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[The impact of audit quality on improving the implementation of investment projects(Applied study in Wasit Investment Authority)]

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Abstract

Investment projects are one of the important means through which services can be provided to society in various sectors. The study problem was that the audit process for investment projects always focused on investment rules and laws without taking into account all the administrative and technical aspects of the audit process, and the methods of auditing the implementation of investment projects Ineffective, and the study chose that the quality of audit leads to improving the efficiency and effectiveness of the implementation of investment projects, and that there is an effect between auditing administrative procedures and the efficiency of implementing investment projects, and the study aimed to show the importance of audit quality and its impact on the implementation of investment projects, as the study relied on the analytical method of data Wasit Investment Authority and the Federal Financial Supervisory Office reports that pertain to the Authority's activities for the year2017

Introduction.

1.

After the audit profession was a social function that met the needs of many social groups from the business community; Therefore, attention was paid to the existence of this profession during the last century, and many important attempts emerged to formulate standards for it and put hypotheses by specialists in the field of auditing and professional institutions for accounting and auditing, as a result of the emergence of many issues that included the issuance of inaccurate financial statements, as well as the failure of major auditing companies. In revealing cases of fraud, fraud and fundamental errors in financial statements, which led to the bankruptcy of commercial companies, which increased pressure and criticism of the audit profession in the recent financial crisis as a result of financial distress and the bankruptcy of a large number of companies and banks without warning of this failure.

Modernity and development in institutions to keep pace with the procedures led to the development of the audit process and achieved a great leap since its inception until the present day, where this process has shifted from just reading the statements and accounts of the owners of capital to check their validity, to recording all cash operations, especially in government agencies that opened The investment door for the owners of capital, which enables the government to activate the supervision aspect to ensure the safety of establishing projects.

The first topic

2.Research Methodology.

2.1.Research problem .

The problem of the study is that auditing investment projects always emphasizes investment laws and regulations without taking into account the administrative and technical aspects of auditing, and this in turn leads to raising the following questions.

1. Does the quality of audit lead to improving the implementation of investment projects?
2. Does auditing administrative and technical procedures lead to the efficient implementation of investment projects?
3. Does adherence to the application of laws and legislation affect the effectiveness of the implementation of investment projects?

2.2.research importance.

The importance of the study lies in the following.

1. Clarify the importance of the relationship between audit quality and the efficiency and effectiveness of the implementation of investment projects, and with the increasing volume of projects managed by those local governments.
2. The necessity to apply auditing systems and laws and accounting standards correctly and within the framework of improving the implementation of investment projects, which avoids falling into problems and accounting errors.
3. Shedding light on the state of confusion and shortcomings in the implementation of projects for local governments, evaluating audit procedures on the implementation process of those projects, and studying the possibility of applying some mechanisms such as applying audit programs and submitting periodic reports that lead to raising the level of the audit process.

2.3.search objective.

The research aims to.

2.3.1. Demonstrate the importance of audit quality and clarify its benefits as a reference for making the right investment decision and implementing investment projects.

2.3.2. Finding the appropriate steps that the auditor must follow when auditing investment budget projects. These steps are well scientific and practical preparation, in order to reduce audit risks when implementing investment projects.

2.3.3. Improving and developing the efficiency of implementing investment projects by adhering to the instructions issued by the relevant authorities.

2.4.Research Hypothesis.

The study is based on choosing the validity of the following hypotheses:

1. The quality of the audit leads to improving the performance of the implementation of investment projects.
2. The audit of administrative and technical procedures leads to the efficient implementation of investment projects.
3. Commitment to the application of laws and legislation affects the effectiveness of the implementation of investment projects.

2.5. Study style.

The researcher adopted the inductive approach in the theoretical aspect of the study by determining the impact of auditing on achieving the quality of audit work, and the extent to which audit quality reflects on the efficiency and effectiveness of the implementation of investment projects in Iraq. To complement the topic of the study related to the implementation of investment projects in Iraq, the researcher adopted the analytical method in the practical aspect of it to find out the obstacles and show the percentages of completion compared to the specified time period.

2.6. The limits of the study.

1.Objective limits: the study expects when evaluating public projects for their significant and important economic and social effects on society, which prompts the economic evaluation of the urgent need for it, and in turn the evaluation increases the importance of this research, and in our study the Investment Authority was chosen as an applied study.

2. Time limits: 2017 data and reports for the Investment Authority were selected and analyzed to prove or disprove the hypotheses of the study.

3. Spatial boundaries: The applied study was conducted on the Wasit Investment Commission, which is one of the branches of the National Investment Commission in Iraq.

The second topic

3. audit quality.

3.1. Concept and definition of audit.

The concept of audit underwent development with the development of economic and social life, while the view of auditing over the past centuries has been as a supervisory function that exercises its roles in various institutions, but with time this concept has evolved.

There are many definitions of scrutiny, especially with the multiplicity of aspects that the experts touched upon in defining it, and the reason for this is due to the different institutions and parties that issued them, and despite the phenotypical difference between these concepts, their essence serves the same goal, and we mention the most important definitions in the following:

The American Accounting Association defined: “Auditing is a systematic and organized process of collecting and objectively evaluating evidence related to the results of economic activities, in order to determine the extent of conformity between these results and established standards, and to inform the concerned parties of the results of the audit and review[1].

The Federation of American Accountants defined it as: “Organized procedures for obtaining and objectively evaluating evidence related to returns or economic balances and events, to determine the degree of relationship between these statements and a specific measure, and to communicate the results to the beneficiaries[2].

It was known by the Institute of Internal Auditors(Institute of Internal Auditors IIA,2004) also that: An independent, objective, and advisory activity designed to increase the value of the organization and improve its operations. Internal audit helps the organization achieve its goals through an objective and structured approach to assessing and improving the effectiveness of risk management, control, and control processes[3].

The researcher also believes that auditing is a function for the purpose of independent evaluation; It works on studying and evaluating activities, objectively and impartially, reviewing procedures and evaluating activities by submitting periodic reports to identify obstacles and the extent of safety in implementing activities and procedures.

3.2. Audit types.

The types of audit differ according to the experts’ understanding of the audit process. On this basis, there are many types of audit, and we can classify the audit process according to several factors, including: the scope of the audit review, the timing of the audit review, and the entity or institution that works to review the audit process.

3.2.1. According to the scope of the audit review: where it is divided into.

3.2.1.1. Full audit: The role of the auditor includes reviewing financial records, restrictions and documents, and the aim is to reach a neutral vision and a technical opinion regarding the credibility of the financial movement and exchange mechanisms, thus giving the auditor an unconditional framework for accurate review, where the auditor, based on the granted powers, examines the restrictions and data 100% and this is done in small projects and the so-called full detailed audit[4]. 3.2.1.2. Partial auditing: the auditor’s role in auditing is limited to some operations without violating other restrictions, as if he is assigned to a specific task such as cash auditing only, and here it is difficult for the auditor to give an opinion as it is within a narrow scope and it is not possible to make general judgments[4].

3.2.2. According to the timing of the audit review process: It is divided into.

3.2.2.1. Final Audit: The audit and review process takes place after the end of the financial period to be audited, and to reach the final accounts preceded by the payment and settlement procedures, the balance of accounts and the preparation of the final report[5].

3.2.2.2. Continuous auditing: The auditor's audit of accounts and documents occurs continuously, and he visits the institution in which the audit is conducted throughout the audit period, and at the end of the year he audits the final accounts and the budget with regard to the approved budget, and this type is valid for large institutions[6].

3.2.3. According to the entity or institution that works to review the audit process.

3.2.3.1. External audit: It is "an audit carried out by a neutral third party independent of the institution of the financial statements in order to form an opinion on the extent of their clarity and their agreement with generally accepted accounting principles[7].

3.2.3.2. Internal audit: It is defined as: "an independent and objective activity within the organizational structure of the institution, which aims to improve the performance of the institution and ensure the correctness and accuracy of financial and accounting information[8].

3.3. Audit objectives.

It is necessary to provide a set of pillars and tools upon which the audit is based so that it can reach the goals it seeks, as the audit depends on the existence of an organized plan in managing the organization and achieving its objectives, identifying weaknesses and the available powers and authorities granted to the administrative levels, and activating the role of oversight. In order for those involved to be held accountable when defects occur in the administrative levels. We can mention one of the most important objectives of the audit are[9].

3.3.1. The most important objectives of the audit.

3.3.1.1. Provide cooperation to the tax administration and to determine tax values. 3.3.1.2. Reducing the possibility of making mistakes and tampering by establishing procedures and controls that reduce this.

3.3.1.3. Show errors and fraud that may exist in the accounting books.

3.3.1.4. Reassure clients who are users of financial statements and encourage them to take appropriate investment decisions.

3.3.2. Through what was mentioned previously, the researcher believes that it is possible to define the objectives of internal auditing as follows.

3.3.2.1. Providing the administration with the necessary information to help achieve control and protection and make the administrations able to identify weaknesses.

3.3.2.2. Ensure that all means are in place to ensure the protection of the property of economic units.

3.3.2.3. Assisting economic units in evaluating and determining the regulatory risks necessary to avoid or eliminate the risk that occurs, according to the capabilities available to that company.

3.4. audit quality.

3.4.1. The concept of audit quality.

In the fields of auditing, many terms have appeared that are used to describe the quality of the audit process, including audit quality, quality control, quality assurance (guarantee), and each of these terms has its own clarification. Supervision and internal examination of the quality of the audit conducted by the office itself. As for quality control, the purpose of it is the external examination by a neutral external party[10].

He defined its concept as: "The amount of conformity with the requirements, whereby organizations are keen in seeking to monitor performance, business and daily activities in order to reach the highest level of quality salaries, by reducing errors and detecting deviations in a way that results in responding to management needs with matters related to quality The internal audit that entrusts the good performance of the internal control system[11].

In addition to that, it means assisting individuals within the organization to carry out the responsibilities involved in it with a high degree of efficiency by achieving the objectives of the audit process[12].

The researcher believes that the concept of audit quality contributes mainly to the creation of high professional competence among auditors and financial staff, regardless of that professionalism, whether scientific or practical, and striving to overcome accounting errors with minimal risks and preparing a number of auditors and accountants with scientific qualifications in addition to the reality of companies and financial institutions Practical exercises that enable them to perform their professional task effectively and efficiently.

3.5. The importance of audit quality.

The audit profession has been subjected to great pressure and frequent criticism in recent years, due to the existence of fraud and material fraud in the financial statements, and the increase in lawsuits filed against auditors, especially after the failure of many major American companies (as happened in the American market of the two companies Enron and WorldCom, which were subject to audited by Arthur Anderson's office) even though its financial statements are subject to scrutiny by the largest audit firms [10].

In order to overcome these pressures, attention must be paid to the quality of auditing, which is a necessary requirement for all parties in the audit process, for both auditors and auditing companies in addition to the beneficiaries of audit services and related organizations. Thus, the importance of audit quality enables the following areas [13].

1. Confirm adherence to professional standards: Professional standards are guidelines for defining and applying audit procedures. Contains quality standards, especially quality control standards.
2. Contribute to the focus of expectations around the audit: The quality gap is one of the minor components of the expectations gap in the audit.
3. Enhance the detection of fraud and errors in the financial statements.
4. Reduce proxy conflicts: It should be that the greater the conflict of interests between management and shareholders, the higher the cost of the agency, and the higher the need for audit firms with high quality services.
5. Contribute to corporate governance: This concept contains a series of principles aimed at providing effective internal control processes, and strict external regulation and regulation tools.

3.6. Determinants of audit quality.

The Audit Standards (SAS65) set the internal audit quality determinants as follows[14].

3.3.1. The average percentage of years of experience, and the rate of the internal expert auditors in the section on internal auditing “efficiency.

3.3.2. The report that goes back to the Executive General Director of the audit process “objectivity.

3.3.3. The period that the internal audit takes to assist the external audit, and the period that the internal auditor spends in carrying out the auditing financial tasks “the work done.

3.3.3. determining prices: The economic unit seeks to determine a competitive price for its products in light of the characteristics of the product, which achieves satisfaction and benefit for customers, as the

3.7. Quality control of audit performance.

Performance quality means performing audit assignments in accordance with the auditing standards issued by the American Institute of Internal Auditors, and quality control of performance means working to ensure compliance with internal audit standards and the policies established for the internal audit department. As planned programmes, and to achieve this, there must be continuous evaluation processes in terms of the work of the internal audit departments, their policies and programs, and there is no doubt that the existence of a policy to monitor the quality of performance will lead to ensuring the quality of the implementation of internal audit tasks[12].

3.8. Internal audit quality assessment.

The internal auditor’s knowledge of the organization’s processes and procedures is one of the most important criteria in judging the quality of the internal audit function. The eligibility assessment is based on training programs for the internal audit function. The presence of legal auditors in internal audit departments is positively reflected on the eligibility of the internal audit function. As for the objectivity of the internal audit function, the external auditors use the independence of the internal audit function as a criterion for the most important objective evaluations. However, the external auditors believe that the primary role of the internal audit function and the remuneration structure will directly affect the objectivity of the internal audit function, but the identity of the internal audit service provider does not Affects independence and objectivity[15].

The third topic

4. investment projects.

4.1. Project Definition.

A public project can be defined as follows: “The project is proposed by governmental or other institutions separate from them - with legal personality and financial independence, and usually under the control of government administration - to create an economic unit (industry, agriculture, trade) to produce and provide a group of goods or services, as well as road transport services, railways, sea or air transport, freight transport, public health services, education, etc. from the sectors[16].

From this definition it is noted that:

4.1.1. The state is required to own the project in whole or in part, mainly due to the huge costs and benefits that these projects derive.

4.1.2.Enjoys legal personality and financial independence from state funds (a budget independent of - the general budget).

4.1.3. - The state is also required to manage public projects according to a special administration through one of its agencies, and the state exercises control over the project because it is related to achieving the objectives of the comprehensive economic plan, provided that this control should not hinder the project. The range of motion is generally performed[16].

4.2. Types of projects.

Three forms of these projects can be distinguished, as shown below[16].

4.2.1. Direct public projects: Projects belonging to the public sector, which are managed separately by the public sector, and the state bears all risks. In this case, public enterprises are an extension of the government's power and do not have an independent legal existence, and their revenues and expenditures are usually included in the total budget of the state, such as mining projects, war projects, etc.

4.2.2. Independent public projects: Projects that are owned by the state but exist independently of the law, are administratively and financially independent from the state, have an independent legal personality, independent management, and are financially independent from the general condition of the project. income. This type of public project is the result of the transformation of some direct public projects into independent public projects.

4.2.3. Semi-public projects: It takes many forms, the most important of which are.

4.2.3.1. concession contract. The state undertakes to grant individuals or companies a concession to develop public economic facilities during a certain period of time during which the company undertakes to manage the facilities under the supervision and control of the state, such as: oil exploration. In this regard, the state that undertakes it usually provides the company with some obligatory services or guarantees its minimum profit, or provides it with extraordinary insurance against risks.

4.2.3.2. management contract: The state entrusts the person with managing public utilities in return for a fee, usually in return for a portion of the profits made by the facilities, provided that the state alone bears the risks of the project.

4.2.3.3. mixed company: Public enterprises here take the form of a joint stock company, personal capital and public bodies its capital, and the state usually invests more than 51% to control the management of these companies.

4.3. The concept of the investment project.

Most of the economic literature does not pay attention to the definition of investment projects, similar to its great interest in defining and assigning investment concepts, because of their integration and the difficulty of separating them. Diane Joel (Joel Deason). The difference between investment and investment projects lies in the time difference. Investment projects precede the investment process, and investment projects have recently become a sensitive topic that has attracted increasing attention from experts and researchers in the economic field.

The investment project defines that “a project is a coalition of economic, social and environmental elements to build an economic entity that can carry out certain transformations of a group of economic resources into forms suitable for the needs of parties with interests in the project[17].

He also defines “the project as a real investment to increase production capacity or help to increase production in society, and that increase in production capacity is either in the form of a commodity or a normal product[18].

There is another definition of the project, “It is a set of operations or activities with specific and known relationships, implemented at a specific time with the aim of achieving a set of goals[19].

The researcher believes that the project “is a set of activities and operations that consume limited resources, whether human or financial resources, with the aim of obtaining monetary benefits during a certain period of time.

4.4. Characteristics of the investment project.

The investment project under feasibility studies is characterized by a set of characteristics, the most important of which are the following[20].

4.4.1. The investment project seeks to achieve specific objectives related to the interests of related parties.

4.4.2. Investment projects need to take advantage of the various management skills appropriate for contemporary development, whether at the local, regional or international levels.

4.4.3. The ability to use financial and human resources efficiently and effectively in investment projects.

4.4.4. Integrating innovative and creative artistic ideas away from common traditional methods and working in investment projects.

4.4.5. Investment projects face more ambiguous risks and conditions than certainty, so creative efforts are required to achieve the goals it seeks.

4.4.6. After the investment project enters into force, a planned time frame is required to improve the efficiency of its various activities.

4.4.7. The link between investment projects and specific life cycle systems requires human resources to accurately distribute tasks and responsibilities according to their implementation.

4.5. Evaluation of investment projects and its relationship to efficiency.

The project evaluation process is considered the most important stage in the life cycle of the investment project, and the danger of this stage is that the evaluation result is the basis for decision-making or accepting or rejecting the proposed investment project. The robustness and correctness of investment decisions depend on the soundness of evaluation, gender and accuracy[19].

When analyzing an investment project, it must pass through several successive stages, each stage consisting of a set of elements, and it is determined whether to enter or enter the next stage according to the methodology. Therefore, the project preparation process can be viewed as a series of activities, embodied in a set of research and documents, which ultimately leads to a certain decision. The details of these stages differ, but the basic stages are agreed upon, and the clarifications are as follows[20]. 4.5.1. The stage of identifying the investment opportunity: Determining the expected goal is the starting point for the project analysis, which may be to ensure that new products or new forms can be added to existing products or new materials are used to develop existing products, as well as potential sources of new ideas related to products or diversification is the path, not the official represented in the opinions expressed It is reported by the facility’s customers, dealers, competitors, sales personnel, etc. The source may be the method represented by the administrator to develop new ideas through an organized internal scheme and method.

4.5.2. Preliminary stage: It is the stage at which detailed studies are allowed to continue or stop. It is an interim report on the feasibility of the project. It does not differ in structure from detailed research, but in terms of details of information and depth of analysis, it is the second aspect of the first available opportunity, but in some cases, more detailed laws and sometimes the environment may be implemented at the initial stage of research, because it is necessary to ensure that the project does not Contains legal restrictions or environmental issues that would cause a necessary halt to the implementation of such investment ideas[21].

4.5.3. Analytical stage: If preliminary indicators of the feasibility of the project are obtained from the initial research, a detailed study will be carried out. In this case, all the data needed to make investment decisions must be provided, which is a series of sequential and overlapping results studies that can be identified as: environmental research, legal research, marketing research, financial research, economic and social research[22].

4.5.4. Evaluation stage and investment decision making: A decision must be made whether or not to undertake this project. For a businessman, the stage of financial research is sufficient, and he can make a decision to accept or refuse. He is mainly concerned with business profitability, while government officials are more concerned with economic research before the planning manager takes a decision, because it contains the national strategic objectives that he seeks to achieve through these projects, so he is more concerned with economic and social matters. profitability. The last thing to finish the analysis phase is the investment recommendation report of the project, the purpose of which is to convince the source of funds that the project is an ideal investment[20].

4.5.5. Project promotional activities: It begins when decisions are made to identify potential sources of financing, marketing, and other inputs to the success of the project. If the indicators at this stage are in the interest of the project, the promotion process can start from the initial stage, including finding local financiers or partners, whether they are in the private or public sector, as well as foreign investors and financial institutions. And attract them, whether entering as a partner in the project or financing them with loans. Therefore, promotion is: “a communication and linking tool between all parties in an investment relationship to provide the necessary information to identify and motivate all parties to come together and achieve mutual benefit and win-win outcomes. The aim of the promotion is to combine investment opportunities with financing and execution capabilities. linked to each other. “Outside promotion is an activity that considers a country as a unique investment destination, based on a country’s market study, to help them identify their target countries and potential investors in developing strategies to encourage investment[23].

4.5.6. Project implementation and operation phase: This stage is not important in this research. Research mainly includes the pre-investment analytical part. In general, it can be said that the project implementation steps include the drafting of various contracts, project design, material selection, construction, and construction operations, knowing that they can be supervised and followed up. An independent team conducts the preparation and implementation.

The fourth topic

5. The practical side in the National Investment Commission / Wasit branch.

5.1. What is the National Investment Commission NIC.

It is a body that was formed under the Investment Law No. (13) of 2006, which is considered the cornerstone of attracting local and foreign investment because of the several strategic initiatives contained in this law, including incentives, tax exemptions, guarantees for investors, and the creation of the National Investment Commission, which was established in 2007 and began in Its activities were in 2008, and it is responsible for drawing up national investment policies, setting controls for them, and monitoring the application of controls and instructions related to investment, and it is concerned with strategic investment projects of a federal character. It has a legal personality and is represented by the head of the authority or whomever he authorizes.

5.1.1.The National Investment Commission seeks to achieve several goals by relying on several means, and the most important of these goals are:

5.1.1.1. Encouraging investors and transferring modern advanced means and technologies to contribute to the economic development of Iraq and its development and expansion of production and service capacity.

5.1.1.2. Encouraging the private sector by providing the necessary facilities and guarantees for establishing investment projects and increasing competitiveness in local markets.

5.1.1.3. Providing job opportunities through the development of human resources and according to the requirements of the Iraqi markets.

5.1.1.4. Providing the necessary protection for the rights and property of investors.

5.1.1.5. Expansion of Iraqi exports and strengthening the trade balance and balance of payments.
5.1.2. Achieving these goals depends on the following means.

5.1.2.1. Granting investment projects the necessary privileges and guarantees to continue and develop them by providing support and developing the competitiveness of these projects in the local and foreign market.
5.1.2.2. Granting projects approved by the Investment Authority additional facilities and guarantees, and exemption from taxes and fees And the National Investment Commission located in Baghdad is the main headquarters, and it has several branches in the provinces, including the Wasit Investment Commission.

5.2. Analysis of Wasit Investment Authority data and reports.

5.2.1. Wasit Investment Authority data analysis that (1) investment projects for the year 2017.

5.2.1.1. The investment projects that were awarded during this year are as follows.

Table No. (1)

sequence	The name of the investment project	sector	Investment license number	The date on which the leave was granted	Donor
1	Al-Munir William Restaurant	commercial entertainment	T34	21/2/2017	Wasit Investment Authority
2	Moataz model gas station	serve me	Kh35	5/3/2017	Wasit Investment Authority
3	Reliance Model Farm	agricultural (animal vegan)	Z36	5/4/2017	Wasit Investment Authority
4	Modern Farming House	agro-vegetarian	Z37	5/7/2017	Wasit Investment Authority
5	Essaouira indoor swimming pool	Sports leisure service commercial	RT 137	23/8/2017	Wasit Investment Authority

Source / prepared by the researcher based on the data of Wasit Investment Authority.

It is evident from the above table that five investment licenses were granted during the year 2017, out of the total offered opportunities. The first project was within the commercial and entertainment sector, which is one of the important sectors in the governorate, especially the recreational aspect due to the lack of investment in it. The second project was a service within the provision of services, and the third and fourth project was within the agricultural sector Which is considered one of the most important sectors for being an agricultural and productive governorate. Finally, the fifth project was within the sports sector to support the youth and sports segment and be an important outlet, and this project was the only one granted by the National Investment Commission and not by the Wasit Investment Authority because there are special exceptions for this project.

5.2.1.2. Investment projects in terms of the project completion period, the period of its investment, the date of commencement of work, and the achieved completion rates, as indicated in the table below.

Table No. (2)

sequence	The name of the investment project	Project completion time	Project investment period	Completion rate	Date of commencement of work	Notes

1	Al-Munir William Restaurant	Month 18	23 years renewable	80%	5/3/2018	Underway
2	Moataz model gas station	Month 24	23 years renewable	98%	19/8/2018	Partially turned on
3	Reliance Model Farm	Month 24	30 years renewable	71%	8/8/2017	sluggish
4	Farmhouse for modern farming	Month 24	25 years renewable	sluggish	13/12/2017	The leave was withdrawn on 4/26/2021
5	Essaouira indoor swimming pool	Month 24	20 years	96%	3/10/2018	Started up

Source / prepared by the researcher based on the data of Wasit Investment Authority.

The table shows that the period of completion of projects for this year ranges between (18-24) months within the terms of the investment licenses granted to these projects. It also shows the investment period of projects that the investor can benefit from, ranging between (20-30) years. He points out that there are two projects that have been operated, a project whose license has been withdrawn, a project that is in operation, and a project whose completion rate has exceeded 70%, but it has lagged behind.

5.2.2. Analysis of the reports of the Federal Financial Supervision Bureau regarding the Wasit Investment Authority for the year 2017.

After reviewing and scrutinizing the reports of the Federal Office of Financial Supervision, we conclude several observations, which are divided into the following paragraphs.

5.2.2.1. Authority activity.

The report of the Board of Supreme Audit shows a lack of requests and vacations during this year, as in the table below.

Table No. (3)
Percentage of applications submitted and vacations granted

Announced investment opportunities	Number of applications submitted	Percentage of applications submitted for advertised opportunities	The number of licenses granted	Percentage of vacations granted to applications submitted
50 Chances	17 Seek	34%	5 Permissions	29%

Source / prepared by the researcher based on the data of Wasit Investment Authority.

It is illustrated by the following notes table.
5.2.2.1.1. The low number of applications submitted for the establishment of investment projects, which amounted to (34%) of the total announced opportunities during the year 2017.

5.2.2.1.2. The low number of granted vacations, which amounted to (29%) of the total applications submitted during the year 2017.

5.2.2.2. Licensed investment projects.
These are the projects that have been granted an investment license and are divided into two parts: the investment licenses granted in which work is in progress, and the withdrawn investment licenses.

5.2.2.2.1. Granted investment licenses.

The investment license numbered (137)/2017 was granted by the Investment Authority for the purpose of establishing the Essaouira Closed Swimming Pool Project.

1. An investment license was granted by the National Investment Commission in Baghdad instead of the Wasit Investment Commission, despite the availability of the following.

The announced site is located within the administrative boundaries of Wasit Governorate, and it is within - the powers of the Wasit Investment Authority.

-There is no apology from the Wasit Investment Authority regarding granting the investment license for this project.

-Submitting the application to the National Investment Commission in Baghdad instead of the Wasit Investment Commission.

-The project was announced as an investment opportunity by the Ministry of Youth and Sports / Department of Investments and Self-Finance.

2. The delay of the National Investment Commission in deciding on the investor's request to grant him an investment license in violation of Article 7 / c of the Investment Law within fixed duration. 3. The investor's failure to open a current account in an Iraqi bank licensed in the name of the project to deposit an amount (10%) of the project cost.

4. There is no evidence that the investor has financial competence supported by an approved financial institution, where the investor submitted the final accounts for the year 2017 to the company (Noor Al-Thara) signed in the name of (Saad Falih Hassan), the managing director.

5. Non-delivery of lands to the investor, contrary to Paragraph No. (2), the obligations of the first party of the contract, which indicates that (the first party is obligated to hand over the investment project to the second party by virtue of a delivery report.

5.2.2.2.2. The investment license numbered (34 TT/207) was granted on February 21, 2017, related to the project of establishing Al-Munir William Tourist Restaurant. After checking the priorities and reviewing the project reports, we conclude the following observations.

1. The Commission accepted the investor's application No. (183) on 11/8/2015 before approving the offer of the plot as an investment opportunity by the Directorate of General Municipalities under its letter No. (42947) on 12/26/2016.

2. The Investment Authority bypassed the basic design of the city of Kut by defining the activity of the investment license as (commercial and recreational) without referring to the basic design plans of the city.

3. The contract was concluded after the date of granting the leave by 251 days, which is in violation of the law.

4. Unable to establish Internet connection.

5.2.2.2.3. Reluctance to take the necessary measures that increase the efficiency of the implementation of investment projects, as shown below.

1. The delay of the investors who were granted investment licenses to start implementing their investment projects, which indicates that the role of oversight has not been activated and that the necessary measures have been taken against them, and they are all of the.

- Moataz Model Fuel Station Project.
- Agricultural House Project for Modern Agriculture.
- Essaouira indoor swimming pool project.
- Al-Munir William Tourist Restaurant Project.

2. Low completion rates for investment projects granted investment licenses by the Commission from the date of its establishment until 31/12/2017, in contrast to Article (19/Second) of Investment Law No. 2 of 2009, which included (the investor pays a delay fine whose amount is directly proportional to the length of the time discrepancy provided that it does not exceed (10%).

3. The percentage of the number of projects that have not been visited by the investment projects follow-up committees is the ratio of the number of projects to the total approved projects (29%), which indicates that the role of the follow-up committees for investment projects is good, and this leads to reluctance in the implementation and follow-up of projects.

5.2.2.2. Licensed investment projects.

5.2.2.2.1.1.The ratio of the number of withdrawn and canceled licenses to the total number of licenses granted for the period since the establishment of the authority until 31/12/2017 reached 37%, and this indicates weakness or slowness in the implementation of projects.

5.2.2.2.2. The commission's delay in withdrawing the non-executed or lagging investment licenses by investors, which led to the investors enjoying the privileges of the license such as tax deductions and others for several years and preventing the announcement of the licenses as investment opportunities.

5.2.2.3. Authority Board of Directors.

It turns out that there are several observations on the Board of Directors of the Authority.

5.2.2.3.1. The commission's failure to address the governorate and the governorate council in official letters to ensure that the chairman, his deputy and members of the board of directors have not been filled with the positions of members of the governorate council or the governor and his deputies or assistants.

5.2.2.3.2. The number of members of the Board of Directors of the Authority from the private sector reached (2) members only, contrary to Article (5-e), which states that the Governor, upon nomination by the Chairman of the Authority, chooses (4) persons from the private sector.

5.2.2.4. Regulatory requirements.

5.2.2.4.1. The lack of approval of the staff of the Wasit Investment Authority for the year /2017 by the Ministry of Finance and as stated in the law forming the authority.

5.2.2.4.2. The Commission's failure to exploit the vacant ranks within its cadre of (9) degrees, despite the lack of some important addresses within the Commission's occupied staff (treasurer - store keeper) and carrying out these jobs by employees with other specializations.

5.2.2.5. Accounts and internal control.

5.2.2.5.1. unification record: The unification record for the year /2017 was not approved by the Ministry of Finance, although it was sent to the aforementioned ministry in accordance with the book No. (46) on January 14, 2018, noting that the Ministry has approved the account balances for the year 2016.

5.2.2.5.2. The results of the implementation of the current budget.

5.2.2.5.2.1. A decrease in the amounts financed during the year compared to the annual allocation, as the financing percentage reached 85%.

5.2.2.5.2.2. A decline in the rates of implementation of some paragraphs of the budget for the current year, which indicates the inaccuracy of the allocations made.

5.2.2.5.2.3. Non-exploitation of assignments directly related to the Authority's activities.

5.2.2.5.3. Violations in the application of laws, regulations and instructions in force.

By checking the salary lists for the month of December/2017, it was noted that the direct tax deduction amounts for some employees are inaccurate and in violation of the tax deduction lists for employees for the year/2017 issued by the General Tax Authority.

5.2.2.5.4. cash.

By checking the fund's record, it was noticed that there was a delay in depositing some of the received amounts for several days, in contrast to the internal control procedures.

5.2.2.5.5. revenues and expenses.

The authority did not classify and transfer the (miscellaneous income) appearing in the table, which represents (service fees) collected at the beginning of the year 2017 and deposited with Al-Rasheed Bank with account No. (198) to the current account No. (208) with the same bank that was opened according to a letter Ministry of Finance / Budget Department No. (4155) on 8/1/2017.

6. Choosing research hypotheses.

After analyzing the data of the Wasit Investment Authority and the reports of the Federal Financial Conduct Authority regarding the activity of the authority, as it turns out that the first hypothesis is correct: the quality of the audit leads to improving the performance of the implementation of investment projects, through analyzing the notes and reports that confirm the commitment to the specified periods for the completion of projects, as the hypothesis is proven to be true. Second: The audit of administrative and technical procedures leads to the efficient implementation of investment projects. As it was found that focusing on administrative and technical procedures in the audit process increases the efficiency of implementation and project completion, and compliance with Investment Law No. (13) for the year 2006 as amended and the laws in force encourages investors in an effective and positive way to invest inside Iraq, and this in turn proves the validity of the third hypothesis: the commitment to apply Laws and legislation affect the effectiveness of the implementation of investment projects.

7. Conclusions and Recommendations.

7.1. Conclusions.

7.1.1. The quality of the audit leads to improving the implementation and completion of investment projects.

7.1.2. Auditing administrative and technical procedures leads to reducing red tape and encouraging investors to implement investment projects inside Iraq.

7.1.3. Commitment to the application of laws and legislation increases the effectiveness of the implementation of investment projects.

7.1.4. The necessity of exploiting the person in charge of the audit process, not being subject to any external pressures, and working with professionalism and high efficiency.

7.1.5. Ensure the academic, professional and practical qualification of auditors and accountants.

7.2. Recommendations.

7.2.1. The need to encourage investors by providing administrative and technical facilities to implement projects and provide the best services.

7.2.2. The necessity of adhering to the principles and rules of auditing and applying them accurately.

7.2.3. The need for auditors to focus on auditing administrative and technical procedures for investment projects.

7.2.4. The necessity of scientific qualification and continuous training of auditors to keep pace with the continuous development in the technology of implementing projects and their audit programs.

7.2.5. Organizing seminars and conferences for investment professionals to develop their skills in managing and implementing investment projects.

7.2.6. The necessity of increasing the investment awareness of the investing public and informing them of the available investment opportunities and investment rules and laws.

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