature of the decision to be made. Accounting information is appropriate when it contributes to supporting users of financial statements by helping them evaluate past and present events, and anticipate future impacts, which enhances their ability to predict and make rational economic decisions (Al-Qadi and Hamdan, 2021: 274).

Third: Reliability.

Reliability means that accounting information is free of material errors and bias, and has a high degree of honesty and reliability, making it a reliable basis for making rational decisions. This information also accurately reflects the economic reality of financial operations and events, focusing on their economic essence before their legal form. The reliability of accounting information is determined by the accuracy of the information contained in financial reports and statements, its freedom from errors and bias, and its ability to accurately represent economic events and processes that reflect their reality. This feature is of particular importance for users of financial statements who may not have sufficient time or experience to analyze and evaluate financial information in depth, as it enables them to rely on information published by economic institutions when making their economic decisions with greater confidence and effectiveness.

Fourth: Ability to understand.

Understandability is one of the qualitative characteristics of accounting information, as it enables users who possess an appropriate level of accounting knowledge to understand the content of this information and interpret it correctly. This characteristic is influenced by a set of inherent qualities of the information itself, making it the link between accounting information and the decision maker. Therefore, accounting information should be presented in a clear and understandable manner, assuming that the user possesses a reasonable degree of knowledge of financial and economic activities. (International Accounting Standards Board, 2016).

Financial statements.

Financial statements and reports are the final outputs of the accounting system and represent the primary means of transmitting accounting information to current and prospective users. These outputs include data and statistics that reflect the results of the economic unit's activities and financial performance. The income statement or statement of operations shows the operating results during a specific financial period, including net profit or loss. The financial position statement (balance sheet) also displays information related to assets, liabilities, and equity, as well as data on suppliers, equipment, investments, and securities, enabling users of financial statements to evaluate the financial position of an economic unit on a specific date.

The need for financial information, whether quantitative or descriptive, stems from a lack of knowledge and uncertainty associated with a unit's economic activity. Therefore, the primary objective of preparing and presenting accounting information in financial statements and reports is to provide beneficiaries with reliable and appropriate information that contributes to reducing uncertainty, enhancing their level of knowledge, and reducing variation in the alternatives and options available when making economic decisions (Al-Sayed, 2019: 76).

The ability to understand financial statement reports and their contents requires a great deal of skill and practical experience. Therefore, the preparers of financial reports and statements must take into account not to publish financial information in a place that is difficult to find and the extent to which it can be read and understood by users of these financial statements. Therefore, it requires arranging and organizing the financial information in it in an easy way that focuses on the essential and necessary matters so that the target user can read it easily It is customary to disclose information that has significant implications for the target user's decisions within the financial statements, while other information, particularly details, is disclosed either in the notes or clarifications attached to those financial statements or in other supplementary tables attached to them. It is also sometimes necessary to disclose the same information if it is significant in multiple places in the financial statements (Khalaf, 2026: 33).

Based on the above, the researcher believes that the effectiveness of the internal control system, along with the strength of the disclosure system and the quality of accounting information contained in financial statements and reports, represent essential factors in enhancing disclosure and transparency within economic institutions listed on financial markets. Practical experience also confirms that the quality of accounting information contained in financial statements is an important indicator of the efficiency of the regulatory system, as it plays a role in protecting investors' rights and preserving the institution's assets. Adequate disclosure of accounting information and its timely provision to beneficiaries contributes to supporting investment decision-making, attracting capital, and enhancing investor confidence in capital markets, Conversely, weak internal control and accounting disclosure, limited and delayed accounting information to reach investors and shareholders, and opaque practices contribute to unethical behavior and reduce the level of transparency and integrity of the market.

6. The third axis: the practical aspect of the study.

First: Study population:

The study population consists of the supervisory bodies that supervise audit and internal control operations in institutions operating in the Iraqi market, the most important of which are the Financial Control Bureau represented by chartered accountants, as well as the internal audit units and the Iraqi Control Profession Council, in addition to the Internal Audit Division in the Economic Corporation A random sample was selected from the study population who had knowledge of the work of the economic units and audited them. (50) questionnaire forms designed according to a specific structure were distributed so that their results would reflect the subject of the study. (40) of them were used and their results were analyzed. The form was designed according to the Likart pentatonic scale based on the (T-test) test.

Second: Statistical methods:

Many statistical methods and measures were relied upon to analyze field study data according to the program (SPSS), the most important of which are: (Toma et al., 2020: 44, 74).

1- Arithmetic mean: It is one of the measures of central tendency such that its direction is positive if the arithmetic mean exceeds the midpoint.

2- Standard deviation: This is a measure of dispersion that confirms the correctness of the centering of the values of the arithmetic mean and the extent of their dispersion from the mean.

3- Coefficient of variation: It is an important coefficient because it depends on the best measures of central tendency and the best measures of dispersion (standard deviation/arithmetic mean) *100%. If the coefficient is less than ((50%, this means that the answers agree, but if the coefficient is greater than (50%), it indicates that the answers do not agree.

4- Percentages: Percentages were used to analyze and describe traits related to the personal aspects of members of the study sample.

Table (3) Sample and degree of response

the details	number of forms	percentage
Distributed form	50	100%
discarded form	10	20%
form being analyzed	40	80%

Table (4) Likert scale

Classification	1	2	3	4	5
degree of acceptance	Very high	High	Medium	Low	Very low

Below are the results related to the study hypothesis (there is a statistically significant relationship between the internal control system and the accounting disclosure of accounting information in the financial statements produced by economic institutions operating in the Iraqi market).

Table (5) Analysis of the opinions of members of the study sample about the extent of the impact of internal control on disclosure of accounting information.

Seq	the details	mean	St.dev	Coe.var	Impo	Level	ratio
1	The necessity of having an internal control system in the organizational and administrative structure of economic institutions	**4.47**	**0.42**	**9.3%**	**1**	**too high**	**89%**
2	The efficiency of the internal control system helps the external auditor implement the audit program with high quality	**4.18**	**0.54**	**12.9%**	**2**	**too high**	**84%**
3	The presence of specific instructions and guidelines for internal control contributes to the quality of financial information in financial statements	**4.25**	**0.69**	**16.4%**	**6**	**high**	**85%**
4	Good planning of the internal audit process helps improve audit quality and reduces control risks in information	**3.42**	**0.86**	**24.1%**	**10**	**high**	**68%**
5	Having a scientific qualification and practical experience in the auditor helps increase the effectiveness of employees in the internal audit department	**4.38**	**0.65**	**15.2%**	**5**	**too high**	**88%**
6	Senior management always relies on the auditor's report to make rational decisions about the accuracy of accounting information	**4.38**	**0.53**	**14.3%**	**4**	**too high**	**87%**
7	Accounting information expresses reliability and is free from bias so that it represents economic events objectively	**3.38**	**0.87**	**21.8%**	**9**	**high**	**66%**
8	Good disclosure of accounting information helps senior management meet its needs through comparison with previous years	**3.58**	**0.53**	**20.5%**	**8**	**high**	**72%**
9	Financial statements and their attached statements are a factor that helps management and external users meet their needs in making the appropriate decision to continue investing or not	**4.17**	**0.75**	**18.2%**	**7**	**high**	**83%**
10	The external auditor's report plays an important role in increasing confidence in the internal control system and the role of accounting disclosure in accounting information	**4.30**	**0.61**	**14.2%**	**3**	**too high**	**86%**
total		**4.12**	**0.65**	**16.15%**		**Acc.**	**82%**

Source: Prepared by the researcher based on computer outputs.

We note from the table above that paragraph (1) came with the highest arithmetic mean (4.47), a standard deviation of (0.42), a coefficient of variation (9.30), and a Tide ratio of (89%), which indicates that the degree of agreement is very high and the Tide ratio was obtained by dividing the arithmetic mean by the value of the variable and is equal to five.

Table (5) Result of testing the main hypothesis of the research

Seq	the details	arithmetic mean	Calculated value	tabulated value	Result
1	The necessity of having an internal control system in the organizational and administrative structure of economic institutions	**4.47**	**22.14**	**2.523**	**accepted**
2	The efficiency of the internal control system helps the external auditor implement the audit program with high quality	**4.18**	**13.82**	**2.523**	**accepted**
3	The presence of specific instructions and guidelines for internal control contributes to the quality of financial information in financial statements	**4.25**	**11.45**	**2.523**	**accepted**
4	Good planning of the internal audit process helps improve audit quality and reduces control risks in information	**3.42**	**3.59**	**2.523**	**accepted**
5	Having a scientific qualification and practical experience in the auditor helps increase the effectiveness of employees in the internal audit department	**4.38**	**13.43**	**2.523**	**accepted**
6	Senior management always relies on the auditor's report to make rational decisions about the accuracy of accounting information	**4.38**	**16.46**	**2.523**	**accepted**
7	Accounting information expresses reliability and is free from bias so that it represents economic events objectively	**3.38**	**2.76**	**2.523**	**accepted**
8	Good disclosure of accounting information helps senior management meet its needs through comparison with previous years	**3.58**	**6.92**	**2.523**	**accepted**
9	Financial statements and their attached statements are a factor that helps management and external users meet their needs in making the appropriate	**4.17**	**9.87**	**2.523**	**accepted**

	decision to continue investing or not				
10	The external auditor's report plays an important role in increasing confidence in the internal control system and the role of accounting disclosure in accounting information	**4.30**	**13.48**	**2.523**	**accepted**
total		**4.12**	**10.90**	**2.523**	**accepted**

From the table above, the researcher sees that there is a relationship between the active role of the internal control system and its impact on the accounting disclosure of financial information in the financial statements published by economic institutions operating in the Iraqi market, which leads to improved performance with high effectiveness and efficiency and the making of sound decisions by the senior management of those institutions, as the calculated value is greater than the tabular value (2.523) at a significance level of (0.05). Since the general rule for accepting the hypothesis is (if the calculated value is greater than the tabular value), the hypothesis is valid, which means (there is a statistically significant relationship between the internal control system and the accounting disclosure of accounting information in the reports and financial statements produced by economic institutions operating in the Iraqi market).

Table (6) Result of the hypothesis

HO Result of the hypothesis	T SiG	T tabulated	T Calculated
accepted	**0.000**	**2.523**	**10.90**

7. Fourth axis: Conclusions and recommendations

Conclusions: Therefore, the researcher reached the following conclusions:

1- There is a statistically significant relationship between the internal control system and the quality of accounting information in the financial statements of the Iraqi economic institutions in the study sample.

2- The Internal Control Department and the Internal Audit Unit enjoy considerable independence through its position in the organizational structure of the economic institution and its lack of administrative subordination to other departments and administrations.

3- The existence of a positive impact of external audit offices in improving the internal control system and providing other necessary services to employees in the internal audit department and the internal control apparatus through the opinion of the neutral technical auditor on the credibility and fairness of the published financial statements.

4- The positive attention given by the senior management of economic institutions to securing the necessary and essential protection for all the institution’s assets, programs, files and documents, in order to ensure the existence of effective and efficient internal control.

5- The practical experience and academic qualifications of the internal auditors holding master's degrees constitute a significant percentage of the study sample, indicating a good level of academic expertise within the internal audit department and the internal control system.

6- The quality process in auditing, control, and examination of original documents is an important and key factor in judging the accuracy and validity of accounting information in financial statements, especially if that information is characterized by objectivity, truthfulness, sufficient disclosure, relevance, and reliability.

8. Recommendations: Based on the above results, the researcher recommends the following:

1- It is necessary for senior management in economic institutions to follow auditing standards approved and adopted by the Accounting and Auditing Standards Board in Iraq and according to Iraqi auditing guidelines, on the basis of which the internal auditor examines and evaluates the actual performance of those institutions.

2- External auditors are required to examine and measure the level of internal control mechanisms and procedures and evaluate the performance of the internal audit apparatus to help reduce control and implicit risks.

3- The need to work hard on granting powers, distributing responsibilities, and giving a greater role to internal control over accounting and financial management staff, which contributes to increasing the degree of competitive advantage of the institution in the labor market.

4- Further studies should be conducted on the qualitative characteristics of accounting information in the financial statements of joint-stock companies, and sufficient disclosure of this information should be made so that it has a high quality of credibility, objectivity, and degree of trust among users.

5- Working to develop the accounting system in line with the latest developments and advancements in the business environment, while ensuring the continued training of employees in the accounting and auditing departments in order to develop their professional skills and enhance their competencies to meet contemporary requirements.

6- Attention should be given to raising the scientific and professional qualifications of auditors by developing their skills and improving their performance, and employing modern technologies in completing audit work.

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