

The Importance of Studying and Diagnosing the Key Challenges Caused by an Ineffective Information System While Completing the Assigned Accounting Tasks by the National Accounting Staff

Ali Qasim Hasan AL- Obaidi^a, Amal Mohammed Salman^b, ^aAccounting and Financial Control Department, College of Business Economics, Al-Nahrain University, Baghdad, Iraq, ^bAccounting Department, College of Administration and Economics, University of Kerbala, Kerbala, Iraq, Email: alialobidi633@gmail.com, Imal_ma89@yahoo.com

This article deals with the major problems faced by the local accounting personnel in the Republic of Iraq, which hinder the process of developing the accounting profession. It mainly contributes to the provision of an integrated theoretical and practical framework that fulfils the main objective of the article. It is represented by diagnosing and analysing these problems and by clarifying the role of the professional accounting bodies and associations within the country to overcome those obstacles that govern the accounting practices and applications at the academic and professional level. This article has reached a number of conclusions and recommendations which contributed testing the hypothesis of the study by offering a range of solutions to solve these problems and leading to the development of the accounting profession at the local and international level.

Key words: *Accounting challenges, Accounting professional boards, National accounting practices, Accounting information system, local accounting staff, Iraqi Accounting Standards Board.*

Introduction

The recent developments that occurred in the international business environment and the large expansion of all economic activities at the local and global levels have greatly affected the accounting staff role. The accounting community of the Republic of Iraq is no exception. Their tasks have become increasingly difficult and complex, as they require a rapid response to the changes that are occurring at both the local and international level. The Iraqi national accounting staff, despite being familiar with most international and local accounting standards and practices, have growing pains within the accounting profession. Fundamental changes related to the accounting systems, regulations and laws governing the accounting practices in Iraq are much needed.

Following the Root Cause Corrective Methodology (RCCM), this study identifies the significant and the challenges that have emerged due to the changing local and global business and economic climate. Then it offers a comprehensive set of recommendations and solutions to best tackle the situation and modify accounting processes. The author believes that this study can be vastly beneficial to National Accounting Boards and business organisations within the country in preparing the accounting profession for the local and global challenges.

Chapter 1: Research Methodology and Previous Studies

Research Methodology

The Research Problem

Over time, the national accounting staff in Iraq has contributed to solving a multitude of problems and constraints associated with the accounting practices at the local level. Likewise, the National Accounting boards, councils and associations have also issued several sets of local accounting guidelines and standards, which have helped to reduce the pain of accounting professionals and have been helpful in attaining some compliance with international accounting standards. Yet a serious effort to comprehensively understand and resolve the issues faced by the local accounting professionals and attain full compliance with the international accounting standards, has been lacking. Thus, these previous efforts undertaken whether by accountants themselves or by the various accounting boards, etc. have remained ineffective.

Research Hypothesis

The research hypothesis states "The study and diagnosis of challenges facing the accounting profession, the duties of local accountants in the Republic of Iraq, as they seek to provide the

solutions proposed about them as an information system, will contribute significantly to obtain a group of positive results, including achieving the highest level of compatibility with the applications and practices of accounting in developed countries and facilitate the task accounting staff in carrying out their work for business organisations within the country in the best possible way."

Research Objectives

The research objectives can be grouped into the following broad categories:

- The main aim of the research is to provide an integrated conceptual framework for identification of the most important challenges and problems that creates obstruction in the development of the accounting profession and hinders accomplishing the tasks of local accountants in the Republic of Iraq.
- Gain familiarity with the accounting and business methodologies and approaches used by developed countries which have dealt with similar challenges in the past, learn from them, and use that learning for adaptation by the Iraqi accounting professionals and businesses.
- Test a hypothesis of a causal relationship between accounting challenges and the process of developing the accounting profession in the country.
- Based on the investigative analysis, propose a set of recommended corrective solutions and best practices as an information system for resolving the local Iraqi accounting problems.

The Importance of Research

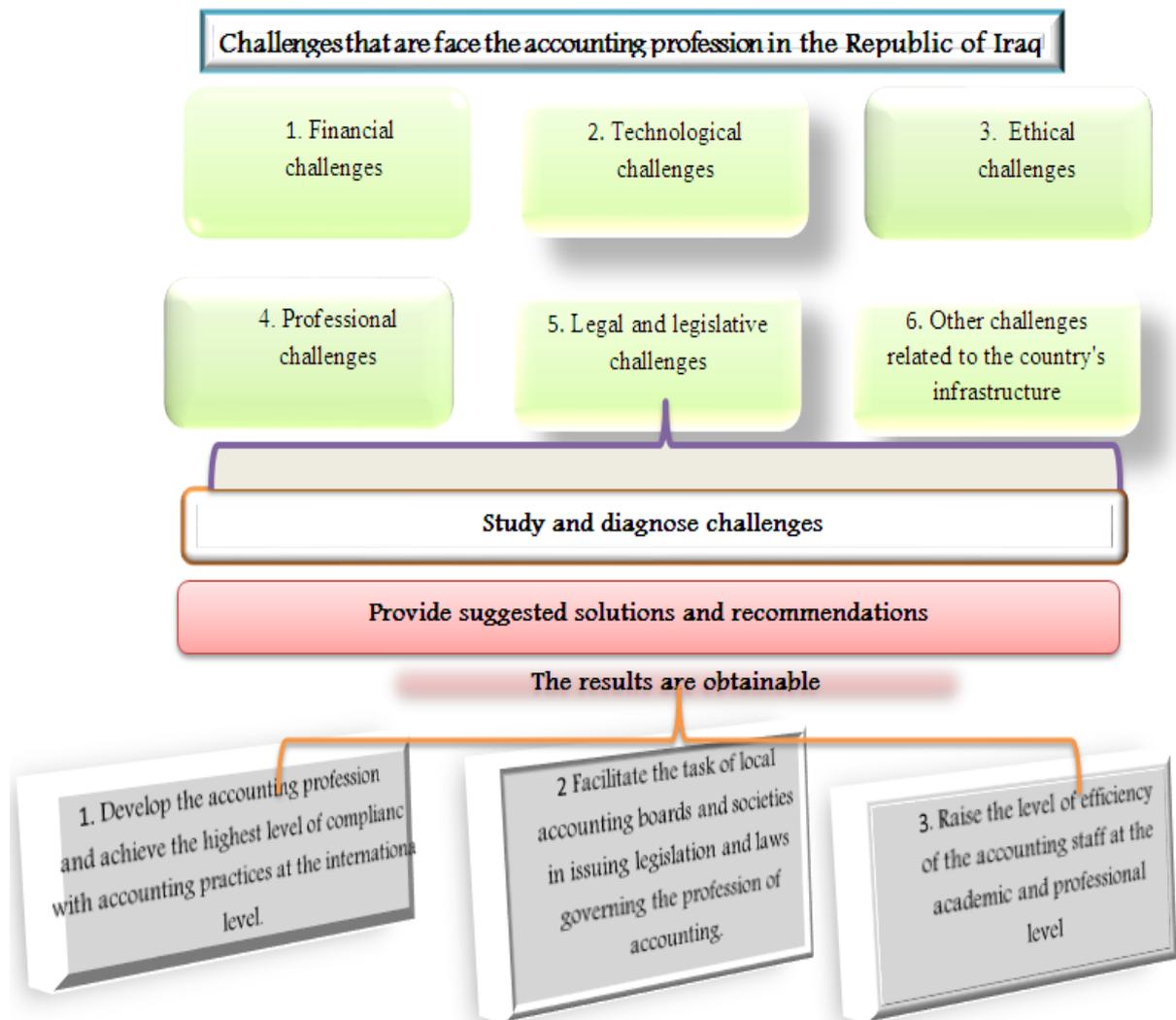
This research is vastly important for students, academics, practitioners, and the general business community in general and specifically within the country of Iraq for the following reasons:

- It comprehensively addresses the most important challenges and problems associated with the profession of accounting within the country.
- It takes into account the successes and lessons learnt from the efforts of local accounting associations and councils within the country that can be formulated into laws, legislation, standards and best practices in developing the profession of accounting in Iraq.
- This study identifies the most important ways the successful business organisations have utilised their accounting staff in achieving the financial corporate goal.

The Research Model

Figure 1.1 Represents the overall research model employed for the study.

Figure 1.1. Proposed model



Source (prepared by the authors)

Method of Collecting Data

The study data, both primary & secondary data, were obtained and gathered through the following:

- Accounting journals and textbooks
- Accounting thesis and periodicals
- Laws issued by local accounting associations
- Articles in international conferences
- International Information Network (Internet)
- Official documents, books and annual reports
- Other published materials

Review of Literature and Past Studies

Table 1.1: Summarises the literature and past studies reviewed for this study

<u>Table 1.1</u> The previous studies that related to the variables of research:			
<i><u>NO</u></i>	<i>Research paper Title</i>	<i>Author, Place of publication</i>	<i>Publication date</i>
<i>Main Objectives, Results and Conclusions</i>			
1.	The modern challenges that face the accounting profession	Al Mutairi, O.S., Al Marikh Publishing Ltd.	2004
The important challenges that affect the accounting profession are: The lack of transparency in the process of presenting accounting information to the users. The weakness of the internal control system, which causes lack of opportunities for investors to track management on financial resources of the company.			
2.	The Challenges that facing the profession of accounting and auditing in light of electronic commerce operations	Al-Abadi, I. & Al-Mashhadani O., Algeria, The Fourth International Scientific Conference	2011
This study aimed to clarify the challenges that face the accounting profession imposed by electronic commerce and proposed the necessary solutions to meet these challenges.			
3.	The Challenges of the accounting profession in the view of knowledge economy	Al-Shehadeh, A.Q., Algerian Scientific Journal Platform, ASJP	2012
This study aimed to indicate the most important challenges facing the accounting profession with regard to the e-publishing process of accounting data, the measurement of investments in human resources, accounting for sustainable development, and accounting transactions in light of e-commerce.			
4.	Top three challenges facing accountants today	Mandy, M., UK, Mitten Clarke Publishing Inc.	2014
The major issue facing the accounting profession are: 1) Unqualified accountants Unqualified accountants often have narrow skill sets, and yet businesses are still turning to them for help and guidance. 2) Online technologies			

<p>The advent of new online technologies and a mobile internet culture has seen a proliferation in the number of accounting software</p> <p>3) Firm consolidation</p> <p>The final major issue facing the accounting industry is the nationwide trend towards firm consolidation.</p>			
5.	Threats and Challenges to the Accounting Profession: A Draw Back to the Development of Accounting Practices in Nigeria	Ibrahim, A. et al., 2015, International Journal of Academic Research in Accounting, Finance and Management Sciences	2015
<p>This study examines the practice of accounting profession in order to identify those threats and challenges serving as an obstacle to its development in Nigeria. To achieve this, three hypotheses were tested. The views and perceptions of the major actors in the field of accounting in Nigeria which includes Academic Accountants, Professional Accountants and the Accounting Regulators were sought. Relevant data were collected and analysed and from the analysis, findings have shown that the accounting profession is actually faced with certain threats and challenges which actually affects its development. The study therefore concludes that these threats and challenges could be an obstacle on the future of accounting profession.</p>			
6.	Future of accounting profession: three major change and implications for teaching and research	Mohammad, A. I., Australia, a social and environmental research group.	2017
<p>The accounting profession will face significant changes in the next three decades, and professional organisations, their members, and educational institutions should respond. The three changes are also major challenges for the profession.</p> <p>Evolving smart and digital technology.</p> <p>Continued globalisation of reporting/disclosure standards.</p> <p>New forms of regulation.</p>			

Chapter 2: The Conceptual Framework of the Study

Accounting Profession in the Republic of Iraq

Accountants oftentimes face conflicts between upholding values central to their profession and the demands of the real world. The accounting profession is in a continual state of evolution as new rules; technological advancements and the advancement in the world of business take

place. The accounting profession is often regulated by the applicable laws of the country, and subjected to strict guidelines and instructions to uphold high standards of professionalism and ethics. Since accountants deal with the economic resources of the company, all accountants owe a fiduciary duty to act professionally and in the best interests of their employers or clients.

The American Heritage Dictionary defines profession as "the body of qualified persons in an occupation or field". (Jamnik, 2011, p. 80)

According to Kaidonis, M.A., 2008, P. 5 an accounting professional must be "practical, intellectual and to have regard for the public". These characteristics have been essential in defining any profession in the last century.

Ibrahim, A. et al., 2015, p. 97, describes the accounting profession as a "measurement and reporting information system, which covers both micro and macroeconomic activities, which consists of various subsystems with related economic events and decisions".

Junaid, A. & Ghani, W., 2005, P. 175, also considered the accounting profession as "practice of accounting in a highly skilled and technical that affects public welfare, and its context not just limited to the State and the community but also in economic markets".

The author believes that the accounting profession can be defined as "a set of integrated and structured practices, which are related to economic activities that play a fundamental role in maintaining economic resources and rationalising their use continuously".

National Boards, Unions and Associations that Regulate and Supervise the Accounting Profession in the Republic of Iraq

There are many accounting associations and councils that have contributed to the organising and developing the accounting profession in the republic of Iraq, the most important of which are:

Financial Control Authority in Iraq

This is a financially and administratively independent body responsible for the financial audits in Iraq. It is considered as the highest financial supervisory body in the country that is directly associated with the Iraqi legislative authorities.

The Law № 6 of the Financial Control Authority issued in 1990, defines the traditional functions of this body as follows: (Mahmoud, M., 2009, p. 29-30)

- Supervising and auditing of the accounts for the entities under control and verifying the application of the laws and instructions;
- Expressing an opinion about financial statements and reports related to the results of the business and financial conditions, whether they are organised according to the legal requirements, rules and accounting principles adopted and reflect the fact of the financial position, the returns of the investment, and the result of the activity.
- Providing technical assistance in the fields of accounting and control, in addition to the administrative and organisational matters related.

To further emphasise the essential role played by this body, an amendment was made to the Financial Control Authority law in its paragraph (№ 77, issued in 2004). This amendment expands the role of this body in following ways: (Al Saleh, Q., 2015, p. 6-7)

- Contributes in the process of formulation and development of the accounting rules and standards;
- Contributes in building the structure of the accounting system that are applied inside the country Iraq;
- The imposition of modern accounting procedures and multiple practices;
- Studying all defects in the laws and legislations that govern the accounting applications in the country;
- Improving the efficiency and performance of the national accounting staff within the country.

Iraqi Union of Accountants and Auditors

This is the professional association for accountants and auditors in Iraq; it is the sole Iraqi member of the International Federation of Accountants.

Iraqi Union of Accountants and Auditors IUAA (2018, September). Retrieved from https://en.wikipedia.org/wiki/Iraqi_Union_of_Accountants_and_Auditors,

The main duties of this union include:

- Provision of accounting consulting services to various Iraqi institutions;
- Development of systems, structures and strategies leading to good recruitment and investment of human and financial resources;
- Raising the level and capacity of human resources represented by accountants and auditors by training them in international methods;
- Inclusion of international standards, specifications, and the electronic work system in the duties of local accounting institutions in order to qualify them for access to the global performance.



Arab Institute for Accountants & Legal (AIAL)

This is a non-profit association aimed at improving accounting, management and other related subjects, as well as maintaining the professional independence of accountants according to the recommendations of the League of Arab States.

The main duties of this Institute can be listed as follows (S. R., Al Taib, personal communication, July 15, 2019):

- Promoting professional and scientific basis in the field of accounting and auditing and standardise it in the Arab world;
- Granting highest certificates in the field of legal accounting and other branches of accounting and auditing;
- Presenting the accounting supports to people entering the profession in the area of culture and training;
- Spreading awareness of the financial and tax legislations in the Arab countries among practitioners, and emphasising the availability of expertise in this legislation among the Institute's members, and encouraging comparative studies between these legislations;
- Developing and implementation of the research and studies that relate to accounting and auditing.

Iraqi Association of Certified Public Accountants (CPA)

Iraqi Accounting Standards Board (IASB)

In the republic of Iraq in the last century, this board of accounting was founded to develop and issue accounting standards. It played a major role in regulating the profession of accounting within the country, as it has been issuing standards since its establishment till now, 14 standards in accounting.

In general, the accounting standards structure is designed based on three basic parts: (Belkaoui, A., 2009, p. 171) (Describe the problem to be solved; A decision or method to resolve the problem; and then, in accordance with the decision or theory, these standards impose certain solutions). In addition, these accounting standards must be understood and accepted by their users and coordinated with each other.

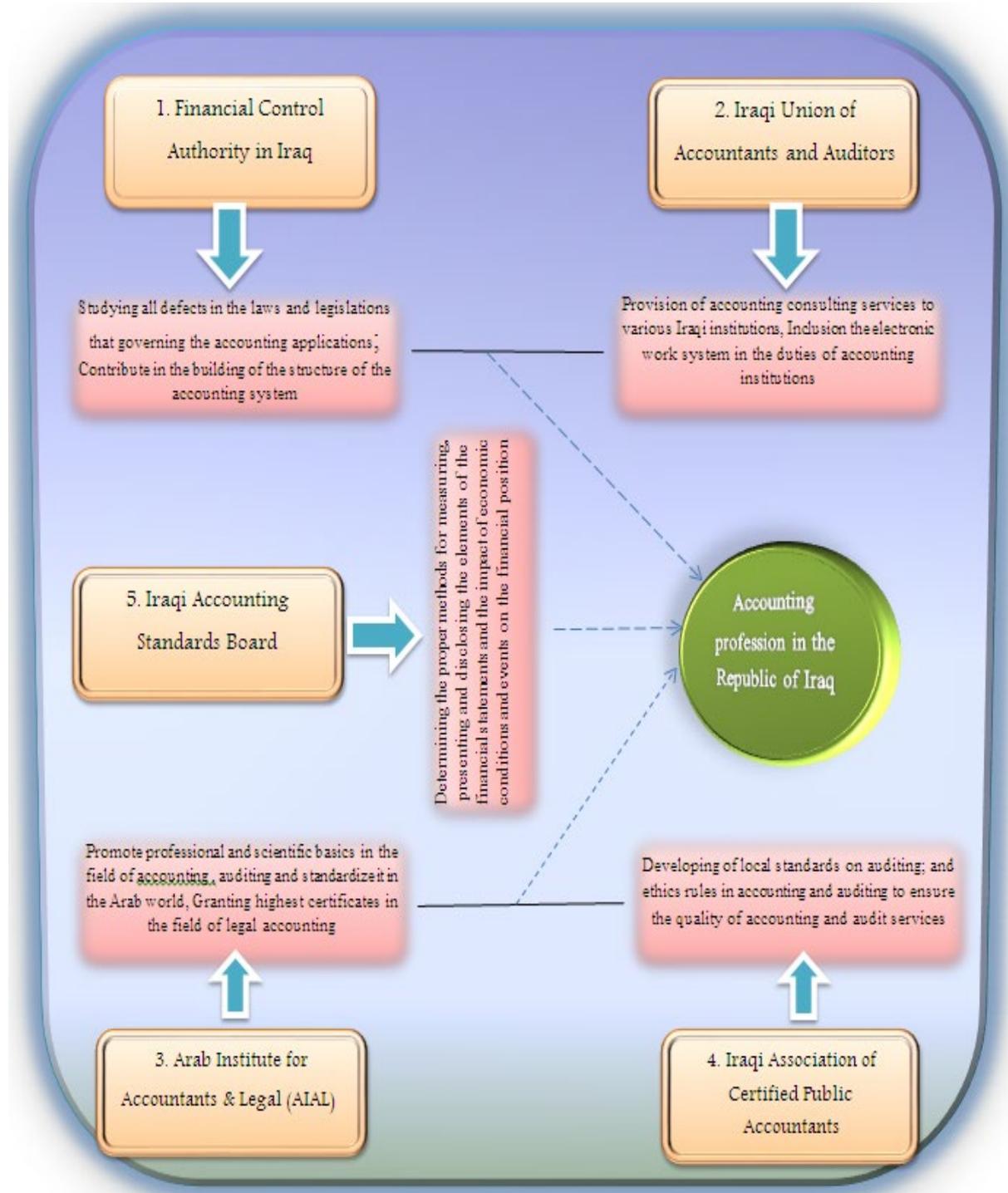
According to *Salloum and Nouri* the national accounting standards in Iraq were formulated to accomplish the following tasks: (Salloum, H. & Nouri, B., 2009, p.15-16).



- Serve as a general law guiding the accountant for preparing the financial statements of an entity;
- Act as a specific measure to assist the local accountant and auditor;
- Present general guidelines leading to the rationalisation of the practice of accounting and auditing profession within the country.
- Determining the proper methods for measuring, presenting and disclosing the elements of the financial statements and the impact of economic conditions and events on the financial position;
- Serving as a solution to the problems resulting from some different accounting practices.

The following figure (2.1), illustrates the main accounting boards, unions and associations that regulate and responsible for the accounting profession in the country.

Figure 2.1. Accounting boards and associations that play a central role in the accounting profession of the Republic of Iraq



Source (prepared by the authors)

The Main Challenges Serving as Obstacles in the Accounting Profession in the Republic of Iraq

We can determine the most important of these challenges as follows:

1) Financial Challenges: In order to improve the profession of accounting, the accounting authorities in the Republic of Iraq must provide all financial resources that contribute to solving many problems, including:

- ***Unqualified Accountants***

Develop the qualifications of accountants. Often the accountants have a narrow skill set and, yet the economic entities turn to them for financial help and guidance. The risk businesses are taking in receiving bad advice reflects poorly on the whole accounting profession, as it could negatively impact their clients' growth and development. (Brian, M. ,2004)

- ***Translate Accounting Language***

Translation – across languages and cultures, this plays a critical role in the accounting profession and requires high financial resources. It is required in international trade, in operating and accounting for multinational enterprises, in creating, implementing and enforcing international accounting laws and standards, in delivering accounting education to international cohorts of students, and in conducting international and intercultural research. Financial statements and annual reports, standards and standard setting discourse, teaching materials and publication of research findings all require translation for at least some constituents. (Evans, L., 2004, p. 210); (Evans, L., et al., 2015, p. 34)

- ***Creating Effective Accounting Systems***

Create an effective accounting system that is accurate, useful and timely. Its purpose is to provide information for internal and external users. The effectiveness of an accounting system depends upon how it is created and maintained in addition to the financial resources that are spent on it. It should be set up to closely reflect a company's operations, including its different sources of revenue and different types of expenditures. It should be maintained as regularly as necessary, depending on the volume of business. (George, M. , 2018, p. 132)

Technological Challenges

The 'Technology today' has disrupted traditional practices in accounting. Keeping up with it requires learning new skills, approaches and freshening up old skill sets. The technology has

enabled businesses to develop and use computerised systems to store and record financial transactions. The Modern Accounting profession has a direct relationship with technology, and this profession has seen many radical changes in the use of technology over the past few years. With the advancement in technology and the high demand for it, the accounting authorities in the Republic of Iraq have attempted to implement it in the accounting area, despite the difficulties in this task. The advantages that can be obtained from using technology in accounting are multiple, the most important being: (Ali, N., 2004, p. 19-20); (Liz, C. & Elaine, C., 2018, p. 61)

Ethical Challenges

One of the most prominent factors that caused the financial collapses and scandals of many companies in different countries is the lack of professional ethics in accounting, The expectation for accountants to adhere to the high standards of their professional ethics has led to the recognition that the work ethics are also necessary for all jobs and functions within an economy and society. Sub-standard ethics of the accounting and auditing professionals is considered as one of the gravest challenges faced by the profession in this century. The contemporary thought did not prejudice the study of ethics in general and in the field of accounting and auditing profession in particular, because it impacts positively on the performance of accountants and auditors, and then in the detection of any conflict in practices or manipulation in the process of preparing and formulating financial reports. (Othman, K. & Abdullah, A., 2018, p. 175).

As a matter of fact, the ethics of the accounting profession represent as standards and measurements of ethical values and conduct that govern the accounting applications, and represent a set of professional principles that determine what is true and what is not true in the work of accountants. Therefore, in order to meet this challenge, it is essential to achieve the following: (Hajar, A. & Ayda, A., 2018, p. 45)

- All companies should recognise the importance of the commitment of their employees, including accountants, to the ethics of the profession in order to maintain its position among the competing companies;
- All universities and institutes that specialise in teaching accounting science amongst students should focus on the role of accounting profession ethics because it helps in the elimination of financial corruption inside the country.

Professional Challenges

The accounting profession may be the best route to a successful business career within the country provided the accounting authorities can overcome the following issues:

(Al Mutairi, O. S., 2004, p. 81); (Hasan, A., 2007, P. 157-163)

- ***Accountant Negligence***

Timely submission of financial statements. Most local business organisations within a country do not submit their financial statements to auditing authorities on time.

- ***Personal Threats***

Protect accountants and whistleblowers. Personal threats are faced by local accountants and auditors when they detect financial and business corruption.

- ***Communication Gap and Professional Experience***

Legal and Legislative Challenges

Legal challenges arise by lacking a comprehensive governing law that regulates the performance of the accounting professionals in a realistic fashion; lacking the personal ability to judge many legal matters related to the accounting profession and the failure of local professional associations to fulfill their role in the process of harmonising between local laws and national accounting practices. (Mamdukh, M. K., 2013, P. 87).

To overcome this difficulty, Abdel Fattah, M.O., 2017, P. 73, suggested to create a committee to study the legislation regulating the profession of accounting within the country and overcome all the shortcomings in these laws. According to his opinion, the reform of the legal system will have a significant impact on the process of formulating local standards of accounting due to the close correlation between the two concepts.

Factually, the legal system of any country has a direct impact on the development of the accounting profession because the profession of accounting depends directly on the requirements and legislation imposed by the government. In many countries, legislative requirements and laws contain details that identify comprehensive accounting rules and procedures. For example, income tax laws in some countries have an impact on the development of accounting practices and applications. (Ibrahim, A. et al., 2015, p. 99) Hence, according to the opinion of Al-Zarouni et al., 2010, P. 15, the legislative challenges emerged in most developing countries as a result of the following reasons:

- The absence of the legal role of accounting professional associations and boards;
- The clear deficiencies in laws and regulations that govern the profession including the current Iraqi investment law, which conflicts with IAS 14 (accounting for investment);

- Default of legal education for local accountants, and the weakness of legal responsibility amongst them;
- The lack of legal awareness and insufficiency of official material support in this field;
- Absence of effective legal cadres who are expected to achieve the coordination between local laws and the accounting profession.

Other Challenges Related to the Country's Infrastructure

The economic environment of the country plays a major role in the process of developing the infrastructure for the field of accounting profession. The countries that achieve high levels of economic development own modern institutions in accounting and the finance sector, in contrast to those that achieve low levels of development which completely reflect negatively on the accounting performance (Peter, L. N., 2016, P. 187-188).

Although the level of economic development in the Republic of Iraq does not meet the ambition and desires, according to the opinion of most economic experts, the right spending of economic resources in the country will help achieve a set of goals including those associated with the infrastructure in the field of accounting. Most important of these goals include:

✓ Establishing and Activating The National Accounting Organisation Committees

Differences in accounting standards are seen as obstacles to cross-border investment in the region. Therefore, international convergence of accounting standards will help companies produce high-quality, more comparable and more transparent financial reports and to alleviate the negative impact of differences between countries in the comparability and transparency of accounting information. Form committees and task forces to study various accounting practices across bordering countries, identify best practices, and standardise accounting practices. Achieve the objective of harmonising local accounting standards with international accounting standards, in addition to publishing professional accounting knowledge among local accountants and providing all human, material resources for this purpose. (Khaled, J., 2016, P. 5)

Building Institutions Capable of Hiring Local Accountants within the Country

Most studies indicate a series of difficulties plaguing the process of hiring qualified accounting graduates by businesses. First there is a shortage of institutions that can accommodate these accountants. Then, the lack of harmony and compatibility between the outputs of education within country creates a varying cadre of accounting graduates. The non-uniform quality of these graduates ill prepare them for the labour market realities. This has led to the disruption



of a large part of this educated group and led to delay the process of economic reform in the country. (Naseem, Y. L. & Mohamed, H. S., 2013, P. 43)

Chapter 3: Indicators Related to the Development of Accounting Profession in Iraq

Indicators Hindering Accounting Education and Its Impact on the Profession

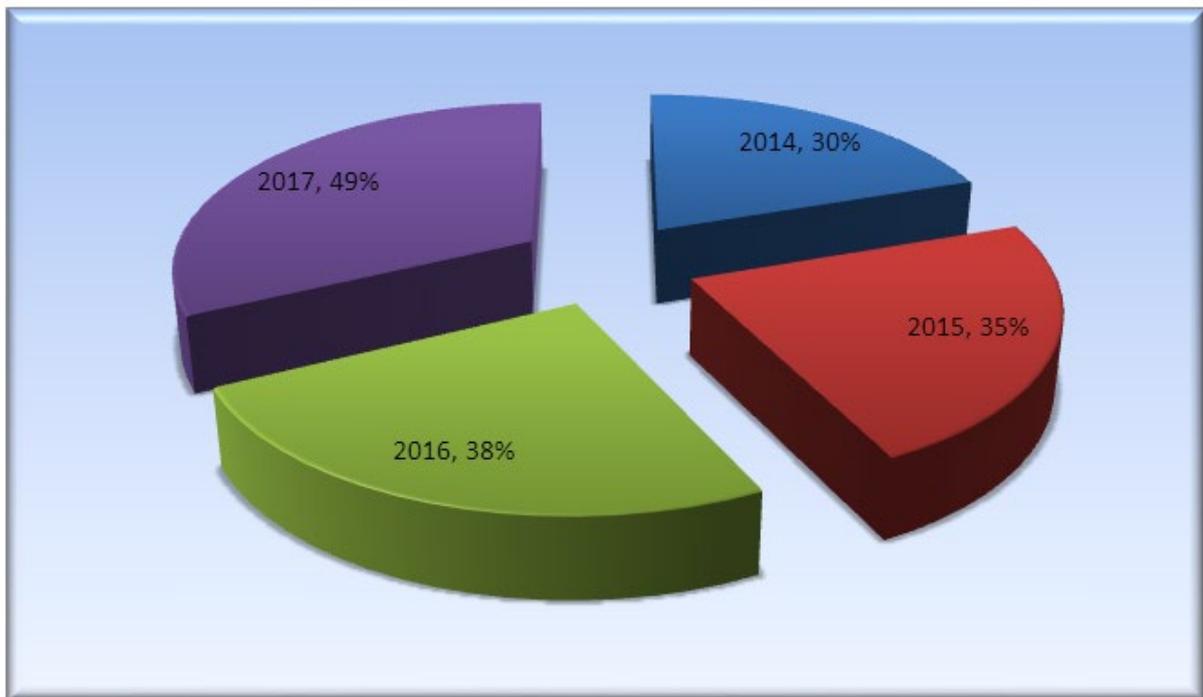
The major problem that hinders the process of developing the accounting profession is the incapability of Iraqi business organisations to accommodate accounting graduates, because of the following:

- Strip Iraqi business organisations from the human competencies (local accountants) that can be obtained from accounting universities;
- Lack of modern accounting principles by accounting graduates;
- Lack of skills and innovation in these graduates.

The following figure (3.1), illustrates the percentage of unemployed graduates of Iraqi universities (including economic universities) for the years 2014-2017:

United States Agency for International Development (USAID, 2019). Retrieved from <https://www.usaid.gov/iraq>

Figure 3.1. Percentage of unemployed graduates by Year



According to the United States Agency for International Development (USAID), the unemployment rate in recent years is very high and disturbing. In 2017, unemployment was increased from 11% to 14% as compared to 2016 due to the following reasons:

- Incompatibility between university graduates and market requirements due to the control of the governmental sector on one hand and the marginalisation of the role of the private sector on another hand. According to the National Human Development Report, oil sector revenues represent 85 to 95 per cent of total government revenue. This ratio shows a problem for the economy in a sense of excessive control of government and lack of business organisations that accommodate the graduates. This leads to a decline in the proportion of jobs for local accountants and obstructs the access to modern accounting applications and practices that can be achieved from those opportunities.
- Weak investment policies and the absence of the plans that were supposed to be adopted by the government in order to encourage foreign investment, which is reflected negatively on all associated accounting policies and practices. According to a report of Arab Investment Guarantee Corporation, foreign investment in 320 projects was made from 2003 to 2017 which is only 2.62% of the Arab world where 12,912 projects were invested.

Indicators Hindering the Contribution of Financial Markets to the Accounting Profession

Despite the efforts of the financial markets in developing the profession, we can't say that a satisfactory level is achieved. The expectation contribution of the Iraqi Stock Exchange can be seen in table 3.1:

Table 3.1: Summarises the contribution of the Iraqi Stock Exchange in supporting accounting profession in Iraq

<i>No.</i>	<i>Type of contribution</i>	<i>The number</i>		<i>Purpose</i>
		<i>2016</i>	<i>2017</i>	
1.	Universities training accounting students	4 universities	6 universities	Raising the level of professional performance for students and spreading awareness of the functions of the market
2.	Providing financial and accounting data for students of preliminary and postgraduate studies	130 BSc 50 MSc 10 PhD	100 BSc 45 MSc 13 PhD	Facilitating the completion of thesis in accounting and finance
3.	Visiting students	75 Primary studies 28 Postgraduate	90 Primary studies 44 Postgraduate	Spreading the culture of investment and raising accounting and financial awareness
4.	Graduate research discussion	0	1	Increasing graduates with higher degrees in accounting sciences
5.	Visiting auditing commissions	82	93	Verifying the market's compliance with the financial and accounting rules, standards and regulations

The table above shows the following:

- ***Providing Accounting Data for Students.*** In 2017, the number of students who obtain accounting data in BSc and MSc has decreased. However, it is increased for PhD students. This is the reflection of the contribution in the postgraduate thesis by the market that supports the profession of accounting within the country;

- **Visiting Students to the Markets.** The number of students visiting the market has increased in 2017 by 15 B.Sc. students & 16 postgraduate students as compared to 2016. This shows that awareness of the financial community has increased, due to the role played by this market, by giving an accounting and economic system to the country;
- **Visiting Auditing Commissions.** The number of visits to the audit committees has increased in 2017 by 11 visits, which reflects the interest of the accounting authorities in monitoring the duties of these markets and evaluating their performance with financial and accounting standards and rules.

The contribution of the financial markets which doesn't meet the needs of users because of the following reasons:

- The absence of government support that is required for these markets;
- The difficulty of keeping up the market's counterparts in developed countries;
- The level of financial awareness in the local community, of the role that can be played by these markets to support the national economy and to develop the accounting system, is still not up to the mark

Indicators Hindering the Development of the Skills and Expertise of the National Accounting Staff

A sample of two major banks was selected by the author from the Iraqi banking sector (Babylon and Ashur International Bank) for the years ended 31 Dec 2015 and 2016 respectively.

Table 3.2: The operating expenses of Babylon & Ashur International Bank for the year 2015, 2016

Babylon Bank		
Currency (Iraqi dinars)		
Iraqi dinar	2015	2016
operating expenses	1, 632,486,162	5,449,344,353
Ashur International Bank		
	2015	2016
operating expenses	3,661,967,000	4,325,251,000
Iraqi Stock Exchange (ISE, 2016): Companies guide. Retrieved from (http://www.isx-iq.net/isxportal/portal/companyGuideList.html)		

From the above table, we learned that despite the significant increase in operating expenses of Babylon Bank and Ashur International Bank amounted to 3,816,858,191 ID and 663,284,000 ID respectively. Upon interviewing the accounting staff of the above-mentioned banks, we came to know that there is no allocation of R&D expenses account which is directly related to

the skills and development of their staff.

Two major problems are:

- No regular training programs for local and international courses in accounting and finance;
- Lack of awareness of the importance of holding local and international conferences and seminars for accounting and finance to develop the skills and knowledge of their staff.

Indicators Hindering Foreign Investment and Its Impact on the Accounting

Table 3.3: The Customer deposits of Babylon & Ashur International Bank for the year 2015 & 2016

Babylon Bank		
Currency (Iraqi dinars)		
Iraqi dinar	2015	2016
Customer deposits	89,418,290,569	57,253,053,134
Ashur International Bank		
	2015	2016
Customer deposits	115,498,358,000	94,829,661,000
Iraqi Stock Exchange (ISE, 2016): Companies guide. Retrieved from (http://www.isx-iq.net/isxportal/portal/companyGuideList.html)		

From the above table we learned through an analysis of the customer deposits for the year 2015 - 2016 and interviewing the accounting staff of the banks, that there is a significant decrease in the number of customer deposits in Babylon Bank and Ashur International Bank by ID 321,652374 and ID 20,668,697,000 respectively.

Indicators Hindering the Application of Laws Which Governs the Accounting Profession

Table 3.4: The total reserves of Babylon & Ashur International Bank for the year 2015, 2016

Babylon Bank		
Currency (Iraqi dinars)		
Iraqi dinar	2015	2016
Mandatory reserve	3,204,277,899	3,571,862,557
Reserve expansions	-----	-----
Fair value reserve	-145,000,000	- 51,211,533
Ashur International Bank		
	2015	2016
Mandatory reserve	5,552,973,000	6,290,052,000
Reserve expansions	2,816,477,000	2,816,477,000
Fair value reserve	-259,115,000	- 259,115,000
Iraqi Stock Exchange (ISE, 2016): Companies guide. Retrieved from (http://www.isx-iq.net/isxportal/portal/companyGuideList.html)		

From the above table we learned through an analysis of the total reserves for a sample selected for the year 2015 - 2016 and by interviewing the accounting staff, that there is a clear variation in the size of mandatory reserve that increased by ID 367,584,658 and ID 737,079,000 of these banks respectively. There is no law that identifies and controls the structure of these reserves in particular, as there are no proper laws that regulate the profession of accounting that impacts the accounting system as a whole. The important indicators are:

- The haste and confusion in the issuance of laws and legislation. This means that most laws governing national accounting practices are often not carefully thought out, in other words, it doesn't conform with the ongoing changes in the global business environment.
- The conflicts between legal and accounting culture. This means that, the majority of legislative authorities' members who are involved in making the laws related to economic and accounting activities often have no knowledge and experience in the accounting and business sectors.

Conclusions

- The necessity of increasing the government support for Iraqi business organisations to accommodate international accounting standards according to the requirements of the Iraqi business environment and allocating all financial resources that relate to the preparation of accounting programs and training courses to raise the level of skills and expertise of national accounting staff.

- The accounting bodies and associations within the country should make the fundamental changes in the structure of national accounting model in order to move from traditional to modern accounting that is applied in developed countries, and seek to compel accountants to master modern accounting practices. Good results can be achieved from the following steps
 - ✓ Ensure accuracy and speed in accounting work
 - ✓ Avoid accounting errors
 - ✓ Saving the largest possible economic resources.
- All Iraqi universities for business studies should include professional ethics as a subject in the curriculum of the accounting department in order to oblige all Iraqi business organisations to adhere to such ethics in a manner that ensures the integrity of the accounting performance and the truth and fairness of the financial statements.
- The necessity of getting rid of some negative phenomena that obstruct the evolution of the accounting profession within the country, including accounting negligence in the provision of accounting information to the users on time. In contrast, it requires the accounting authorities to provide the necessary protection to those accountants where internal and external threats that can harm them.
- There must be a foundation of mutual cooperation between local business studies' universities that are responsible for the development of the accounting profession at the academic level and the local professional accounting bodies that are responsible for achieving accounting compatibility for local accounting practices, regarding the unstable political and economic situations within the country.
- The Iraqi government should provide specialised cadres who have a wide cultural background in the field of accounting and law in order to carefully study all local laws and legislation within the country and reformulate them in a manner that ensures that they do not conflict with international accounting standards and practices.
- The accounting bodies in Iraq should undertake a comprehensive study that contributes to achieve the highest possible level of compatibility between accounting graduates and the number of businesses capable to accommodate them in order to take advantage of the expertise and skills of graduates. In addition, focus on the role which is contributed by local financial markets in raising the performance of the accounting community as per the requirements of the modern business environment.

REFERENCES

- Abdel Fattah, M.O. (2017). Difficulties that facing the auditing profession in Libya by the perspective of practitioners. *Journal of Pure and Applied Sciences JOPAS, Libya, Ajdabiya University, Faculty of Economics, Vol. 16, No. 1, pp. 73-79.*
- Aditi, R. (2018). 4 biggest accounting challenges faced by the global companies. Retrieved from <https://www.instarem.com/blog/4-biggest-accounting-challenges-faced-by-the-global-companies>.
- Al - Quraishi, I. R. (2015). The requirement of Performance quality for external audit practice. *Journal of Chartered Accountant, Vol. 2, No. 2, pp. 13-14.*
- AL- Jumaili, Y.K. (2016). The role of the Iraqi stock market in economic development, Article published in *kitabab Newspaper*. Retrieved from <https://kitabab.com>
- Al Mutairi, O. S. (2004). The modern challenges that facing the accounting profession. , Kingdom of Saudi Arabia, Riyadh, Al Marikh Publishing Ltd. pp. 146.
- AL- Obaidi, Ali Q. H. and Salman, Amal M., (2019). The adoption of cost-benefit analysis as an indicator for evaluate the accounting performance of business entities (the case study for Canadian railway). *Academy of Accounting and Financial Studies Journal, Vol. 23, No. 3, pp. 1-18.*
- Al Saleh, Q. S. (2015). Supervisory jurisdiction of the financial control authority in Iraq. *Journal of Legal Studies and Research, Vol. 11, No. 2, pp. 6-7.*
- Ali, N. (2004). *Financial accounting principles in accordance with international accounting standards, 1st edition, Alexandria – Egypt , University Publishing House, "pp. 19-20".*
- Ali, Q. H. Al- Obaidi, (2019). *Fundamentals of financial accounting - (for basic and intermediate level): Concepts and Applications - With Questions & their Solutions. , 1st ED, Iraq, Baghdad, Thaer al-Esami institution for publishing, 228 P.*
- Al-Zarouni, Al-Hajri , Al-Khater & Al-Rashed, (2010). Lack of resources and legislation as the main challenges of the accounting profession, Symposium conducted at the meeting of Qatar Accountants Association, *Al-Raya Magazine, pp.15.*
- Ayda, A.N. (2017). The role of the constraints theory in the audit process : Applied study in the Financial Control Authority, (Unpublished doctoral dissertation), Baghdad University, Iraq, Baghdad, pp.166.



- Belkaoui, A. (2009). Accounting theory, 1st edition, Amman, Jordan, Al Yazouri Publishing Ltd, pp.171.
- Brian, M. (2004). Government urged to act on unqualified accountants. : Accountancy Age Beyond the numbers. Retrieved from <https://www.accountancyage.com/aa/news/1760425/government-urged-act-unqualified-accountants>
- Evans, L. (2004). Language, translation and the problem of international accounting communication. Accounting, Auditing & Accountability Journal, Vol. 17, No. 2, pp. 210 – 248.
- Evans, L., Baskerville, R., & Nara, K. (2015), Colliding Worlds: Issues Relating to Language Translation in Accounting and Some Lessons from Other Disciplines, Abacus, Accounting Foundation, University of Sydney, Vol. 51, No. 1, pp. 1-36.
- George, M. (2018). Accounting, technology and society: A social science perspective on accounting information systems, 1st ED, Taylor & Francis Ltd, 240 P.
- Hajar, A. & Ayda, A. (2018). The role of accounting education in establishing the ethics of the accounting profession in the Kingdom of Saudi Arabia, Route Educational and Social Science Journal , Vol 5, No. 3, pp. 41-65.
- Hasan, A. (2007). Challenges facing the application of accounting profession ethics in Iraq. , Al-Rafidain Development Science Journal, Vol.85, No. 29, pp. 157-163.
- Huerta, E., Petrides, Y., & Braun, G. P. (2013), Translation of IFRS: Language as a barrier to comparability, Research in Accounting Regulation, Vol. 25, No. 1, pp.1-12.
- Ibrahim, A., Bala, A. & Sylvester, U. (2015). Threats and challenges to accounting profession: A draw back to the development of accounting practices in Nigeria. International Journal of Academic Research in Accounting, Finance and Management Sciences ,Vol. 5, No. 4, pp. 96–104.
- Iraqi Stock Exchange, ISE (2016). Companies guide. Retrieved from (<http://www.isx-iq.net/isxportal/portal/companyGuideList.html>)
- Iraqi Union of Accountants and Auditors IUAA (2018). Proceedings of the 22nd National conference on Reform the financial management and control bodies to improve performance, Republic of Iraq, Baghdad. Retrieved from https://en.wikipedia.org/wiki/Iraqi_Union_of_Accountants_and_Auditors ; <https://www.iuaa.com/>



- Jamnik, A. (2011). Ethical code in the public accounting profession, *Revista Cultura Económica*, Vol. 29, No. 81, pp. 80-90.
- Junaid, A. & Ghani, W. (2005). Accounting development in Pakistan. *The International Journal of Accounting*, Vol. 40, No. 2, pp. 175-201.
- Kaidonis, M.A. (2008). The accounting profession: Serving the public interest or capital interest. *The Australasian Accounting Business & Finance Journal*, Vol. 2, No. 4, pp.1-5.
- Khaled, J. (2016). The French experience in the adoption of international reference IFRS, Algeria, University of Setif, Faculty of Economic and Commercial Sciences. *Journal of Research in Finance and Accounting*, Vol. 2, pp. 5-9.
- Len, J., Jessie, W. & Huazhen, K. (2013). Roles and importance of professional accountants in business, *China Accounting Journal*, Vol. 9, No. 8, pp. 180-190. published by the Chinese Institute of CPAs.
- Liz, C. & Elaine, C. (2018). Technology challenges in accounting and finance, *Contemporary Issues in Accounting*, Palgrave Macmillan Pub. pp. 61-83.
- Mahmoud, M. A. (2009). The role of the Financial Control Authority in conducting investigations of detected violations : Applied research in a sample of general industrial companies. (Unpublished master's thesis), The Arab Institute of Certified Accountants, Iraq, Baghdad, pp. 29-30.
- Mamdukh, M. K. (2013). The development of the accounting profession between the professional and technological qualification of accountants, (Unpublished master's thesis), College of Commerce, Palestine, pp.87.
- Naseem, Y. L. & Mohamed, H. S. (2013). Developing Standardised Accounting Information System (AIS), Course for Iraqi Higher Education: A Conceptual Framework, *Asian Journal of Business and Accounting*, Vol.6, No. 1, pp. 39-58.
- Othman, K. & Abdullah, A. (2018). The accounting and auditing profession ethics and its role in detecting earnings management practices in the Sudanese public shareholding companies, *Journal of Administrative Sciences*, No.2, pp.175.
- Peter, L. N. (2016). An analysis of the emergence and growth of accountancy profession in developing economies: the case of Sudan 1956 – 2010, (Unpublished doctoral dissertation), RMIT University, College of Business, pp.187-188.



- Ray, G., Eric N. & Peter, B.(2011). Managerial accounting. 14th Edition, McGraw-Hill Inc., 832 p.
- Russell, G. (2014). The role of professional accountants in the proper functioning of taxation system. International Federation of Accountants, pp.3.
- Sabah, K. (2014). International Accounting Standards and its impact on the reform of the accounting system in the Iraqi economy, Al-Hikma house of Research and publishing. Retrieved from <http://www.iawvw.com/research-studies/870->
- Salloum, H. A. & Nouri, B. M. (2009). The Role of International Accounting Standards in Reducing the Global Financial Crisis, proceedings of the 7th International Scientific Conference on repercussions of the global economic crisis on business organizations, Jordan, Amman, pp.15-16.
- United States Agency for International Development, USAID (2019). Retrieved from <https://www.usaid.gov/iraq>
- Yuki, Q. (2017). Accounting infrastructure: A booster to the Belt and Road Initiative. (Professional insight report). Retrieved from research on ACCA website: <https://www.accaglobal.com/ie/en/professional-insights/global-economics/Accounting-infrastructure.html>.