



Article

The Extent to Which Local Accounting Systems Meet the Requirements of International Standards on Auditing (Isa)

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Abstract: The aim of the research is to identify the requirements of Isa standards and compare them with the foundations on which local accounting systems are based to indicate the degree of their compatibility and the scope of their development. The research used a set of statistical methods using the statistical software SPSS v 26 and Amos v 26, which can help reach the research objectives. The research dealt with several topics, including the overview of accounting systems and the requirements of Isa standards, the objectives of the government accounting system, the requirements of Isa and their availability in the government accounting system, the application of international accounting standards in the public sector ipsas the international public sector accounting standards in the government accounting system, and the importance of achieving compatibility between the objectives of Isa standards and ipsas in the presentation of financial statements. The results of the research showed that there is a significant correlation between the requirements of the International Standards on Auditing (ISA) and the local accounting systems, amounting to (0.749), which is a strong relationship and at a significant level (0.000). This indicates the interest of Iraqi government units in the application of international auditing standards for the purpose of developing local accounting systems in the public sector. The research contributes to developing the work of government units by developing the government accounting system by applying international standards in the public sector and is reflected positively in fulfillment.

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Keywords: Accounting Systems, Isa Standards, Audit Standards

1. Introduction

The research addressed local accounting systems that are one of the key elements in achieving fiscal transparency and accuracy of government units, as well as ensuring the preservation of public financial resources and fair and effective accountability. The requirements for the application of Isa standards, which is an important framework that defines the principles and guidelines for the work of independent auditing and auditing at the international level. The importance of the research is highlighted by the fact that the availability of qualitative characteristics of accounting information in the financial statements, prepared in accordance with accounting systems based on international accounting standards in the public sector ipsas, meet the requirements of Isa standards and help achieve the objectives of the audit in expressing a technical opinion on the fairness and validity of the financial statements in government units. The research

problem is that the financial statements prepared in accordance with the accounting systems in force locally do not meet the requirements of Isa standards, which require the auditor to examine the transparency of the financial statements, which has a clear and important impact on the audit, as it represents the expectation gap and requires users of the financial statements of the audit profession to disclose all errors and manipulations in government units, although the auditors are committed to the goal of the audit, which is not to detect manipulations, but to express a technical opinion only with the fairness and validity of the financial statements. If previous studies dealt with the application of Isa standards from several angles without indicating the relationship between accounting systems and the above standards. The research followed the approach of investigation and research in the theoretical aspect, as it adopted the deductive approach that studies local accounting systems and their areas of development, to move its application to the molecules, which are the requirements of Isa and its importance in the development of accounting systems, and in the practical aspect, the inductive approach to show the differentiated relations between the research variables, to reach justifications and clues that can be generalized.

The research touched on several topics, including the overview of accounting systems and the requirements of Isa standards, the objectives of the government accounting system, the requirements of Isa standards and their availability in the government accounting system, the application of ipsas standards in the government accounting system, achieving compatibility between the objectives of Isa standards and ipsas in the presentation of financial statements, and that the most important conclusions reached by the research (the existence of a significant correlation between the requirements of international auditing standards (ISA) and local accounting systems and their amount (0.749), which is a strong relationship and at a significant level (0.000), which indicates the interest of Iraqi government units to implement international auditing standards for the purpose of developing local accounting systems in the public sector), and the recommendations were the most important (the need for governments to update local accounting systems to be compatible with Isa standards, this process must be comprehensive and well organized to ensure the effective implementation of standards).

2. Materials and Methods

Research Problem

The research problem is mainly about the financial statements prepared in accordance with the accounting systems in force locally do not meet the requirements of Isa standards, which require the auditor to examine the transparency of the financial statements, which has a clear and important impact on the audit, as it represents the expectation gap and requires users of the financial statements of the audit profession to disclose all errors and manipulations in government units, although the auditors are committed to the goal of the audit, which is not to detect manipulations, but to express a technical opinion only with the fairness and validity of the financial statements.

Research Objective

The aim of the research is to identify the requirements of Isa standards and compare them with the foundations on which local accounting systems are based to indicate the degree of their compatibility and the scope of their development.

Research Importance

The importance of the research is highlighted by the fact that the availability of qualitative characteristics of accounting information in the financial statements, prepared in accordance with accounting systems based on international accounting standards in the public sector ipsas, meet the requirements of Isa standards and help achieve the objectives of the audit in expressing a technical opinion on the fairness and validity of the financial statements in government units.

Research Hypotheses

The research is based on the following hypotheses:

- a. There is a statistically significant relationship between the requirements for the application of the International Standards on Auditing (ISA) and the development of the government accounting system in terms of presentation and disclosure
- b. There is a statistically significant effect between the requirements for the application of the International Standards on Auditing (ISA) and the development of the government accounting system in terms of presentation and disclosure

Methodology

Research in the theoretical aspect adopted the deductive approach and in the practical aspect the inductive approach.

Research Delimitations

- a. Time Delimitation 2023
- b. Geographical Delimitations: Iraq, Government units (public sector), accountants and auditors working in the government sector.

Research population and sample

The research community is the government units (public sector) represented by the Ministry of Higher Education and Scientific Research, and the sample of accountants and auditors working in the universities of Baghdad and Nahrain, applying the government accounting system in Iraq.

Methods of data collection

On the theoretical side, the researcher relied on books and researches collected from various Arab and foreign sources, as well as theses and messages related to the subject of the research and what is published on the Internet. As for the practical side, the research used a set of statistical methods using the statistical program SPSS v 26 and Amos v 26, which can help reach the objectives of the research. The data were collected through the distribution of (234) questionnaires to a sample of accountants and auditors working in the universities of Baghdad and Nahrain, applying the government accounting system in Iraq, as well as the laws and instructions of the government accounting system in Iraq.

Overview of Accounting Systems and Isa Standard Requirements

For international capital markets to operate efficiently and effectively, international standards are essential. Economic units and users of accounting information must be able to communicate effectively and without any barriers. (2019), uka)

1. Definition of Accounting Systems

Accounting systems are based on GAAP and IFRS are the most widely used frameworks worldwide. (Eltweri, Faccia, & Foster, 2022) It is a tool in the hands of managers who seek to stay competitive amid rapid technological progress, while raising awareness and challenging demands from customers and business owners. (GOFWAN, Effect of Accounting Information System on Financial Performance of Firms: A Review of Literature, 2022) It is based on a set of rules, principles and accounting procedures that govern the control of the financial actions of government administrative units. (mushajali & Hani, 2020) Financial statements are processed using accounting standards, local or international, to prepare and present them to users. The audit plan and program aim to obtain evidence of economic events, evaluate them objectively, confirm their conformity with standards, and communicate the results to the concerned parties (mindili, bughzalat, & zabadi, 2020).

There are many types of accounting systems applied in Iraq, namely, the unified accounting system, and the government accounting system (centralized and

decentralized), and research is limited to dealing with the government accounting system (as a research model).

2. Objectives of the Government Accounting System

Accounting is defined as the information system that measures business activities, processes that information in reports, and communicates the results to decision makers. (Suwanda, 2015)

Its work is based on the extent to which the ipsas standards are applied, and therefore the objectives of the system emanate from the objectives of those standards, which can be summarized as follows:

(jawaad & al-Saabari, 2020)

- 2.1 Raising the quality of government financial information and improving decision making.
- 2.2 Avoid financial and economic crises
- 2.3 Increasing public financial transparency

We believe that the goal of the government accounting system should also be to expand the scope of external audit on government units in order to achieve the requirements of Isa standards.

3. Isa requirements and their availability in the government accounting system

Isa standards are crucial for auditors and report users as they boost community confidence in the audit profession, meet their needs, and address the urgent need for standards covering all aspects. (Rashid, 2017).

Its applications focus on accounting data and determining whether the collected information appropriately reflects the economic events that occurred during the period being accounted for. (A.Arens & k.loebbeck, 2009).

We believe that the availability of Isa standards in the government accounting system can enhance transparency, credibility and reliability in the financial and accounting reports it extracts, and improve the quality of the audit carried out on government financial accounts, making them more accurate and reliable. According to the fulfillment of the following requirements:

a. Application of ipsas standards in the government accounting system

The ipsas standard-setting initiative began in 1996 with the establishment of the Public Sector Council. Its objective was to establish global accounting standards for public sector units, and to ensure the consistent preparation of public financial statements for presentation to entities worldwide. (Hashim & Fadhil, 2023).

Where ipsas standards are an important tool to improve the quality of the outputs of the government accounting system, as these standards provide a unified and comprehensive framework for government accounting around the world, and the adoption of international accounting standards in the public sector contributes to the achievement of many advantages, including:

- i. Enhancing transparency (Schmidhuber, Hilgers, & Hofmann, 2022)
- ii. Improve decision making by providing reliable information about assets, liabilities and expenses. (Schmidhuber, Hilgers, & Hofmann, 2022)

The application of the ipsas standards requires that the financial statements present fairly the financial position, financial performance (as a result) of the business and cash flows of government units, in addition to providing the necessary disclosure that will achieve fair representation of the financial statements. (Abou Nassar & Juma, 2014).

We believe that IPSAS helps improve the quality of the accounting system in the public sector by defining specific requirements for financial

reporting and budgets, and providing clear guidance on appropriate accounting practices for use in government units.

b. Achieving compatibility between the objectives of Isa and Ipsas standards in the presentation of financial statements

IPSAS standards are closely linked to Isa standards in their common goal of enhancing the quality, credibility and transparency of accounting reports. This cooperation emphasizes the important role that auditors play in providing economic value and assisting users in making correct judgments and decisions by reducing information risks resulting from the following: (Juma., Introduction to modern auditing and assurance, 2009)

- i. Difficulty in direct access to information
- ii. Bias by information preparers
- iii. Large amounts of information
- iv. The exchange process is complicated

In our opinion, the requirements of Isa standards are to ensure that audits are carried out systematically and reliably, and that international audit reports are presented comprehensively and accurately. By adhering to the standards of (ipsas and Isa), government units can improve the quality of their financial reporting, and provide accurate and reliable financial information to the public.

c. Isa standards requirements and quality of financial reporting

The requirements of Isa standards can be defined in enhancing transparency, credibility and quality of financial accounts in several ways, including: (iasb, 2018)

(iasb,2018)

- i. Risk Assessment: Isa 315 requires auditors to assess the potential risks
- ii. to the financial accounts and overall financial environment of the unit. Accordingly, audit plans are developed that are commensurate with the level of potential risk, helping to increase transparency and improve the quality of financial accounts.
- iii. Gathering Evidence: The Isa 500 standard requires auditors to collect
- iv. sufficient and appropriate evidence to assess the validity of financial accounts and to validate financial information. These requirements increase the level of accuracy, reliability and quality of financial accounts.
- v. Process Documentation: Isa 230 requires auditors to document the audit
- vi. process in a detailed and clear manner, including the procedures followed and the results obtained. These requirements help to increase transparency, credibility and the quality of financial accounts.
- vii. Reporting results: The Isa 700 standard requires auditors to prepare a report
- viii. on the results reached, including conclusions and recommendations, and this report helps to increase the transparency, credibility and quality of financial accounts, and improve users' understanding of financial information.
- ix. Independence of External Audit: Isa 220 requires economic units to have
- x. their financial accounts audited externally by independent auditors, and these requirements help increase transparency, credibility and quality of accounts.

d. Government Accounting System and its Applications in Iraq

Starting from 1921, the government accounting system in Iraq was centralized and based on laws inherited from the Ottoman, English and Indian systems, but with the growth of the Iraqi state and the increase in the number of ministries and government departments, it became clear that the central system was no longer sufficient to meet the increasing demands to accelerate accounting and disbursement operations. As a result, in 1972, the decentralized government accounting system was introduced. In 1989, the Iraqi Ministry of Finance issued instructions to set the rules and foundations of this decentralized system as follows: (al-Ani & al-Khattab, 2013)

- i. The system shall be applied in government units with central funding
 - ii. Accounting independence for government units applying the government accounting system.
 - iii. The government unit is committed to implementing the Federal Financial Management Law No. 6 of 2019.
 - iv. A current account shall be opened for the government unit with the government bank exclusively and shall be used to cover its expenses and deposit its receipts
 - v. It is imperative for the government unit to take an inventory of the fixed assets and the inventory assets in its possession and to record them in the competent records.
- 3.4.1 Principles government accounting adopted in the government accounting system in Iraq
- 3.4.2 Principles of government accounting adopted in the government accounting system in Iraq
- 3.4.3 Among the most important principles of government accounting are (al-Sultan & Abou El Makarem, 1990):
- 3.4.3.1 Accounting and Financial Reporting: The GAS should be able to achieve two objectives:
- 3.4.3.1.1 Presentation in a fair manner and full disclosure of the financial position and results of operations of the funds and groups of accounts of the government unit
- 3.4.3.1.2 To clearly define the extent of compliance with legal rules an financial systems.
- 3.4.3.2 To clearly define the extent of compliance with legal rules and financial system
- 3.4.3.2.1 Money Accounting Systems: Government accounting systems should be designed and operated on the basis of a financial and accounting unit containing a set of balanced accounts.
- 3.4.3.2.2 Types of funds: There are eight types of funds in three groups as follows:
- The first group: Government funds, including (public money, capital project funds, debt service funds, and improvement fee funds).
 - The second group: Property funds, including (public utilities funds, internal service funds)
 - The third group: third-party funds entrusted to the government organization, including (agency money or trust money).
- 3.4.3.3 Number of funds: Government regulation should establish and maintain a number of funds required by the Sound Financial Management Law. We believe that following the principles of government accounting helps to provide

accurate and transparent financial information to users and to achieve standards of good governance and accountability in government units.

e. The scope of application of the standards ipsas in the government accounting system, and their compatibility with Isa standards, the case of Iraq model

The accounting system works according to the foundations of the legal rules or the method of accounting records and analyzing their results to ensure the proper conduct of financial transactions in the State in particular. The use of IPSAS enhances quality and instills greater confidence in the financial information being reported. Due to the wide and varied financial resources involved, these standards are established as a framework for the recognition, measurement, presentation and accounting disclosure in the financial statements, ensuring reliable and comprehensive reporting. (Juma., Audit and quality control, 2011)

In Iraq, the applicable government accounting system is unable to meet the requirements of the ipsas standards, due to the adoption of the cash basis in the recording of financial events, which does not provide information that is clearly related to the purpose of using that information in the performance evaluation process. (mushajili & razuqi, 2020)• While the application of the accrual basis has shifted since the past three decades, and according to the standards of ipsas in government units to achieve increased accountability, transparency and more informed decision-making. (Al-Tamimi & Ali, 2019).

The auditor's adherence to ISAs includes assessing the adequacy of information, accurately reflecting reality in reports, ensuring the integrity of the information disclosed in the financial statements, and disclosing any material facts that could mislead readers. This principle also extends to disclosing relevant matters as required by local laws. It includes the structure and organization of accounting data, the terminology used, the accompanying notes, and the basic principles governing the accounts. Therefore, (Abdullahi , 2010) there are challenges facing Isa standards according to the current system environment, not applying ipsas standards.

- i. Determinantas of the work of the government accounting system between local legislation and applications of IPSAS standards. The accounting information system has a significant impact on the quality of local government financial reports

(Rahaman, Lawrence,, Gallhofer, & Haslam, 1997) The significance of the value of accounting information in the era of new accounting standards has been significantly enhanced compared to the pre-accreditation period, (Banerjee, Dhar, & Dutta, 2021). The work process of the government accounting system is affected by a set of important determinants in the application of ipsas standards, which can be summarized as follows

- 3.5.1.1 Local legislation, the existence of the varying impact of laws, regulations and legislation in the process of formulating and developing accounting standards seems clear, and leads to results that may not be consistent with accounting standards (Abdul Kadhim, 2018)
- 3.5.1.2 Local lation, the existence of the varying impact of laws, regulations and legislation in the process of formulating and developing accounting standards seems clear, and leads to results

- that may not be consistent with accounting standards (Abdul Kadhim, 2018)
- 3.5.1.3 Local legislation, the existence of the varying impact of laws, regulations and legislation in the process of formulating and developing accounting standards seems clear, and leads to results that may not be consistent with accounting standards (Abdul Kadhim, 2018), If the legal requirements differ with the texts of international standards, the (al-Qadi & Hamdan, 2011) accountant is obliged to give precedence to the texts of local laws.
 - 3.5.1.4 Lack of knowledge and keeping up with developments in the application of IPSAS standards, as they are considered one of the important international standards that affect the work of the government accounting system. The lack of knowledge of some accountants of the English language may not enable them to keep pace with the development of international standards at the necessary speed. Many standards are issued and a long period of time passes since their issuance, so they are not translated and practitioners in many countries do not know anything about them. (al-Qadi & Hamdan, 2011)
 - 3.5.1.5 Deficiency قصور Deficiency in the use of technology and accounting programs: The use of modern technologies leads to improving the quality of accounting information. It leads to a detailed research of financial data and information and the correlation between them and helps to discover the strengths and weaknesses of financial policies, (al-Jubouri , 2014), The government accounting system in Iraq relies on maintaining bookkeeping accounting records, without using techniques or programs.
 - 3.5.1.6 Human resources, where the quality and level of university education varies between countries, as well as the system of vocational training and continuing education. It is not uncommon to have a strong quality control system, which leads to less experienced and qualified accountants not being aware of international standards and thus opposing their adoption. Adoption of these standards becomes more difficult as auditors may face difficulty due to limited understanding and lack of professional education. (al-Qadi & Hamdan, 2011)

f. Challenges facing meeting the requirements of Isa standards in the government accounting system in Iraq

It requires the government accounting system to meet the requirements of Isa standards depending on the how far the following challenges are overcome:

- 3.6.1 Method of implementing the audit and its procedures: This challenge can be viewed from several aspects, namely:
- 3.6.1.2 The magnitude and complexity of the work: The audit procedures in the government accounting system include a large variety of processes that adversely affect their performance, which require the auditors to review and examine them for the purpose of expressing an opinion on the audit report. (Juma., Audit and quality control, 2011)
- 3.6.1.3 The nitude and complexity of the work: The audit procedures in the

- government accounting system include a large variety of processes that adversely affect their performance, which require the auditors to review and examine them for the purpose of expressing an opinion on the audit report. (Juma., Audit and quality control, 2011)
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- 3.6.1.7 The availability of insufficient and inaccurate data: The auditors face challenges in purchasing the required data necessary to conduct a comprehensive and accurate audit. This restriction affects the auditor's ability to form an opinion that appropriately discloses any misleading or incomplete financial statements. Accordingly, the auditor may express a negative opinion, stressing that the financial statements do not represent the entity accurately and fairly or fail to represent it fairly in all material aspects. (Juma., Audit and quality control, 2011)
- 3.6.1.8 Restrictions and requirements of local legislation: Auditors must comply with local legislation and laws related to auditing and accounting in accordance with the audit standard 250-Isa. This may lead to restricting the freedom to carry out audits, and requires adherence to certain procedures to meet legal requirements.
- 3.6.1.9 Education: The adoption of standards for accounting and auditing within emerging economies is linked to learning progress (Eltweri, Faccia, & Foster, 2022)
- 3.6.1.10 Government units lack qualified accounting and financial competencies to carry out accounting tasks, and these tasks have been assigned to non-specialists, for example, assigning a nurse assistant and a guard to carry out accounting work, and assigning the job of an auditor to an engineering specialist...etc. (Al Shamsi's , 2022)
- 3.6.1.11 Ensure that standards are applied correctly. The application of Isa standards leads to maintaining the most important principles of auditing, such as neutrality, objectivity and independence, which enhances their positive role in the interest of government agencies in their application. (Al Shamsi's , 2022) Auditing is a mean of controlling financial integrity and safe guards against corruption. (Frank & Paulina, 2020)

3. Results and Discussions

In this topic, we deal with a presentation of the results discussed and reached because they form the basis for proving or denying the hypotheses of the research, which states, (There is a statistically significant relationship between the requirements for the application of Isa standards and the development of the government accounting system in terms of presentation and disclosure, and there is a statistically significant impact between the requirements for the application of Isa standards and the development of the government accounting system in terms of presentation and disclosure), as (234) questionnaire forms were distributed to the research sample, and they were analyzed using statistical indicators for the purpose of measuring (the extent to which local accounting systems meet the requirements of Isa standards), through the statistical programs SPSS v 26 and Amos v 26.

Description of the population and individuals of the research sample

The research population is represented by government units (the public sector) represented by the Ministry of Higher Education and Scientific Research, as a sample of accountants and auditors working in the universities of Baghdad and Nahrain, applying the government accounting system in Iraq, was selected., and during the period of conducting the research in 2023. The characteristics of the research sample and their suitability for research can be shown through Table (1).

Table 1. Description of the research sample

Percentage	Number	Details	
		Age range	1
4%	10	20-25 years	
14%	32	26-30 years	
12%	28	31-35 years	
17%	39	36-40 years	
23%	54	41-45 years	
30%	71	46- more	
100%	234	Total	
Percentage	Number	Academic qualification	2
9%	21	Diploma	
29%	69	Bachelor's	
30%	71	Master's degree or equivalent	
31%	73	Doctorate or equivalent	
100%	234	Total	
Percentage	Number	Specialization	3
47%	109	Accounting	
17%	39	Accounting and Auditing	
7%	17	Accounting and Financial Control	
8%	18	Legal accounting	
13%	31	Business management	
9%	20	Other	
100%	234	Total	
Percentage	Number	Job title	4
		Accounting jobs	1.
1%	3	Bookkeeper	
7%	16	Accountant assistant	
10%	24	Accountant	
5%	11	Senior accountant	
6%	15	Assistant account manager	

6%	13	Account manager
7%	17	Senior account manager
5%	11	Financial expert
47%	110	Total Accounting Jobs
Percentage	Number	Auditing jobs
1%	3	Audit clerk
4%	9	Auditor assistant
5%	12	Auditor
6%	14	Senior auditor
11%	25	Assistant Audit Manager
9%	21	Audit Manager
9%	21	Senior Audit Manager
8%	19	Audit expert
53%	124	Total Audit jobs
100%	234	Total Job Title
Percentage	Number	Experience
5%	11	1-5 years
13%	31	6-10 years
17%	40	11-15 years
21%	48	16-20 years
22%	51	20-25 years
23%	53	26-more
100%	234	Total

Source: Prepared by the researcher using the statistical programs SPSS v 26 and Amos v 26.

It is clear from Table (1) that the members of the selected sample have characteristics that suit the objectives of the research, as the majority of the sample members were within the age group of 36 years and above, constituting 70% of the research sample, and this indicates that most of the sample members have the necessary knowledge and experience to conduct the research.

The scientific qualification of the research individuals indicated that they had master's and doctoral qualifications with 61% of the sample, which indicates that they have characteristics that enable them to answer the research questions.

The academic specialization of the sample members was the majority of them within the specialization of accounting, auditing and legal accounting, as their percentage reached 79%.

Job title: The job title indicates that the most prominent members of the sample whose job titles fall within the auditing titles, at a rate of 53%, and the remaining percentage are for accounting jobs.

As for the practical experience of the sample members, it indicates that the majority of the sample members have great practical experience, as their years of experience ranged from 16 to more, reaching 66% of the sample members, which indicates that most of the sample members have great practical experience.

Variables coding and stability testing

The research measurement tool consists of two main variables as well as the demographic data part of the respondents to the research sample. Table (2) shows the components of the measurement tool and the number of items for each of the research variables. The five-point Likert scale was used. Clarity and accuracy were taken into account when formulating the paragraphs of the scales to give a great ability to understand the variables and their purpose. The researcher ensured the stability and consistency of the research procedures using the Cronbach alpha method. The reliability coefficient of the scales was calculated using Cronbach's alpha correlation coefficient. The values of the

Cronbach alpha coefficient ranged between (0.814-0.911), which is statistically acceptable in social research because its value is greater than (0.75), which indicates that the scales of the measurement tool in the research were characterized by stability and internal stability.

Table 2. Variables coding and stability testing

No.	Main Variables	Code	Number of Paragraphs	Alpha Cronbach
1	Requirements of ISA International Standards on Auditing (ISA)		13	0.7903
2	Local Accounting Systems	ASI	14	0.8942

Source: Prepared by the researcher using the statistical programs SPSS v 26 and Amos v 26.

Testing the normal distribution of research variables

Table (3) below presents the results of testing the normal distribution of the research variables represented by the International Standards on Auditing (ISA) requirements variable represented by 13 paragraphs and the local accounting systems variable whose scale consists of 14 paragraphs. It is noted that the results of all torsion and flattening were within the required rate, which is between (1.96 to -1.96). This indicates that the distribution of the research sample data for the ISA requirements variables and local accounting systems is similar to the normal distribution, and free from the problem of torsion and flattening, which supports the assumption that the data of the ISA requirements variables and local accounting systems were taken from a society whose data is characterized by normal distribution.

Table 3. Normal distribution of research variables

Variable	Min	Max	Skew	c.r.	kurtosis	c.r.
ISA	2.337	5.000	-0.234	-0.632	0.262	0.417
ASI	2.201	5.000	-0.087	-0.279	-0.216	-0.536

Source: Prepared by the researcher using the statistical programs SPSS v 26 and Amos v 26.

Validity of the research scale. It includes the following paragraphs:

A. Apparent validity of the current research scale

In order to identify the apparent validity of the research scale and the possibility of adopting the scale, it was presented to a group of experts, and in order to give their observations, a number of necessary adjustments were made according to the opinions of experts, to be the questionnaire in its final form. The questionnaire was presented in its initial form to a group of arbitrators specialized in the field of accounting

B. Constructive validity Confirmation of the current research scale

(Factor analysis) of the scale of any research is of great importance in determining the validity of the content, and is part of the structural equation model, which is widely used in social science research, which is one of its main benefits.

- 1) Confirmatory factor analysis of the (ISA) requirements variable
- 2) A variable for the requirements of the International Auditing Standards (ISA) was measured through its 13 items, and through Figure (1) and Table (4).

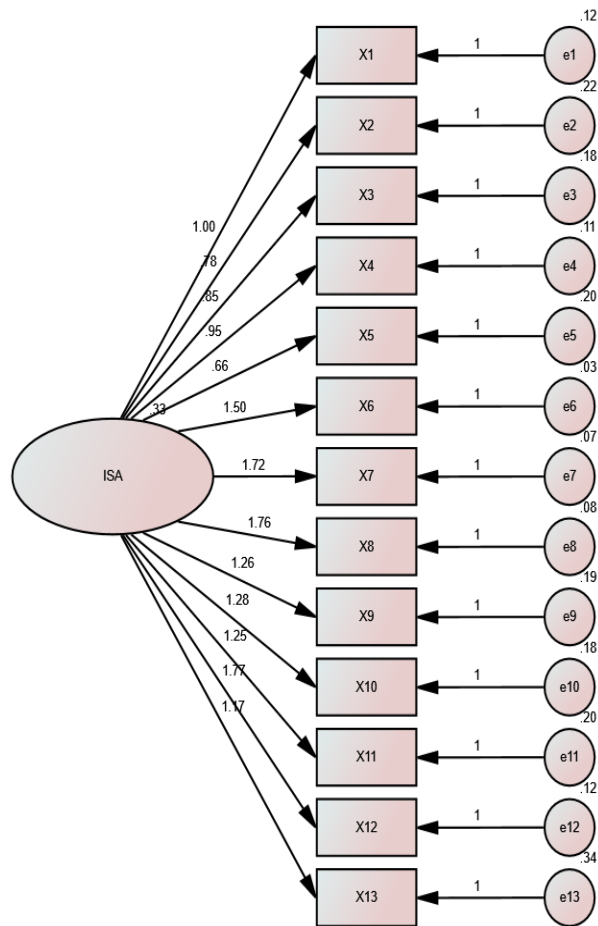


Figure 1. Structural Equation Model (Factor Analysis) of the ISA Requirement Variable

Source: Prepared by the researcher using the statistical programs SPSS v 26 and Amos v 26.

Through the above figure, it is possible to judge the validity of the questionnaire paragraphs because their value is greater than (40 .0) shown on the shares, which links the underlying variables with each paragraph of the scale, which showed that all conformity quality indicators for the variable of international financial reporting standards. Table (4) Conformity quality indicators for the variable of the requirements of the International Standards on Auditing (ISA)

			Estimate	S.E.	C.R.	P	Label
X1	<---	ISA	1.000				
X2	<---	ISA	.777	.062	12.594	***	
X3	<---	ISA	.846	.059	14.417	***	
X4	<---	ISA	.948	.054	17.673	***	
X5	<---	ISA	.659	.058	11.414	***	
X6	<---	ISA	1.505	.063	23.925	***	
X7	<---	ISA	1.719	.075	22.922	***	
X8	<---	ISA	1.757	.077	22.712	***	
X9	<---	ISA	1.264	.071	17.814	***	
X10	<---	ISA	1.279	.071	18.125	***	
X11	<---	ISA	1.255	.071	17.612	***	
X12	<---	ISA	1.769	.080	21.999	***	
X13	<---	ISA	1.174	.081	14.480	***	

Source: Prepared by the researcher using the statistical programs
SPSS v 26 and Amos v 26.

Through Table (4), it is possible to judge the validity of the questionnaire paragraphs because the values of (Estimate) are greater than (40.0) shown in Table (4), which links the latent variables with each paragraph of the scale, which showed that all the conformity quality indicators for the variable of the requirements of the International Standards on Auditing (ISA) were valued higher than (0.40).

3) Factor analysis of the variable of local accounting systems

The factor analysis of the variable of the local accounting systems was measured through 14 paragraphs and through Figure (2), it is possible to judge the validity of the statement of no value greater than (40.0) shown on the shares, which links the underlying variables with each paragraph of the scale, which showed that all the indicators of the quality of conformity of the variable of the local accounting systems.

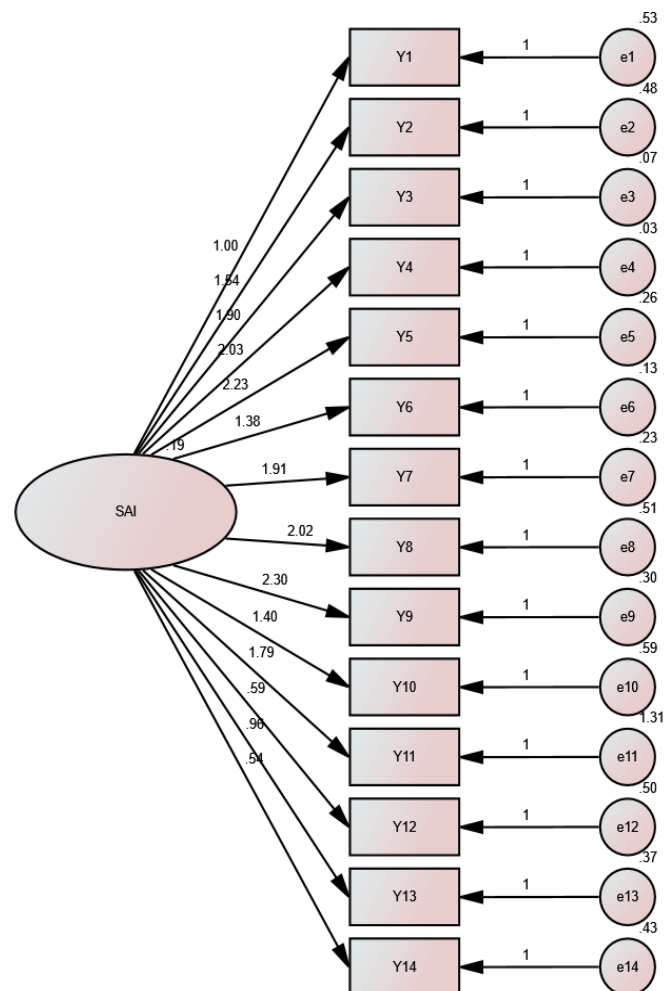


Figure (2) Structural equation model (factor analysis) of the variable of local accounting systems

Source: Prepared by the researcher using the statistical programs
SPSS v 26 and Amos v 26.

Table 5. Conformity quality indicators for the variable of local accounting systems

			Estimate	S.E.	C.R.	P	Label
Y1	<---	SAI	1.000				
Y2	<---	SAI	1.539	.202	7.636	***	
Y3	<---	SAI	1.902	.216	8.820	***	
Y4	<---	SAI	2.026	.227	8.923	***	
Y5	<---	SAI	2.235	.261	8.563	***	
Y6	<---	SAI	1.376	.163	8.437	***	
Y7	<---	SAI	1.908	.225	8.497	***	
Y8	<---	SAI	2.020	.250	8.076	***	
Y9	<---	SAI	2.303	.270	8.537	***	
Y10	<---	SAI	1.405	.196	7.177	***	
Y11	<---	SAI	1.792	.265	6.756	***	
Y12	<---	SAI	.590	.126	4.669	***	
Y13	<---	SAI	.961	.142	6.784	***	
Y14	<---	SAI	.536	.117	4.581	***	

Source: Prepared by the researcher using the statistical programs SPSS v 26 and Amos v 26.

Through Table (5), it is possible to judge the validity of the questionnaire paragraphs because the values of (Estimate) are greater than (40.0) shown in Table (5), which links the latent variables with each paragraph of the scale, which showed that all the conformity quality indicators of the variable of the local accounting systems had

Description of research variables

Table (7) presents a statistical description of the arithmetic means, standard deviations, the level of the answer and their importance to the research variables, as the variable of the requirements of the International Standards on Auditing (ISA) has an arithmetic mean of this variable (4.226) and a standard deviation (0.5873). This indicates that the agreement of the research sample on this variable was very high.

Table 7. Statistical description of the research variables

Relative importance	Answer Level	Standard Deviation	Arithmetic mean	Variable
08452	Very high	0.438	4.4408	Requirements of International Standards on Auditing (ISA)
0.8728	High	0.629	3.886	Local Accounting Systems

Source: Prepared by the researcher using the statistical programs SPSS v 26 and Amos v 26.

Hypothesis testing

1. Testing the first hypothesis

For the purpose of testing the first hypothesis, which states (there is a statistically significant relationship between the requirements for the application of the International Standards on Auditing (ISA)), and the development of the government accounting system in terms of presentation and disclosure), the responses of the sample members about the two variables were analyzed and the correlation relationship was measured using the SPSS V.26 program using the correlation test between the variables (Pearson) and the results were as in Table (8)

Table 8. Correlation matrix between the requirements for the application of the International Standards on Auditing (ISA) and the development of the government accounting system in terms of presentation and disclosure.

Variable		ASI
ISA	Pearson Correlation	0.749**
	Sig. (2-tailed)	.000
	N	255

Source: Prepared by the researcher using the statistical programs SPSS v 26 and Amos v 26.

The results of Table (8) showed that there is a significant correlation between the requirements of the International Standards on Auditing (ISA) and the local accounting systems, amounting to (0.749), which is a strong relationship and at a significant level (0.000). This indicates the interest of the Iraqi government units in applying the international auditing standards for the purpose of developing local accounting systems in the public sector. Government units should pay more attention to the application of international auditing standards in order to ensure the development of local accounting systems used in government units and then will be reflected positively on raising the level of accounting systems applied in these units. From the above, it is clear that the first hypothesis, which states: There is a statistically significant relationship between the requirements for the application of the International Standards on Auditing (ISA) and the development of the government accounting system in terms of presentation and disclosure.

2. Testing the second hypothesis

For the purpose of testing the impact hypothesis, which states that (there is a statistically significant impact between the requirements for the application of International Standards on Auditing (ISA) and the development of the government accounting system in terms of presentation and disclosure), the method of modeling the structural equation was used in the AMOS26 program for the purpose of verifying the validity of this hypothesis and is represented by the results of the test in Figure (4), which indicates the nature of the impact between the two variables. Table (10) shows the results of the simple regression test between the requirements for the application of international auditing standards and local accounting systems in Iraqi government units.

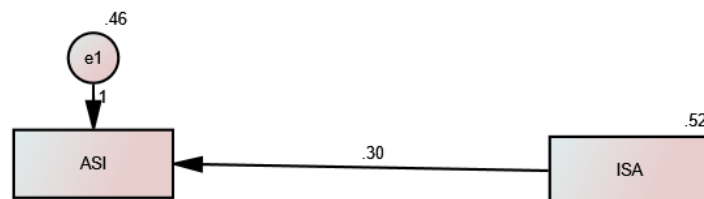


Figure 3. Structural equation to measure the impact of the requirements of the application of international auditing standards in the development of local accounting systems.

Source: Prepared by the researcher using the statistical programs SPSS v 26 and Amos v 26.

It is also clear from Table (10) that the value of (r^2) has reached (0.33), which means that the independent variable requirements for the application of international auditing standards is able to clarify (33%) of the changes that occur on the variable related to the development of local accounting systems in the Iraqi government units,

the research sample, and that (67%) is due to other variables that have not been used in this research. The critical value in Table (10) of (4.834) was greater than (1.96) and in terms of the significance value (P.value.) Which amounted to (0.000), and is less than (0.05), which indicates that the level of impact of the requirements of the application of international auditing standards in the development of local accounting systems in government units, the research sample, all of which increased the application of international auditing standards, reflected positively on the development of local accounting systems in government units. Based on the above, the third hypothesis can be accepted, which states that (there is a statistically significant effect between the requirements for the application of the International Standards on Auditing (ISA) and the development of the government accounting system in terms of presentation and disclosure).

Table 10. Standard model estimates of the impact of requirements for applying international auditing standards on the development of local accounting systems

Result	R2	P significance value	C.R. Critical value	S.E. Standard error	Estimate Impact value	Direct regression path		
Hypothesis acceptance	0.33	0.000	4.834	0.061	0.296	ASI	<--	ISA

Source: Prepared by the researcher using the statistical programs SPSS v 26 and Amos v 26.

In this research, an attempt was made to diagnose the challenges facing the requirements of the Isa standards in the government accounting system in Iraq through a comprehensive review of the literature and analysis of the interrelationships between the research variables. The research showed that there is a significant correlation between the requirements of International Auditing Standards (ISA) and local accounting systems, which is a strong relationship and at a significant level (0.000), and this indicates the interest of Iraqi government units in applying international auditing standards for the purpose of developing local accounting systems in the public sector. And that there is a need to train and qualify auditors and accountants in the government sector on Isa standards and apply them correctly and effectively. Governments must pay attention to this aspect, this research contributed in several ways.

1. The scope of application of the standards ipsas in the government accounting system, and their compatibility with Isa standards, the case of Iraq model
2. The factors most relevant to the cause and effect groups.

4. Conclusion

- a. There is a significant correlation between the requirements of the International Standards on Auditing (ISA) and the local accounting systems, amounting to (0.749), which is a strong relationship and at a significant level (0.000), which indicates the interest of the Iraqi government units in applying the international auditing standards for the purpose of developing local accounting systems in the public sector
- b. The independent variable, the requirements for the application of international auditing standards, is able to clarify (33%) of the changes that occur on the variable related to the development of local accounting systems in the Iraqi government units, the research sample.
- c. The research concluded that everything that increased the application of international auditing standards reflected positively on the development of local accounting systems in government units

- d. The research indicates that there is a need to work on modernizing and developing local accounting systems to be compatible with Isa standards. This will contribute to improving the quality of financial reporting and increasing.
- e. The research showed that there is a need to train and qualify auditors and accountants in the government sector on Isa standards and apply them correctly and effectively.
- f. Isa standards can contribute to improving financial disclosure and government accounts reporting in line with global best practices, and this can lead to attracting more investments and enhancing confidence in the national economy.

5. Recommendation.

- a. Government units should pay more attention to the application of international auditing standards in order to ensure the development of local accounting systems used in government units and then will be reflected positively on raising the level of accounting systems applied in these units
- b. It is necessary for governments to update local accounting systems to be compatible with ISA standards. This process must be comprehensive and well organized to ensure that the standards are applied effectively
- c. Continuous training and qualification should be provided to auditors and accountants in the government sector on Isa standards and how to apply them correctly. This helps them understand the differences between local and international standards and ensure the correct implementation of international standards
- d. It is preferable for supervisory bodies to follow up and monitor the application of ISA standards in the government sector and examine the quality of financial and accounting reports issued by government agencies
- e. International organizations and donors should be encouraged to support countries in improving and developing government accounting systems in accordance with ISA standards
- f. It is a must to improve communication and coordination between auditors and government agencies to ensure that the requirements of Isa standards are met and that financial transparency is achieved in the government sector

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