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The role of financial oversight in safeguarding public funds in Iraqi governmental institutions

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Abstract
Financial and administrative oversight is defined as the entity responsible for the performance of government departments. Administrative oversight is responsible for monitoring the performance of all departments, while financial oversight is responsible for managing, controlling, and regulating the movement of money. The Financial Oversight Department in Iraq is one of the long-established departments that originated with the establishment of the modern Iraqi state in 1920. It is observed that administrative and financial departments before 2003 were more capable of performing their duties. The entity responsible for financial matters in Iraq was represented by the "Iraqi Financial Audit Bureau." This was the situation before 2003, i.e., before the American occupation of Iraq. However, after 2003, other oversight departments were established by order of the occupying authority, which are.
1. Integrity Commission.
2. Office of the Inspector General.

Keywords: Oversight, financial oversight, administrative oversight, public funds, governmental institutions

Introduction
Financial and administrative oversight is of great importance in supporting supervisory institutions such as the Financial and Administrative Oversight Department in evaluating the performance of Iraqi governmental institutions. Financial and administrative oversight of administrative activities holds significant importance worldwide as it ensures the provision of the best services to citizens promptly, with minimal effort and cost. Therefore, countries around the world have paid special attention to oversight and have placed wide importance on it.
Since its establishment, the Iraqi state has relied on a single oversight body to carry out external oversight activities on administrative operations, originally known as the Office of the Comptroller. This oversight body evolved into the Financial Audit Bureau, expanding its jurisdiction in line with the development of administrative operations across various fields.
After 2003, Iraq witnessed significant administrative developments and a notable rise in administrative and financial corruption. This prompted the Iraqi legislature to address this issue by establishing multiple oversight bodies. The legislature enacted three laws, creating three oversight agencies: the Financial Audit Bureau, the Integrity Commission, and the Office of the Inspector General. From this perspective, we found that researching the role of financial and administrative oversight bodies is beneficial in mitigating the phenomenon of significant administrative and financial corruption and the resulting waste of public funds. This research follows a scientific plan to investigate issues affecting public funds and how to address them through the aforementioned oversight bodies.

1. Research Problem
Despite the concerted efforts of oversight bodies to combat financial and administrative corruption in Iraq through the establishment of specialized agencies for the prevention and control of this phenomenon, the problem persists. This indicates a malfunction or failure of these agencies to fully perform their duties, possibly due to various obstacles. Additionally, judicial authorities continually report an increase in corruption cases in Iraq.

2. Research Objectives
The researcher aims to achieve the research goal, considering it the most crucial element in scientific research. Since scientific research is an organized and purposeful activity, it is essential for the researcher to define the objectives they intend to achieve through their study. The present research aims to shed light on the financial and administrative oversight bodies in reducing the waste of public funds in Iraqi governmental institutions. It also seeks to clarify the concept of oversight bodies in combating corruption by defining their nature, formation, and highlighting their key characteristics and functions. Furthermore, it evaluates the role of these bodies, established by the Iraqi legislature, in combating this serious crime that all countries strive to combat and resist in various ways.

3. Research Hypothesis
The research is based on the hypothesis that the more effectively the oversight bodies, represented by the legislative authority, the Financial Audit Bureau, the Integrity Commission, and the Offices of Inspectors General, perform their positive roles in safeguarding public funds and investigating and combating financial and administrative corruption, the more such corruption will diminish and weaken within the state's institutions. Due to the serious manifestations of corruption and its negative impacts, new anti-corruption agencies were established. These agencies have contributed to providing successful solutions to this phenomenon, restoring trust between citizens and the administration or institution. The lack of trust had previously led to chaos and instability. To regain this trust, these agencies must reform institutions by upholding work ethics and combating all forms and manifestations of corruption. This, of course, requires enhancing the role of these agencies, especially in the financial and administrative sectors.

Chapter One: The Importance and Types of Oversight
Section One: The Concept and Importance of Oversight
To ensure that matters proceed as they should and to achieve the organization's goals, the importance of financial oversight stems from its role as a legal and financial control over financial, accounting, and administrative actions with financial implications. This includes various types of budgets within the organization, revenue and expenditure statements, and accounting records. The purpose is to ensure their compliance with rules, restrictions, standards, and financial authorities. Financial oversight also includes monitoring cash flow budgets, evaluating the organization's profitability and indebtedness, and overseeing administrative actions with financial implications that directly affect the organization's costs and profitability over a specified period.

In other words, financial oversight derives its importance from being a comprehensive system that requires the integration of legal concepts such as regulations and instructions with economic, accounting, and administrative principles and concepts. The ultimate goal is to safeguard the organization's funds and ensure their utilization in a manner that enhances the organization's efficiency, improves the effectiveness of its activities, and achieves its objectives.

Section Two: Types of Oversight
Discussing the types of financial oversight does not imply that each type operates independently on a practical level. Instead, this classification is based on the perspective from which financial oversight is viewed. Thus, financial oversight can be classified according to the time it is exercised and the position from which it is exercised, as follows:

1. Pre-Audit Oversight
This type of oversight aims to ensure the legality of financial actions before they are undertaken and adherence to financial commitments, such as oversight of cash handling procedures or the processes involved in disbursing or collecting funds. This type of oversight is known as directive or preventive oversight, as it aims to prevent errors before they occur.

2. Concurrent Oversight
Due to the complexity of administrative and operational processes in industrial and commercial organizations and the necessity of completing administrative tasks in a fast-paced and ever-changing world, especially in business environments, reliance on concurrent oversight has become imperative. Concurrent oversight is characterized by gradual and successive reviews of task execution and continuous comparison of actual figures with projected ones.

3. Post-Audit Oversight
From an accounting perspective, this type of oversight involves reviewing and examining financial records and accounting documents related to the disbursement and collection of funds, debt ratios, liquidity, capital turnover rates, inventory turnover, and rates of return on capital, among other metrics. The goal is to identify financial violations and the nature of errors made by executors. Additionally, this oversight involves reviewing the methods, procedures, and techniques used in the financial practices being evaluated.

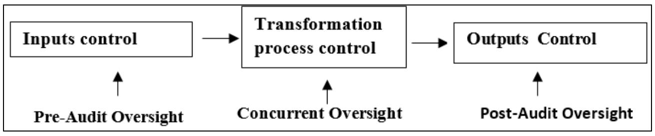

Table 1: Major Control Types by Timing

Chapter Two: Objectives and Standards of Oversight
Section One: Objectives of Oversight
Subsection One: Traditional Technical Objectives
1. Expressing a neutral technical opinion on the accuracy of the financial conditions and the results of the operations of the units subject to oversight. This opinion should be supported by strong evidence and proof regarding the true financial position and the accuracy of the business results at the end of the period.
2. Encouraging compliance with policies and administrative decisions and ensuring their proper implementation.
3. Verifying the accuracy of accounting data and the integrity of entries and figures recorded in the books and records. This includes assessing their reliability in preparing information and final reports, leading to informed decision-making.

4. Detecting errors, fraud cases, and working to reduce the chances of their occurrence by evaluating the effectiveness of internal financial control systems within the units. Strengthening these systems and enhancing their efficiency in achieving control elements and internal regulation.
5. Ensuring the adoption of modern planning, organizing, and monitoring methods and techniques.
6. Ensuring the adequacy of systems and identifying the authorities and responsibilities of employees in the units subject to oversight. This includes considering the administrative sequence to achieve proper information flow and create a cooperative environment among individuals and employees.
7. Discovering innovative practices and initiatives to encourage and support them, as well as rewarding those involved as a form of incentive.

Secondly: Strategic Objectives

1. Preserving assets and resources (assets) to ensure the protection of public funds and the preservation of the rights of stakeholders related to the unit under oversight.
2. Increasing efficiency to improve performance, enhance productivity, and suggest the best ways to achieve the objectives set forth in the established economic plans and policies.
3. Providing senior management of the organization with accurate and reliable information and reports to ensure compliance with what has been agreed upon regarding the budget. This entails using allocations for their designated purposes and collecting revenues according to established regulations and laws.

Second Requirement: Control Standards

The "International Standards of Supreme Audit Institutions (ISSAIs)" framework is the common standard for performance measurement in INTOSAI regions. It should be used as much as possible as a basis for defining good international practices for institutions when preparing a performance measurement framework. However, this framework does not cover all aspects of institutional capacities, meaning it does not address core regulatory functions, such as human resource management, for example. Where performance standards need to be adopted to develop indicators outside the scope of the "International Standards of Supreme Audit Institutions (ISSAIs)" framework, the framework should first consider other INTOSAI publications (such as guidance issued by the Capacity Building Committee of INTOSAI), and then secondly consider other international data on recognized good practices.

When defining indicators, the source of confirmation related to good international practice should be included. To ensure that the indicators are objective and concise, it is necessary to measure based on a limited number of key characteristics derived from the relevant standards within the International Standards of Supreme Audit Institutions (ISSAIs). Simply stating that "the institution has implemented standard number X of the International Standards of Supreme Audit Institutions (ISSAIs)" would make the indicators ambiguous and make tracking performance changes over time impossible, considering that each standard within these international standards includes multiple characteristics and it is likely that many institutions have implemented some characteristics of the international standard but not all of them.

One common challenge in developing performance measurement systems is that institutions cannot be held accountable for matters outside their control. However, it is known that the effectiveness of an entity is closely linked to the effectiveness of other parts of the public financial management system, such as legislative scrutiny of external audit reports. Yet, the practical aspect is not without its ambiguities, including foundational factors like the legislative framework and significant outcomes that are not within the control of the entity but may seek to influence, or external constraints that may alter the way the entity pursues its objectives. Such issues affecting the entity's performance should be measured. However, it must be clarified to what extent these factors fall within the entity's control or influence.

Another challenge is when the entity is part of a system with shared goals, such as tax compliance and accountability to citizens. While the final outcomes and impact desired by the entity may be measurable, the extent to which the outcomes can be attributed to the entity may vary and may not be measurable. Therefore, while it is important to consider the entity's contribution to the ultimate impact, the performance measurement framework should not seek to attribute impact solely to a single institution.

The framework for measuring agency performance should address such issues by adopting the following approach

1. A set of standard performance indicators based on the agency's performance and attributed to the agency, but linked to the agency's environment.
2. A set of standard performance indicators based on the agency's capacity, falling within the direct control of the agency.
3. A set of standard performance indicators based on the agency's environment (institutional factors such as independence and legal framework) distinctive to the agency but subject only to the agency's indirect influence.
4. A section in the descriptive report on the agency enabling an understanding of factors critical to the agency's performance but not measurable.
5. A section in the descriptive report about key aspects of the performance measurement system relevant to the agency's effectiveness but largely beyond the agency's sphere of influence.
6. A brief qualitative assessment of the agency's potential contribution to achieving high-level impact.

Seeking to ensure that the performance measurement framework is as suitable as possible for each individual agency, participants agreed that while the "International Standards of Supreme Audit Institutions (ISSAIs)" largely outline good practices, the performance measurement framework should aim to measure to what extent the agency fulfills its mandate. For example, while the ISSAIs indicate that agency reports should be timely, they do not specify what "timely" means. Therefore, where the agency's jurisdiction or any other national laws define deadlines for submitting audit reports, the performance measurement framework should measure the actual submission of reports in relation to the agency's jurisdiction. Evaluation of the agency should not be based on a uniform set of international standards unless the legal framework of the agency does not specify specific deadlines.

Participants agreed on the need to avoid duplicating or overlapping indicators to prevent the assessment of the strengths and weaknesses of the agency positively or negatively twice. For example, the first indicator, number 8 (in the field "B" related to "Independence and Legal Framework"), measures the extent to which the agency's jurisdiction is sufficiently broad. If the agency does not have jurisdiction to perform certain types of audits, it should not be assigned a negative assessment mark (i.e., "non-compliance") for not conducting such audits within the "Performance Area" (Field "A").

In such cases, the assessment mark assigned to the "Performance Area" would be "N/A" (not applicable), with the reason (lack of jurisdiction) clarified in the descriptive report. All agencies measure and report their own performance, and the indicators enable them to do so. To prove their value and benefits and provide the basis for continuous improvement, agencies need suitable indicators for their self-assessment (i.e., tailored). Therefore, not all indicators need to be standard. However, all agencies share the supportive vision of implementing the "International Standards of Supreme Audit Institutions (ISSAIs)," which provide a common scale for performance evaluation. Moreover, standard international indicators serve as a globally disseminated means to reduce the need for all agencies to develop their own performance indicators. Therefore, there are benefits derived from developing some standard indicators wherever possible.

At both the international and regional levels, INTOSAI bodies need the ability to persuade external stakeholders that agencies are continuously improving. On the other hand, INTOSAI bodies undertake regional and international capacity-building activities, which require standardized data on capacity-building needs at both the regional and international levels. The need for data at the international and regional levels is less detailed than that related to the agency's level. Here, too, there is a need to develop some standard indicators that include both the agency's outcomes and its impact, as well as the structures and pathways that facilitate achieving those outcomes.

Assessment marks for the indicators will be assigned using a numerical scale from 0 to 4, following the practices endorsed by the English-speaking AFROSAI Group. Generally, the assessment marks should align with the agency's growth level according to the capacity models adopted by INTOSAI. The chart below provides simplified definitions of agency growth levels, based on the model developed by the English-speaking AFROSAI Group. One notable feature of this model is that member agencies in this group generally aim to reach level 3 in their initial growth stage, meaning that the agency's capabilities are available, and it operates according to the "International Standards of Supreme Audit Institutions (ISSAIs)" requirements, but there is still room for further improvement. When an institution reaches level 3, it can progress to level 4 by upgrading its performance, providing value-added services, and evolving into a learning-oriented institution with a forward-looking perspective. Therefore, it is proposed to include a single, higher level that exceeds the requirements of the "International Standards of Supreme Audit Institutions" and recognized good international practices. At this stage, level 5 will not be included in the framework for measuring agency performance, but the possibility remains open to add this level in the future.

Topic Three: Difficulties and Phenomena Facing Financial Control in Preserving Public Funds

First Requirement: Difficulties Facing Control

Functional organizational financial corruption is linked to the violations committed by public employees during the performance of their duties, which harm the work and its regularity. These violations include lack of commitment to work hours, attendance, and departure times, wasting time receiving visitors, moving from one office to another, or performing personal tasks. They also involve avoiding work, negligence, irresponsibility, disclosing job secrets, and other forms of corruption related to the personal conduct of the employee in the workplace. This includes committing acts contrary to decency in the workplace, substance abuse, harming the public interest, soliciting gifts or commissions, engaging in outside work without permission, exploiting one's position for personal gain at the expense of the public interest, practicing social nepotism by favoring relatives, friends, or acquaintances in appointments, and engaging in political nepotism, which extends beyond selecting political loyalists to punishing and fighting political opponents or independents by depriving them and even dismissing them from public jobs, without considering their competence or management skills. The spread of favoritism and nepotism has resulted in unqualified, incompetent, and dishonest individuals occupying public positions and senior positions, violating the laws and financial regulations governing the administrative and financial activities of the state and its institutions. This includes exploiting public positions to achieve personal interests and the phenomenon of extravagance in using public funds, which takes various forms, with the most prevalent being the squandering of public funds. Moreover, holders of high-ranking positions in most developing countries often exploit their positions to gain financial benefits and eventually transform into businessmen or commercial partners alongside their governmental duties. They divert their attention to finding ways and means to increase their wealth at the expense of focusing on development programs and achieving welfare and satisfaction for their country's citizens. Corruption manifests in various forms and shapes and acts as a stumbling block in the path of financial and administrative reform for the following reasons:

1- Reasons Related to Public Administration: The significant impact of general administration malfunction on the spread of administrative corruption lies in the lack of precise delineation of duties and responsibilities in government entities, complex procedures, weak internal controls in government agencies, and the absence of linking salaries to competence and integrity, as well as the lack of transparency in the process.

2- Low Salaries and Wages: The decrease in salaries and wages in the public sector and the rise in the cost of living are among the main and fundamental reasons for corruption. The inadequacy of salaries to meet demands has created an environment conducive for some workers to seek alternative financial sources, even if through unethical means. This situation leads to negative outcomes, such as willingness to accept bribery, embezzlement, fraud, deception, and misappropriation of public funds.

3- Shortcomings in Law Enforcement: Having legislation, laws, and regulations is an urgent necessity imposed by the requirements of achieving the public interest in terms of organization, regulation, and accountability. These legal frameworks are inspired by divine revelation, heavenly books, the practices of prophets, and the experiences of nations, including provisions for punishing all perpetrators of crimes, regardless of their nature, if proven guilty.

Conversely, the failure and laxity in enforcing punishment inevitably lead to an increase in crime rates. If wrongdoers are not punished, the situation worsens due to the absence of deterrents. Those inclined toward crime find it easier to act, and individuals with weak morals and lacking conscience adopt it as their path, thereby exacerbating the issue.

Consequently, the principle of impunity spreads, and public funds are plundered. Sometimes, for unknown reasons, punishment is not applied to wrongdoers. Even worse, the corrupt are rewarded with another position elsewhere, transferring their misconduct and administrative corruption. All of this weakens morale and exploits positions for nefarious purposes. Because the law has become an instrument that can be manipulated according to their interpretation. As a result of the foregoing, corruption proliferates, loyalty to the objectives of the institution diminishes, and this may lead the public to adopt twisted behavioral norms in line with the deteriorating conduct of the state apparatus. As a result, the public loses faith in the state's justice and puts pressure on employees through various means to deviate from the right path. Additionally, employees fear the tyranny of politicians.

Second Requirement: Phenomena facing financial oversight

First: Money laundering phenomenon

The leakage of illicit money abroad leads to a decrease in the savings rate in the originating country, meaning that these funds are not directed towards investment channels within the country. The result is a decrease in the savings rate in local banks and financial institutions. One of the repercussions of leaking money abroad is a deficit in the balance of payments due to the inability of local savings to meet investment needs. Most of these funds will be directed towards luxurious consumption, such as purchasing jewelry, valuable artifacts, and extravagant homes that do not represent real investment in the national economy since these savings came without significant effort.

Regarding investment, the most dangerous consequence of illicit earnings is the transfer of economic power in the country to criminal gangs due to the concentration of investment capital within the country in the hands of thieves. These funds are then transferred to a dominant political force that controls all the country's resources. The transfer of these funds to criminal gangs enables them to outcompete legitimate institutions, leading to their expulsion from the market and consequently weakening national investment in productive projects. Alternatively, investments may be directed towards non-productive marginal sectors because the owners of these funds are not concerned with the economic feasibility and social benefits of any investment. Instead, they focus on finding cover for employing funds that allow for their legitimacy, thereby corrupting investment.

Examples include what the governor of Baghdad announced, stating that there are nine thousand dormant or fake projects in the investment sector, valued at 226 trillion dinars. The completion rates of these projects are 15%, some 10%, and others 4%. However, 60% of these amounts have been spent on these projects. He added that if these embezzled amounts were spent on Baghdad, its landmarks and the infrastructure of Iraq would have been built.

As for foreign investment, the presence of illicit money deprives the country of many benefits. This investment represents a real and cash transfer of foreign capital, technology, and technical knowledge, leading to the creation of economic assets with added value that should bring economic benefits. It provides opportunities for construction, urbanization, public facilities, and infrastructure.

Regarding how illicit money hinders both local and foreign investment and weakens the government's efforts to attract these investments, bribes and commissions paid to corrupt state employees represent a cost to the investor, whether local or foreign, to obtain the required service. Since these paid amounts as bribes represent taxes added to the cost of producing the goods, the investor will be forced to manipulate the specifications, affecting the quality of the product or service, as well as increasing its costs and prices in the markets.

Economically, theft and suspicious bribes, along with deteriorating security, have renewed fears among Iraqis in general, and investors and traders in particular, threatening the investment environment. This hinders the return of Iraqi capital and the entry of foreign capital into the country to contribute to the reconstruction process, as well as disrupting the work of the National Investment Commission. Bank robbery operations have dealt a blow to the government's efforts to present a different image of Iraq and open the door to investment for major companies.

The negative effects of bank robbery operations, which are supposed to enjoy the highest levels of protection, extend beyond investment disruption to undermining the confidence of capital holders in the safety level of banks. This has led to the flight of their capital abroad and the instability of cash markets, weakening the value of the local currency and consequently the purchase of foreign currency and its saving in banks outside the country. This constitutes a disruption in one of the most important economic links for investment success.

The misuse of power, exploitation of position, and profiteering from public office should not be overlooked, nor should arbitrary use of the law by using the official's right to achieve a legitimate interest, which ultimately damages and steals public funds. Through this method, they seized (28) presidential palaces valued at (20) billion dollars, and their occupation of these premises deprived the opportunity for investment and benefiting from public property.

As part of the government's reform campaign, Prime Minister Haider al-Abadi revealed (50,000) fictitious jobs, where officials and military leaders seized the salaries and allowances of these ghost employees. Corruption has also extended to humanitarian files such as the displaced persons file, estimated at (10 billion Iraqi dinars).

However, one of the most dangerous forms of corruption, spreading like cancer in the Iraqi government institutions, is the one that has reached the judiciary, which has been accused of favoritism towards politicians. Judges, officers, and employees in the Ministry of Justice and prisons are receiving bribes from detainees and prisoners in exchange for facilitating or closing their cases, negotiating changes to verdicts, or delaying the release of those who have orders for their release or detainees without specific legal charges.

Second: Difficulty in Controlling Resources, including

A. Impact on Performance Efficiency: Illegitimate acquisition of public funds negatively affects the performance efficiency of government agencies, infrastructure effectiveness, and productivity. This leads to stagnation and hindered development, contributing to increased poverty, crime rates, and underdevelopment due to the embezzlement of most financial resources, which end up in the pockets of the beneficiaries. In Iraq, these funds encompass various aspects, such as social benefits allocations for senior officials, including the theft of state tax revenues that usually end up in the pockets of the tax collectors. Even public trust funds have not been immune to exploitation by employees for trading and profiteering in real estate.

This corruption has led to a decline in productive economic sectors due to weak savings and investment, consequently allowing foreign products to dominate local markets. Accompanying this is an increase in costs borne by the government due to the prevalence of embezzlement and the spread of money laundering activities. This implies additional financial burdens for the government to maintain security as one of the fundamental pillars of welfare and development. All of this has resulted in decreased efficiency among workers in various sectors, such as the industrial sector, which used to constitute 60% of the GDP and employ 18.7% of the total workforce in Iraq. Instead of contributing to increased foreign currency reserves, hindering the tourism sector due to the mismanagement of the country's resources has led to significant losses in revenue for this sector, which constitutes more than 80% of the national income in some countries.

B. Impact on Consumers: The effects of embezzlement exacerbate the suffering of consumers due to the inefficiency of the economy and the uncertainty faced by consumers and producers. The direct increase in production costs due to bribes paid to government officials shifts the burden of these costs to the ultimate consumer of the goods or services produced, leading to price increases in the market to compensate for the paid bribes. The government and national economic sectors may also bear these costs if they purchase these goods. If consumers seek to import goods from abroad, this leads to increased demand for foreign currency and a depreciation of the domestic currency, adding to the national economic woes.

C. High Inflation Rate: The influx of illicit money into markets in large quantities contributes to the creation of a new cash flow that puts pressure on the available liquidity disproportionate to the supply of goods and services produced. This leads to monetary inflation and price hikes, the effects of which are borne by consumers of these goods, exacerbating poverty for the poor and increasing wealth for the rich. The Iraqi economy has witnessed numerous increases in the overall price level since 1980 until the present time. Before the 1970s, the Iraqi economy did not experience any type of inflation due to economic stability, availability of oil revenue, and somewhat stable prices. However, it has gone through various types of inflation almost continuously, ranging from creeping to hyperinflation, due to deteriorating economic conditions resulting from the First Gulf War, the Second Gulf War, economic sanctions, and occupation.

This paragraph will be divided into two parts to allow the researcher to analyze price trends in the Iraqi economy more accurately. Despite the significant negative repercussions of the First Gulf War on the Iraqi economy, the inflation rate during that period was not considered high compared to what the Iraqi economy experienced during the period 1990-2002. This is because Iraq relied on crude oil revenues to cover its general expenses. Therefore, the decline in oil revenues, due to the halt in crude oil exports and the freezing of Iraqi balances in foreign currency, had a compounded negative impact on the Iraqi economy amidst the continuous budget deficit. These factors deepened the emergence of inflationary gaps and economic imbalances, manifested by a decrease in aggregate supply against a rising demand volume. These reasons led to the phenomenon of hyperinflation alongside widespread unemployment (stagflation) and other negative phenomena that exacerbated the imbalances in the Iraqi economy. There was a sharp and continuous increase in prices as a result of the state's reliance on financing its general budget through the issuance of new currency to fund extensive government spending, which increased after the imposition of economic sanctions. The state also implemented a support policy to provide items for the ration card, as mentioned earlier, in addition to the necessary financing for the reconstruction of what was destroyed by the Second Gulf War. The government continued to follow a deficit financing policy, and this financing increased to meet the requirements of public spending, with other financing means diminishing. This reinforced the deficit situation and the increase in the surplus of cash in circulation, leading to a decrease in the value of the Iraqi dinar and a shortage in aggregate supply to meet aggregate demand, widening the scope and size of the inflationary gap, as illustrated in Table (4).

Table 2: Evolution of the Consumer Price Index in Iraq for the Period (1990-2009)

Years	Consumer Price Index 1993=100 (1)	Annual Inflation Rate (2) (%)
1990	6.3	-
1991	17.7	181.0
1992	32.5	83.6
1993	100	207.7
1994	548.5	448.5
1995	2872.9	423.8
1996	2242.1	22.0-
1997	2759.2	23.1
1998	3166.7	14.8
1999	3565.0	12.6
2000	3742.5	5.0
2001	4355.3	16.4
2002	5196.6	19.3
2003	6943.5	33.6
2004	8815.6	27.0
2005	12073.8	37.0
2006	18500.8	53.2
2007	24205.5	30.8
2008	24851.3	2.7
2009	24155.1	2.8-

The annual inflation rate was calculated according to the following formula:

$$INF = \left(\frac{CpI_t}{CPI_{t-1}} - 1\right) \bullet 100$$

Therefore: INF represents the annual inflation rate. CPI t represents the Consumer Price Index for the current year. CPI t-1 represents the Consumer Price Index for the previous year.

It is noted that the Consumer Price Index has increased from 6.3 points in 1990 to 5196.6 points in 2002, showing an increase of 5190.3 points with an average annual inflation rate of 117.8%. This indicates a significant and high-level price increase, reflecting the high inflation rate experienced by the Iraqi economy during this period.

Additionally, the annual inflation rate fluctuates during this period, ranging from increases to decreases. While it reached 181.0% in 1991, it increased to 448.5% in 1994, decreased to 5.0% in 2000, and then rose again to 19.3% in 2002 for the aforementioned reasons. The reasons for this increase in the general price level, reflected in significant increases in the annual inflation rate, can be observed by looking at the Consumer Price Index components, particularly food items, which constitute the largest portion of the consumer basket. Appendix (1) shows that the Consumer Price Index for food items has increased from 5.1 points in 1990 to 3587.5 points in 2002, indicating a significant development for this group, similar to other components.

As for the implicit deflator of the Gross Domestic Product (GDP) for the period 1990-2002, a significant and clear increase can be observed. It is noted that the implicit deflator of the GDP increased from 7.3% in 1990 to 3863.8% in 2002, with an increase of 3856.5% and a growth rate of 52828.8%. This confirms the rampant inflation experienced by the Iraqi economy during that period due to the reasons mentioned earlier (economic sanctions, decreased supply of goods due to weak production sectors, and increased overall effective demand), which negatively impacted the general price level.

Regarding the import price index, it witnessed an increase during the years 1993-1996, as observed from Table (4), then subsequently decreased to 27.2 in 2002. The reason for this is attributed to the external sanctions imposed on Iraq due to the economic blockade on imports and the cessation of crude oil exports, which constitute the primary source of foreign currency. This led to the depletion of foreign currency reserves, resulting in a decrease in imports that contribute to filling the shortage of some goods in the domestic market, in addition to the significant impact on obtaining capital resources that are essential for building productive sectors and attempting to fill the existing supply gap in the Iraqi economy. Furthermore, there was an increase in the global inflation rate during that period, which is reflected in the import price index.

The implicit deflator of the Gross Domestic Product was calculated according to the following formula:

$$The\ implicit\ deflator = \frac{GDP\ at\ current\ prices}{GDP\ at\ constant\ prices} \times 100$$

Table 3: Evolution of Import Index in Iraq for the period (1990-2009) (base year 1993)

Years	Import Index (1)	Annual Rate of Change (%) (2)
1990	44.0	-
1991	52.9	20.2
1992	52.8	0.2-
1993	100	89.4
1994	123.3	23.3
1995	107.1	13.1-
1996	78.8	26.4-
1997	45.8	41.9-
1998	34.6	24.4
1999	37.0	6.9
2000	36.5	1.3-
2001	29.0	20.5-
2002	27.2	6.2-
2003	-	-
2004	-	-
2005	0.76	-
2006	0.58	23.7-
2007	0.27	53.5-
2008	0.75	177.8
2009	0.10-	113.3-

H. Impact on Foreign Currency Reserves: Iraqi banks and commercial institutions, especially the Central Bank of Iraq, engage in buying and selling of local and foreign currencies, or vice versa, or foreign currencies against each other. The selling of foreign currencies in the Central Bank is negatively affected by the decrease in the purchasing power of the local currency, as well as external loans and aid. This market is highly sensitive to economic and political conditions, increasing investment risks. Consequently, there has been an increase in the sale and purchase of foreign currency due to increased imports of non-essential or economically beneficial goods, as well as rampant corruption. The Central Bank of Iraq has followed a distorted and inconsistent policy amid the financial crisis and declining oil prices. Selling currency did not correspond to imports of goods and services or genuine movement of funds. Even if imports did occur, they often included low-quality goods that did not meet societal needs or interests, whether consumable or productive for investment purposes. Many traders engaged in paper imports only, in agreement with corrupt bankers and financial institutions, benefiting from the currency spread between the foreign currency received from the bank, originally allocated for imports, and the price paid by exchange offices and brokers from private banks that thrived on corruption and embezzlement of public funds through arbitrary use of the law. All of this resulted in fluctuations in currency exchange rates and increased anxiety among investors, traders, businessmen, and individuals who could not rely on their investments or sign import and export contracts due to these price fluctuations and the depreciation of the Iraqi dinar against currencies, particularly the US dollar, which is widely used in financing trade and external payments, as well as being the payment currency in international oil trade. One negative effect of the policy of the Central Bank of Iraq is that it sold more foreign currency than Iraq's imports for the year 2015. The other partner in the corruption process is exchange offices, which benefited more than $400 million from the differences in buying and selling operations, not to mention the involvement of political entities behind fictitious import operations as a manifestation of administrative corruption.

I. Oil Smuggling and its Derivatives: Oil smuggling refers to the use of illicit methods to divert quantities of products prepared for governmental or civil entities and sell them to smuggling networks for the purpose of exporting them abroad or dumping them in the black market, and engaging in manipulation of imported or exported quantities or paper imports. It is an economic crime that results in sabotaging the security and economy of the country.

Former Deputy Chairman of the Integrity Commission, Judge Musa Faraj, stated that Iraq lost $250 billion in the years following the fall of the regime. He further explained that oil smuggling in Iraq occurs at a rate of 300,000 to 500,000 barrels per day, calculating the price of a barrel at the minimum to estimate Iraq's losses at a minimum of $7.2 billion annually. He stated that Iraq lost at least $45 billion from crude oil smuggling alone during the first five years of occupation, and another $45 billion from oil derivatives. Additionally, around 600 million cubic meters of gas are burned annually without utilization, and 441 oil wells out of 1041 productive ones are exploited. There's an export capacity of 4.2 million barrels, of which less than half is utilized. Judge Musa Faraj revealed that the General Secretariat of the Council of Ministers has become the most dangerous hotspot for corruption in Iraq after the Economic Affairs Committee, headed by the Deputy Prime Minister, was dissolved, and its powers were transferred to the Secretariat. Most of the major contracts, such as purchasing aircraft for billions of dollars or contracting for other projects, are concluded through it, and the Integrity Commission is not allowed to access or investigate them. He considered the formation of an anti-corruption council as a theft of the tasks and powers of the Integrity Commission. Transparency International for the year 2014 confirmed that Iraq ranked 170th on the relevant index, preceding Sudan, which has remained at the bottom of the ranks in recent years, competing with Somalia and Afghanistan, where there are no stable systems, as well as North Korea.

Chapter Four: Necessary Steps to Activate the Role of **Oversight:** To activate the role of financial and administrative oversight, several steps must be taken in the oversight process for the purpose of improvement and activation of oversight role as follows.

First: Following the Basic Stages of Oversight

Oversight Process

Oversight systems vary due to differences in objectives, purposes, and positions. Therefore, there is no optimal oversight system that can be used in all areas. However, it can be said that such systems generally follow a set of basic steps.

Second: Oversight Operational Steps

The basic process used in oversight is illustrated in Figure (3), and this process consists of a set of steps.

Oversight Process

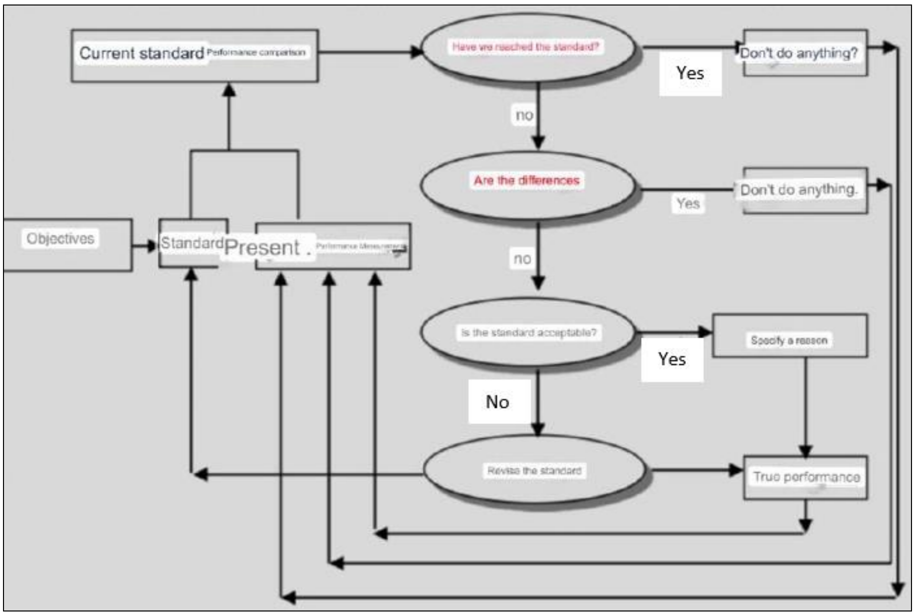

Fig 1: Of the researcher's work utilizing the literature of the study.

Thirdly, establishing regulatory standards: The first step in the regulatory process, previously identified in the planning process. These standards clarify the set of measures used to assess performance, in addition to evaluating the behavior of the individual associated with this performance. For example, the criteria may be based on product quality or on the effectiveness through which services are provided. The criteria may reflect the nature of specific activities necessary to achieve the organization's goals, such as arriving at work on time, following safety laws, and regulations. They may consist of a set of ethical guidelines governing the nature of the investment the management intends to undertake. In general, standards serve three main purposes related to the behavior and actions of employees:

A. They help employees understand and realize what the management expects from them, and clarify how their work will be evaluated, motivating them to perform their duties effectively and efficiently.
B. They serve as a basis for researching, investigating, and identifying job-related difficulties or functional obstacles, such as deficiencies in capabilities, training, experience, or any limitations that may impede an

employee's performance. Thus, identifying job obstacles, or what is known as functional incapacitation, may enhance the management's role in detecting and correcting deviations before they become more serious and difficult for management to address.

C. They help mitigate the impact of conflicting goals between employees and management, leading to increased accident rates, increased theft rates, increased loss rates of raw materials, and increased machinery and equipment malfunctions.

Chapter Five: Conclusions and Recommendations

First: Conclusions

1. The research results have shown that there is a multiplicity and diversity of corruption cases due to the weakness of regulatory bodies and the dominance of nepotism over them, in addition to the lack of scientifically and practically qualified personnel.
2. The dissemination of an anti-corruption culture and global awareness in combating it is one of the important methods and preventive means in fighting corruption. It brings countries together and leads them to provide the best means and mechanisms to limit it because they will realize the seriousness of this disease and have no choice but to provide the remedy through international cooperation via international agreements, turning them into domestic laws upon the approval of the countries.
3. Fighting corruption is not limited to the integrity body, and there must be cooperation from all government entities, civil society organizations, the fourth authority, and various print and broadcast media.
4. Citizens should have a role in combating corruption by reporting administrative and financial corruption crimes and encouraging citizens to be a positive element in fighting corruption, especially bribery crimes.
5. One of the most important problems facing regulatory bodies is the lack of coordination and information exchange between them.

Second: Recommendations

1. Developing human resources at the Federal Financial Control Bureau according to a new strategy capable of examining and achieving the objectives of government units.
2. Unifying regulatory bodies into one comprehensive regulatory authority responsible for overseeing all government institutions and bodies.
3. The necessity of cooperation of all government entities with regulatory bodies in developing governmental and institutional performance.
4. Focusing on increasing public awareness of the seriousness of corruption and the importance of combating it, instilling ethical values, and promoting religious awareness through various media, educational, cultural, seminars, and lectures.
5. Holding training courses for state employees in the public and private sectors, especially new employees, to familiarize them with the contents of the Code of Conduct, as well as earnestly seeking specialized courses for employees according to their specialties.
6. Expanding international cooperation and second international agreements between countries in the field of information and experience exchange, and asset recovery.
7. Establishing effective mechanisms for monitoring and addressing observations and implementing recommendations provided in regulatory bodies' reports.
8. Promoting regulatory awareness, transparency, integrity, accountability culture, and allowing the work of regulatory committees in parliament.

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