

Institutional Control as an Entry Point for Transparency in Information Disclosure: Field Study in a Sample of Iraqi Banks

Khalid Aziz Farhan Essa^a, Shireen Azeez Mohammed^b, Irina Frolova^c,
^aCollege of Education for Humanities Presidency of Kirkuk university,
^bNorthern technical university, Southern Federal university, Email:
^aKhalid.azis@uokirkuk.edu.iq, ^bShireen.azis@ntu.edu.ig,
^cirarostov@gmail.com

The financial industry has been affected by the financial crisis and its repercussions as a result of sudden and rapid changes and deviations in the prices of stocks and bonds and swap values in general. This deviation can be repaired by restoring the role of institutional control through its principles (Board of Directors, Audit Committees, Internal Auditor, External Auditor). The objective of this research is to demonstrate the role of institutional control in achieving transparency in the disclosure of information in a sample of Iraqi banks, and the hypotheses of the study were developed in order to achieve its purposes and directions. From the distributed (82) questionnaire forms to managers and auditors in the field under discussion, (75) were retrieved. The hypotheses of the study were tested using correlation coefficient and multiple regression coefficient to diagnose correlation and effect relationships between the variables of the respondents. After consideration, the research recommends the need to activate the role of institutional control more effectively and efficiently because of its role in achieving transparency in the disclosure of information.

Key words: *Institutional Control, Transparency in Information Disclosure, Audit Committee, Internal Auditor.*

Introduction

The financial industry has been affected by the financial crisis and its repercussions and this has been reflected in financial institutions and markets by the current state of mistrust, fear, uncertainty and collapse of confidence, as a result of rapid and sudden changes in bond prices, stocks and exchange values in general. The negative effects of this crisis can be reduced and confidence restored through the disclosure of future information in a manner that reflects positively on transactions in those markets. Therefore, we must look for ways to reduce this phenomenon by effective methods of institutional control, which is a product of the roles played by some parties and entities entrusted with the processes of management, control and supervision within the organisation, and which are accountable for achieving the main goals and objectives of the organisation. Through the availability of key staff, the Institute of Internal Auditors in the United States of America identified these elements as four parties; Board of Directors, Audit Committee, Internal Auditor, and External Auditor. It is true that internal control over deviations and fraud is strong, therefore enabling disclosure of future information in a manner that restores confidence in these financial institutions. Therefore, the researcher will try to highlight the role of these parties in achieving transparency in the disclosure of information through the following methodology:

Research Problem

The fact that financial institutions depart from the paths of transparency and fail to disclose their expectations and future actions does not enable investors to know the extent of alignment of what they plan with the future environment, and does not provide sufficient information to help them rationalise and make their decisions, due to the lack of reliability of these data for use by the parties. Beneficiaries, whether internal or external, so activating the role of institutional control in these organisations through the Board of Directors, Audit Committee, Internal Auditor, External Auditor, can contribute significantly to transparency of information disclosure in banks. Sample Study: in line with the above, the research attempts to answer the following questions:

1. To what extent do institutional control parties contribute to transparency in the disclosure of information in the field under consideration?
2. Is there a correlation between institutional control and transparency in the disclosure of information in the field under consideration?
3. To what extent does institutional control affect transparency in the disclosure of information in the field under consideration?

Research Importance

This research acquires its importance from the importance of the variables researched, the subject it deals with, and the chosen field of research.

1. Starting from the importance and role of the variables researched, which derived its importance from the field problem that addresses it, as the research focussed on important variables represented by institutional arbitration; transparency in the disclosure of information.
2. The importance of the study stems from the fact that it is a descriptive and analytical study adopting the opinions of the respondents.
3. Importance of the research sector in Iraq with its various activities, in particular the financial sector, which requires maximum strength and the necessary transparency in the provision of financial information.

Research Objectives

By identifying the problem of the study and its importance, it is possible to clarify the main objective of this study, which is to define the field of research to the role played by institutional control in achieving transparency in the disclosure of information. In addition we have the sub-goals, which are:

1. Identify the parties concerned with the institutional control in the field under consideration and indicate their appropriate role in managing accounting problems within the field.
2. Providing a practical perception of the nature of the relationship and the impact of the institutional control in achieving transparency in the disclosure of information.
3. Recognise the compliance of the Board of Directors, Audit Committees, Internal Auditors and External Auditors with the requirements of corporate control in achieving transparency in the disclosure of information.

Research Hypotheses

The research is based on the following main hypotheses:

The First Key Hypothesis: Parties to institutional control contribute to transparency in the disclosure of information in the field under consideration.

The Second Key Hypothesis: There is a significant correlation between institutional control and transparency in the disclosure of information in the field under consideration.

The Third Key Hypothesis: There is an impact of institutional control in achieving transparency in the disclosure of information in the field under consideration.

Sources of Data Collection

1. **Preliminary Sources:** Preliminary data for this research was obtained through a questionnaire prepared and distributed to a group of managers and auditors that formed the sample of this research in a sample of Iraqi banks and then collect and analyse data using the Statistical Package for Social Sciences (SPSS), and use that to test the validity of the study hypotheses.
2. **Secondary Sources:** Obtain secondary data related to this research by reference to books, theses, scientific research, reports and articles in newspapers and magazines in order to build the theoretical framework of research and achieve its objectives.

Research Methodology

The research methodology used the following two approaches:

1. Inductive method: In which the researcher addresses the aspects of the problem and reviews a number of previous studies based on articles, researches and various studies related to the variables of the subject in question, whether studies in Arabic or foreign.
2. Deductive approach: Through this methodology, the researcher tests the hypotheses of the research statistically in order to determine the validity of the hypotheses or not, through the design of a questionnaire prepared for this purpose that is distributed to managers and auditors in the researched banks.

Search Limits

The limits of the research are as follows:

1. Spatial Boundaries: The spatial boundaries of the research were limited to a sample of Iraqi banks represented by Gulf Commercial Bank, International Development Bank, Rafidain Bank, Al-Rasheed Bank.
2. Time Limits: The research limits were the time period during which the research was conducted during 2019.
3. Human Frontiers: A group of auditing leaders working in banks were selected as the statistical research community.

Theoretical Framework

The First Axis: The General Framework for Institutional Control

First: The Nature and Concept of Institutional Control

Institutional control is one of the ways and means of controlling and managing risks for all aspects of banks, thereby reducing the uncertainty associated with the decision-making process by key players in banking institutions. It is possible through institutional control to control the

accounting treatment and resolve the problems of the accounting measurement process and control the presentation and format of the content of the financial statements: all this will affect the usefulness and quality of accounting information published in the financial statements. It is therefore reflected in the evolution of the performance of these institutions as well as on the market value of these institutions (Herman et al, 2003: 73).

Institutional control is a new requirement for economies in developing countries; this method has its elements and foundations based on transparency and disclosure, which are almost absent or largely uncontrolled in the reality of developing countries. Institutional control is a means by which banking institutions can ensure that they are properly managed in a way that protects the funds of lenders and investors. It is now known more than ever that the implementation and adoption of a fair and transparent system leads to safeguards against mismanagement and corruption – it also leads to the development of the core values of the market economy and the upgrading of economies in developing countries to international competitiveness. Institutional control is one of the ways and means of controlling the risk management mechanism in all its aspects (Gramling et al, 2004: 51).

In the same vein, the IAA definition indicated that corporate control is a process-driven method used by stakeholder representatives and auditors to provide better risk oversight and management (Whitley, J. 2005).

Institutional control is defined as "the system by which the activities of the Organisation are directed, controlled and supervised at the highest level for the purpose of achieving its objectives and meeting the necessary standards and controls of responsibility, transparency and integrity". In other words, the procedures and methods used by representatives of stakeholders or project owners to provide control over the risks to which the project is exposed in its work.

Second: The Importance of Institutional Control

Through the pillars of corporate control, the accounting treatment is controlled, the management of problems related to the accounting measurement process and the presentation and form of the content of the financial statements are controlled and managed. Consequently, it will affect the usefulness and quality of the accounting information published in the financial statements, which will have an impact on the development and performance of these banking institutions and their market value.

Risk management in banking institutions is not an administrative innovation but a pillar of corporate banking control by reassuring stakeholders that the risks facing their projects and investments are understood by their representatives and the Board of Directors (Paape, L. and Pin S, 2003: 320).

Successful financial institutions are those that are able to identify and analyse risks in their operations for the purpose of managing these risks efficiently in order to mitigate the effects: they are not those banking institutions that turn a blind eye to these risks and are not aware of their effects. Adherence to international accounting standards and controls appropriate to the nature of the work of these banking institutions and the adoption of appropriate accounting policies will strengthen the practices of risk management in banking institutions. Successful risk management by adopting mechanisms and policies that limit the personal, managerial, accounting, and financial interventions will result in these institutions achieving their objectives and raise their performance, thereby achieving a higher return for their shareholders (Institute of Internal Auditors (IIA). 2003: 118).

Third: The Pillars of Institutional Control

The elements of institutional control in financial institutions include the Audit Committee, Internal Auditor, External Auditor, Board of Directors.

1. The Audit Committee

The existence of an Audit Committee with wide powers to ensure the right to exercise its role in the control and follow-up on the work and activities of internal and external audit, as well as follow-up their reports to ensure that the management in the financial institution implements the recommendations and results contained in those reports and data. The role of the Audit Committee is under institutional control by assisting the Board of Directors to complete their supervisory responsibilities with a view to ensuring the integrity of the financial reports, compliance with the regulatory and legal requirements of the Organisation and ensuring the independence of internal and external auditors in the performance of their duties (Kingsley, O and Mimmier, G, 2003: 535).

- The Audit Committee meets continuously and periodically and submits its data and reports to the Board of Directors of the financial institution at least four times a year.
- At the beginning of each year, the board of directors of the financial institution shall form a committee of three of its non-executive members and inform the Authority thereof of any changes it receives and the reasons therefor.

The IIA noted the focus of the framework of these committees by (Herman et al, 2003: 78):

- Meeting with the Internal Audit Manager periodically.
- Review and follow-up the estimated budgets of internal audit and approval.
- Verify that the Internal Audit Department adheres to the standards and procedures of the professional practice of internal audit.
- Adoption of the risk-based annual internal audit plan and any significant changes.

- Approving the internal audit document showing the responsibilities, powers and objectives of the Internal Audit Department.
- View reports of the Internal Audit Manager.

2. Internal Audit

Internal Audit is an essential and vital key to corporate control. Therefore, the Institute of Internal Auditors has developed the Code of Ethics of the Internal Audit Profession to face the new environmental changes that have occurred due to the financial meltdown in various countries of the world. The Institute of Internal Auditors has defined a precise definition of internal auditing, stating that it is "an independent and important activity and an objective assertion of a supportive advisory nature aimed at adding value to the Organisation. Internal Audit helps the Organisation to achieve its objectives by adopting an objective approach to improve and evaluate the effectiveness of risk management, effective monitoring and follow-up, and effective corporate governance management". In the opinion of Felix & Maletta, senior management requests the internal auditor to help provide them with assurances concerning: (Laura F. & Michael, 2006: 79)

- Control organisational processes effectively and efficiently.
- Monitor and identify risks efficiently and effectively.
- Effectiveness of organisational processes in the organisation concerned.

The essence of corporate governance in banks revolves around ensuring that the primary responsibility of the internal audit department should be based on risk through a review of minimum financial reporting and compliance with the Bank's internal policies and procedures, international standards, instructions and relevant laws (Institute of Internal Auditors. 2002: 81).

3. External Auditor

That the requirements of institutional control require construction and cooperation between the Department of Economic Unity and the external auditor, and that the relationship between them is transparent in terms of the independence of the auditor and the exchange of information, taking his views seriously when diagnosing weaknesses and mistakes, and adopting measures to ensure the independence of the auditor for the purpose of protecting the interests of the various staff affected by the performance of the financial institution: (Tariff, Jalil, 2006: 57).

- The various functions of the Audit Office should be well supervised at all levels.
- Developing professional capabilities through continuing education procedures and programs.
- The staff of the audit office must meet the standards of quality control in terms of efficiency and experience.
- Develop a specific recruitment policy in the Audit Office.

The external auditor seeks to understand internal control procedures and practices in order to be able to arrive at a preliminary assessment of the quality of these practices, the procedures and the extent to which they are compatible with the quality of the risks faced by them. Therefore, the examination of internal control by the external auditor determines the extent of his conviction and the level of control risks. (Latorre, J. and Dick, A, 2004: 9)

4. Board of Directors

The description of the authors (Monks & Minow) is that the board of directors is the link between the people who provide capital and the people they use to create value for the organisation. Due to the many troubles experienced by many financial units, the shareholders, lenders and other related parties called for the need for the board of directors to adopt and assume their responsibilities by developing strategies, monitoring, monitoring tools and plans.

The authors pointed to the role of the Board of Directors as follows: (Glem, Irvin N. 2004: 12).

- Oversee the development and implementation of the organisation's strategy.
- Review and endorse the organisation's core strategies.
- Monitor and follow-up all operations and activities to ensure fair treatment between the various parties related to the activity of the organisation.
- Control and follow up on risks and internal control procedures.
- Monitor the work and activities of the Executive Director.

The Board of Directors shall monitor and follow up the risks surrounding the control system in the Bank. The members of the Board of Directors shall abide by two legal measures, namely the duty of loyalty measure, which requires that their position is not exploited for personal gain and benefit and to work for the best benefit for the organisation. The Board of Directors may establish a department or committee to follow up and manage risks.

The second measure is the duty of care measure, which requires hard work, dedication and high loyalty, and access to various issues concerning the organisation, Attend regular meetings and retain absolute belief in the usefulness of their work in the organisation. Its responsibilities include the following: (Rabadi & Lubna, 2006: 83).

- Determine the level of risk and record exceptions to the risk management policy.
- Develop and control methodologies for each type of risk.
- Analyse all risks associated with project activities, eg. credit, liquidity, market and operational risks for banks.
- Cooperation between this committee or department and other departments in the organisation to accomplish its tasks.

- Provide the Board and senior executive management with data and information on the Organisation's risk system.

Axis II: Transparency in the Disclosure of Information

First: The Concept of Transparency in the Disclosure of Information

In terms of financial studies, transparency means providing data and information in order to protect the future of shareholders and to make the community recognise that the institution is able to fulfil its obligations. Transparency is an important pillar to ensure efficiency, fairness, trust and integrity in the procedures and practices of managing organisations, managing their personnel and making rational decisions. It ensures the delivery of correct, clear and adequate data and information to all beneficiaries (Institute of Internal Auditors, 2002: 84).

(Swanson, Robert M, 1994: 52) explained that the greater the degree of transparency, the greater the degree of investors' sense of fairness and equity in financial markets, and the greater the degree to which investors are welcome to provide capital. Transparency means the clarity of management policies and procedures that help to improve the predictability of the future financial situation, and thus lead to the efficiency of future decisions, especially if the management can make a pretext or justify its views and assumptions for the future. (Monks, R. & Minnow N, 2001: 27) pointed out that to enhance transparency, decisions and actions should be examined by different actors to hold the administration accountable.

Financial markets view transparency in information disclosure as the dominant trend to regulate accounting disclosure as far as all stakeholders and investors are concerned. Transparency is therefore the system and practical procedure for providing requirements for disclosure of procedures, activities, results and objectives, and there is a close correlation between disclosure and transparency. The degree may be difficult to distinguish between them (Laura F. & Michael, 2006: 98).

Transparency in disclosure not only positively affects investor confidence in the financial market, but also encourages financial institutions to issue new securities.

Disclosure generally means a statement of the purpose for the purpose of being known and clear. Hence, the disclosure of information by the financial institution is a protection for the average investor and other parties from manipulation and misinformation, in addition to reducing the risk in investment. The level of appropriate disclosure is determined by a range of factors, including the person using the information and the purpose of using it. The concept of full or ideal disclosure has become a thing of the past and has been replaced by the concept of 'appropriate or realistic' (Monks, R. & Minnow N, 2001: 27).

In the same context, the Organisation for Economic Cooperation and Development (OECD) stresses the need to disclose the plans and objectives of future management, and possible events, as well as administrative decisions expected to be taken in the future. These views in favour of disclosure of future data and information are contrary to the traditional trend in the disclosure of this information, which is cautious and does not see the need to disclose future data and information, because the disclosure of this information may harm the competition process, as well as it does not have the necessary accuracy. Failure to meet these forecasts can expose management to problems or legal accountability, so it is best to leave the subject to the financial analyst in light of its potential by reading financial information (Monks, R. & Minnow N, 2001: 27).

On the other hand, we find that the current trend calls for a commitment to disclose information to meet the needs of beneficiaries and users of financial statements, as the disclosure of these data and information makes them available to all parties and not limited to the financial analyst. The management's full knowledge of its internal requirements and activities will enable it to better identify and analyse these forecasts than the financial analyst, and that management will make every effort to achieve the predictions that are described as a kind of moral obligation. These predictions are valid as long as their information was based on reasonable assumptions and provided a thorough analysis of the reasons that prevented their achievement (Walk, L. W & Dodd, J. L, 2001: 47).

From a legal standpoint, contemporary legislation should limit the amount of information that should be disclosed in financial reports by presenting all critical data and information to assess the financial institution's condition (Swanson, Robert M, 1994: 52).

The lack of disclosure of information and future forecasts is only an information market for those who are able to adopt and bear its costs, and voluntary disclosure of information and forecasts may lead to bias by management, disclosing only motivating or positive information. Disclosure of bad expectations should be made with the integrity and speed with which good expectations are disclosed, and the uncertainty and lack of disclosure of bad expectations of the future financial condition of the financial institution may compromise the integrity and reputation of management. On the other hand, management should adopt a consistent and structured policy for the disclosure of information relevant to future financial realities, assumptions regarding future financial data and information, and avoidance of excessive optimism or overly predictable forecasts. Assumptions must be based on accurate and objective forecast and be sound and well explained (Swanson, Robert M, 1994: 52).

The Oxley Sarbanes Act (2002) in Part 401b, which addressed future data and information, directed the SEC to adopt modern disclosure rules and to have public disclosure (including future financial information and data) by registered institutions. This led the TRA to amend

some forms, such as Regulation G and Item 10 of Regulation SB and SK, which regulate the registration process, and which need to be submitted by their registered institutions in order to meet the requirements of the said law. Future information is mandatory for the institution registered with the US Securities and Exchange Commission. The National Investor Relations Institute and the Financial Executives International Institute also provided a guide to the future financial report (Monks, R. & Minnow N, 2001: 27).

Second: The Importance of Transparency in the Disclosure of Information

The need for transparency in information disclosure has become increasingly acute as a result of the world's crises and the challenges and failures of some global financial and trade institutions – for example, a report from the US Congressional Committee to investigate Enron. One of the main reasons for this deterioration is the lack of disclosure of information and transactions exchanged between this institution and the investment institutions on the one hand, and the collusion of the audit company (Anderson) on the other. Transparency in the disclosure of information has gained more attention after the increasing economic role of the capital markets to make dealing in these markets more efficient and fair, to provide equal opportunities for investors to obtain information, which in turn provides a favourable investment climate and increases the chance of growth, prosperity and continuity of the financial market. Published financial reports represent an important source of information for decision-making (Ruud, T. Flemming. 2003: 4).

The topic of future financial data and information has also attracted wide interest from organisations such as the Accounting Standards Association, the American Securities Commission, the Audit and other professional institutes. The International Standards on Auditing (ISA) 810 was established (audit of future financial information and data) is a set of guidelines and rules related to the auditor's duties when auditing future financial data and information. With regard to the disclosure of such information, it is stated through the said standard that the auditor should ensure that the presentation of such information is not misleading, the related accounting policies and procedures have been clearly disclosed and the changes have been made, together with the reasons for the change and its impact. As stated in the American audit standard 301 that future financial data and information is either financial forecasts or financial perceptions in the light of the best available data and information and management belief, this means that the basis for forecasting is management assumptions that reflect the circumstances that are expected to exist and the actions expected to be taken (PCAOB, 2004: 6).

The keenness of the financial institution to provide voluntary disclosure in addition to the mandatory disclosure enhances public confidence in the financial institution and the fairness

of its financial statements and reflects on its value and market reputation and thus on the prices of its shares in the financial market.

As noted, (Swanson, Robert M, 1994: 52) in his study, the optional disclosure provided in the financial statements of the shareholders establishes the efficiency and effectiveness of the financial market and helps to reduce the degree of risks surrounding investments. Through the disclosure, financial reports are circulated and prepared for the purpose of satisfying the need of the beneficiaries of accounting information that objectively describes the economic events that affected the institution during a certain period of time (William R. Kinney Jr, 2003).

The Third Axis: The Relationship between Variables

Each of the four pillars of internal control (internal auditors, external auditors, audit committee, board of directors) supports each other in a mutually complementary relationship, thus producing financial data and information that are highly transparent and accurate. Thus providing the information needed to perform their tasks more effectively (Tariff, Jalil, 2006: 36).

The importance of the relationship between the pillars of institutional control and transparency in the disclosure of information is through the ability of these pillars to provide financial statements to all beneficiaries in financial institutions, and the reputation of these institutions and the image to enable them to excel in light of the strong competition and escalation in financial markets (Institute of Internal Auditors, 2002: 84).

The external auditor should be informed and have direct contact with the relevant internal audit reports, and be informed of any significant changes or matters that come to the attention of the internal auditor that may affect the work of the external auditor. The task may affect internal audit (Paape, L. and Pin S, 2003: 322).

The Audit Committee is one of the most important committees of the Board of Directors composed of a group of non-executive members of the Board. The composition of the Audit Committees should be considered as an improvement of the audit process in its comprehensive sense. These committees can support the credibility, objectivity and transparency of financial reporting, assisting Executive Directors in fulfilling their obligations and responsibilities and strengthening and supporting the role of non-executive directors. It also supports the independence of auditors, improves audit work, improves the communication process between management, managers and auditors, in addition to helping to create some sort of control by the shareholders on management, and can be considered as a useful and helpful tool for the Board of Directors in monitoring the performance of the facility and the conduct of its activity by providing information that is highly transparent (Laura F. & Michael, 2006: 93).

Management has become more reliant on information to improve governance than ever before, with information pivotal to verification, consulting and risk management.

Practical Framework of the Study

First: Description and Diagnosis of Study Variables

1. Description and diagnosis of institutional control pillars

Table (1) presents the description of the pillars of institutional control and diagnosis through the responses of individuals interviewed on the indicators of its variables, in order to clarify the contribution of the pillars of institutional control in achieving transparency in the disclosure of information in the Iraqi banks in question.

A number of indicators can be clarified according to the description and diagnosis of the pillars of institutional control:

A. The rate of the total agreement of the pillars of institutional control was (68.66%), that is, the respondents questioned their on views in the Iraqi banks confirmed the adoption of their banks to the pillars of institutional control in terms of its aforementioned characteristics. Respondents with negative responses represented 31.34% of the total. All characteristics came with an arithmetic mean of (2.85), standard deviation (0.72) and contribution ratio (71.15).

B. The contribution percentage can be arranged to describe the pillars of institutional control represented by their characteristics and diagnosis. As follows:

- The internal auditor came first with a contribution rate (75.7%).
- The Board of Directors came in second place with a contribution rate (72%).
- The Audit Committee came in third place with a contribution rate (69.3%).
- Internal audit came in fourth place with a contribution rate (67.6%).

Table 1: Rate Contribution of institutional control pillars

| Contribution ratio | standard deviation | Arithmetic mean | Response scale | | | | | | | | Factors |
|----------------------------|--------------------|-----------------|-----------------|----|--------|----|----------------|----|-------------------|---|---------|
| | | | Strongly agreed | | Agreed | | I do not agree | | Strongly disagree | | |
| | | | % | ت | % | ت | % | ت | % | ت | |
| The Audit Committee | | | | | | | | | | | |
| 72 | 0.76 | 2.87 | 24.0 | 12 | 48.0 | 24 | 20.0 | 10 | 8.1 | 4 | X1 |
| 72.5 | 0.63 | 2.91 | 20.0 | 10 | 56.0 | 28 | 18.0 | 9 | 6.0 | 3 | X2 |
| 63.5 | 0.66 | 2.55 | 8.1 | 4 | 50.0 | 25 | 30.0 | 15 | 12.0 | 6 | X3 |
| 63 | 0.63 | 2.53 | 8.1 | 4 | 46.1 | 23 | 36.1 | 18 | 10.0 | 5 | X4 |
| 69.5 | 0.91 | 2.77 | 26.0 | 13 | 36.0 | 18 | 28.0 | 14 | 10.0 | 5 | X5 |
| 72.5 | 0.75 | 2.91 | 26.1 | 13 | 44.0 | 22 | 24.1 | 12 | 6.0 | 3 | X6 |
| 72 | 0.43 | 2.89 | 16.0 | 8 | 56.0 | 28 | 28.0 | 14 | - | - | X7 |
| | | | 18.3 | | 48 | | 26.3 | | 7.4 | | |

| | | | | | | | | | | | |
|---------------------------|------|------|-------|----|------|----|-------|----|------|----|-------|
| 69.3 | 0.68 | 2.77 | 66.2 | | | | 33.8 | | | | Total |
| Internal Audit | | | | | | | | | | | |
| 74.5 | 0.83 | 2.98 | 32.0 | 16 | 42.0 | 21 | 18.0 | 9 | 8.1 | 4 | X8 |
| 72.5 | 0.82 | 2.90 | 26.0 | 13 | 48.0 | 24 | 16.0 | 8 | 10.0 | 5 | X9 |
| 70.5 | 0.68 | 2.82 | 18.1 | 9 | 54.0 | 27 | 20.0 | 10 | 8.1 | 4 | X10 |
| 70.5 | 0.84 | 2.82 | 24.0 | 12 | 44.1 | 22 | 22.0 | 11 | 10.0 | 5 | X11 |
| 51 | 1.01 | 2.04 | 12.0 | 6 | 16.0 | 8 | 36.0 | 18 | 36.0 | 18 | X12 |
| 67.5 | 0.70 | 2.71 | 16.1 | 8 | 46.1 | 23 | 30.0 | 15 | 8.1 | 4 | X13 |
| 67 | 0.79 | 2.68 | 20.0 | 10 | 36.0 | 18 | 36.0 | 18 | 8.1 | 4 | X14 |
| 67.6 | 0.81 | 2.70 | 21.2 | | 40.8 | | 25.3 | | 12.7 | | |
| | | | 62 | | | | 38 | | | | Total |
| External Auditor | | | | | | | | | | | |
| 84.5 | 0.60 | 3.39 | 52.0 | 26 | 38.0 | 19 | 6.0 | 3 | 4.0 | 2 | X15 |
| 78.5 | 0.49 | 3.15 | 32.0 | 16 | 50.0 | 25 | 18.0 | 9 | - | - | X16 |
| 74 | 0.52 | 2.95 | 20.0 | 10 | 60.1 | 30 | 16.0 | 8 | 4.0 | 2 | X17 |
| 74.5 | 0.67 | 2.97 | 28.0 | 14 | 46.0 | 23 | 22.1 | 11 | 4.0 | 2 | X18 |
| 73.5 | 1.03 | 2.93 | 38.1 | 19 | 28.0 | 14 | 24.0 | 12 | 10.1 | 5 | X19 |
| 72.5 | 0.83 | 2.90 | 32.0 | 16 | 30.0 | 15 | 34.0 | 17 | 4.0 | 2 | X20 |
| 72.5 | 0.82 | 2.91 | 30.0 | 15 | 36.0 | 18 | 28.0 | 14 | 6.0 | 3 | X21 |
| 75.7 | 0.70 | 3.02 | 33.1 | | 41.2 | | 21.2 | | 4.5 | | |
| | | | 74.2 | | | | 25.8 | | | | Total |
| Board of Directors | | | | | | | | | | | |
| 78.5 | 0.73 | 3.13 | 40.0 | 20 | 38.0 | 19 | 18.0 | 9 | 4.0 | 2 | X32 |
| 72.5 | 0.58 | 2.91 | 22.1 | 11 | 48.0 | 24 | 28.1 | 14 | 2.0 | 1 | X33 |
| 75 | 0.81 | 3.01 | 32.0 | 16 | 44.0 | 22 | 16.0 | 8 | 8.0 | 4 | X34 |
| 71.5 | 0.69 | 2.87 | 20.1 | 10 | 54.0 | 27 | 18.1 | 9 | 8.0 | 4 | X35 |
| 65.5 | 0.81 | 2.62 | 16.0 | 8 | 42.0 | 21 | 30.0 | 15 | 12.0 | 6 | X36 |
| 69.5 | 0.50 | 2.78 | 12.1 | 6 | 58.0 | 29 | 26.0 | 13 | 4.0 | 2 | X37 |
| 72 | 0.55 | 2.89 | 16.0 | 8 | 62.0 | 31 | 16.0 | 8 | 6.0 | 3 | X38 |
| 72 | 0.66 | 2.88 | 22.5 | | 49.5 | | 21.9 | | 6.1 | | |
| | | | 72 | | | | 28 | | | | Total |
| 71.15 | 0.72 | 2.85 | 68.66 | | | | 31.34 | | | | Total |

Source: Number of researchers based on program output (SPSS).

Through the above results, we can see that the contribution of the pillars of institutional control is high in the Iraqi banks research sample, and the first hypothesis stipulates that: contribute to the pillars of institutional control in achieving transparency in the disclosure of information in the field under discussion.

2. Describe and diagnose transparency in the disclosure of information

The data in Table 2 indicate the description and diagnosis of transparency clauses in the disclosure of information represented by variables (X1 X10). Percentages indicate that (70.7%)

of the respondents agree with these paragraphs versus (29.3%) disagree with the paragraphs of this variable, and came in the mean of arithmetic (2.88) and standard deviation (0.59), with a contribution rate (72.5). The most prominent of these paragraphs that contributed to the enrichment of this variable is paragraph (X1) supported by an arithmetic mean (3.09), Standard Deviation (0.64), and contribution ratio (77). The least contributing in this variable are (X10). This is indicated by the arithmetic and adult mean (2.55), the standard deviation (0.94) and contribution ratio (61.5).

Table 2: Description and Characterisation of Transparency Clauses in Disclosure of Information

| Contribution ratio | standard deviation | Arithmetic mean | Response scale | | | | | | | | Factors |
|--------------------|--------------------|-----------------|-----------------|----|--------|----|----------------|----|-------------------|---|---------|
| | | | Strongly agreed | | Agreed | | I do not agree | | Strongly disagree | | |
| | | | % | ت | % | ت | % | ت | % | ت | |
| 77 | 0.64 | 3.09 | 34.1 | 17 | 42.0 | 21 | 22.0 | 11 | 2.0 | 1 | X1 |
| 72 | 0.43 | 2.87 | 14.0 | 7 | 62.1 | 31 | 22.0 | 11 | 2.0 | 1 | X2 |
| 68.5 | 0.54 | 2.75 | 14.0 | 7 | 48.0 | 24 | 36.1 | 18 | 2.0 | 1 | X3 |
| 69.5 | 0.70 | 2.79 | 20.0 | 10 | 44.0 | 22 | 30.1 | 15 | 6.0 | 3 | X4 |
| 77 | 0.57 | 3.07 | 30.0 | 15 | 50.1 | 25 | 18.0 | 9 | 2.0 | 1 | X5 |
| 75 | 0.73 | 3.01 | 32.0 | 16 | 40.0 | 20 | 24.0 | 12 | 4.0 | 2 | X6 |
| 76 | 0.44 | 3.03 | 22.1 | 11 | 62.1 | 31 | 14.0 | 7 | 2.0 | 1 | X7 |
| 73.5 | 0.50 | 2.93 | 22.0 | 11 | 50.1 | 25 | 28.0 | 14 | - | - | X8 |
| 71.5 | 0.49 | 2.87 | 18.1 | 9 | 50.1 | 25 | 32.0 | 16 | - | - | X9 |
| 61.5 | 0.94 | 2.55 | 18.1 | 9 | 34.1 | 17 | 32.0 | 16 | 16.0 | 8 | X10 |
| 72.5 | 0.59 | 2.88 | 22.4 | | 48.2 | | 25.8 | | 3.6 | | Total |
| | | | 70.7 | | | | 29.3 | | | | |

Source: Number of researchers based on program output (SPSS).

Second: Test Hypotheses of the Study

1. Test the second main hypothesis: This hypothesis provides that there is a significant correlation of institutional control and transparency in the disclosure of information in Iraqi banks. The table shows (3) The correlation test results related to this hypothesis.

Table 3: The results of the correlation test in the banks under consideration

| | |
|------------------------------|---|
| Institutional control | Explanatory variable |
| | Responder variable |
| *0.63 | Transparency in information disclosure |

N= 75

0.05 ≤ P*

Table (3) indicates that there is a positive correlation between the institutional control and transparency in the disclosure of information. The value of the index of the correlation coefficient (0.63) and the level of significance (0.05), which is evidence of the relationship between the two variables.

Recalling that, as the Iraqi banks under consideration increase their interest in institutional control, they contribute to transparency in the disclosure of information to the banks in question by providing an appropriate environment for the audit experts of the banks in question and exchange information accurately. Based on the results of the statistical analysis of the correlation between the two variables of the study, the second main hypothesis is accepted at the level of the banks under consideration.

2. Testing the third main hypothesis: This hypothesis states that there is a significant effect of the institutional control in achieving transparency in the disclosure of information to the Iraqi banks in question. Table (4) shows this effect as follows:

Table 4: Effect of Institutional Control on Achieving Transparency in the Disclosure of Information to Banks in Search

| F | Institutional control | | | Explanatory variable |
|--------|-----------------------|--------------------|----------------|---|
| | R ² | β ₁ | β ₀ | |
| 72.549 | 0.59 | 0.770 *(15.045) | 0.868 | Transparency in information disclosure |

N=75 D. F=1.73 P ≤ 0.05*

Table 4 on regression analysis shows that there is a significant moral effect of corporate control as an explanatory variable in the transparency of information disclosure combined as a responsive variable, where the value of (F) is calculated as (72.549), which is greater than its tabular value at the degrees of freedom (1,73) and a significant level (0.05). The coefficient of determination is (R²) (0.59). This means that (41%) of the differences explained in transparency in the disclosure of information is due to the impact of institutional control, and the rest is due to random variables that cannot be controlled or are not included in the regression model at all. From the follow-up of the coefficient (β₁), it turns out that increased attention to institutional control in one unit leads to change in amount (0.770) in transparency in the disclosure of information. The coefficient (β₀) means that the Iraqi banks in question achieve transparency in the disclosure of information, regardless of the effectiveness of institutional control, and follow-up test (t) calculated (*15.045). We find that it is a significant value and greater than the tabular value at the level of significance (0.05) and degrees of freedom (1,73). Thus, it accepts the second main hypothesis, which states that: There is a significant effect of

institutional control in achieving transparency in the disclosure of information in the banks under consideration.

Third: Conclusions and Recommendations

This topic is concerned with identifying the conclusions derived from the theoretical narrative of the topic, as well as from the field research results, and then identifying the appropriate recommendations for these conclusions, which either aim at completing and deepening the current aspects of the research, or expanding on a particular issue arising from the research results. This axis will therefore include:

Conclusions

1. The results of the research indicate the contribution of the elements of institutional arbitration; Audit Committee, Internal Auditor, External Audit, Board of Directors, in achieving transparency in the disclosure of information in the Iraqi banks under consideration.
2. Research results indicate a relationship between institutional arbitration and transparency in the disclosure of information in Iraqi banks, by contributing to the restoration of investor confidence and removing their fears and providing a suitable investment climate, which increases the chance of growth and prosperity and the continuity of the financial market.
3. The study revealed that there is a statistically significant effect of institutional arbitration in transparency in the disclosure of information in Iraqi banks.
4. The responsibility for the disclosure of information in Iraqi banks rests primarily with the management, by drawing the paths of its methodology and making predictions and assumptions on an objective and logical basis of what the reality of the future state of the bank will be.
5. The field study revealed that transparency in the disclosure of information contributes to a high degree in persuading investors of the fairness of the financial statements of Iraqi banks in the Iraqi financial market.

Recommendations

1. Clear lines of responsibility and capacity to make maximum use and accountability of the work of the external and internal auditors and the Audit Committee should be established in view of the importance of their oversight work or activity.
2. Holding training courses on a continuous basis for all administrative levels to familiarise them with the Iraqi banks and their laws and regulations governing them, the competence of units and different departments and their responsibilities, and increasing their awareness of the principles of effective institutional control, in order to increase transparency in the disclosure of information.



3. Conducting qualifying courses for external auditors by the regulators of the profession to develop their skills in updating the methods they use in order to improve the effectiveness of their audit in reducing the risks associated with financial data and information.
4. Urge Iraqi banks to prepare and publish financial statements with a high degree of accuracy, disclosure and transparency.
5. Work to continue the current efforts and conduct more research to find ways to face the repercussions of the global financial crisis on the Iraqi financial market and restore the confidence of investors in it.



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