

# THE NEED TO ACCOUNTING AND JUDICIAL AUDITING AND THE EXPECTED EFFECTS OF THEIR APPLICATION ON THE DETECTION OF FINANCIAL AND ADMINISTRATIVE IRREGULARITIES (AN EXPLORATORY STUDY IN IRAQI ACCOUNTING ENVIRONMENT)

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## ABSTRACT

*In the wake of the economic and financial crises in several countries of the world in which some of the main reasons are the lack of disclosure, transparency and accountability of companies, in addition to the use of different tools to manipulate accounting policies to influence the accounting data. As a result of these reasons, the necessity to employ modern mechanisms of management and control appeared to improve the quality of accounting data and judicial accounting. The importance of judicial accounting emerged, at the international and local levels, after the financial collapses of many companies and the spread of financial and administrative corruption that plagued many institutions as a result of misleading accounting practices of financial statements. As a result of the lack of professionalism of the Iraqi environment and the aggravation in the cases of fraud and corruption due to the failure of the external audit in its current status to detect all cases of fraud and financial corruption in companies. The current audit procedures are not enough to detect fraud cases surmount the basic fraud and accounting manipulation. This is an integrated framework of accounting and law to work together to provide more in-depth investigations and prepare a judicial accountant capable of being an expert, examiner and effective consultant who conducts investigations of maximum accuracy, comprehensiveness and depth of the external audit. Therefore, the researcher will analyze the role of judicial accounting in the development of accounting mechanisms to combat corruption and financial fraud in the Iraqi environment, and determine the mechanisms of judicial accounting, which helps companies in the detection of corruption and financial fraud as an attempt to fill the gaps in traditional accounting thinking.*

**Keywords:** Judicial auditing, financial fraud and corruption.

## INTRODUCTION

The aggravation of fraud in the financial statements and financial corruption in companies is one of the main reasons to attract attention and the emergence of judicial accounting. The current audit procedures are not sufficient to detect the basic fraud and surmount the basic fraud and accounting manipulation because its only aim is to obtain reasonable assurance that the financial statements are empty of fundamental distortions. This leads to widening the expectations gap due to the different services provided by the auditor and his responsibilities to meet the expectations of stakeholders to detect all types of fraud in financial

statements and unethical and illegal practices. As long as the responsibility of the auditors is not to detect fraud in the records of the economic unit, but their task is to express their opinions on the compatibility of the financial reports of the company with the international or local standards. So, the perpetrators of fraud become safe from the auditors. The responsibility of detecting fraud will be related to the company management or the owners through outsource experts and specialized in the field of a fraud investigation. This has led traditional accounting thinking for criticism due to its failure to address financial and administrative corruption issues because of its flexibility in the application of accounting rules and policies. Moreover, investors, shareholders and lenders become increasingly suspicious of cheating in the financial statements. The need of the judiciary to experts or accountants has increased to their experience and gives their opinions on legal cases that are concerned with financial irregularities and fraud in the financial statements. Judicial accounting is a profession that combines financial expertise, investigative skills and works within a legal framework in which it provides evidence to control fraud and ensure the credibility of the financial statements. Therefore, this type of accounting works provide a good system of financial reporting and improve the quality of the financial statements Auditing, and the ability to depend on these lists, and to reassure stakeholders about their suspicions of fraud in the financial statements. Also, this narrows the gap of expectations where this gap widened unprecedentedly to a gap of confidence due to the increasing fraud in the financial statements and the failure of the audit process.

## **RESEARCH METHODOLOGY**

### **Research Problem**

Due to the lack of the professional field in the Iraqi environment and the aggravation of fraud and corruption cases as a result of the failure of the external audit in its current status in detecting all fraud and financial corruption cases of the companies, the current audit procedures are not active enough to detect cases of fraud and overcome the basic fraud and accounting manipulation, because it aims only to obtain the reasonable assurance that the financial statements are free of essential distortions. Therefore, the need for accounting and judicial Auditing emerged in addition to qualify the practitioners of this profession scientifically and practically to meet the need for experts or consultants who render their opinions and reports of financial irregularities.

### **Research Objective**

This research aims to achieve the following:

1. Crystalizing a theoretical framework that includes the most important basic vocabularies of accounting and judicial Auditing, which develop the mechanisms of accounting and monitoring, and to prevent and detect fraud and financial fraud.
2. Identify the methods and techniques of judicial accounting of detecting cheating and financial fraud.
3. Determine the negative effects of cheating and financial fraud and its consequences on the national economy in particular and on society in general, and the role of judicial accounting mechanisms to reduce it.
4. Recognizing the reality of professional practice of accounting and judicial Auditing in the Iraqi environment and local efforts in this field.

### **The Importance of Research**

The importance of the paper stems from the significant role played by accounting and judicial Auditing in that they are one of the important and modern fields and they represent an integrated framework of accounting and law to work together to provide more in-depth investigations and more related to the judicial proceedings, where it paves the way to the judicial accountant to be a high-level judicial advisor capable of being an expert, an examiner and an effective consultant who conducts investigations in more thorough, comprehensive and depth than external Auditing and contributes to reducing the phenomenon of corruption and tries to control them. So, averting their negative effects on the economy and society will promote economic reliability and increase transparency of accounting performance.

## **Research Hypotheses**

*(H O1): There is no relationship of statistical significance between fraudulent methods and the increase of cheating, corruption and financial fraud.*

*(H O2): There is no relationship of statistical significance between the application of mechanisms and techniques of Judicial accounting and the detection of fraud, corruption and financial fraud cases in the Iraqi environment.*

*(H O3): There is no relationship of statistical significance between the application of judicial auditing procedures in the Iraqi environment and the discovery of fraudulent cases of cheating and financial corruption to reduce them.*

*(H O4): There is no relationship of statistical significance between the scientific qualification, practical experience, and accountant's and auditor's awareness of accounting standards, auditing, laws, and related legislation and the detection of cheating and financial fraud with required efficiency.*

## **Methodology**

The extrapolation of the Iraqi current professional practices in respect to the need of accounting and judicial Auditing, and to define the ability to apply them, and what are the expected effects on the detection of cheating and financial fraud in the Iraqi environment. This can be achieved through issuing professional publications and guidelines, in addition to the related Iraqi laws and legislation, which are analyzed and discussed as to serve the goals of the paper.

An exploratory applied study in the Iraqi accounting environment on a sample of auditors and accountants of the federal Audit Bureau and accountants of Iraqi state companies and academics at some Iraqi universities in the fields of accounting and auditing. Participants in the survey will be asked to give their views on fraudulent methods of cheating and financial corruption as well as give their opinions on the need to apply accounting and judicial Auditing mechanisms that help prevent and detect cases of fraud and financial corruption. The responses will be analyzed statistically.

## **AN OVERVIEW OF THE JUDICIAL ACCOUNTING**

### **The Concept of Judicial Accounting**

The accounting profession has faced many problems due to the issues of financial and administrative corruption. The most important issue is the loss of public confidence in the accounting profession. This has led accountants and auditors to pay more attention to the methods and mechanisms of detecting financial and administrative corruption cases. The mechanisms of judicial accounting are considered as modern mechanisms in the field of

prevention and detection of fraud and financial corruption. Judicial accounting refers to the use of accounting information and other sources of information to define facts objectively in a way it would support reasonable judgments of the court (Hopwood et al., 2008). Hopwood defined judicial accounting as "the application of accounting, auditing, finance, quantitative methods, specific fields of law, research and investigation skills of collecting, analyzing and evaluating sustentative evidence, clarifying and communicating results" (Hopwood et al, 2008). Bhasim defined judicial accounting as the "science that deals with the application of knowledge in the fields of accounting, finance, taxation and auditing to analyze, investigate, inquire, and examine issues in civil law, criminal law and the philosophy of legislation in an attempt to reach truth in which an accountant can introduce his opinion as an expert" (Bhasim, 2007). (Shehata, 2009) defined it as an accounting and professional service that observes beyond the figures to help detect fraud in the financial statements, and fight corruption in companies. These activities are carried out by a scientifically and practically qualified person or a team. He uses specialized and integrated skills in accounting, auditing, searching, examination and investigation skills to provide an appropriate evidence to help his work to reach a certain conclusion. The researcher thinks that judicial accounting is a deep understanding of the accounting and legal sciences and acquiring investigation, detection, examination skills. Also, it includes practising the highest degree of professional doubt and the support of judicial case based on general criteria, professional code, ethics and behaviours the judicial accountant should enjoy, which organize this profession. It also means an application of audit skills in the light of the knowledge of legal matters related to the implementation of law, controversy and judicial cases. It is a profession that combines financial expertise and investigative skills to work within a legal framework that provides adequate evidence to control fraud in the financial statements.

### **The Importance of Judicial Accounting**

During the prior period of the last century and at the beginning of this century, the international community witnessed several problems as the successive financial crises that affected on the countries' economies. Due to the financial crashes and the increase of the rate of financial crimes that accompanied the use of computers and decreases auditing and investigation procedures, the investors, stakeholders and lenders suspicions increase about fraud and perversion in the financial statements, high rate of lawsuits and disputes, which make it necessary for the judiciary to use the experts and accounting consultants' services, expertise, skills and the depth of their investigations. Also, take their views on the lawsuits concerning financial irregularities and fraud in the financial statements into consideration. This has led to the emergence of judicial accounting that focuses on preparing scientifically and practically qualified judicial accountants to enable them to work as experts or advisers to help the judiciary in clarifying the truth and stabilize justice. (Sisi, 2006). The importance of accounting and judicial Auditing is one of the promising domains, in that it is one of the important and modern areas that provide many opportunities for the future needs. Moreover, it identifies the judicial accountant's required skills and the basic requirements. It represents an integrated framework of accounting and law working together to provide in-depth investigations and the preparing a judicial accountant able to be an active expert, examiner and an advisor who is able to make more accurate, comprehensive and deep investigations than the external auditing. The importance of judicial accounting underscores at the international and local levels following the financial collapses of many companies and the spread of financial corruption that affected many

institutions as a result of the misleading accounting practices in the financial statements. The importance of the judicial accounting for the following reasons:

1. Insufficient external audit procedures to detect and prevent fraud and substantial manipulation of the financial statements
2. The increasing need for judicial accountants for high-risk clients to assist interpreting judicial probations results and supporting preventive control.
3. Judicial accounting includes ascertain the extent of the company's compliance with legislation and laws, and the financial Auditing of the significant transactions within or outside the items of the budget so as to determine the true value of the company or there are fraudulent cases in addition to determine responsibility for fraud and its consequences.
4. Judicial accounting helps raise the performance and efficiency of the monitoring and supervisory commissions. It also helps judiciary disposition of disputes through investigating financial frauds in the financial statements.
5. Judicial accounting helps narrow the expectations gap and reduce misunderstanding between management and investors, which leads to reassure the public confidence in the financial report and reduce the confidence gap.

Therefore, the researcher thinks that due to the lack of such expertise in the professional field in the Iraqi environment, the need for judicial accounting and developing the practitioners of this profession scientifically and practically.

### **The Basic Requirements of the Judicial Accountant**

A set of knowledge and skills must be available in the judicial accountant so that he can reduce corruption and financial fraud (Saad Eddin, 2012):

1. The accountant must have an accounting background, an integrated knowledge of auditing and internal control, and how to control fraud and manage the associated risks within the framework of a real understanding of the fundamentals of the legal environment.
2. The judicial accountant should be distinctive, high experience, persuasion ability, effective communication skills, a deep understanding of accounting processes, and the ability to analyze and evaluate.
3. The judicial accountant should have basic knowledge of psychology in order to improve her/ his investigative capacity to detect fraud.
4. A good judicial accountant should have a background in information technology, tracking rapid changes in this area, and cybercrime.
5. sufficient knowledge of laws and legislation.

### **The Fields of Accounting and Judicial Auditing**

Fraud is considered one of the most important areas of accounting and judicial Auditing, which has a direct impact on the financial statements and the interests of its users. It is one of the financial crimes in which the accounting and judicial Auditing make investigations to control and reduce them. The international standard No. 240 referred to fraud as an "intentional act of one or more persons in the management, and those in responsible for monitor, employees, or external parties. This act is related to fraudulent use in order to obtain an unfair or illegal outcome those results in a distortion of the financial statements (Smith, 2009). All errors and fraud yield distortions in the financial statements, which make them, expressed inaccurately the financial position and the result of business. This can be reflected negatively on users of information and affect their decisions that depend on the financial statements. Mistakes can be distinguished from fraud depending on the intention and deliberation. Mistakes refer to distortion or unintended conducts in the financial statements. Fraud refers to intentional conduct based on

deception to obtain illegal benefits and privileges that causes essential distortions in the financial statements. ISA (NO 240, PAR5).

Therefore, the auditor has not intended to Auditing the nature of the errors in the financial statements. Rather, it is his responsibility to plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement, whether deliberate or not.

### **The Mechanisms of Judicial Accounting to Combat Fraud and Corruption**

Financial and administrative corruption is one of the most serious problems that the state institutions suffered from in general and state-owned companies in particular. As a result, the companies have to afford additional costs reflected on the prices of the goods they produce or the services they provide, which weaken their abilities to compete and survive so their capitals will be eroded. Instead of being one of the dynamic powers of the economy and a factor of growth, these companies become a burden on the national economy, and the whole society suffered from them. In recent years, there has been an increasing interest in judicial accounting and its impact on fighting fraud and corruption. It was due to the failure of traditional accounting programs to qualify graduates, accountants and auditors with the skills, knowledge and capabilities necessary to prevent, detect and disclose cases of fraud and corruption in many companies around the world. In spite of the increased scope of auditors' responsibility for fraud risks in the financial statements in accordance with international standards, auditors are still in need for the skills of judicial accounting to prevent, detect and report cases of fraud supported by evidence. The judicial accounting aims to know the destination of the fraudulent money and how whose the responsible for fraud cases in addition to providing appropriate analysis through using judicial or inspection accounting skills as well as audit and examination skills (Efiang, 2012). Many universities in developing countries have responded to the increasing demand on skillful accountants in the field of judicial accounting by introducing new accounting programs including courses in judicial accounting in order to increase the ability of students to discover and disclose cases of fraud and corruption. For example, in the United States, some universities offer full programs in judicial accounting and other universities offer new courses in judicial accounting within the current accounting programs. For example, the University of California and North Burge study judicial accounting and provide a specialized certificate in judicial accounting after the bachelor. It has also begun to grant a master degree in judicial accounting in response to the companies' financial collapses. On the same steps, other US universities adopted teaching judicial accounting as other universities in England take the lead of US universities and added courses in judicial accounting to their programs (Kranacher et al., 2011). Therefore, the mechanisms of judicial accounting to combat cases of fraud and financial and administrative corruption include the following:

1. The availability of specialized skills, capabilities and knowledge in the prevention of fraud cases, reduction of fraud cases, fraud cases detection, fraud cases examination and investigation, fraud cases disclosure and report.
2. The availability of the skills, abilities and knowledge necessary to deal with fraudulent methods of corruption.
3. The use of modern information technology to combat fraud and corruption in the electronic business environment.
4. The availability of the skills of checking, discovery and extraction of electronic evidence for cases of fraud and corruption in the electronic business environment.
5. The availability of legal, judicial and investigative advisory services in the cases of fraud and corruption.
6. the availability of examination skills to resolve judicial disputes related to cases of fraud and corruption.

7. The availability of negotiating skills to resolve judicial disputes related to cases of fraud and corruption.
8. The availability of sustentative information gathering skills from different sources about fraud and corruption.
9. The availability of interviewing skills to obtain sustentative evidence about fraud and corruption.
10. The availability of judicial or inspection accounting skills associated with creative thinking to examine and detect complex cases of corruption (Hess & Impavido, 2003).

### **Techniques of Accounting and Judicial Auditing to Disclose Fraud and Financial Fraud**

There is a number of techniques to help the accountant and judicial Auditor to perform the assigned to him/her, especially frauds. Those techniques include:

#### **Computer-Aided Audit**

The term audit with the computer refers to the auditor's use of the technology to perform some of the audit work. This technology is called computer-assisted auditing tools. It helps the accountant and judicial Auditor to perform some audit work in a better, faster and at a lower cost way (Sirikulvadhana, 2002). Computer-assisted auditing introduces many advantages to accountants to assist them with implementing various types of audit procedures, particularly fraud detection. These include:

- a. Make a detailed examination of balances of accounts and transactions, which give the judicial accountant high probability to obtain evidence of such fraud.
- b. Identify recurrent and missing transactions and look for the sequence of all transactions to identify lost checks and invoices to detect fraud.
- c. Examine or withdrawing samples to extract data and make audit tests on it.
- d. Repeating calculation processes to ensure the accuracy of accounting systems, besides calculating the analytical ratios.
- e. Make general test as well as testing the internal control system. (Singleton et al, 2006).

The judicial Auditing includes two types of programs: data extraction programs and financial analysis programs. Data extraction programs analyze all the database of the company, such as invoices, debtors' accounts, payments to suppliers, salaries and purchases while financial analysis programs use annual, quarterly and monthly financial statements, and the ratios between different accounts such as the ratio of the cost of sold goods to sales revenues (Mehta & Mathur, 2007).

#### **Data Mining**

It is the process of extracting information from data to find out patterns and previously undisclosed relationships. This technique can help detect fraud by detecting patterns of behaviour that are indicative of fraudulent activity (Kenneth, 2005). This technique relies on trying to explore a large amount of data in search of any new patterns or information hidden or unexpected, and implemented through computer programs designed for that purpose. This technique includes three main activities:

- a. Exploration: It includes the detection of patterns in data such as correlation, trends or discrepancies without any presupposition about what pattern will be discovered.
- b. Prediction models: These models use the discovered patterns to evaluate the outcomes that should be obtained from new values.
- c. Analysis of variance: Variance or difference is extracted by identifying the rule or criterion then the items that deviate from the norm or rule, which are considered anomalies and they need further investigation (Kenneth,

2005). Data mining technique is distinguished from other techniques. The other techniques try to identify the anomalies by imposing a set of filtering rules on a particular variable, but the data mining technique depends on the attempt to find out the relationship among several variables. Other issues should be taken into account that data mining is merely an element in the investigation process. It cannot be completed only through using a computer, but it requires auditing the documents, making interviews and verifying the accuracy of the data and other investigative activities. It should also take into consideration the legal issues, where the legal environment is not similar in all countries. So, caution should be taken before starting data collection and analysis, and ensure that all planned actions are legally permitted (Golden et al., 2006).

### **Ratio Analysis**

This technique is another one that is used to detect fraud by calculating ratios of data analysis in the major digital fields. For example, through ratio analysis, the relationships between specific costs and some production measures, such as sold units, revenues or direct work hours. There are three ratios used in this field:

- a. The ratio of the highest value to the lowest value (max/mine)
- b. The ratio of the highest value to the second highest value (max / max2)
- c. the ratio of the current year to the previous year (Metha & Mathur, 2007, 1577).

It can be said that the technique of ratios analysis works to identify the anomalies in the data, which is likely to represent fraudulent activity. Since fraud involves various activities, it means that each of the above techniques has an important role in the detection of certain types of fraudulent activities.

### **Field Study**

**Inducing the Reality of Professional Practices in The Iraqi Environment:** The study aims to induce the current professional practice in Iraq based on the need of judicial Auditing, determine the possible application, and the expected effects on the detection of fraud and financial fraud in the Iraqi environment. This can be achieved through tackling publications, guidelines and legislation as follows:

#### **Iraqi Auditing Standards (Auditing Evidence)**

**Auditing Guide No.6 - Planning and supervising the audit process:** This guide aims at setting up standards and providing guidelines to plan the auditing process of financial data, and give a clear picture of what the auditor will do at a given time. The procedures stipulated in this guide represented the auditor's minimum requirements in the planning process. The sound planning for the auditing measures are meant to ensure their conformity with professional policies and standards and efficient use of the efforts of technical and assistant members and getting adequate and substantiative evidence. Based on this standard, we find out that it referred to some points the auditor has to take into consideration to detect fraud and manipulation of financial statements as:

- a. Identify the nature of the assigned work of auditing and legal responsibilities.
- b. Define the level of relative importance.
- c. Determine risks of auditing.
- d. Setting up a plan to obtain adequate and substantiative clues using economic, efficient and effective auditing measures.

- e. Identify the number of the assistants and their required levels to complete the auditing task and ensure coordination among them.
- f. Scrutinize the accounting system, the internal monitoring system, the adopted accounting policies, the current changes, the impact of the developments in the fields of accounting and auditing, their relative importance, and the expected levels of confidence that is located on the auditing tests and the essential procedures.
- g. The possibility of focusing on some periodical auditing processes.
- h. The range of the work of monitoring and auditing department and its impact on the range of external monitoring measures.
- i. The range of other auditors' work who are assigned to audit affiliated companies or branches (Abadi, 2008).

**Auditing Guide No. 3-Basic Auditing Standards:** This guide includes instructions and guidelines of complying with the basic auditing standards, where the auditor examines the financial statements for any establishment regardless of its legal form, work sector, size, and nature of its work in terms of general and ethical standards, fieldwork and reporting standards, which means an acceptable level of the auditor at the time of implementing auditing measures and the goals he aspires to accomplish.

In the light of this standard, it is found that it refers to some points the auditor has to take into consideration to detect fraud and the manipulation of financial statements, which includes:

- a. The auditor should adopt the basic criteria of auditing in all situations, which may have a possible impact on the decisions of the financial data users.
- b. The auditor should plan his work to perform it efficiently and in due time based on his knowledge of the nature and activities of business and the surrounding circumstances.
- c. Direct and continuous supervision should be available on the field auditors, their assistants and experts who may be outsourced through all stages and levels of auditing to ensure that the auditing objectives are met, and the auditor is reasonably and efficiently satisfied by the auditors and other experts.
- d. When the auditor carries out commitment and essential tests, he has to gain sufficient evidence and clues enable him to obtain reasonable results through certain procedures that designed to obtain reasonable satisfaction of the actual compliance with the internal monitoring and completeness and the validity of the data provided by the accounting system. These measures include the following:
- e. Examine the details of transactions and balances.
- f. Analyze the significant ratios, trends and investigate the changes and extraordinary items.
- g. The auditor should be accurate in his work and should not adopt any opinion unless he a thorough examination and sufficient evidence.
- h. The auditor should establish a comprehensive auditing program to cover all the main and subsidiary activities of the establishment in which he specifies the necessary procedures to implement the auditing plan and the objectives of implementing each main item.
- i. The auditor is responsible for disclosing his opinion on the financial statements, when he empowers his assistants to do his work or when he uses other accountants' or experts' work.

It is clear from the two above mentioned required criteria that the auditor's measures may not be able to meet those requirements. In order to fulfil his responsibilities, there is a clear need for judicial Auditing services through seeking the assistance of the judicial auditor as an expert in cases where it is difficult for the auditor to discover them by himself.

Second: Private Companies Law No. 21 of 1997 (Amended, 2004)

The law aims to, as stated in Article 1 of Chapter I, regulate the organization of companies, protect creditors from fraud and shareholders from conflict of interests and from the misbehaviour of company officials and owners of the majority of shares. The law also discussed in item VIII of Article (117) that board of management establishes two committees to submit recommendations regarding:

- 1. Selecting independent financial auditors other than those working in the company.

2. Determinating the nature and amount of paid fees to the members of the board of management and to the authorized manager.

The members of these two committees should not be a formal employee or a shareholder in the company in which the value of his shares should not exceed (10%) of the company's shares. The members should not have any direct relationship, a personal or economic interest, which effects on the impartiality of its decisions. The auditing and financial auditing committee should be responsible for ensuring the accuracy and reliability of the financial audits and should hold closed meetings with the independent financial auditors to achieve this and shall ensure the retention during the year. The records of all related financial transactions should conform with the general and acceptable international accounting standards so it can be possible to discuss it with the independent financial auditors. The researcher notes the shortcomings of the Companies Law No. (21) as:

- a. The law did not clarify the mechanism of establishing and the work of the committees and how to choose the members, their scientific qualification and the duration of the committee. But it focuses on the independence of the members and convening meetings.
- b. The law did not discuss many tasks that were identified by the institutes and professional organizations that were issued according to bulletins, rules and instructions. It was limited to issuing recommendations for the selection of auditors and ensuring the accuracy of financial auditing and documentation.

**The Central Bank of Iraq Law No. 56 of 2004:** Article (10) Paragraph (2) stipulates that: The Council may, as it deems necessary, establish committees of its members to consider certain cases to issue certain recommendations to the Council. It may empower these committees authorities to take decisions according to the guidelines set by the bank. The above article did not refer to the establishment of auditing committee.

**Iraq Stock Exchange Law No. (74) for the year 2004:** Paragraph (6) of Section (3) includes the obligation of companies, which traded their shares in the stock should submit their financial statements and reports quarterly, but it did not stress on the report of the auditing committee in the annual report.

**Instructions No. (6), updated 2010, concerning the requirements of listing companies in Iraqi Stock Exchange:** The instructions did not include a condition oblige the companies to establish auditing committees to be included in the Iraqi Stock Exchange.

**Banks Law No. (94) for the year 2004:** Article 24 of the law stipulates the following: Each bank shall form an Auditing committee. The Audit Committee shall have the following functions or authorities:

- a. Auditing and approving the accounting procedures, the annual auditing plan and the accounting and risk management controls of the Bank.
- b. Recommend and approve the Auditor to be appointed as external auditor of the bank on the basis of article 46 (accounting auditor) that includes (appointment, qualifications and experience, duration of appointment, auditing the operations of the bank in accordance with the local and international auditing standards, reporting on the auditing process, supported by his/her opinion whether the financial statements are complete, integrate and prepared properly.
- c. Reviewing the report of the external auditor on the financial statements of the bank and report the results to the board of management its approval on the financial statements.
- d. Requesting reports from the chief internal auditor.
- e. Auditing the reports submitted to the central bank of Iraq.

- f. Auditing the operations and transactions of the bank on the basis of the plans adopted by the auditing committee, and at the request of the board of management and shareholders who together have more than 10% of the total voting rights or as determined by the bank's founding instrument.

The auditing committee consists of at least three members appointed by the shareholders in their public meeting from among the members of the board of management for the periods that not exceeding four years and reappointment is possible for the same period. The chairman of the board of management or the authorized manager or any other employee of the bank should not be members of the auditing committee. The shareholders' general meeting appointed a member of the auditing committee to serve as its chairman.

The decisions of the auditing committee shall be adopted by the majority of votes of the present members. If the vote is even, the council chairman vote will become the deciding vote. Article 31, paragraph (4) provides that the bank's auditing committee will be immediately notified of any credit provided by a bank in the case of a local bank to or purchase of assets from a related person or a high-level banking officer. While paragraph (d) Article (46) refers that the auditor will attend the meetings of the auditing committee when the committee requests his/ her attendance. The researcher refers to some points in the above-mentioned law as the following:

1. The Committee is defined by the Iraqi bank's law as (Auditing Committee), which gives an inaccurate picture of the restricted role of the committee in this law to auditing accounts only.
2. The law did not specify the purpose of establishing the committee or the role it can play in the banking sector, but it was limited to certain functions and authorities. The article did not mention the qualifications and expertise of the members of that committee.
3. The law did not address several tasks identified by committee the institutes and professional organizations that were issued according to standards, rules and instructions. These tasks include examining and evaluating the internal control system, emphasizing the independence of the internal and external auditor, examining the accounting estimates, examining aspects of disagreement between the external auditor and the board. Management, the frequency of meetings, etc.
4. The law did not address the responsibility of the committee in case of breaching its duties and the penalties imposed on it.
5. Article (31) does not specify the measures to be taken by the auditing committee regarding the credit granted by the bank and what is the purpose of informing the committee.

Due to the reality of professional practices in Iraq and the shortcomings in the Iraqi laws, which need several amendments through the formation of auditing committees and clarifying the responsibilities, powers and functions, the importance of the role adopted by these committees could reduce the cases of fraud and financial and administrative corruption. The role of accounting and judicial Auditing is to access fraud-free financial statements through a coordination mechanism between them and the external auditor to monitor cases of fraud, manipulation and embezzlement in the state institutions.

## **An Analytical Study of the Results of the Questionnaire**

### **Methodology of the Study**

In addition to the analytical descriptive approach that the study dealt with in its theoretical framework, this study has an applied field dimension related to the fields of application of accounting and judicial Auditing and their role in detecting and reducing the phenomenon of fraud and financial fraud. The study is an applied exploratory one on the Iraqi accounting environment, on a sample of auditors and accountants in the federal financial auditing

bureau and other accountants in some companies and academics in some Iraqi universities in the field of accounting and auditing. The study will be adopted in the Iraqi environment through a prepared questionnaire for this purpose, ie, to detect cases of fraud and financial corruption. When the population of the study have been chosen as a prerequisite for scientific and practical qualification, a science degree in accounting and auditing are for academics, experience and degree are for professionals. The aim of including professionals and academics in the study population is to mingle the views of the two parties. A total of (115) questionnaires were distributed, 100 were retrieved and 10 were excluded from the analysis due to the lack of serious answers to their questions. Thus, the number of the analyzed questionnaires is (90) one. The data were analyzed using the statistical program (SPSS). The following Table 1 shows the characteristics of the population and sample of the study.

Data	Distributed Questionnaires		Retrieved questionnaires		Cancelled Questionnaires		Valid questionnaires		
	Repetition	%*	Repetition	%*	Repetition	%*	Repetition	%*	%*
Auditor and legal Accountant	50	43%	45	90%	6	12%	39	78%	43.3%
Accountant	40	35%	33	83%	4	10%	29	73%	32.2%
Faculty member	25	22%	22	88%	–	–	22	88%	24.5%
Total	115	100%	100	86.9%	10	8.6%	90	78.2%	100%

\* Ratio to distributed questionnaires.

\*\* Percentage of valid questionnaires as a whole.

The above table shows that the number of distributed questionnaires and returned were received. The returned questionnaires were (100), about 86.9%, which is a high percentage. The percentage of these questionnaires was 78.2% of the total distributed questionnaires, Also. The percentage of accountants who work in companies was (32.2%) and faculty members were (24.5%). This means that the sample of the study belongs to three different sectors concerned with accounting and auditing who have experience.

## Field Study Tool

The researcher used the questionnaire as a tool for collecting primary data related directly to the subject of the study. Questionnaires were divided into the following core areas:

- The first core area: fraudulent methods that lead to increased cases of fraud, corruption and financial fraud.
- The second core area: Judicial accounting mechanisms that help companies preventing and detecting cases of fraud, corruption and financial fraud.
- Third core area: The role of judicial auditing measures in preventing and detecting fraud, its methods and financial corruption.
- The fourth core area: the relationship between the scientific qualification, practical experience, and the accountant and auditor awareness of accounting and auditing standards, related laws and legislation, and the detection of fraud and financial fraud with the required efficiency.

Classification	The effect is very high	High effect	Average effect	The effect is very simple	Ineffective at all
Coding	5	4	3	2	1

Each paragraph of each core area is divided according to Likert's classification as follows: According to the above Table 2, the accepted arithmetic mean is (3) degrees, which is derived from the following equation:

(Total values / number  $(1 + 2 + 3 + 4 + 5) \div 5 = 3$ ), and the effect proportion of approved 60%.

### **Statistical Processing Used In Data Analysis**

The researcher has emptied and analyzed the questionnaire through the statistical program (SPSS), calculating the arithmetic averages, percentages, and standard deviations of each paragraph and for each field. The following statistical tests were also used:

**Test kolmogrov-Samar NOF (1-Sample K-S):** The Kulmgrove-Samar Nov test was used to determine whether the data follow a normal distribution or not. It is a necessary test in the case of testing hypothesis because most of the tests require that the distribution of data is normal. The data follows a normal distribution when the significant value of the test results and the significance level are greater than the( sig.  $\geq 0.05$  ). The significance level in the study was determined by (0.05).

**T Test for One Sample (One Sample T-Test):** This test is used to test the one variable hypotheses of the study, and the paragraph is positive in the sense that the respondents agree on its content. If the absolute value of the calculated T is greater than the tabular value (t), which is equal to 1.99 or (the significant level is less than 0.05, the relative weight is greater than 60%). The sample opinions in the content of the paragraph are neutral if the value of the significant level is greater than 0.05.

**Single-Variance Testing (One Way ANOVA):** This statistical test is used to test the differences hypotheses and compare the averages according to some variables of the personal characteristics of the sample which includes two categories as age, scientific qualification, professional qualification, experience and employment variables. The statistical significance of each calculated value is compared with the significant level of the study at (0.05). If the statistical significance is greater than (0.05), this means that there are no significant differences between the respondents' opinions. If the result of the comparison is less than or equal to 0.05, this indicates significant differences between the opinions of the sample.

### **Analysis of the Questionnaire Responses and Testing Hypotheses**

**Test Reliability:** The researcher applies reliability steps on the Cronbach's Alpha coefficient to measure the reliability of the questionnaire and for all items of the questionnaire as a second method to measure reliability. Table 3 shows that there is Cronbach's Alpha coefficient of statistical significance.

The researcher has verified the validity and reliability of the questionnaire since all four study core areas have been included in the reliability coefficient (Cronbach's Alpha coefficient), which is a very high-reliability ratio.

**Normal Distribution Test (Kolmogorov-Smirnov Test-Sample K-S):** The below Table 4 shows the results of the test, as the level of significance of all the axes of the questionnaire is greater than the calculated significance level (sig  $\geq 0.05$ ). This indicates that the data follows the normal distribution. The first axis is related to the relationship between

fraudulent methods and the increase in cases of fraud, corruption and financial fraud at the level of (0.161), (Sig. 0.05 0.05). The second axis of the application of the mechanisms of judicial accounting and the detection of cases of fraud, corruption and financial fraud and reduction at the level of (0.052), ( sig.  $\geq$  0.05). The third axis of judicial Auditing procedures and its relation to detecting and reducing the fraudulent methods of cheating and financial corruption reached a level of significance (0.485), Which is greater than the default significance level ( sig.  $\geq$  0.05 ). Finally, the fourth axis related to the relationship between scientific qualification, practical experience, and the accountant and auditor with accounting standards, auditing and related laws and regulations, and the discovery of fraud and financial fraud with the required efficiency at the level of (0.114), Which is greater than the default significance level ( sig.  $\geq$  0.05).

Axis	Axis title	Number of items	Cronbach's Alpha coefficient
First	Fraudulent methods that lead to increasing fraud, corruption and financial fraud cases.	9	0.814
Second	Judicial accounting mechanisms that help to prevent and detect cases of fraud, corruption and financial fraud.	15	0.964
Tertiary	The role of judicial Auditing proceedings in preventing and detecting fraudulent methods of financial fraud and corruption.	9	0.968
Fourth	The relationship between the scientific qualification, the practical experience, the accountant and the auditor with the accounting, auditing and related laws and regulations, and the detection of fraud and financial fraud.	6	0.712
	Total paragraphs	39	0.958

Axis	Axis title	Z value	significante level
The first	There is no relationship of statistical significance between fraudulent methods and the increase of fraud, corruption, and financial fraud.	1.123	0.161
The second	There is no relationship of statistical significance between the application of judicial accounting mechanisms and the detection cases of fraud, corruption and financial fraud.	1.381	0.052
The third	There is no relationship of statistical significance between judicial auditing procedures and the detection and limitation of fraud methods, fraud and financial corruption.	0.837	0.485
The fourth	There is no relationship of statistical significance between the scientific qualification, the practical experience, the accountant and the auditor with accounting and auditing standards and related laws and regulations, and the detection of fraud and financial fraud.	1.197	0.114
	All paragraphs	0.367	0.203

## Testing the Hypotheses of Research

**Testing the First Hypothesis:** The null hypothesis that is wanted to be tested can be examined as follows:

*H0: There is no relationship of statistical significance between fraudulent methods and increase of fraud cases, corruption, and financial fraud in comparison with the alternative hypothesis.*

*H1: There is no relationship of statistical significance between fraudulent methods and increase of fraud cases, corruption, and financial fraud in comparison with the alternative hypothesis.*

In order to test the validity of this hypothesis, the necessary tests were carried out by analyzing the items of the first axis of the questionnaire, which are illustrated by the results of the One-Sample T-Test as shown in Table 5.

Question number	The Question	T value	Significance level	The arithmetic mean	Relative weight	standard deviation
1.	Abuse of resources through fraud and corruption of management and employees	105.74	0.000	4.789	95.78	0.4728
2.	Weak internal control system and internal control measures in the economic unit or policies in this regard to prevent and detect cases of fraud and irregularities.	127.13	0.000	4.835	96.70	0.3971
3.	Often the aim of cases of manipulation and irregularities in the economic units is embezzlement of public funds or hiding the truth about the financial status to mislead and delude the beneficial authorities about the financial statements in several ways: 1. Embezzlement and theft of cash in the safe. 2. Manipulation and distortion of receipts to embezzle their money. 3. Stealing and embezzlement of materials from warehouses. 4. Manipulation of payrolls through adding dummy names and embezzle their payments.	87.228	0.000	4.743	94.86	0.5677
4.	Non-compliance of the corporation in maintaining the book and documentary collection according to the valid laws, regulations and instructions.	89.743	0.000	4.771	95.42	0.5550
5.	Failure to follow the laws and instructions regarding the powers of disbursement and method of purchase.	57.674	0.000	4.486	89.70	0.8121
6.	Manipulation occurs due to the external factors as political, economic, social and cultural ones or internal factors as the administrative, organizational and legislative ones. Moreover, the motivation of manipulation is present as stimulus, chance and justification.	142.62	0.000	4.899	97.98	0.3586
7.	The absence of specialized investigators responsible for carrying out internal investigations, assessing their investigations and their findings in the cases of fraud wangling.	18.833	0.000	2.578	51.56	1.429
8.	The manipulation occurs due to a lack of inter-departmental coordination and the follow-up of their workflow, which leads to exploiting this weakness in embezzling cash.	30.388	0.000	3.688	73.76	1.267
9.	Non-compliance with accounting standards, especially inventories and basic conformities in order to create state of confusion in the accounting and financial work to cover the manipulation and embezzlement of the fixed assets.	58.324	0.000	4.679	93.68	0.8376
	Total	79.742	0.000	4.385	87.69	0.704

The value of Tabular (T) at (108) and the significance level of 0.05, which is equal to 1.99.

1. The above table shows that the arithmetic mean for all axes is 4.385, which is greater than the default mean of study (3), the standard deviation is (0.704), The relative weight, ie, the mean effect ratio for all the first axis segments was 87.69%, which is higher than the estimated relative weight (60%) and the calculated value of (79,742) at an indication level of (0.000). Which is less than the significance level calculated 0.05, indicating the rejection of the nihilistic hypothesis, in the sense that there is a relationship between fraudulent methods and increased cases of fraud, corruption and financial fraud.
2. The mean of all axes ranged from 4.899 to 3.688. These values are positive at the level of each paragraph. This mean is greater than the assumed mean (3) for the study except for the seventh paragraph, which has an arithmetic average below the calculated average of 2.578. This indicates that the respondents strongly agree with the existence of that effect, especially the arithmetic mean of all the axes of the axis reached (4.385).
3. notes from the analysis of the respondents' opinions on the level of each variable of this axis that there is a very high proportion strongly agree on the existence of a significant impact of all paragraphs of the axis and reach in some of them to more than 95% This indicates the need to pay attention to the variables of this axis. This indicates that the first hypothesis is incorrect that there is no statistically significant relationship between fraudulent methods and increased fraud, corruption and financial fraud.

**Testing the second hypothesis:** The null hypothesis has been tested as follows:

*H0: There is no relationship of statistical significance between the application of mechanisms and techniques of judicial accounting and the detection of cases of fraud, corruption and financial fraud in Iraqi companies as comparison with the alternative hypothesis.*

*H1: There is a relationship of statistical significance between the application of mechanisms and techniques of judicial accounting and the detection of cases of fraud, corruption and financial fraud in Iraqi companies as comparison with the alternative hypothesis.*

In order to test the validity of this hypothesis, the necessary tests were carried out by analyzing the paragraphs of the second axis Of the questionnaire indicated by the results of the (One Sample T-Test), as follows:

Question Number	The Question	T Value	The Level of Significance	The Arithmetic Mean	Relative Weight	Standard Deviation
1.	Judicial accounting mechanisms help to prevent and to detect fraudulent methods, fraud and financial corruption.	69.37	0.000	4.486	89.73	.675
2.	The availability of specialized skills, capabilities and knowledge contribute to the prevention of fraud, corruption and financial fraud.	43.53	0.000	4.211	84.22	1.010
3.	The use of modern IT techniques contributes to the fight against fraud, corruption and financial fraud.	34.63	0.000	3.514	70.28	1.059
4.	The availability of legal, judicial, and investigative advisory services help reducing fraud, corruption and financial fraud.	60.12	0.000	4.266	85.32	.741
5.	Availability of skills, abilities and knowledge contribute to deal with fraud methods and corruption.	63.73	0.000	4.193	83.85	.687
6.	Judicial accounting mechanisms provide the skills to examine and resolve legal disputes of fraud and corruption cases.	90.59	0.000	4.514	90.28	.520

7.	Judicial accounting mechanisms require the availability of negotiating skills to resolve judicial disputes related to fraud and corruption.	82.47	0.000	4.587	91.74	.581
8.	Judicial accounting mechanisms require the ability to collect information from various sources on fraud and corruption.	70.55	0.000	4.550	91.01	.673
9.	Judicial accounting mechanisms provide the skills associated with creative thinking to examine and detect complex corruption cases.	79.65	0.000	4.477	89.54	.587
10.	Computer-assisted auditing has many advantages and helps to identify recurrent transactions and lost transactions for the purpose of detecting fraud.	79.65	0.000	4.477	89.54	.587
11.	Data mining technology helps to extract information from data to discover previously unknown patterns and relationships that are indicative of fraud activity.	60.71	0.000	4.312	86.24	.742
12.	The ratio analysis technique is another technique used to detect fraud by calculating data analysis ratios for key digital fields.	56.75	0.000	4.174	83.49	.767
13.	The ratio analysis technique identifies the anomalies in the data that are likely to represent fraud activity.	85.69	0.000	4.541	90.29	.553
14.	The application of the mechanisms and techniques of judicial accounting will add value to the company by providing security and protection to stakeholders against fraud and financial fraud.	84.76	0.000	4.505	90.01	.555
15.	There is a real need for stakeholders in Iraqi companies to apply the mechanisms and techniques of judicial accounting due to the increased fraud, corruption and financial fraud in the Iraqi environment.	88.40	0.000	4.541	90.83	.536
	Total	64.73	0.000	4.357	87.14	0.685
The value of tabular T is at (108) degrees and the mean level of 0.05 is 1.99						

1. The above Table 6 shows that the arithmetic mean of all axes is 4.357, which is greater than the default mean of study (3). The standard deviation is (0.685), The relative weight, ie, the mean effect ratio for all the subjects of the second axis was (87.14%), Which is greater than the estimated relative weight (60%) and the calculated value (t) (64.73) at a level of significance (0.000) , Which is less than the level of significance calculated 0.05, which indicates rejection of the nihilistic hypothesis, meaning there is an impact of the application of mechanisms and techniques of judicial accounting to detect cases of fraud and corruption and financial fraud and reduction in Iraqi companies).
2. It is clear that the arithmetic mean of all axes ranged from 4.578 to 4.174. These values are positive at the level of each paragraph, except for paragraph (3), which reached a mean of (3.514), and this means is greater than the assumed arithmetic mean (3) for the study. This indicates that all respondents strongly agree on the existence of that effect to apply mechanisms and techniques of judicial accounting to detect cases of fraud, corruption and financial fraud and reduce them in Iraqi companies, especially the arithmetical mean of all axes which reached (4.357). Through the previous analysis, the researcher believes that the application of mechanisms and techniques of judicial accounting has a positive impact on reducing and detecting cases of fraud, corruption and financial fraud.

**Testing the third hypothesis:** The null hypothesis is tested as the following:

*H0: There is no relationship of statistical significance between the application of judicial auditing measures in the Iraqi environment and the discovery and reduction of fraud methods of fraud and financial corruption.*

*H1: There is a relationship of statistical significance between the application of judicial auditing measures in the Iraqi environment and the discovery and reduction of fraud methods of fraud and financial corruption.*

In order to test the validity of this hypothesis, the necessary tests were carried out by analyzing the paragraphs of the third axis of the questionnaire, which are illustrated by the results of the test (One-Sample T-Test), according to the following Table 7:

<b>Question Number</b>	<b>The Question</b>	<b>T Value</b>	<b>The Level of Significance</b>	<b>The Arithmetic Mean</b>	<b>Relative Weight</b>	<b>Standard Deviation</b>
1.	The current reality of scientific and practical qualification and professional competence of the auditors do not allow them to carry out their duties and responsibilities in the detection of fraud and financial fraud with the required efficiency.	41.96	0.000	4.018	80.36	.999
2.	When auditors provide a neutral technical opinion with fairly about financial statements only, it does not allow them to detect all cases of fraud and financial fraud with the required efficiency.	34.47	0.000	3.816	76.32	1.156
3.	That auditors in the current situation cannot support companies judicially to detect fraud and financial fraud.	59.87	0.000	4.523	90.46	.789
4.	The presence of the judicial auditor with the external auditor in the audit team leads to the auditor's ability to fulfil his responsibilities towards the users of the financial statements and reinforcing their confidence and reassurance that they are free from fraud and financial fraud.	25.25	.000	3.165	63.30	1.309
5.	When the legislative authority tightens the civil and criminal penalties on anyone who proves his/her participation or complicity in the cases of fraud and financial corruption, it will work on detecting cases of fraud and financial fraud and this increases the efficiency and effectiveness of the auditing process.	28.37	0.000	3.294	56.87	1.212
6.	the universities and the responsible authorities have to plan for accounting education in Iraq through developing university education to develop their knowledge and skills and enable them to perform judicial auditing efficiently and effectively.	33.09	0.000	3.697	73.95	1.167
7.	The accounting departments at the Iraqi universities have to allocate an independent curriculum for accounting and judicial auditing, and draw faculty members' attention to discuss the practical cases of fraud and financial corruption, would lead to increase efficiency and effectiveness of judicial auditing process.	29.21	0.000	3.642	72.84	1.302
8.	The legislative authority has to enact a law obliges carrying out judicial auditing procedures, provide guidance and binding standards to auditors and activate his/her accountability for the negligence of duties, it would lead to detecting cases of financial fraud and fraud, and increase the efficiency and effectiveness of the auditing process.	32.09	0.000	3.789	75.78	1.233

Question Number	The Question	T Value	The Level of Significance	The Arithmetic Mean	Relative Weight	Standard Deviation
9.	The lack of the interest for judicial auditing from Iraqi companies is a result of their lack of awareness of the importance and role of judicial auditing in the detection of fraud and financial fraud.	36.91	0.000	3.862	77.25	1.093
	Total	35.69	0.000	3.756	73.68	1.140

(The tabular T value of T-table at (108) degrees and the mean level of 0.05 is 1.99)

The table above shows that the mean of all the axes of the axis is (3.756), which is greater than the default mean of the study (3), and the standard deviation was (1.140). The relative weight, ie, the mean effect ratio for all the third axis subjects was 73.68%, which is higher than the estimated relative weight (60%). The value of (t) calculated (35.69), at a level of significance equal to (0.000), which is below the level of significance calculated 0.05, indicating the rejection of the nihilistic hypothesis, meaning there is a role of judicial Auditing procedures in preventing and detect fraudulent methods of cheating and financial corruption.

The table shows that the arithmetic means of all paragraphs of the axis ranged between (4.523-3.165), and these values are positive at the level of each paragraph, and this means greater than the assumed arithmetic mean (3) Study. This indicates that all respondents agree that there is a positive impact on professional performance if judicial Auditing procedures are applied to prevent and detect fraudulent fraud and financial corruption practices. All in all, the result is approval by measuring the mean of more than 3.756.

Based on the analysis of the previous paragraphs of the third hypothesis, the researcher believes that the application of judicial auditing procedures in the Iraqi environment has a positive effect on reducing and detecting cases of fraud, corruption and financial fraud. This indicates the incorrectness of the third hypothesis, which states: There is no relationship of statistical significance between the application of judicial auditing procedures in the Iraqi environment and the discovery methods of fraud and financial corruption to reduce them.

Fourth: Testing the fourth hypothesis: To verify the validity of this hypothesis, the null hypothesis for this assumption has been tested as the following:

*H0: There is no relationship of statistical significance between the scientific qualification, the practical experience, the accountant and the auditor with the accounting and auditing standards, the relevant laws and legislation, and the detection financial fraud with the required efficiency.*

*H1: There is a relationship of statistical significance between the scientific qualification, the practical experience, the accountant and the auditor with the accounting and auditing standards, the relevant laws and legislation, and the detection financial fraud with the required efficiency.*

In order to test the validity of this hypothesis, the necessary tests were carried out by analyzing the paragraphs of the fourth axis of the questionnaire, as shown by the results of the test (One-Sample T-Test), according to the following table:

Question Number	The Question	T Value	The Level of Significance	The Arithmetic Mean	Relative Weight	Standard Deviation
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1.	Availability of appropriate scientific and professional qualification for both accountant and auditor allows them to detect all cases of fraud and financial fraud with the required efficiency.	61.88	0.000	4.532	90.64	.7646
2.	Adequate knowledge of accounting, auditing standards and related laws and regulations by the accountant and auditor allows them to perform their duties and responsibilities in detecting fraud and financial fraud with the required efficiency.	56.12	0.000	4.486	89.72	.8346
3.	The availability of guiding, binding and legislation and standards for accountants will allow them to detect all cases of fraud and financial fraud with the required efficiency.	42.33	.000	4.468	89.36	1.102
4.	There are policies, procedures and programs of work in accordance with professional standards and requirements, which will help to detect cases of fraud and financial fraud.	50.02	0.000	4.018	80.36	.8387
5.	The organization of continuing professional education mechanisms for accountants and auditors and obtaining a license of practice will help to detect cases of fraud and financial fraud with the required efficiency.	38.48	0.000	3.789	75.78	1.028
6.	The accountant's and the auditor's sufficient experience of the activities carried out by the company has a positive effect on the quality of performance and allows them to carry out their duties and responsibilities in the detection of fraud and financial fraud with the required efficiency.	68.87	0.000	4.431	88.63	.6717
	Total	52.95	0.000	4.290	85.75	0.873

1. The above Table 8 shows that the mean of all axes is equal to (4.290), which is greater than the default meaning of the study (3), The standard deviation was (0.873), the relative weight, ie, the mean effect ratio for all the three axes of the third axis was (85.75%), which is more than the estimated relative weight (60%), the calculated value of t (52.95), at a level of significance (0.000), is lower than the implied significance of 0.05, indicating the rejection of the null hypothesis, in the sense that there is a relationship between the scientific qualification, practical experience, and the accountant and auditor with the standards of accounting and auditing and laws and legislation related to the detection of fraud and financial fraud with the required efficiency.
2. The table shows that the arithmetic mean of all axes ranged from 4.532 - 3.789, and these values are positive at the level of each paragraph, and this means greater than the assumed arithmetic mean (3) for the study. This indicates that all respondents agree that there is a positive effect for both the scientific qualification, the practical experience, the accountant and the auditor with the accounting and auditing standards and related laws and legislation on the process of detecting fraud and financial fraud with the required efficiency. In sum, the result is the approval of this by measuring the arithmetic mean of more than (4.290).

Through the previous analysis, the researcher, based on the results of the analysis of the previous paragraphs of the fourth hypothesis that the existence of scientific qualification, practical experience, and the accountant and auditor with accounting and auditing standards And related laws and legislation have a positive impact on the process of detecting fraud and financial fraud and reducing them with the required efficiency.

The results of the analysis of the four study axes indicate that there is a need for mechanisms and techniques of accounting and judicial Auditing both for students of accounting in universities or for accountants or auditors because they have a positive impact on raising their abilities and skills in a way that enables them to fight cases of fraud, corruption and financial

fraud within institutions, To support transparency and free access to information against corruption.

## CONCLUSIONS AND RECOMMENDATIONS

### Conclusions

Corruption and financial fraud are the major problems that the state organizations in general and government-owned companies, in particular, suffer from. The result is the additional cost the companies afford, which is reflected negatively on the goods or services produced. The main reasons for focusing on accounting and judicial auditing is due to the lack of current audit on the prevention and detection of fraud in the financial statements, and to meet the need of the judiciary to experts or advisers to give their views on financial irregularities. The theoretical study agreed with the applied study on the importance of accounting and judicial auditing, which is considered as an important pillar of the system of prevention and detection of fraud and financial fraud as it leads to improving the efficiency of the system of monitoring of institutions. The theoretical study agreed with the applied study on that the external audit cannot, in the current situation, plays its role in preventing and detecting fraud and financial fraud with the required efficiency because the auditors are expressing a neutral technical opinion in the financial statements and do not detect most cases of fraud. Through the statistical analysis for the field results, the researcher finds out:

- a. There is a relationship of statistical significance between fraud methods and the increase of corruption and swindle cases or financial fraud in Iraqi companies. It is noted that respondents views of each variable that there is a very high proportion agree on the impact of all items of this core area, which reaches to %95. The arithmetic mean for all items is between (4.899-3.688). These values are positive for each item and this refers to that care should be taken for the variables of this core area.
- b. There is an effect of application mechanisms and techniques of judicial auditing to discover fraud and swindle cases and reducing financial fraud in Iraqi companies. It is noted that The arithmetic mean for all items is between (4.578-4.174). These values are positive for each item except item (3), which has arithmetic mean (3.514) and this mean is higher than the supposed mean. This refers to that all respondents agree that the impact is really existed to apply techniques and mechanisms of judicial auditing to prevent and detect fraud and swindle methods and financial corruption in Iraqi state company.
- c. There is a relationship of statistical significance between scientific qualification, scientific experience, accountant and auditor's knowledge of laws and legislation and between detecting fraud, swindle and financial fraud of required knowledge. The arithmetic mean for all items is (3.789-4.532) and these values are positive on the level of each item. The is mean is higher than supposed arithmetic mean of the study. This refers to that all respondents agree that there is a positive impact for scientific qualification, scientific experience, accountant and auditor's knowledge of accounting standards, auditing, laws and related legislation in the process of detecting swindle, financial fraud with required efficiency.

The manipulation happens due to external factors represented by political, economic, social, cultural and internal factors as administrative and legislative ones. Moreover, there are other supporting factors including motive, opportunity and justification. Based on the Iraqi legislation and standards, the Iraqi environment is ready to apply accounting and judicial auditing in view of the increased fraud and financial fraud in institutions. These measures have a positive impact on preventing and detecting cases of fraud and financial fraud, which increases the effectiveness and efficiency of the auditing process.

### Recommendations

Spreading intellectual, economic and social awareness in order to raise the cultural level of society and consider combating financial and administrative corruption as a national task everyone has to participate because the society actively contributes to reduce this phenomenon. Developing educational and cultural curricula through various media channels to create a culture of integrity and save public fund through a long-term strategy for the purpose of achieving loyalty and belongingness between the individual and the state. The law is not the only deterrent to corruption, but there must be a culture of integrity and preservation of public fund. The development of laws to impose severe penalties against the perpetrators of financial and administrative corruption and manipulation of the people's fund and consider the crime of corruption of a dishonorable crime. The need to pay attention to the profession of accounting and judicial auditing to develop it, especially in the local environment, and the use its services in the field of fraud investigation. The need to develop auditing curriculum to include the identification of the concept of fraud and its forms and the conditions that help to commit, and develop plans and programs to prevent it. Universities should allocate an independent curriculum to accounting and judicial auditing with paying attention to faculty members to discuss the practical cases dealing with fraud and corruption and financial fraud in companies in order to determine their impact on the economy and society.

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