



## **The impact of using SWOT analysis on improving the efficiency and effectiveness of the internal control system according to the COSO model<sup>1</sup>**

Mostafa Mohamed Helio Al Shammari  
Assistant professor : Sattar Jaber Khalawi

### **A B S T R A C T**

The study aims to develop internal control systems in government units Through the use of strategic analysis tools (SWOT) is an abbreviation for Analysis of strengths, weaknesses, opportunities and threats. Which face internal auditors and accountants when conducting an audit and to explore problems and obstacles to the control process and find solutions before the start of the process of control and internal audit. The research also aims at adapting the COSO model with the Iraqi internal control environment. The study reached several conclusions, including there are many control institutions. This led to the overlapping of instructions and laws. The multiplicity of instructions and orders by the Opinion Authority, Federal Board of Supreme Audit and Inspector General Office creates confusion among employees. The study recommended the need to rely on strategic analysis tools (SWOT) In the evaluation of internal control systems for economic units in addition to Create a new institution Includes Integrity Commission, Inspector General Office and Federal Board of Supreme Audit. As well as standardization of instructions issued by Legislative authorities.

### **1. INTRODUCTION**

The internal control system, is the main tool that protect the assets of the economic units of mistakes, fraud and manipulation by employees of these units. As well as to encourage employees to abide by laws and administrative instructions for this reason, economic units need more strategies or update their strategies in order to improve its efficiency and effectiveness. In order to Provides the strategic alternatives for these units therefore, these units must analyze the internal and external environment. Since the SWOT analysis deals with the exploration of two environments that govern the functioning of economic units, they are the internal environment and the external

<sup>1</sup> بحث مستل من رسالة ماجستير

environment. It is tries to analyze the internal capabilities of the units to determine the strengths and weaknesses of units. And predicts the opportunities offered by the environment as well as threats that may be exposed to it from the external environment. It was used to improve the efficiency and effectiveness of the internal control system according to the (COSO) model. The researcher used the questionnaire method to achieve the research objectives.

#### .1.1 RESEARCH PROBLEM

Many government economic units suffer from weaknesses in internal control systems. Which led to a weak performance of those units as well as not taking into consideration external factors that affect the internal control systems that are outside the control of economic units.

#### .1.2 PAPER QUESTION

-Is there a relationship between the (COSO) model and the (SWOT) to examine and evaluate internal control systems in government units?

-Does the use of (SWOT) analysis in government units affect the efficiency and effectiveness of internal control systems according to the (COSO) model?

-Is it possible to identify external and internal factors that affect negatively or positively the internal control system to face threats and take advantage of opportunities and identify the strengths and weaknesses?

-Developing internal control systems in government units through the use of strategic analysis tools (SWOT).

-To identify the problems and obstacles that prevent the control process and find solutions to it before starting the process of supervision and internal audit.

-Harmonizing the (COSO) model with the Iraqi internal control environment is to identify the strengths and try to maintain and develop them.

-To identify weaknesses, as well as to take advantage of opportunities and avoid external threats Which could reduce the efficiency and effectiveness of the internal control system.

#### .1.3 HYPOTHESES

The use of strategic analysis tools (strengths, weaknesses, opportunities, threats) lead to improve the efficiency and effectiveness of the internal control system in government units according to the (COSO) model in government units.

#### .1.4 IMPORTANCE OF RESEARCH

The importance of research is to increase the efficiency and effectiveness of the internal control system in government units in Iraq and the development of the

strengths and address weaknesses by highlighting the internal control components according to the (COSO) model.

### .1.5 LITERATURE REVIEW

(SWOT) is known as a study undertaken by a corporation to spot its internal weaknesses and strengths, additionally as its external threats and opportunities. SWOT is an acronym used to describe the particular Strengths, Weaknesses, Opportunities, and Threats that are strategic factors for a specific company. The external environment consists of variables (Opportunities and Threats) that are outside the organization and not typically within the short-run control of top management (Wheelen & Hunge , 2012 : 16).

#### 1.5.1ELEMENTS OF SWOT

A SWOT analysis is a common strategic business planning tool that includes composing a list of four elements have connection with a new business project: strengths, weaknesses, opportunities and threats. Below is a brief explanation of these elements:

##### **-Strengths**

In a SWOT analysis, strengths illustrate the essence competencies of a business, strategic factors might create a particular project a lot of probably to succeed and areas wherever the business may have benefits over other comparable businesses (Barnwell and Sims,2005 :113). as an example, if an established clothes firm plans to begin a new product, brand recognition could be listed as a strength. Businesses that are conscious of their strengths are higher able to develop to their benefits (BHP Information,2008 : 2).

##### **-Weaknesses**

Weaknesses are which will build a particular project less probable to succeed and areas wherever an organization is especially lacking. As an example, a brand new firm, might be unknown to most customers; low brand recognition and lack of client loyalty might be weaknesses. Once weaknesses are determined, an organization takes steps to minimize the effect or turn them into strengths.

##### **-Opportunities**

An opportunity is a part of the environment that could give a possible competitive advantage (Hill & Jones, 2013:46). For instance, contain access to new markets, like the easing of trade obstacles, which would allow the firm to increase the size of its business (Barnwell and Sims, 2005 :113) . Capitalize. Opportunities can also lead to changes in consumer preferences and tastes, that could open up new conceivable outcomes for new items or innovative changes that make new items less demanding and less expensive to deliver( BHP Information, 2008 : 3). For an individual, an opportunity in a SWOT analysis could be an employer's offer to assume more responsibility or the opportunity to obtain a useful certification (Hitt et al , 2009 :37 ).

### **-Threats**

The last part of the SWOT analysis focused on threats to the environment. Threats are potential dangers that can affect the position of the company(hill & Jones , 2013 : 47 ). Examples include adjustment regulations, the state of the economy, and the appearance of competitors manufacturing similar products. The threats are not yet weak, but they should be monitored if they become dangerous(msaeadat ,2013 :223 ). A threat may be local or may include the entire industry or even occur locally or internationally (hitt et al , 2011 : 39 ). People can also face threats. New technology or the move to outsourcing can make a person's job obsolete.

## 1.6 THE CONCEPT OF ((COSO))

Then Committee of Sponsoring Organizations of the Treadway Commission (COSO) is a joint initiative to fight business fraud. It was founded, in the USA by 5 private sector organizations devoted to executive direction and governance in the relevant areas of corporate governance, business ethics, internal control, risk management, fraud and financial information. COSO has founded a common internal control method against which firms can evaluate their control systems. ((COSO)) is supported by 5 supporting organizations, including (IMA), (AAA),(AICPA),(IIA),(FEI) (shhyd, 2014: 32).

### 1.6.1 THE CONCEPT OF INTERNAL CONTROL SYSTEM ACCORDING TO THE COSO MODEL

The internal control, according to the Committee of Sponsoring Organizations of the Tread way Commission(COSO)«. Is a process carried out by the Board of Directors of the Economic Unit, designed to achieve the following objectives (The effectiveness and efficiency of operations, credibility of financial reports, Respect for laws, Preservation of assets (Tarnatino , 2006 : 21). The report goes on to say that every one of the objectives of internal control consists of five interrelated components namely (Champlain ,2003: 216) . ( Control Environment, Risk Assessment, Control Activities, Monitoring-processes ).

### 1.6.2 COMPONENTS OF THE INTERNAL CONTROL SYSTEM

Components of the internal control framework According to the COSO model which consists of five basic components each of the five elements must be present in economic units to be able to conclude that internal control is effective (Harrar, 2008: 66).

#### **- Control Environment**

The control environment is the group of standards, structures, and processes that form the basis for performing internal control throughout the organization. The board of directors found the tone for the top on the significance of internal control, together with expected standards of behavior. Management support expectations at the different levels of the organization (Rumni Wstynbart, 2009 : 283 ). The control environment is usually associated with organizational culture and risk assessment (Pfister, 2009 :48 ). The control environment is the basis for all other components of internal control and provides a control structure (Harrar, 2008: 66) . In order to understand and evaluate the internal control environment, it is necessary to identify the sub-components of this environment these components are (Hayes et al, 2005 :23 ).

#### **-Objective setting**

Goals must be determined from the beginning, so that management can identify potential events that affect the achievement (Schaeffer , 2006:28 ). This component requires the departments of economic units to improve the development and formulation of strategic, reporting, operational objectives which are consistent with the policies of economic unity in carrying risks.

#### **-Event identification**

Is the second component of control. It works on diagnosis events affecting the economic units strategy and achieve the goals (Falah and Jamil, 2015: 10). By identifying internal and external events that affect the achievement of the objectives of economic unity, and the distinction between risks and opportunities (Saarni , 2012 :22 ).

#### **-Risk Assessment**

All economic units face a variety of risks from external and internal sources that must be evaluated (Switzer ,2007 :213 ) . All components of the internal control system from the control environment to the follow-up must also be subject to risk assessment. The management risk assessment differs from the risk auditor's assessment (Lotfi, 2007: 269) .

#### **-Control Activities**

Control activities are steps that are determined through policies and actions that ensure that the direction of management is implemented to limit risks to achieve goals (Arens and Lubeck, 2009: 385) . " Control activities are implemented at all levels of the entity, at different stages of business activities and in the technological environment". (Moeller , 2008 : 103). They can be of " a preventive or detective " nature and can include a variety of manual and automated actions like approvals & authorizations, audits, reconciliations and assessments of the performance of the company (Hightower ,2009 :34 ) .

### **-Information and Communication**

The COSO Committee stated in its report that in order for staff to be able to perform regulatory responsibilities, they need to obtain reliable, relevant and timely information from within and outside the economic unit ( Pfister , 2009 :48) . As well as access to it easily(Dhehrb, 2012: 5) . modern information technology, and international information network in particular helped to connect and transfer information at high speed and efficiency (Maamouri, 2016: 199).

### **-Monitoring**

The monitoring operation is carried out by assessing the current operations of the internal control system and individual assessments, which include both non-routine assessments and routine (Abiola & Oyewole , 2013 : 143). These estimates can take into account external information such as customer's feedback. In light of this information management(Hightower ,2009 :34 ) and corporate governance, measures are taken to maintain the internal control system(Moeller , 2008 : 112) so that important risks of misstatement are properly managed and the system is updated :( almikhtar , 2014: 28-29).

### **-Risk response**

The Unit needs to determine how to respond to the risks: either to avoid, accept, limit, or share the risk. This means a set of procedures to coordinate the risk (Saarni , 2012 :22 ) . The Department before the decision on the risks to survey the views on these risks and assess the potential impact as well as the expenses and benefits of alternative Response.

## **2- Use of (SOWT) analysis in the examination and evaluation of the internal control system.**

Lists of the survey was designed to examine the internal control system based on a list of the survey of the internal control system issued under Auditing Guide No. (4), approved by the office of financial supervision, with the deletion of some of the questions which are incompatible with the nature of the work of the internal control

system in the economic units to measure the strengths, weaknesses, opportunities and threats affecting the internal control procedures used in economic units.

The survey list (6) includes six paragraphs:

- General matters
- Fixed assets
- Inventory
- Purchases
- Cash
- Administrative control

Sixty survey forms were distributed to the Finance Department, the Internal Audit and Auditing Department at Wasit University, and the Accounting and Oversight Divisions.

**Table (1) the survey forms that was distributed**

Distributed forms	The forms which retrieved	The forms can be analyzed
<b>60</b>	<b>55</b>	<b>52</b>

As well as the applicable laws and regulations in the field visits and interviews with the directors of the financial affairs section of the Department of control and internal audit in the presidency of the university, as well as the officials of the people of censorship and accounts in the faculties of the university. And rating actions have been checked internal oversight system to the strengths and weaknesses and opportunities and threats as they relate to the system if the possibility of influence or addressed in economic unity itself roughly to the strengths and weaknesses, if the external economic unit can influence roughly to the opportunities and threats. The survey form was input in the Excel program for the purpose of extracting the percentages show the power of each action and its weakness. As a researcher with the design of the agenda of each paragraph of the above paragraphs indicated the questions pertaining to each his indigence and answer yes or no and extracting the overall percentage, which represent the strength of the sum of the apportionment of the total answers yes to the number of forms that have been analyzed, (52) The application form. It classified the actions that got 60% and above to power points or opportunities. The procedures that got less than 60% of weaknesses or threats. The results reached by the researcher through the examination of the internal control system of the economic unit search sample were as follows:

- 1- 2 PUBLIC PROCEDURES

It is the examination of all data and information contained (laws and regulations, administrative orders and other) through the questions simple and clear, and can be easily answered with a view to forming a clear idea of the General things that govern the work of the economic unit, in order to make sure of the validity of the information obtained we field visits and interviews with the persons concerned.

Table (2) shows the answers for the general issues, and the classification of each action whether strength or weakness or opportunity or threat:

**Table (2) Classification of procedures for general matters**

T	Measures	Yeah	No	Force action	Action classification
5	Do committees change periodically?	52	0	100%	Energy
25	Does the sector undertake inspection visits to the establishment?	50	2	96%	Chance
1	Does the establishment have an internal system?	49	3	94%	Energy
14	Does the entity follow the budget estimates?	46	6	88%	Chance
6	Is there a performance measurement system within the enterprise?	45	7	87%	Energy
24	Has a financial inspector been appointed at the facility?	45	7	87%	Chance
22	Are you committed to distributing copies of documents to relevant departments?	43	9	83%	Energy
8	Does the Internal Audit Section prepare periodic reports to the Department?	42	10	81%	Energy
9	Does the audit department cover all the activities of the entity?	40	12	77%	Energy
2	Are there editorial regulations with the terms of reference and powers of the competent departments?	39	13	75%	Energy
11	Does the facility use the pre-record numbering system?	39	13	75%	Energy
19	Is the recruitment of jobs in the light of functional specialization in a fit between the scientific specialization and the job?	35	17	67%	Chance
18	Does the establishment adopt a cost system for the purpose of determining the cost of activities?	20	32	38%	weakness
7	Does the Internal Audit Section have a clear guide to procedures and work programs?	19	33	37%	weakness
10	Is the appointment of new employees only after a vacancy has occurred in the staff and provides the necessary credit for the disbursement?	19	33	37%	weakness
4	Does the establishment follow a plan to change employees on a periodic basis and so as not to affect the course of work?	14	38	27%	weakness

17	Are financial transactions recorded daily "in records?"	14	38	27%	weakness
21	Are there records to control important unused documents, and are they linked to the use of documents for the purposes of the establishment?	12	40	23%	weakness
23	Are the establishment seals kept by a competent authority?	12	40	23%	A threat
3	Is there a system that ensures the identification of alternatives in the absence of staff?	7	45	13%	weakness
15th	Does the establishment follow the continuous inventory system?	7	45	13%	A threat
20	Is there a clear staff training plan?	7	45	13%	weakness
16	Are material cases being damaged, damaged or slow moving during the inventory process?	6	46	12%	weakness
12	Does the entity follow the insurance system for its assets?	4	48	8%	A threat
13	Has trust against trustees been insured against employees with assets and funds entrusted to them?	4	48	8%	A threat

These procedures can be classified according to the answers to the lists of the survey and what we have seen through field visits and interviews to:

- **Weaknesses**

- In the absence of employee, there is no replacement employee to replace him and conduct the business of the absent person.
- Lack of a plan to change staff between divisions and department periodically, and most of the employees continue to work in the same division for more than four years.
- There is no evidence of the procedures and work programs of the Internal Audit and Audit Department, because there is no plan considered by the Department of the department.
- The university does not follow the continuous inventory system as well as the failure to observe the cases of the assets because they are damaged, damaged or slow moving during the inventory process.
- Non-recording of financial transactions in the records on a daily basis, due to the large number of transactions and the lack of cadre based on their registration.

- **Strength**

- The committees are changed periodically. There are administrative orders to change the committees every six months. The staff member is not entitled to continue the same committee for a full year only for the necessary cases.
  - The University has a bylaw, and this bylaw was sent to universities under the letter of the Ministry of Higher Education and Scientific Research / Legal and Administrative Department No. S / 3/4/12749 on 19/6/2014.
  - There is a system for measuring performance within the university, and this function is carried out by the Department of Quality Assurance and University Performance.
  - Preparation of periodic reports to senior management by the Internal Audit and Audit Department.
  - The work of the Department of Internal Audit and Audit covers the activities of the whole university. It supervises all activities and work at the university.
  - Distribute copies of output documents on the relevant sections, such as giving a copy of the output document to the recipient section of the material.
  - The use of the pre-numbered numbering system, since all records and documents are numbered before they can be used, thus facilitating the control of financial records and documents.
  - The existence of written regulations with the terms of reference and powers of the competent departments, and these regulations exist in the rules of procedure of universities.
- **Opportunities**
- The Ministry of Finance requests the economic units to send an estimate budget indicating their financial needs for the coming year according to each section of the exchange rate. These budgets are an opportunity to prevent manipulation and bypassing any door of exchange.
  - Appointment of a financial inspector at the university, to protect public funds.
- **Threats**
- There is no plan for staff training because of the lack of financial allocations.
  - The assets of the economic unit are not insured.

**2-2 Fixed assets**

**Table (3)** shows the answers for fixed assets. By studying and analyzing the fixed assets procedures table, these procedures can be classified into.

**Table (3) Table of Classification of Procedures for Fixed Assets**

T	Measures	Yeah	No	Force action	Action classification
1	Does the entity maintain detailed records of fixed assets?	50	2	96%	Energy
5	Is the correspondence between the registries and the Secretary General periodically done? "	50	2	96%	Energy
12	Has the entity taken the appropriate measures to protect its assets against the risks of fire, damage and misuse?	47	5	90%	Energy
6	Is the land and real estate registered in the name of the establishment in real estate registration services	45	7	87%	Chance
15th	Are fixed assets based on the entity's capital budget?	44	8	85%	Energy
2	Does it include the following fixed assets specification data records. (Date of purchase., Date of use, location or whereabouts of the existing code exists for the Set as )	43	9	83%	Energy
7	Are cars registered with traffic circles?	42	10	81%	Chance
8	Does the entity maintain important fixed asset files?	39	13	75%	Energy
14	Is there an estimated capital expenditure budget?	39	13	75%	Chance
10	Are staff records maintained?	36	16	69%	Energy
17	Does the facility use a system to encode its assets?	34	18	65%	Energy
18	Are exclusions from fixed asset accounts approved by the Chairman or a responsible officer?	16	36	31%	weakness
3	Do you include the following data records(cumulative annual Alandtharat, the date of exclusion or write - off)	14	38	27%	weakness
4	Is there a firm policy for the depreciation of fixed assets?	13	39	25%	weakness
9	Is there a programmed system for the maintenance of machinery, equipment and transportation?	12	40	23%	A threat
11	Are records kept by departments with their assets?	10	42	19%	weakness
13	Is there a control over the depreciated assets?	10	42	19%	weakness
16	Is there a system of control over assets withdrawn from work?	10	42	19%	A threat

- **Strength**

- The Economic Unit maintains detailed documents on fixed assets and includes documents (fixed asset specifications, date of purchase, date of use, location or location of the asset, the symbol number of the asset).
- Conducting the reconciliation between the sub-records and the general ledger record periodically at the end of each month.
- The Corporation maintains important fixed assets such as buildings, vehicles and equipment.
- The organization uses a system to encode its assets, as there is a code for each item in the stores.
- **Weaknesses**
  - The accumulated annual losses and the date of exclusion or write-off are not shown in the records of the fixed assets, making it difficult to calculate the useful life of the asset.
  - There is no consistent policy of the economic unit with respect to consumption of fixed assets, which leads to the replacement of assets by employees before the end of their useful life, which in turn causes waste in state funds.
  - The sections do not have records of their assets, and there is no legal provision to confirm this.
- **Opportunities**
  - Registration of land and real estate in the name of the economic unit in real estate registration services facilitates the process of preservation and non-exploitation of personal accounts.
  - Registering cars with traffic departments to prevent their theft or exploitation of private businesses.
  - An estimated budget for capital expenditure.
  - There are appropriate procedures to protect the university's assets from the dangers of fire, damage and misuse, as the monitoring equipment and fire detectors were installed in most of the university buildings.
- **Threats**
  - There is no system programmed for the maintenance of machinery, equipment and means of transport, and there is no competent authority to maintain these machines and equipment, if it is supposed to open workshops for this.
  - Lack of control over assets withdrawn from work.

### ***2-3 Inventory***

**Table (4)** shows the responses to the inventory and the classification of each procedure as to whether the strength or weakness or opportunity or threat:

### **Table (4) Classification of stock procedures**

T	Measures	Yeah	No	Force action	Action classification
12	Is inventory of all warehouse materials ?	49	3	94%	Energy
15th	Are all stock items priced?	46	6	88%	Energy
5	Is it received by a committee for receipt and examination?	43	9	83%	Chance
6	Is a warehouse receipt or exchange document organized for each process and when the process occurs directly?	43	9	83%	Energy
9	Are all warehouse records included in the warehouse accounts ?	41	11	79%	Energy
11	Is there a system for writing off damaged items?	41	11	79%	Chance
21	Are copies of the Outbound Stock Document distributed to the relevant departments?	41	11	79%	Energy
7	Is the exchange of stores is not after the submission of a request from the department concerned Approve the warehouse manager or the responsible person	40	12	77%	Energy
3	Are warehousing professionals competent in warehouse business ?	39	13	75%	Chance
2	Is each warehouse entrusted to a responsible storekeeper?	38	14	73%	Energy
19	Are there adequate safeguards for stores?	37	15th	71%	Chance
18	Are the inventory, inventory and financial records matched ?	34	18	67%	Energy
4	You are caught Mkhohnah cards by the Secretary of the store?	26	26	50%	weakness
20	Are the materials arranged in a way that makes them easy to count and abstract?	22	30	42%	weakness
10	Do inventory management prepare reports on stagnant materials? Damaged and damaged items. Materials that reach the demand limit.	18	34	35%	weakness
17	Are inventories audited by internal audit?	18	34	35%	weakness
8	Is there a regular match between the cards in the stores and the store accounts ?	16	36	31%	A threat
14	Are there clear instructions for the inventory process?	16	36	31%	A threat
16	Are old and old materials separated and not stored with new materials?	10	42	19%	A threat
13	Are inventory participants not involved in warehouse holdings and inventory records ?	8	44	15th%	A threat
1	Is there a special section	52	0	0%	A threat

	for warehouse accounts ?				
--	--------------------------	--	--	--	--

**-Strength**

- All items in the inventory are inventoried and annual inventories are available to validate them.
- All items in stock are quoted at the purchase price.
- Organize my shop receipt or swap document for each process and directly support the process.
- Warehouse account records from all economic unit stores and all stored materials are recorded.
- The outbound action document distributes the relevant sections in large quantities, sending a copy of the distribution of the inventory to the receiving section.
- Exchange of different products with different specialists and thin clients.
- All that you want.
- Reconcile inventory and inventory and annotate financial records.

- **Weaknesses**

- • Storage cards are not stored by the storekeeper due to poor control and lack of staff in the warehouse division.
- • The materials are not arranged to facilitate the counting and inventory process, due to the lack of adequate stores, especially for each type of material.
- • The Stores Department does not prepare reports on stagnant materials, damaged and damaged materials and materials that meet the limit of demand.
- • Inventory is not verified by internal review. A member of the control service is involved in the inventory and is not controlled by them. There are often discrepancies between inventory and actual inventory.

- **Opportunities**

- • Receiving documents only through the Admissions and Examination Board, and often this committee is competent, and there are professional staff who study the materials entering the stores to make sure they meet specific requirements.
- • The availability of a system for the disposal of damaged materials and determines the life of the materials in this system and cannot be canceled and sold until the end of productive life.
- • Storekeepers who specialize in the activities of the store.
- Availability of adequate protective equipment for stores, such as fire alarms, surveillance cameras and others.

- **Threats**

- • Do not regularly schedule flagged cards to the shops and accounts of the escrow account department.
- • There are no clear instructions for the inventory process.
- • Do not separate old and used materials and do not store them with new materials as there is not enough memory to separate used materials from new materials.
- • Participants in the inventory are involved in the acquisition of shops and stores, most of them in the finance and retail department.
- • The absence of a specific section of custody accounts and their conversion into a section of the financial section may result in the registration process being registered in physical registers and an application being submitted to the department. same person.

**2-4 Purchases**

**Table (5)** clarifies the procurement procedures and classifies each procedure as a strength, weakness, opportunity or threat.

**Table (5) Classification of procurement procedures**

<b>T</b>	<b>Action</b>	<b>Yeah</b>	<b>No</b>	<b>Force action</b>	<b>rating Action</b>
5	Will the purchase order be organized by: Department of Stores	50	2	96%	Energy
12	Is a paper and tender record prepared to determine the preferred supplier?	50	2	96%	Energy
4	Is a purchase order organized?	46	6	88%	Energy
6	Do you execute purchase orders after making sure you have the necessary credit?	45	7	87%	Energy
13	Are exact specifications for the materials to be purchased?	45	7	87%	Energy
11	Is there a special committee to analyze the offers?	43	9	83%	Energy
7	Do you execute purchase orders after supporting the lack of materials in stock?	42	10	81%	Energy
3	Is there a procurement budget? Are they specific on clear grounds?	40	12	77%	Chance
9	Is there a commitment to buy or there are clear instructions specifying the purchase in the following formats: Bids - Tenders - Committees	39	13	75%	Chance
10	Are records kept for incoming bids?	36	16	69%	Energy
8	If an entity is linked to purchase contracts, are records opened for each facility for follow-up purposes?	11	41	21%	weakness
2	Is it independent of the financial department and warehouse department?	8	44	15th%	A threat
1	Is there a special department for purchases at the facility?	6	46	12%	A threat

- **Strengths**

- • The purchase order is organized by the concerned department or the warehouse department, and this has been ascertained when reviewing the purchase orders.
- • To determine the preferred supplier, a paper and tender record will be organized, and the PPD will do so.
- • Purchase order organized by the Department of Stores.
- • Purchase orders are executed after ensuring that the necessary financial support is available by the Finance Department.
- • Specifications of the materials to be purchased are specified in the purchase order specifications and manufacturer of these materials.
- • There is a special committee to analyze the offers and the procurement committee itself often analyzes the offers.
- • Purchase orders are executed after supporting the lack of required materials in the stores and no material is purchased in case of availability in the warehouses of the economic unit.
- • Keeping a record of the bids received for tenders received from the foreign processing or executing agencies.

- **Weaknesses**

- • A record for each facility is not opened for follow-up purposes if the establishment contracts with a number of processors.
- • The Procurement Committee is independent of the Financial Section and the Stores Section. Each procurement committee has a financial member and a warehouse member.

- **Opportunities**

- • There is a specific budget for specific purchases on clear and studied basis to be established before the beginning of the financial year.
- • There are clear instructions specifying the purchase in one of the following forms: Bids - Tenders - Committees. No purchase may be made otherwise.

- **Threats**

- There is no special department for purchases in economic units, but a committee that is changed every six months.

**2-5 Money**

**Table (6)** illustrates the procedures for money and the classification of each action as to whether it is a strength, weakness, opportunity or threat:

**Table (6) Classification of procedures for money**

	Measures	Yeah	No	Force action	rating Action
1	Is the Treasurer's or Cashier's jurisdiction separate from registration in records, preparation of sales lists and preparation of checks?	47	5	90%	Energy
2	Do you use an iron sink to save money?	46	6	88%	Energy
15th	If there are branches, do you deposit the funds into accounts that can not be withdrawn?	45	7	87%	Energy
16	Are there any instructions prohibiting the use of receipts to pay cash or personal checks?	44	8	85%	Chance
10	Does the cashier maintain a record of cash receipts and expenses?	43	9	83%	Energy
7	Is it used to save other amounts such as salaries and prose?	42	10	81%	Chance
13	Is the Register of the Treasurer and the Secretary General periodically reconciled?	42	10	81%	Energy
18	Are unemployment checks kept?	42	10	81%	Energy
21	Are stamped checks checked by the bank checked with the Fund's daily register?	42	10	81%	Energy
9	Is a list of incoming networks prepared to give a copy to the financial accounts?	41	11	79%	Chance
19	Is the bank statement identical to someone who has nothing to do with analyzing the bank account or preparing checks and signing them?	14	38	27%	weakness
20	Is the check account payable on a regular basis?	14	38	27%	weakness
4	Are custody receipts maintained by a responsible officer other than the treasurer?	13	39	25%	A threat
17	Do you use the method of underlining checks sent by mail?	12	40	23%	A threat
3	Does accounting record 16 be used to control unused access receipts?	10	42	19%	weakness
8	Do you receive checks received by someone other than the treasurer?	10	42	19%	weakness
14	Does the Treasurer deposit on a daily basis or when the amount reaches a certain amount?	10	42	19%	weakness
5	Is a competent committee examining the receipt of the arrest and the receipt of the copy?	8	44	15th%	A threat

6	Is there a maximum limit for keeping cash in the fund?	8	44	15th%	A threat
11	Is this record balanced and matched daily "with the cash asset?	8	44	15th%	weakness
12	Are periodic checks made by internal audit?	7	45	13%	weakness

After reviewing the answers in Table (6) These procedures have been classified into the following:

- **Strengths**

- The independence of the treasurer or the person overseeing receipt of cash from registration in the records
- Keeping a record of cash receipts and expenditures by the treasurer, which is the Fund's daily record.
- Conduct a periodic reconciliation between the Fund's Register and the General Ledger's record, which is done at the end of each month.
- Keep unused checks and keep original copies of these checks with the Finance Department.
- Checking the deposit vouchers stamped by the bank and matching them with the fund's daily register.
- Prepare a statement of checks received and give a copy to the financial accounts.

- **Weaknesses**

- Matching the bank statement is done by a person related to analyzing the bank account and preparing checks and signing them
- Checks are not regularly tracked.
- Do not use Accounting Record 16 to control unused access receipts.
- Checks received are received by someone other than the treasurer.
- Failure to deposit daily by the treasurer.
- The Fund's record is not balanced and matched daily "with the actual cash position.
- There is no periodic and surprising audit by the internal audit because of the personal relationships that arise between the internal auditor and the treasurer because they belong to the same economic unit.

- **Opportunities**

- Use the iron cabinet to save money from theft or fire.
- The existence of instructions prohibiting the use of cash receipts to pay wages or personal checks.
- Use iron cupboard to save other amounts such as salaries, advances and others.

- **Threats**

- There is no specialized committee to examine, print and receive receipts as they are printed by the purchasing committee and the printers in the market.

### 2-6 Administrative control

Table (7) illustrates the procedures for administrative control and the classification of each procedure as to whether it is a strength, weakness, opportunity or threat:

**Table (7) Classification of Procedures for Administrative Control**

T	Measures	Yeah	No	Force action	Action classification
14	Are personal files kept for employees?	52	0	100%	Energy
3	Was an organizational structure drawn and vertical and horizontal lines defined?	49	3	94%	Energy
16	Are bonuses and promotions linked to the incentive system and the employee assessment system?	48	4	92%	Energy
12	Has the subsequent business audits been audited as well as prior to disbursement?	45	7	87%	Energy
13	Does the establishment maintain a register for the owner?	45	7	87%	Energy
9	Is the internal audit department associated with senior management?	42	10	81%	Energy
1	Are there specific objectives for the establishment?	41	11	79%	Energy
5	Is there a system for determining the methods of evaluating the performance of employees?	40	12	77%	Energy
10	Does the audit program cover all the activities of the establishment?	37	15th	71%	Energy
11	Have activities been reported to senior management?	29	23	56%	weakness
17	Is there a definition of work owners?	28	24	54%	weakness
7	Is there a system for determining permanent committees ?	18	34	35%	weakness
6	Is there a detailed description of each job?	15th	37	29%	weakness
8	Are staff duties constantly changed?	14	38	27%	weakness
2	Have you set clear goals-setting policies?	12	40	23%	weakness
4	Have written administrative orders been prepared specifying the duties of the employees of the establishment?	10	42	19%	weakness
15th	Are turnover reports reported at the facility?	4	48	8%	weakness

After studying the procedures of administrative control and analysis and knowledge of the strength of each action through the table for this can be classified as follows:

- **Strengths:**

- Maintain personal files for employees in the Human Resources Department.
- The existence of an organizational structure that defines the horizontal and vertical lines of communication for divisions, divisions and administrative units.
- The incentive system and employee evaluation system are linked to bonuses and promotions.
- Audit of previous and subsequent works of disbursement
- Keep a record of the owners, including the names of employees and their titles, academic achievement and other things that the university needs from its employees.
- The Department of Supervision and Internal Audit is in contact with senior management, and the organizational structure indicates that they are related to the university president.
- There are specific objectives for the university as mentioned in the university manual.
- The existence of a system to determine the methods for evaluating the performance of the employees by the Performance Evaluation Division.
- The audit program covers all university activities.

- **Weaknesses:**

- Failure to report all activities to senior management because there is not enough staff.
- There was no identification of the work force. It was noted through field visits that there was a surplus of staff in a division or division and a deficit in the divisions and other sections because there was no established system that determined the staff for each division or section.
- There is no system for determining permanent committees and there are no permanent committees.
- The lack of detailed description of each job is often based on personal diligence in describing each job.
- The duties and functions of staff are not constantly changed as some staff members have been kept for more than five years in the same job.
- Not to draw clear and precise goals-setting policies at the university.
- There are no written administrative orders specifying the duties and duties of university staff.
- Work turnover is not reported at the university.

### **3- Conclusions and recommendations**

- **Conclusions:**

The researcher divided the conclusions into two parts:

Section I Conclusions from the internal analysis of the unit namely:

1. The employee will remain for a long period of work and do more than his job at the same time due to the lack of staff in the control and internal audit department compared to the tasks assigned to them.
2. Not updating the manual of administrative and financial powers and duties according to the development of the organizational structure.
3. Failure to take into consideration the directives and observations of the internal control by the senior management and not serious in the treatment of accounting problems, for example the delays in balances and inventory differences due to poor coordination between the Department and the Department of Internal Audit and Audit.
4. There is no plan in accordance with international standards, which determines the work of the Internal Audit and Audit Department in a manner that ensures the evaluation of the performance efficiency of the department and coverage of all activities due to the absence of an integrated program for the economic unit.
5. The weakness of the staff working in the control, which leads to increased cases of errors and fraud.

#### Section II Conclusions from the external analysis of the unit :

1. Provides analysis swot Comprehensive information on the procedures applied in the economic unit regarding the control activities for the purpose of addressing vulnerability and confronting threats.
2. Lack of qualified accounting and supervisory competencies due to the retirement law and not benefiting from the owners of these experiences as consultants.
3. The inability of employees to keep abreast of technological developments such as the use of electronic programs in auditing, which is due to the limited or limited financial allocations budgeted for the economic unit, which is a barrier to staff and management in achieving the goals set.
4. Multiple external control devices without coordination And the discrepancy between official instructions and books directed by the higher authorities such as the ministry, the opinion board, the Financial Control Bureau or the Inspector General creates a state of confusion and pressure among the staff.
5. Direct contact with the economic unit and the lack of understanding of the senior management of the internal control systems in providing the required work requirements and the lack of equality with their peers in the other regulatory bodies is the reason not to perform their tasks efficiently and effectively.

#### - **Recommendations:**

1. The need to rely on quadratic analysis swot In evaluating the internal control systems in order to identify the internal and external problems of economic unity.
2. To oblige the economic units not to keep the employee to perform a specific job for a long time and do more than his task at the same time and increase the number of employees in the control and internal audit in a manner commensurate with the tasks entrusted to them.
3. The necessity of updating the manual of administrative and financial powers and duties according to the development in the organizational structure.
4. Coordination between the senior management and the internal control and auditing department to take guidance and observations internal control by the administration in addressing accounting problems, for example, the balances in balances and inventory differences.
5. Develop an integrated program that determines the work of the internal control and auditing department in a manner that ensures the evaluation of the performance efficiency of the department and cover all activities.
6. The appointment of qualified accounting and supervisory competencies who have been referred to retirement and can act as consultants in the economic units to use them in dealing with weaknesses in the staff working in the control to reduce errors and fraud.
7. Involve university professors in the supervisory process through the formation of committees of professors specialized in financial matters and programmers to develop modern electronic programs in auditing and training staff of the control and internal audit and update them according to the requirements of work to achieve the goals set.
8. necessity Formatting or Merge For the body integrity Office Inspector General With Diwan Censorship Finance As well unification Instructions And resolutions Which Issued From Entities Legislation And work On Non Oppose them .

### **References:**

#### **1) Arab Sources :**

##### **Firstly : Books :**

1. Arens , Fen, James, Lubac , (2009), "**Integrated Entrance Review**" , translated by: Mohamed Abdelkader Al- Dasti , Dar Al-Marikh Publishing, Riyadh, Saudi Arabia.
2. Juma, Ahmed Helmi, (2009), "**Introduction to Auditing and Modern Emphasis, International Framework - Evidence and Audit Findings**" , First Edition, Safa Publishing House, Amman, Jordan.

3. Stenbart , Paul J. , Romney , Marshall, "Accounting Information Systems", translated by: Qasem Ibrahim Al-Husseini, Dar Al-Marikh Publishing, Riyadh, Saudi Arabia, .
4. Lutfi, Amin Ahmed, (2007) , **"Recent Developments in Auditing"** , University House.
5. Help, Majid Abdul-Mahdi, (2013) , **"Strategic Management Concepts of Operations and Applied Cases"** , First Edition, Dar Al-Maysara Publishing and Distribution.

### **Second: Research and Periodicals:**

1. Dheirb , Mohamed Samir, (2012), **"Evaluation of internal control systems according to the concept of a committee COSO (E) Adopting the self-assessment model for regulatory risks. And the extent of its applicability in service and productive institutions operating in the public sector , "** Faculty of Management and Economics, Muthanna University.
2. Falah, Hussein Jassim and Jamil, Ali Tawfiq, (2015) , **"Adoption of the project risk management framework ERM) ) To confirm the quality of supervision , "** Al-Kout Journal of Economic and Administrative Sciences, Faculty of Management and Economics, Wasit University, No. 17.

### **Third: Letters and Notes :**

1. Geogobe , Fadia, (2016), **"The Role of Strategic Analysis swot In improving the performance of the organization, a case study of Al- Ziban Al- Qantara-BiskraMills , Mohammed Khaydar University, Faculty of Economic and Commercial Sciences and Management Sciences, Algeria.**
2. Khairou , Eman Moayad , **"Improving the effectiveness of internal controls according to a model COSO "** , Master Thesis, Faculty of Management and Economics, University of Baghdad, 2012.
3. Sultani, Swadi Valley Housing, (2010), **"Employing Strategic Analysis Using ( swot ) To evaluate the commercial banks and their investments based on their financial statements, an applied study on a sample of Iraqi private commercial banks, "** a master thesis submitted to the Faculty of Management and Economics, University of Kufa.
4. Shahid, Fadel Hussain, (2014), **"Evaluation and Development of the Internal Control System on a Framework coso "Applied Research in the Department of Health of Karbala,"** a research presented to the Arab Institute of Certified Public Accountants, Baghdad.
5. Amiri, Hamed Abdul Hadi Ahmed, (2014) , **"Building a model for examining the internal control system by the internal audit department in the government units according to international standards applied**

**research in the Investment Commission of Basra"** , research presented to the Arab Institute of Certified Public Accountants, Baghdad.

6. Mukhtar, Hashem Majid Abdul-Yamimah (2014), "Studying and Evaluating the Internal Control System in Health Institutions - Applied Research in the City of Medicine", research presented to the Arab Institute of Certified Public Accountants, Baghdad.

#### **English References**

1. Anand , Sanjay ,(2006) , **Sarbanes-Oxley Guide for Finance and Information Technology Professionals** , Copyright by Sarbanes Oxley Group. All rights reserved, Published by John Wiley & Sons, Inc., Hoboken, New Jersey. simultaneously in Canada .
2. Barnwell , Heather & Sims , Adrian ,(2005) , **Test of Professional Competence in Management Accounting** , First published , Elsevier Ltd , Great Britain .
3. Champlain , Jack J.( 2003) , **Auditing Information Systems** , Second Edition , simultaneously in Canada .
4. Harrer , Julie ,(2008) , **Internal control strategies A Mid to Small Business Guide** , simultaneously in Canada .
5. Hayes, Rick . Dassen, Roer . Schilder, Arnold . & Philip, Wallage,(2005) , **Principles of Auditing An Introduction to International Standards on Auditing** , Second edition , published by Pearson Education Limited.
6. Hightower , Rose , (2009 ) , **Internal Controls Policies and Procedures** , Copyright by John Wiley & Sons, Inc. All rights reserved , simultaneously in Canada .
7. Hill , Charles W. L. , Jones , Gareth R, (2013 ) , **Strategic Management: An Integrated Approach**, Tenth Edition , South-Western, Cengage Learning , Printed in Canada .
8. Hitt , Michael A. Ireland , R. Duane & Hoskisson , Robert E. (2011) **Strategic Management: Competitiveness and Globalization: Concepts**, Ninth Edition ,Canada .
9. Leitch , Matthew , (2008) , **Intelligent Internal Control and Risk Management Designing High-Performance Risk Control Systems** , Gower Publishing Limited .
10. Moeller, Robert R . (2008) , **Sarbanes-Oxley Internal Controls Effective Auditing with AS5, CobiT, and ITIL** , simultaneously in Canada.
11. Moeller, Robert R. (2011) , **COSO Enterprise Risk Management Establishing Effective Governance , Risk, and Compliance Processes** , Second Edition .
12. Pfister, Jan A. (2009) , **Managing Organizational Culture for Effective Internal Control From Practice to Theory** , Physica-Verlag Berlin Heidelberg .

13. Schaeffer, Mary S.(2006 ) , **Accounts Payable and Sarbanes-Oxley Strengthening Your Internal Controls** , Copyright by Mary S. Schaeffer , Canada .
14. Tarantino , Anthony , (2006) , **Manager's Guide to Compliance Sarbanes-Oxley, COSO, ERM, COBIT, IFRS, BASEL II, OMB A-123, ASX 10 , OECD Principles** , , Copyright by John Wiley & Sons, Inc. All rights reserved , Canada .
15. Wheelen , Thomas L. & Hunger , J. David , (2012 ) , **Strategic Management and Business Policy** , Thirteenth Edition , the United States of America .
16. Williams , Kevan, (2009 ) , **Strategic Management** , First Edition , China .

### **Second :Periodicals and Researches**

1. Abiola , Idowu, & Oyewole , Adedokun Taiwo ,(2013 ) , **Internal Control System on Fraud Detection: Nigeria Experience** , Ladoke Akintola University of Technology , Journal of Accounting and Finance vol. 13(5) .
2. BHP Information ,(2008) , **SWOT analysis , Published by BHP Information Solutions Ltd**, Althorp House, 4-6 Althorp Road, London SW17 7ED .
3. Ommani , Ahmad Reza , (2011) , **Strengths, weaknesses, opportunities and threats (SWOT) analysis for farming system businesses management: Case of wheat farmers of Shadervan District**, Shoushtar Township, Iran , African Journal of Business Management Vol. 5(22), pp. 9448-9454 .
4. Saarni , Jenna, (2012 ) , **Financial Fraud - Importance of an Internal Control System , Thesis Degree programme in International Business** , HAAGA-HELIA University of Applied Sciences .