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# The Role of Intra-Cost Management in Supporting Internal Auditing Based on Risks

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This paper aims at showing the importance of Intra-Cost Management in providing information that supports Internal Auditing Based on Risks. It also aimed at showing the theoretical analysis for Intra-Cost Management and its primary stages. This study has been conducted on 30 samples of employees that have been employed in the Industrials companies in Iraq. Statistical Package for Social Sciences has been used, which is known in abbreviation (SPSS) edition 22, which is one of the modern and important statistical programs in analysing data and extracting results. The scope of correlation between Intra-Cost Management and Internal Auditing Based on Risks has been tested through analysing minor regression. It was found out that Intra-Cost Management has a correlation on the Internal Auditing Based on Risks in order to provide proper information for decision-makers.

**Key words:** *Intra-Cost Management; Internal Auditing Based on Risks; Types of Risks*

## Introduction

As a result to technological changes and uncertainty circumstances and risks surrounding business environment, the challenge facing economic administration unity is represented by determining the amount or degree of risk that can be accepted and dealt with by unit to achieve the added value for economic unity and those who deal with it. So, there has to be important information for economic units management that assist in detecting their resources and capabilities. Atsch (2011) and Arricale et al. (1999) 's studies indicate that economic unity operation emerges from its strategic management that it develops the unity message and determines its work goals and runs powers that threat goals achieving like work risks, and continues progression into goals achieving. A result of the internal and external environment of unity is much farther from stabilisation, so the units should be capable of adapting itself to change quickly, efficiently and expectedly. This speed and activity enable the unit to determine changes in the external environment at the right time which consequently enables it to adapt its strategies with the new environment.

Bowlin (2008) and Kotchetova (2003) state that the auditor should obtain knowledge of the works of economic unity so that he has to develop his understanding of the strategic situation of the economic unity in light of structure and dynamics of this unit manufacturing, and determining basic goods and services that allow creating of the value and protecting of competitive feature, and identifying alliances that are shared by the unit, and understanding the risks and threats of external business, and how economic unity can face these risks of business operations and administrative auditing. Najjar (2013) points out that the entrance to Intra-Cost Management works on studying the strategic systems that directly direct his interest to client systems that are represented by client's strategy, economic condition, and power of correlation with external parties such as agents, importers and investors and internal and external factors that threaten the achievement of strategic goals.

Siraj (2008) believes that Intra-Cost Management systems, one of the invented systems of costs management that attempt to regain some properness lost in traditional systems, where it succeeded in getting rid of the feature of financial proceeding controlling the traditional systems and proceeding to service of purposes of strategic planning. Those systems assisted directors in leaving the narrow domain centred inside the walls of economic unity and proceeding to cost management through importing chain and total value to reduce cost and strengthening strategic situation, so those systems helped economic units in achieving better control and proceeding to the achievement of set goals successfully, as well as providing a new and suitable quality that supports the process of decision making. Seal et al. (2004) point out that the main idea of Intra-Cost Management is the scope cost management approach to include supplying chain that includes crossing organisational limits. The application of importing chain cost management urges the chain members to exchange cost information within links governed by cooperation and trust (Hameed, Al-abedi, & Abass, 2019).

Therefore, our study aims at clarifying the theoretical structure for Intra-Cost Management and its approaches, as well as the Internal Auditing Based on Risks and its primary stages, and showing the importance of Intra-Cost Management in providing information that supports the Internal Auditing Based on Risks. The importance of this research is shown in the practical part of which results can assist economic units management in identifying the risks that are faced by economic unity as well as working on providing data concerning the requirements of the Internal Auditing Based on Risks (Mohaisen, Al-Abedi & Sabah, 2019).

**Internal Auditing Based on Risks – The Concept – The Primary Stages**

The concept of auditing has developed as time passes as well as the way we look at it. Now it is considered an integral part of administration because it achieves a lot of administrative business like evaluating the performance of unit workers, and providing the higher management with data in the right time regarding risks that might be faced by unit (Sarens & De Beelde, 2005). Its focus has become the auditing of risks management operations on the economic unity level and confirming its activity in addition to its traditional tasks such as protecting the units capitals from any undesired acts, and ensuring that workers are committed to policies and set procedures (Issa, 2008).

RBIA shows that it is a methodology used to confirm risks management to become in limits of the level accepted by economic unity, (RBIA) is considered as one of many views presented to administration council and auditing committee in the frame of companies governance; this view is included in the frame of confirmation services. Consequently, it may lead to the discovery of all risks that are not managed duly, and it is not possible to present a proper confirmation.

Institute of Management Accountants has shown that auditing based on risks is an entrance connecting strategy, operations, technology, and knowledge to evaluate and managing non-confirmation that economic unity might confront through its attempt to achieve value, it is a universal entrance based on prediction and guided to operations to manage all risks and chances and not only financial risks to achieve value for people of different interests in economic unity (Najjar, 2013).

According to Mohammed et al. (2019), the entrance of Internal Auditing Based on Risks the auditing program is planned in light of internal auditor for operations of evaluating of the risks of economic unity based on accumulated historical knowledge from previous auditing operations to issue the required recommendations to contribute to the activation of the role of universal management of risks. The annual auditing plan has to be developed in which it includes relating risks on the level of executive operating units in risks on the strategic level to create a predictive, universal vision to the combination of potential or probable risks that hamper achieving of goals of economic unity, and comparing the scope of compliance and harmony between the structure of documented and authorised risks management in exchange for the truly executed structure, with the necessity of continuously reconsidering every quarter year of the auditing plan and program based on the current evaluation for the risks of activity to determine areas that need more focus and attention within the future period (Richard et al., 1999).

It is worth to note that standards issued by American Institute of Internal Auditors recommended the necessity of enhancing the subjectivity and independence of the internal auditor through defining his position in the organisational structure of the economic unity. The internal auditor must be placed in an organisational level that ensures a proper covering and following for topics of checking and auditing without interference from executive administrations in his domain and at the same time providing him with direct contact with the management council and auditing committee through presenting reports that include results of auditing and recommendations and suggestions required to activate the role of universal management of risks and achieve the requirement of the entrance of the Internal Auditing Based On Risks (Raghunandan et al., 2001).

Benli and Celayir (2014) and Sharaf et al. (2020) refer to the division of stages of the Internal Auditing Based on Risks into three stages. First Stage: Evaluating the levels of maturity practices of managing risk in economic unity, that will determine how the internal auditing department will put the auditing plan, and how to prepare the report presented to the auditing committee, and organising a record of risks of economic unity, and identifying the employee who is in charge of risks management. Second Stage: Putting auditing plan: It aims at preparing auditing community, that includes all possible risks, auditing which will confirm how effective is risked management operation, and preparing the auditing plan, where a list of all auditing operations that will be performed in a certain timetable (usually a year) will be prepared. Third Stage: Executing the operation of items auditing (Articles of Auditing Community) to provide confirmations: the goal of which is to ensure that risks are managed properly and that the cases which are not managed properly are reported (report of failure in managing risks operation). (Flayyih, Noorullah, Jari, & Hasan, 2020). Relatedly, it is clear that Internal Auditing Based on Risks represents one of the new methods to manage internal auditing. It deals with risks before they occur, as a result of the internal auditor who follows a future vision in auditing that depends on evaluating risks of economic unity and presenting recommendations regarding them.

**Intra-Cost Management – Definition – Scope – Tools**

Fayard et al. (2012, p. 168) believe that it is a strategic entrance to cost management where cost management activities leave their internal band to include cost management between importing chain partners. Whereas Rafael et al. (2016, p. 92) think that it is an organised methodology to coordinate units activity in importing chain to reduce the total cost of chain members. The goal that economic unit attempts to achieve from applying Intra-Cost Management is to search for solutions to reduce cost through coordination with buyers and suppliers more than reducing that occurs if each one depended on itself.

Cooper and Slagmulder (1999) and Windolph and Moeller (2012) agree that Intra-Cost Management is an organised approach to coordinate activities of economic unity working in suppliers network where total costs in the network are reduced. At the same time, Jamal (2011) points out that it is a group of cooperative procedures between the buyer and supplier to achieve costs and create an added value. Coad and Cullen (2006) indicate that it is a wide range of operations of cost management, stretching out of organisations limits of economic unity and uses cost data to engage other units. It aims at setting strategic goals that help achieve competitive features supporting units that exceed the competitive feature of the value chain.

The scope of Intra-Cost Management is represented through its usage in coordinating cost-reducing programs in units of the supply chain where it can help in reducing costs and improve the efficiency of intra-space. One of these ways is by reducing the costs of the deal through exchanging electronic data and use coding, and reducing the degree of uncertainty through increasing the information exchange and reducing time cycle. Reducing uncertainty is important because it enables both the buyer and supplier to keep a low level of the reserve (El-Hadary, 2016).

Intra-Cost Management depends on a number of methods, that differ based on the stage based by-product, where these methods are represented in target cost method that works on achieving the planned financial results of the product, through using all available information and achieve competitive merit, and through presenting products or services of reasonable prices, and achieves targeted profit margin, through rationalisation of costs during the first stage of the product life cycle (the two stages of research and development and design) and consequently achieving strategic goals of economic unity (Stefan & Markus, 2017).

While the second method is represented by comparison between the job, the price and quality where it aims at overcoming the problems of proceeding of the manufacturing cost of a product from the side of supplier for the targeted cost. Through negotiation between each of designing difference of the main unit and its suppliers, the levels of performance and quality of parts and components can be adjusted in case the productive economic units exceed the terms and specifications resulting from competitive pressures that may not add value to the final client (Abdullatif, 2016). The third method is represented by managing synchronised cost that refers to mutual and complete efforts between suppliers and manufacturers to ensure that efficiency of product development operation from the time it is only an idea until it reaches the clients. It also plays an important role in quality design before the beginning of the productive operation, and so it represents one of the tools of preventive control (Siraj, 2008). The fourth method is represented by continuous improving: that is relied on in stage of products manufacturing, it means the keen proceeding into performance development, and quality improving to increase profit obtained by the consumer, and reducing costs to the minimum without prejudice to quality (Basily, 2014). Finally, open records method, that is deemed as administrative entry to cost management to present a product with features, specifications and quality that meet all clients renewable demands in fewer costs and competitive prices based on methods to raise the correlation efficiency between the supplier and the buyer and technical methods to analyse value and relate to operations and required specifications (Tomkins, 2001). They can be considered as a proper basis to establish cooperation in costs data, and a means to improve the effectiveness of cost management through supplying chain as a tool to improve trust between clients and suppliers (Kulmala, 2004).

As we previously stated, it is clear that Intra-Cost Management is a cooperative operation to cost management that includes other economic units from chain value besides economic units itself, i.e., it includes all internal and external sides of the economic unit represented by both suppliers and clients, designers and workers to be one teamwork from beginning to the end to make a product that meets all clients' demands in the least possible cost.

**Previous Studies and Derivation of Statistical Assumptions**

Abdullatif (2015) refers to the importance of Intra-Cost Management that is increasingly based on the dependence of economic unit on assigning a large part of its activities that adds value for the final product for external suppliers. Intra-Cost Management targets the optimal exploiting of available resources on chain stretch, through cautious and preventive management of costs and influencing the structures and behaviour of cost across organisational limits for value chain units. Cooper and Slagmulder (1998), Al-Abedi, Mohaisen and Saeed (2019) indicate that Intra-Cost Management helps provide proper and sufficient information about products costs from innovation and development that help reduce costs where it presents opportunities to reduce costs in the stage of designing and manufacturing products through relations between the buyer and supplier. Lahikainen et al. (2006)and Kadhim Sharaf et al. (2017) state that there are two ways in reducing costs that are achieved by Intra-Cost Management which work on improving the efficiency of mutual costs among units through data transparency which is: Monitoring activities and expel improper ones of the supplier to improve its efficiency and decrease the need for activities that add no value through redesigning/manufacturing product. Wardat (2006) points out that the function of Internal Auditing Based On Risks has become an inevitable matter required by modern scientific management to maintain available resources and security management to workplace safety and the need for precise periodical data of various activities so as to make the right decision to correct the deviation and draw future policies. Kaplan and Mikes (2012) remark that risks are divided into three sections represented by Avoidable Risks that come from inside of economic unity and has no strategic income from accepting it. So, it should be avoided through monitoring work operations and direct behaviour of workers into the required standards. Strategic Risks are accepted in return for special incomes. These risks can be managed through an effective system to manage costs that can reduce the probability of these risks occurrence and effects resulting from. In this regard, it is possible to use resources allocation to reduce the effects of important risks. External Risks that cannot be controlled and has to be identified and estimate its potential effect by the economic unit to be reduced. This study indicates that Internal Auditing Based on Risks presents confirmation that risks were managed to become inside limits of accepted level of danger, this entry can be applied on any danger that hinders economic unity in achieving its goals whether it was a financial, operational, strategic, internal or external risk.

## Methodology

This paper is limited to survey the views of the inspected sample regarding the scope of the significance of the implementation of Intra-Cost Management and its role in supporting Internal Auditing. Based on the Risks, search community consists of 196 samples, 58 of them are Accountants, and the rest are auditors that employed in Industrial Companies in Iraq

**Table No. 1:** Shows distributed, retrieved and correct forms

| Eliminated of | Community | | Distributed Forms for the Sample (30%) | | Received Forms | | Correct Forms | |
|---|---|---|---|---|---|---|---|---|
| | No. | Rate | No. | Rate | No. | Rate | No. | Rate |
| Accountants | 58 | 30% | 17 | 29% | 15 | 32% | 12 | 40% |
| Auditors (CPA) | 138 | 70% | 41 | 71% | 32 | 68% | 18 | 60% |
| Total | 196 | 100% | 58 | 100% | 47 | 100% | 30 | 100% |

A proper questionnaire form has been adopted to conduct the study because questionnaire method is one of the best methods to apply descriptive research and in studies which topics are novel and rarely applicable that this paper belongs to. Attention was paid to some considerations regarding the design of this questionnaire, the most important of which are a clarification of concepts in this list, variety of questions, and focusing on those addressed by this form regarding a certain variable or a group of variables. This paper relied on two types of statistical methods which are:

Descriptive Analysis: Through Statistical Package for Social Sciences abbreviated as (SPSS) edition 22. Frequencies, Mean, and Standard Deviation have been calculated to analyse answers of sample members and conduct (Reliability Analysis) to determine how reliable are measures used in research and scope of dependency.

Consequently, for Internal Auditing Based on Risks to be able to perform its role, it needs proper information at the right time. It is the responsibility of Intra-Cost Management to provide that information whether they are internal or external ones. The importance of Intra-Cost Management emerges from its usage to a set of groups to provide financial and non-financial information, and the strategy regarding planning and monitoring on short and long runs to help economic units. Now, it is possible to reword study hypotheses as follows:

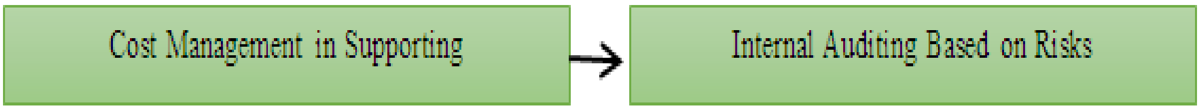
First hypothesis: "There is no correlation of non-material indication between Intra-Cost Management and Internal Auditing Based on Risks".

Second hypothesis: "There is no correlation between Intra-Cost Management through provided information and supporting Internal Auditing Based on Risks".

Quantitative Analysis: It includes Coefficients of Correlation to determine whether this correlation is linear or non-linear, represented by the symbol (R). Regression Coefficients have also been used after proving a correlation between descriptive variances used in predicting the value of a variant that depends on another one and determine its rate. The research has also used (Kolmogorov – Smirnov) Test and (Shapiro – Wilk) Test as well to identify the scope of dependency of research data for natural distribution greater than the significance level (5%) to learn correlation effect between variances.

Experimental Hypothetical Design of Nature of Correlation: Based on the effectiveness of Intra-Cost Management and its role in supporting Internal Auditing Based on Risks, this paper presents a framework showing direct and indirect relations so that this framework illustrates a description of correlation sample between the first independent variant (interpretive) Intra-Cost Management that influences the following second variant (respondent) supporting Internal Auditing Based on Risks to achieve its goals. The following figure illustrates the sample of hypothetical correlations among variants as follows:

**Figure 1.**




**Source:** Prepared by Researchers Sample of hypothesised Correlation between Intra-Cost Management and Internal Auditing Based on Risks

**Results: Research Variances Calculation Method**

The following table illustrates methods of calculating independent variant of Intra-Cost Management and its role in supporting Internal Auditing Based on Risks as follows:

First: Descriptive analysis will be conducted as the first stage regarding Intra-Cost Management and its role in supporting Internal Auditing Based on Risks and how they are correlated.

Second: Conducting Simple Regression Analysis to measure the effect of Intra-Cost Management as an independent variant in supporting Internal Auditing Based on Risks as the following variant, the following table illustrates a method of measuring research variants as follows:

**Table No. 2:** Method of Measuring Variants

| Variants | | Method of Measuring | Expected Correlation | Data Resources / Questionnaire Form |
|---|---|---|---|---|
| Variant Code | Variant Name | | | |
| Independent Variant | Intra-Cost Management | Likert Quinary Scale | + | |
| Following Variant (Y) | Internal Auditing Based on Risks | Likert Quinary Scale | + | |

**Defining Study Variances**

**The Following Variant (**Internal Auditing Based on Risks): A number of questions were used in the questionnaire as a (proxy) variant to describe Internal Auditing Based on Risks measured by Standard Deviation; it refers to the positive correlation of Standard Deviation for unaffected internal auditing and the negative correlation for internal auditing being affected by Intra-Cost Management.

**Independent Variant (Intra-Cost Management):** It measures how important is Intra-Cost Management in supporting Internal Auditing Based on Risks, it is measured by using Likert Quinary Scale.

**Reliability and Stability Test Results for Inquiry Coordinates:** Reliability Analysis has been used through calculating stability coefficient known as Alpha Cronbach's to determine the reliability of measurement used in research and how reliable they are, the following table shows test results:

**Table No. 3:** Reliability and Stability Coefficients of Questionnaire Axes

| Variant | No. of Statements | Stability Coefficient Alpha | Exterior Reliability Coefficient |
|---|---|---|---|
| (Independent Variant) Intra-Cost Management | 8 | 0.741 | 0.861 |
| (Following Variant) Internal Auditing Based on Risks | 8 | 0.729 | 0.854 |
| Intra-Cost Management role in supporting Internal Auditing Based on Risks | 8 | 0.790 | 0.889 |

Results of the test can be deemed accepted and are reliable if they exceed (55-60%), which is the minimum limit accepted and conventional in social sciences. The table above illustrates results of consistency and internal stability, Stability Coefficient Alpha of measurement in a higher limit has reached **0.790**, Reliability Coefficient confirms this result as it reached 0.889 and it is a high value that reaches unity. At the same time, the minimum limit of Alpha measurement reached 0.741. Reliability Coefficient confirms this result as it reached 0.861, which indicates high stability of tool with reliable results. The final result of reliability and stability showed that all list axes are accepted by members of the research sample and confirm its validity for later stages of analysis.

**Descriptive Analysis of Axes' Mean:** To identify the ability of Intra-Cost Management in supporting Internal Auditing Based on Risks, answers of sample members were sorted in five alternatives graded from (Strongly Agree), (Agree), (Neutral), (Disagree), and (Strongly Disagree). The following table illustrates the importance of Intra-Cost Management at present in supporting Internal Auditing Based on Risks through three axes with questions guided at the research sample. The initial results head into approval, as illustrated in the following table.

**Table No. 4:** Descriptive Statistics of Axes' Mean

| No. | Axis | Descriptive Statistics | | | |
|---|---|---|---|---|---|
| | | Mean | Standard Deviation | Skewness | Variance |
| 1 | Intra-Cost Management | 4.333 Agree | 0.802 | 0.700- | 0.644 |
| 2 | Internal Auditing Based on Risks | 4.366 Agree | 0.850 | 0.814- | 0.723 |
| 3 | Intra-Cost Management role in supporting Internal Auditing Based on Risks | 4.20 Agree | 0.824 | 0.987- | 0.427 |
| | Mean for All Axes | 4.299 Agree | 0.825 | 0.833- | 0.078 |

From the table above, we notice that research sample complies with researchers that Internal Auditing Based on Risks is essential through which Internal Auditing Based on Risks can be supported due to technological changes and uncertainty circumstances and risks surrounding business environment. This requires exceeding challenges that face management of economic unity represented by determining the amount or degree of risk that is accepted and dealt with by unit so as to achieve an added value. This can be done by providing significant information that helps management of economic unity in identifying its resources and potentials. Intra-Cost Management provides an internal and external database and information about risks to support internal auditing to provide proper information that assists the management in rationalising its decisions.

Before starting in testing hypotheses, researchers should recognise the natural distribution test of data as this test is necessary to determine the validity of research variants of statistical analysis. Researchers relied on (Kolmogorov – Smirnov) test and (Shapiro – Wilk) test within (SPSS) program package to ensure that distribution pattern proceeded by research data is following natural distribution with faith rate of 95% and a significance level of 0.05. The following table illustrates the following test results:

**Table No. 5:** Statistical Values Mean to test the dependency of research variants of natural distribution

| Mean of Statistical Values Dependency and Natural Distribution according to Axes | Shapiro – Wilk | | Kolmogorov – Smirnov | |
|---|---|---|---|---|
| | Test Statistic | Test Significance | Test Statistic | Test Significance |
| Intra-Cost Management | 0.958 | 0.276 | 0.097 | 0.2 |
| Internal Auditing Based on Risks | 0.941 | 0.095 | 0.129 | 0.2 |
| Intra-Cost Management role in supporting Internal Auditing Based on Risks | 0.920 | 0.027 | 0.182 | 0.12 |
| General Mean of Variants Dependency of Natural Distribution | 0.839 | 0.132 | 0.136 | 0.173 |

This table indicates that results of statistical values of natural distribution test of research variants are mostly close to natural distribution with a statistical significance degree in a form that confirms the validity of these variants to deal with multiple regression analysis in the next stage of statistical analysis. So, the research sample has no case of linear interference which indicates the strength of the research sample in interpreting effect on the following variant and identifying it. From the table high that it is a natural distribution of variant. The test statistic of all variants within research axes has reached greater than 0.05, and its mean value is 0.844.

A Shapiro – Wilk's test (P = 0.000 and 0.835 > 0.05) for axes as an average respectively (Shapiro – Wilk, 1965)

**Hypotheses Test**

Correlation test among research variants can be conducted to ensure whether it exists or not in the first hypothesis and influence relations in the second hypothesis to observe any influence among variants partially to judge hypotheses completely. The following is hypotheses analysis results:

First hypothesis: "There is no correlation of significance between Intra-Cost Management and Internal Auditing Based on Risks"

**Table No. 6:** Test Results of the First Hypothesis

| Correlations [a] | Intra-Cost Management | Internal Auditing Based on Risks |
|---|---|---|
| Intra-Cost Management<br>Significance<br>Sample Size | 1.000<br>0 | 0.674<br>0.000<br>30 |
| Internal Auditing Based on Risks<br>Significance<br>Sample Size | 0.674<br>0.000<br>30 | 1.000<br>0 |

The table above refers to a correlation of significance that approaches Unity between Intra-Cost Management and Internal Auditing Based on Risks that reached 0.674 which indicates a relatively strong, direct and positive correlation on a level of significance that reached 0.000 which is less than (5%). Therefore, the decision is: "It is partially judged to accept the alternative assumption and refuse the zero assumption, and then to say: "There is a correlation of significance between Intra-Cost Management and Internal Auditing Based on Risks"

Second Hypothesis: Influence Test: "There is no significant correlation between Intra-Cost Management through available data and Internal Auditing Based on Risks"

Based on this assumption, it is clear that there are two types of variants being tested and that the best method is the simple regression as it is proper with assumption's nature because there are one independent variant and one following variant as in the following variants table:

**Table No. 7:** Indications of Simple Regression Equation for the Importance of Intra-Cost Management and Internal Auditing Based on Risks

<table>
<tr><td colspan="9">Independent variable (Internal Auditing Based on Risks)<br>The dependent variable (Cost Management in Supporting)</td></tr>
<tr><td>Prediction<br>Ind.Sample</td><td>T.Squ.</td><td>Degrees of Freedom</td><td>Squares Mean</td><td>Relation Coefficient</td><td>Determination Coefficient</td><td>T Val.</td><td>F Val.</td><td>Sig.</td></tr>
<tr><td>Simple Regression</td><td>8.47</td><td>1</td><td>8.479</td><td rowspan="3">0.674</td><td rowspan="3">0.454</td><td rowspan="3">4.82</td><td rowspan="3">23.3</td><td rowspan="3">0.000</td></tr>
<tr><td>Remainders</td><td>10.18</td><td>28</td><td>0.364</td></tr>
<tr><td>Gross</td><td>18.66</td><td>29</td><td></td></tr>
<tr><td>Constant Value</td><td colspan="8">1.556</td></tr>
<tr><td>N = 30</td><td colspan="8">Significance Level 0.005</td></tr>
</table>

**Results Interpretation**

1- Stability of significance of regression sample of the first assumption, (F) value reached 23.304 which is a great value with a significance level of 5% which indicates that this sample is of high significance.
2- There is a positive correlation between the independent variant (Intra-Cost Management and Internal Auditing Based on Risks), the descriptive analysis result of assumption revealed a correlation (R) of 0.674. This means that the correlation between the two variants is strong rated 67.4%.
3- There is an influence of independent variant (Intra-Cost Management) on the following variant (Internal Auditing Based on Risks), the significant value of influence reached 0.000 which is significant value at %5 level of significance. The results of the regression analysis also confirm that the probable value of (T) test is 0.000, which is less than the level of significance of 0.05. This indicates a significant influence which proves assumption validity.
4- Independent variant interprets the following variant with a determination coefficient ($R^2$) of 0.454 which means that the 45.4% rate of changes that occur in the Internal Auditing Based on Risks belong to support from Intra-Cost Management. The rest returns to other factors that are not inserted in the sample in 54.6% rate, which refers that the interpretive value is high and that all changes can be interpreted through the sample.

Decision: We can partially rule to accept the alternative assumption and refuse the zero assumption and then to say that: "Intra-Cost Management affects supporting of Internal Auditing Based on Risks".

Results of both assumption tests regarding the contribution of Intra-Cost in supporting of Internal Auditing Based on Risks refer to the following:
1- Refusing the zero assumption indicates that correlation coefficient does not equal zero, which means, based on this principle, that relevant categories are all unanimous on the necessity of Intra-Cost Management to support Internal Auditing Based on Risks and strengthen economic unity status by providing proper information based on risks.
2- The relation among variants refer to an agreement among views of the research sample. Results of simple regression analysis have shown the influencing relation through the high interpretive power that is interpreted by the sample between the independent variant (Intra-Cost Management) and the following variant (Internal Auditing Based on Risks) to add value to economic unity and its workers. It has also revealed a consistency among their point of views concerning a gap that should be avoided so that economic units can adopt that one mentioned in (1) above.

**Conclusion**

As a result of modern developments and competition among economic units and the Seek to achieve competitive features and to reduce product cost without prejudice to its quality, there is an urgent need to economic units to embrace modern methods that help provide data and avoid surrounding risks whether they are internal or external ones. Therefore, this study aimed at showing the importance of Intra-Cost Management and its role in providing data for Internal Auditing Based on Risks. It is clear now that Intra-Cost Management is a complete and organised group of tools and mechanisms of strategic management of cost that compile and analyse financial and non-financial data regarding costs of economic unity and its suppliers. The study has concluded that most of the research sample need to know details of Intra-Cost Management and its role in supporting Internal Auditing Based on Risks because this topic is novel to the Iraqi environment. It also has concluded that Intra-Cost Management works on providing data concerning any problems the supplier has in energy or weakness in quality level or inflexibility in supplying operation. This is an indication of the danger of supplying chain. It also provides data about the high cost of purchased materials and parts which gives an indication of the danger of high cost of product and this is conducted through using its tools that provide data to predict potential risks before they occur by providing information about the main causes of danger.

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