

Republic of Iraq
Federal Board of Supreme Audit



Requirements for Creativity and Innovations in Audits

A Case Study of the Federal Board of Supreme Audit in the Republic of Iraq

Prepared by

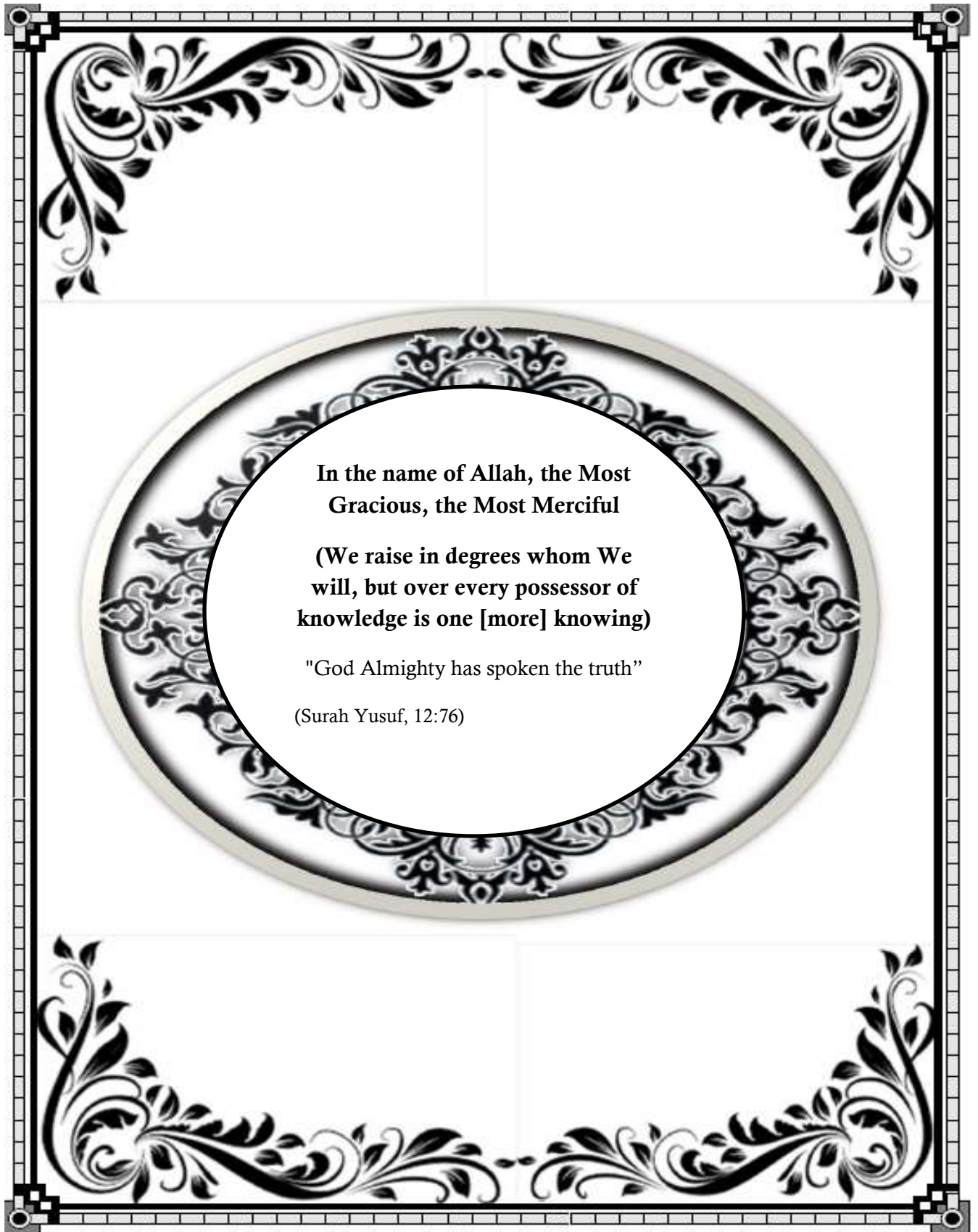
Dr. Ali Abd Al Wahid Khalaf

Federal Board of Supreme Audit/ Republic of Iraq

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Chapter One

Research Methodology

Preface

Any scientific study achieves completeness and comprehensiveness through the logical sequencing of ideas, their analysis, and processing to draw final conclusions. This chapter will address both the research methodology and some of the previous studies reviewed by the researcher. It clarifies the research methodology, including the problem statement, objectives, research hypothesis, significance, scope of application, limitations, and sources of data and information collection. Additionally, the researcher aims to present all relevant studies and research—whether from Iraq, the Arab world, or internationally—that are connected to the research topic.

Based on the above and in line with the objectives of this chapter, it is divided into two sections:

Section One: Research Methodology

Section Two: Previous Studies

Section One

Research Methodology

Creativity and innovation in audit work have a significant impact on performance efficiency. They play a crucial role in supporting national economies and stimulating other industries while creating numerous job opportunities. In other words, creativity and innovation in audit work contribute to the implementation of development plans and the exertion of all possible efforts to present work results and the financial position in the best possible manner.

Therefore, it is essential to continuously develop auditing processes through well-structured mechanisms and audit programs that include procedures aimed at fostering creativity and innovation in auditing.

1.1.1 Research Problem

Through our work at the Federal Board of Supreme Audit (FBSA), we have observed numerous indications emphasizing the encouragement of creativity and innovation. We have also identified a vast potential for applying the requirements of creativity and innovation in the audit field, whether through administrative procedures, auditing processes, problem-solving approaches, or other aspects.

Thus, this study aims to identify the factors and requirements necessary for fostering creativity and innovation in audit work at FBSA. Based on this, the primary research question has emerged:

What are the requirements for innovation in audit work at FBSA?

From this main question, the researcher has formulated the following sub-questions: To what extent does the work environment influence auditors at FBSA in motivating creativity and innovation in audit work?

What is the role of administrative leadership in encouraging creativity and innovation in audit work at FBSA?

What are the practices adopted at FBSA that fulfill the requirements of creativity and innovation?

What are the obstacles to creativity and innovation in audit work at FBSA?

1.1.2 Research Importance

The importance of this research lies in its attempt to provide a framework, methods, and approaches for activating or implementing creativity and innovation in SAs. This, in turn, contributes to enhancing the effectiveness of audited entities. Additionally, adopting new methodologies in audit work can accelerate processes, improve quality, and reduce costs, ultimately leading to the adoption of policies that encourage creativity and innovation in auditing practices.

1.1.3. Research Objectives

This research aims to achieve the following objectives:

1. Understanding the theoretical concepts of creativity and innovation.
2. Identifying the conditions and requirements for applying creativity and innovation in audit work.
3. Recognizing the obstacles to achieving creativity and innovation.
4. Examining the impact of creativity and innovation on enhancing performance efficiency in audit work.

1.1.4. Research Hypothesis

Creativity and innovation in audit work have specific requirements that must be met, as they play a crucial role in improving the efficiency of audit performance.

1.1.5. Research Scope

The research population consists of employees of FBSA, a group of certified public accountants, and various management levels. The sample included 165 employees, comprising administrative staff and certified accountants, including the president of FBSA and his deputies.

1.1.6. Research Methodology

The researcher adopted a qualitative rather than quantitative approach to better understand and interpret the phenomenon in detail, aiming to answer questions that are difficult to express through statistical or quantitative methods. Since the research deals with procedures and their implantation mechanisms, the researcher relies on individual and group interviews, in addition to analyzing documents and reports issued by FBSA. The questions and the content of the interviews were determined based on the theoretical study.

Section Two

Previous Studies

1.2 Previous Studies

The researcher did not find, within the reviewed literature, any previous studies directly related to the requirements of creativity and innovation in audit work. However, some studies have addressed the topic indirectly. Therefore, this section presents a summary of the most relevant studies that the researcher was able to review and benefit from. These studies have been categorized based on the language in which they were written into Iraqi, Arab, and foreign studies, and they are presented in chronological order as follows:

1.2.1. Iraqi Researches

1. Hussein, Zahraa Majid Hussein (2023)

Title: The Use of Creative Thinking Skills in the Work of the Internal Auditor and Their Impact on the Quality of Internal Auditing

The study aimed to identify the impact of applying creative thinking skills in the work of internal auditors by utilizing innovative approaches to enhance audit quality.

The research relied on a questionnaire survey for data collection.

The research concluded that there is a clear emphasis on applying creative thinking skills in auditing, demonstrated by the effective implementation of innovative ideas and the encouragement of creative input from employees and beneficiaries.

1.2.2. Arab Researches

1. Al-Shaghouri, Qasem Safwan Al-Shaghouri (2021)

Title: Requirements for Innovation in Government Work

The study aimed to explore the conditions and requirements for implementing innovation in government work, as well as the obstacles to achieving innovation in the public sector, specifically within the Excellence and Innovation Authority in Syria.

The study found that the conditions and requirements for innovation in government work were met within the Excellence and Innovation Authority in Syria. However, certain legal regulations were identified as obstacles to implementing innovation in the public sector.

2. Ibrahim et al, Hassnaoui Ibrahim, Ben Omar Taleb (2013)

Title: The Impact of the Creativity Process on Improving the Performance of Economic Enterprises

The study aimed to enhance the performance of economic enterprises through creativity in a rapidly changing world characterized by new conditions and features. It emphasized how creativity contributes to the growth, development, and effectiveness of various activities and operations within institutions, helping them adapt to ongoing transformations and improve their performance in both the short and long term.

3. Al-Shehhi, Nawal Othman Othman Al-Shehhi (2016)

Title: Innovation in Institutions: A Field Study on the Government Sector in the United Arab Emirates

The study aimed to explore the state of innovation in government institutions, identify the most common types of innovation within these institutions, and determine the key drivers behind their interest in innovation. It also sought to identify the factors that stimulate innovation within the sector.

The key findings of the study found that the innovation in the field of functional processes was most common type of innovation in government institutions. Internal sources, particularly employees and senior management, were the most significant sources of innovative ideas.

4. Sahbiand et al., Aya Sahbi, Riham Shaaban (2023)

Title: The Impact of Creativity and Innovation on Achieving Competitive Advantage: A Case Study of Algeria Telecom

The study aimed to clearly define the concepts of creativity, innovation, and competitive advantage, as well as analyze the relationship between the application of creativity and innovation in institutions and their ability to strengthen their competitive advantage.

Key Findings:

- Creativity is a complex, multi-dimensional subject and has become one of the most important competitive strategies that institutions rely on to gain a market advantage.
- Creativity is the most effective approach to achieving outstanding performance, enabling institutions to distinguish themselves and advance to higher levels of

excellence.

1.2.3. Foreign Researches

1. Mulgan & Albury study (2003)
(Innovation in the Public sector)

This study aimed to provide a framework for government innovation, understand its conditions and identify its applicable rules.

The study highlighted the importance of innovation in the public sector in addition to a case study and presenting some of its outcomes.

1.2.4 Current Research Peculiarity

Numerous studies addressed innovation and creativity from various non-audit and non- monitoring aspects. The researcher reviewed some of them for the following purposes:

1. Coming across some references , sources, researches and websites which the researcher did not know previously.
2. Contributing in building some pillars of the research theoretical framework.
3. Formulating the research goals.
4. Reviewing the methods of validity and reliability used in these studies through which questionnaire questions are formulated for the purposes of the current research.
5. Identifying the methodologies of this research, and the sequences of its paragraphs in a way that helps the researcher of designing the research methodology.
6. Adopting these studies as sources of the research.

Despite of the large number of studies, we have limited ourselves to what was presented in this section due to the scarcity of what directly touches the subject of the research.

The researcher believes that what distinguish this research form other studies lies in the following:

1. It could be adopted in designing audit program according to procedures that lead to systematically creative and innovative methods in order to implement audit by audit teams.
2. For the first time, the topic of innovation and creativity is being discussed, and FBSA is being identified as the appropriate environment for identifying creativity and innovation requirements in audit to enhance audit and control in the future.

Chapter two

Theoretical Concepts of Creativity and Innovation

Preface

This chapter is devoted to providing an understanding of the concepts of creativity and innovation in audit and exploring effects of creativity and innovation techniques on performance efficiency to enter the practical aspect. Based on the aforementioned, this chapter is divided into the following topics:

1.2 Topic One: **Theoretical Approach to Creativity and Innovation.**

2-2 Topic Two: **Efficiency of Audit work.**

2-3 Topic Three: **General Features of Audit According to Creativity and Innovation Techniques.**

Section one

Theoretical Approach to creativity and innovation

1.1.2 General Concept of Innovation

The real source of development in all aspects is represented by organized scientific research, research programs and continuous development i.e innovation process .Innovation is defined as (doing something that can be represented by finding a new way to improve work and manage it in production or services, and it is a non-routine work). It is also defined as (the institution ability to come up with the new that adds more value faster than competitors in the market). Sometimes, there is confusion between innovation and other related terms such as creativity (Tarshani, 2020:3).

2.1.2 Concept of Innovation:

Going back to the linguistic meaning of the term "innovation" it means (to bring about something new and unprecedented)."to introduce and innovate a thing" means to create and initiate .As for the terminological meaning ,it means "generating new and useful ideas by an individual or group of individual working together ". It is also defined as "a new idea that is implemented to develop production, a process or a service. The effect of innovation in organizations can range from small improvement of performance to great and significant development . These improvements can include production, new technologies, organizational infrastructures, administrative systems and new programs and plans related to the staff " (Najwa et al. , 2018:9). The Arabic word (lbda'), which is creativity in English , has many meanings related to (Al-Khalq) –creation- which in turn , is related to its English equivalent (creativity). The Arabic words (badea' and Bida') (the created and creation) in Lisan Al-Arab mean: the thing that is unprecedented and the act of creating a thing is called to invent) (Al-Minhali et al. 2021:6). Creativity is: a mixture of flexible scientific fiction to develop an old idea or to bring about a new one. This idea, no matter how small it is, generates an unfamiliar unique product that can be applied and used. Furthermore, creativity is a process of generating ideas or things ,be it real or fictional and utilizing them in new useful ways. It also means finding or generating new ideas, methods or means in order to improve the product, service, process or procedures inside the institution. Besides, it

means adopting new ideas, methods, ways or practices to change the administrative process, products or services used by an institution". (Sahibi et al. 2023:3).

Creativity is new and useful ideas that are related to solving certain problems. It requires the ability to sense a problem that needs to be solved, and then the ability to think differently and creatively to find the appropriate solutions (Mustafa, 2019:55).

2.1.3 Creativity levels:

Levels of Creativity are divided into three different levels, as follows.

1. Individual – Level Creativity: It is the creativity achieved by one of the employees who is characterized by curiosity, persistence, self-confidence, independency, cleverness, flexibility and the ability to analyze (Salma, 2019:18).

Characteristics of a creative individual are as follow: (Sahibi et al. 2023:9):

- a. Knowledge: to spend a lot of time to master work,
 - b. Education: to think out of the box .
 - c. Intelligence: not necessarily of high intelligence, but must have thinking ability to form flexible relations among things,
 - d. Personality: must be risk-taking, persistent, highly motivated, open minded to new opinions and with a sense of humor,
 - e. Social habits: should be social and interactive and exchange opinions with others,
2. Group -Level Creativity : it is the creativity achieved collectively by a group. Individual Creativity of each group member must interact with that of other group member .Group creativity , in both quality and quantity, is influenced by several factors, including the following (Sahibi et al., 2023:10):
 - a. Safe participation,
 - b. Commitment to excellence in performance,
 - c. Supporting and encouraging creativity
 3. Institution – Level Creativity : it is the creativity achieved through the cooperative efforts of all members of an institution.

2.1.4 Means and methods of learning creativity

Training and development have become a dire necessity in modern institution and a weapon used by an institution to respond to rapid and tremendous changes in technology and work equipment and methods. For example, changing the method of implementing work from individual to self-managed work team requires that the individual have several skills to work within the team and that the characteristic of changing tasks between the team be a normal practice (Al-Aqeeli, 2005:436).

2.1.5 Patterns of Innovation and Creativity

Innovative thinking is the means to address the developments in which relying on previous experiences and theories is of no use. Innovative thinking is not limited to the elite of decision makers because the shift from manual to intellectual work requires every employee to be able to confront the problems that obstruct his/ her work and to think of solutions and apply the best one (Ena'yet, 1998:8).

Creativity theories and interpretations are classified as follows: (Khairy, 2012:40):

First: Ancient Interpretations

1. Theory of Inspiration By Plato : there is nothing called individual creativity , rather ,creativity results from an external divine power called inspiration.
2. Theory of Nature By Aristotle: Creativity is subject to laws of nature that take place spontaneously or by chance.
3. Kant Theory of (Genius): Genius gives laws and there is a relation between creativity by talent and genius stemming from the individual's imagination.

The researcher believes that these interpretations were based on logic. Logic may not be always in consistency with creativity. It may be a free independent thinking.

Second: Creative individual based Interpretations

Theories depended on the individual characteristics and tendencies (e.g. tendency to break routine, flexibility in thinking, evaluating new ideas, self-confidence, thoughts

manipulation, independence, ability to predict, psychological health and perception) and the like .

Third: Creativity Process - based Interpretations

These interpretations affirm that creativity process could be learned just like any other skill. It could be developed when the individual organizes his/her experiences, absorbs experiences exposed to and responds to new situations.

Fourth: Creativity Environment-Based Interpretations

Theories state that creative behavior does not depend on the personal characteristics only, but also on the environment in which the individual exists, whether it appreciates his/her contributions and encourages innovation and imagination.

2.1.6 Innovation and Creativity Strategy

There are many motives and reasons behind innovation and creativity, such as (Kheiry, 2012:44):

First: Internal self-motives:

1. Enthusiasm in achieving personal goals,
2. Obtaining self-satisfaction,
3. Reaching goals and targets faster,
4. Experiencing more than one field of work,

Second: external motives:

1. Addressing problems,
2. Need for vitality and growth,
3. Need for progress and prosperity,
4. Coping with time, speed and change.

Third: financial and moral motives:

1. Obtaining financial rewards,
2. Obtaining appreciation and praise,
3. Obtaining higher position,
4. Obtaining a scientific degree.

Fourth: Creative work related motives

Longing to find the idea and obtaining it (brainstorming). the more increase in competition in size and quality among various local and international institutions is, the more interest and emphasis are on strategic role to make human resources of high-level capabilities, skills and knowledge to enable them to be innovative, creative and provide the new and the best (Al-Aqeeli, 2005:435).

2.1.7 tools of developing innovation and creativity

As humans, we have certain capabilities and talents that distinguish us from members of animal kingdom. These talents exit inside us in the space between stimulus and response.

Inside this space lies our power to choose the appropriate response. The powers, capabilities or talents that grow within ourselves and in that space are (Al-Mitwalli, 2007: 79):

1. Talent of self-perception: means our ability to come out of ourselves and continuously examine our way of thinking, our actions and out tendencies, so we can differentiate between the stimulus and response.
2. Talent of conscious: is an internal steering system (radar) that makes us feel when we do something or intend to do something on the extent to which actions are in agreement with the real principles. This awareness makes us sense the special talents and the message we are carrying out.
3. Talent of independent will: is our capability to act. It's the power that helps us to go beyond the method we used to it, develop to reformulate as a new one in which action is in agreement with the principles with no external dictation or control. Yet; we are capable of action and response with the power to fulfil them.
4. the gift of creative imagination: It is the power of vision for the future and the intellectual ability to solve problems , it is the talent of seeing oneself and others differently and better than they are now. This imagination enables the development of missions, plans and goals even in the most difficult circumstances, it is the ability to apply the principles effectively in new situations.

Al-Aqili (2005: 13) states that specialists in the field of management in general and human resources in particular stress on an important issue that is considered a turning point in human resources management which is that what is spent on human

resources activities is no longer considered as a cost without return, but rather it is considered as an investment that has a return and its value exceeds the value of physical assets and must be invested effectively to achieve benefit, advantage and added value to the organization.

(Al-Aqili, 2005: 19) believes that not only training and qualification of human resources should be relied upon, but also development by making them qualified and capable of exercising higher level jobs in the future and providing them continuously with all new knowledge and enabling them to adapt to the changes that occur in the organization.

Section Two

Efficiency in the performance of audit work

Preface:

After referring in the previous section to the concepts of creativity and innovation, this section will deal with the efficiency of the performance of audit work , therefore, it is divided into the following: -

First: Efficiency

In terms of language, the concept of efficiency was stated in lisan alarab book by Ibn Manzoor as equivalent and equal. In the Alwaseet dictionary it is mentioned that it is a word derived from (kafaa , which means proficient), so we say he is proficient , that is, he has the ability and scientific qualifications, and we say he is efficient i.e., he has high capabilities to work, and efficiency in language means: a condition in which something is equal to something else. Note that its concepts vary according to different fields, but all of them agree in focusing on achieving the best results with the least costs and efforts (Abdul Qadir, 2011 :50) .

In terms of terminology, efficiency is: one of the elements or indicators of performance evaluation, and is a basis for judging the performance of all economic units, along with some secondary criteria such as appropriateness and effectiveness

Given the importance of this term in analyzing the ability of the economic unit to make good use of its resources and good control over them, we mention some concepts of efficiency, including:

Efficiency is defined as the cost of resources used to achieve the set goals in advance. (Banker, B., & Callen 1986:61)

Efficiency is also defined as the ability to properly utilize resources to achieve goals (Al-Najjar and Mohsen, 2009: 29)

Therefore, efficiency is one of the topics that requires attention by researchers regarding the management of human resources, because the human resource has the priority as it is an important element in achieving its goals through its expertise, knowledge and skills. From this point of view, efficiency in the management of human

resources is the main pillar on which economic units rely on to achieve their objectives (Shankama, 2013:9)

Efficiency also represents the rational use of available resources, which achieves the lowest level of cost without sacrificing the quality of the economic unit outputs, and from another point of view, efficiency represents the rational use of comparison between alternatives and choosing the best of them (Jaadi, 2014: 3-4).

Thus, efficiency = $\text{Actual Outputs} \div \text{Actual Inputs} \times 100$

The concept of efficiency can be defined in two ways: The first is its ability to achieve the highest outputs from specific inputs, and the other is its ability to achieve the same outputs using the minimum amount of inputs, and the first aims to maximize outputs from minimum inputs, while the second aims to minimise inputs to achieve specific outputs (Al-Khafaji 2002: 14).

The researcher believes that efficiency is the ability of management, according to its powers and responsibilities, to achieve the highest productivity (outputs) and the lowest possible cost (inputs) or at the very least, equalizing inputs and outputs through the best utilization of available resources

Efficiency can also be understood, in terms of this research as verifying the efficiency of the performance of economic units according to audit programs that include creative and innovative methods used in the audit work on these units.

Thus, the concept of efficiency is related to the concept of effectiveness, but they should not be used interchangeably, as the economic unit may be effective but not efficient, that is, it achieves its goals but at a loss, as in the case of the unit achieving its goals regardless of the costs it bears, and the inefficiency of the economic unit negatively affects its effectiveness. As the higher the costs of achieving a certain goal, the less likely that the economic unit can survive (Harim, 2010: 96) or the unit may be efficient but inactive, as when the economic unit provides a service or produces a good for which there is no demand (Saal, 2018: 82).

Efficiency refers to the economic dimension in setting goals and the ratio of outputs to inputs, while effectiveness refers to the ability to succeed in achieving goals (Ben Nawar, 196: 2006)

Second: Performance

After identifying the concept of efficiency, it is necessary to identify the concept of performance. As the performance in terms of language in Al Mu`jam Al Arabi is: a measure of what has been accomplished or provided by a system, person, team, process, or service etc. As for the terminology, the concepts of performance have multiplied and varied according to the specialization and field of each of the researchers and thinkers, they disagreed on defining the concept of performance due to the multiplicity and difference of indicators to measure it according to the different nature of the work of economic units, their objectives and those who measure them, including the following (Atiwi 2018 :43):

Performance is a mean or a degree of the extent to which planned objectives are achieved within a given period of time.

Performance represents the result that the economic unit seeks to achieve.

Performance is the measurement of an individual's ability to perform his work and make managerial decisions.

Third: Performance Efficiency

The concept of performance efficiency can be reached according to the previous concepts of efficiency and performance and Some of the concepts are as follows: -

(Daft) describes performance efficiency as the ability of an economic unit to achieve its goals through using available resources in an efficient and effective manner (Daft :1992 ,120)

Performance efficiency is defined as : a tool used to identify the activity of the economic unit and aims to measure the achieved results and compare them with the previously set goals in order to identify deviations and diagnose their causes while taking the necessary steps to overcome these deviations and often the comparison between what is actually achieved and what is targeted at the end of a certain period of time, often a year.

According to the concept of this study, performance efficiency is a stage of control and planning, it is a stage of control as it reveals deviations from the set goals and it is a stage of planning as a rationalization tool for making planning decisions by what is known as feedback (Kadawi and Abdulkarim, 1999: 206)

Thus, the researcher can define the efficiency of the performance of audit work as the ability of the auditor to perform his work at an advanced, modern or reasonable level within the work environment, that is, the field of control and audit and his ability to achieve the required performance through the possession of knowledge, ability and experience and use them appropriately, and the ability to innovate and create.

In order to reach the concept of efficient performance of audit work, we must clarify and address the concept of control and what are the steps, procedures and stages of audit work.

Fourth: The concept of Control

Raqaba (control) lexically is related to the word "controller" (raqeeb) which means protector (hafeedh) , and (raqabahu,yarqabuhu,riqbah) which means: to guard (wiki.dorar-aliraq.net). Contextually , there are many concepts about the idea of control, and researchers agree that control is the administrative procedures or process carried out by the administration to ensure that the established plans have been achieved to the fullest or to verify the efficiency of performance, by comparing what is actual with what was planned, and in order to achieve the interest and goals, and work on correcting any deviations that occur in the future (Bani Khalid and Hatamleh 2013: 152).

Control is defined as : a set of planned steps and procedures carried out by the higher authority through an independent audit entity assigned by it, to ensure that the activities of the auditee are carried out according to what is planned and in the best application, and in accordance with the regulations, laws and valid legislation , and that all resources are used efficiently and effectively at the lowest possible cost (Abu Anza, 2016 :27).

Control is also defined as : Procedures through which the proper conduct of work in the right direction is ensured, in order to guarantee the efficiency and effectiveness of performance by following the most appropriate control pattern, examining the systems and procedures of audit work, monitoring according to the standards of audit work and adherence to ethical principles, and ensure that there are no pressures that affect the progress of work in the planned direction(Al-Faouri, 2018 :26).

Control also means : Verifying that the implementation is carried out in accordance with the established plans, the issued instructions and the approved principles, it is the process of discovering whether everything is going according to the established plans;

for the purpose of detecting weaknesses and errors, treating them and working to avoid repeating them, and control is one of the functions of management (planning, coordination, organisation and control) which is a necessity not only for public projects and services but also for every team effort regardless of its size (Henry. 1946: 107).

Control can be seen as a system that includes foundations, rules and procedures to ensure control of financial and accounting matters, and to ensure the extent of compliance with those foundations, rules and procedures by the executing units and the extent to which the practical execution reality matches the mentioned system, it is necessary to examine the practical reality and the results of the activity and this is called auditing (Al-Gharban 77:2009).

Fifth: Planning the audit work

The auditor must plan the audit process in order to achieve its purpose, otherwise the control is considered ineffective and purposeless, so when planning, the auditor must

(INTOSAI 6-4:1989)

1. Recognize the environment in which the auditee operates.
- 2- Identify the objectives of the control process and the tests necessary to achieve them.
- 3- Recognise the key management and control systems, and conduct an initial assessment to identify their strengths and weaknesses.
- 4- prepare the appropriate documents for the control plan and the proposed field work

Sixth: Procedures of Planning Audit Process

It is necessary to have procedures through which the audit process is applied when conducting it as follows (Zulkifflee, et. 2012:268):

1. The auditor must plan the audit process in a way that ensures high-quality control is conducted efficiently, i.e. in an effective and timely manner.
2. Auditors should prioritize all tasks that must be performed legally and assess priorities regarding discretionary areas within the mission of the Supreme Audit Institution.
3. The auditor must take into account the principle of materiality regarding the part of the financial statements to be reported to.
4. When conducting the regulatory audit, it is essential to test compliance with applicable laws and regulations. The auditor should develop the steps and procedures of the audit process in a way that reasonably ensures the detection of violations.
5. Auditors should have a clear understanding of techniques and procedures, such as inspection, observation, inquiry, and evidence, in order to collect audit evidence effectively. The Federal Board of Supreme Audit should ensure that all techniques used are capable of detecting all significant errors and violations acceptably.
6. Review internal control reports and benefiting from the completed work, as it facilitates the external control process.

Seventh: Audit Stages :

The audit aims to reveal deviations in the work in order to take the necessary corrective actions to ensure the achievement of the goals pre-established for the plan. Therefore, the audit goes through several stages, which are as follows:(Abbas,2011:41-64):-

1. Setting Performance Standards:

A standard is the level to which a performance should conform, or a model created through custom, which is generally accepted or imposed by law or an

administrative decision. It emerges after extensive observation, experimenting, research, testing, or planning.(Alwai,2009:29).

A standard is a predetermined amount for quantity, cost, or price.

(Hornngren,et.al.,2015:257), without setting standards for the work, the steps of the audit process become meaningless, so without standards, it becomes difficult to distinguish between good performance and weak performance, through standards, the quantity and quality of the required work are measured, and through this, actual performance can be measured according to the standards set in the business plans that the entity intends to implement. One of these standards that can be used to evaluate performance are time-related standards, which relate to the amount of time taken to achieve specific goals, and quantitative standards related to the amount of goals achieved and how these objectives accomplished.

There must be objective standards for performance levels, which naturally differ from one unit to another in order to effectively monitor the performance of an entity, (Bairah, 1998: 60).

2. Measuring Actual Performance

The second step, after determining performance standards, is measuring the actual performance that has been achieved to determine the extent to which the goals have been realized according to the set plan. The process of measuring performance should include originality and creativity. Many tasks are difficult to measure directly, which makes utilizing indirect methods of audit necessary.

The researcher believes that the process of measuring performance depends on the accuracy and validity of the established standards, as well as their ability and flexibility to measure the activity of the unit.

3. Analyzing Negative and Positive Deviations (Comparing Performance with Standards)

Actual performance is compared with the established standards, and this comparison largely depends on the nature of the information collected by the unit, which enables it to evaluate performance, calculate the resulting deviations, and identify points of strength and weakness. Through this evaluation, the unit can determine whether the deviations are within acceptable limits or if they require correction. If performance deviates from the standard but remains within allowable limits, the unit must addresses weaknesses that

may not reach the level of deviation but are still phenomena requiring study and special reports (Al-Sabah, 1997: 111).

The analysis helps identify and explain the causes of deviations within their context. It does not merely focus on recognizing the deviations; instead, deviations may point to a negative phenomenon that needs to be addressed, or a positive one that should be invested by encouraging its repetition.

This stage of the audit process involves measuring and tracking the progress of performance in the unit's activities, in terms of time and cost, and providing the unit's manager with relevant information as soon as possible. It also involves determining what needs to be measured, whether quantitatively, qualitatively or both (Venkataraman & Pinto, 2008: 106).

When comparing performance with standards, it is essential to observe whether the performance is compliant with the standards or not.

If the answer is yes, it will lead to the achievement of the unit's goals and consequently achieve efficiency. Conversely, in case the performance does not meet the standards, deviations will be identified and corrected to improve performance, which is the next step.

4. Correcting Deviations

Corrective actions are taken, as errors or faults should be addressed fundamentally to prevent their recurrence. However, in case the deviation is positive, it should be maintained and enhanced to encourage its repetition (Abbas, 2011: 63). Corrective actions may include modifying plans, changing the nature of the work, eliminate work obstacles, increasing the number of employees, or providing training to employees and developing their skills. Although deviations may be corrected, new ones may arise due to inaccurate or incomplete information reaching the management of the unit. Therefore, it is essential to identify the real causes of the deviation and modifying them to prevent further problems. Correcting and modifying deviations can take three forms (Al-Shanwani, 1997: 190):

- Staying in the current situation

- Taking corrective actions
- Change standards

Eighth: The Auditor's Role in Measuring Performance Efficiency

The auditor plays a significant role in measuring the efficiency of all activities within the entity, and the scope of auditing includes examining and evaluating performance efficiency. This includes the following: (Al-Sabaan and et al. 1996: 136).

- Auditing the reliability and integrity of financial and operational information.
- Auditing the control in place to ensure compliance with policies, plans, procedures, laws, and regulations that have a significant impact on operations and reports.
- Auditing the means of preserving assets and verifying the availability of those assets.
- Evaluating the efficiency of using available resources.
- Auditing processes or programs to ensure that results align with the set goals and that programs are implemented according to plan.
- Preparing the necessary reports.

Ninth: The Efficiency of the Auditing Under Creativity and Innovation Methods

In case the stages of the audit process are implemented correctly and appropriately, ensuring the required efficiency for auditing, then performance efficiency in the audit process can be achieved through proper planning, procedures, and auditing stages. The key question here is, whether these resources are being used in the most optimal or satisfactory way, or whether it is possible to achieve the same results, or similar results, in terms of quality and completion time at a lower cost. Are we, in this case, obtaining the best outputs (in terms of quantity and quality) from our inputs and activities?

This question refers to the relation between the quality and quantity of available goods and services, the activities, and the cost of the resources used to produce them in order to achieve results. It is obvious that any opinion or conclusion about efficiency is usually relative. Efficiency can be expressed by comparing similar activities or by referring to a standard that auditee has adopted explicitly. Efficiency assessments can also be based on circumstances unrelated to professional standards, particularly when the situation is complex to the extent that it is difficult to refer to any standards. In these cases, the evaluation processes must be based on the best available information and arguments according to the analyses implement in the audit process. Based on this, it may sometimes be difficult to completely separate the concepts of economy and efficiency. Each may relate directly or indirectly (INTOSAI, 2017: 15.).

From the above mentioned, the researcher concludes that the concept of performance efficiency is limited on the ideal investment of resources, therefore, efficiency is often determined by whether the same results can be achieved using fewer resources or by using the same resources to achieve better results (both in terms of quantity and quality).

Performance efficiency is the ultimate result of the economic entity's activity, reflecting its ability to achieve its goals efficiently through the optimal utilization of its available resources and at the lowest possible cost. In other words, it is merely a tool that represents the optimal use of available material, human, and financial resources by the entity to achieve best outputs.

Section Three

General Features of Auditing According to Creativity and Innovation Methods

Preface:

After discussing the efficiency of the audit process in the previous section and we were introduced previously to the concepts of creativity and innovation in general, this section will focus on the characteristics of auditing according to the methods of creativity and innovation due to its significant role in development and efficiency of the auditing performance. Furthermore, the continuous and increasing development in the auditees requires the SAIs to update their methods and procedures. They must also use approaches and tools that assist them in carrying out the tasks assigned to them. Therefore, this section is divided into the following:

2.3.1 Definition of Creativity and Innovation in Auditing

Creativity in auditing refers to introducing new methods and procedures by the auditor that replace conventional ones. Innovation in auditing refers, on the other hand, to the auditor's use of new ideas in the auditing process. It involves finding new ideas and knowledge, developing and testing existing methods to work more modern and efficiently in order to overcome the problems that auditors face (Wadi, 2015: 357). In the past, auditors would visit their clients during the planning phase, and information would be documented manually with pen and paper, as well as totaling of figures and balances. However, auditing processes have changed through innovations, and now income statements are gathered automatically, and integration and analysis occur in real-time. As a result, auditing has shifted from a retrospective process to a real-time audit, as auditors are no longer limited to sampling and can now adopt a more generalized auditing model by gathering and analyzing information to detect fraud, errors, and other innovations in the field of auditing (Mugisha, 2023: 13).

The researcher believes that through the concepts presented by the authors and researchers in the field of creativity, creativity can be defined as "a new

method, idea, or approach that has not been used before, provided that it is useful in improving the procedures and outcomes of controlling and auditing, even if the improvements are slight at the beginning of its adoption".

2.3.2 Measures of Creativity and Innovation in Auditing.

1. New ideas in auditing

2. Creative thinking in auditing

It is thinking outside the box, looking at things from a different perspective, and innovating new methods to perform tasks, solve problems and address challenges(Zahra ,et al. ,2023:325)

3. Flexibility

It is an individual's ability to overcome mental obstacles that hinder a shift in their thinking pattern when solving a problem. In other words, it is the ability to adapt one's mental state and ideas to align with the complexity of the situation(Al-Shaghouri, 2021:19). Flexibility refers to the diversity or variety of ideas that an auditor can generate meaning it encompasses the qualitative aspect.(Musilum,2015: 92) It is the opposite of mental rigidity, which means adhering to predetermined and inflexible mental patterns regardless of the situation's demands. In other words, it is an individual's ability to present diverse ideas. Flexibility plays a crucial role in the ability of creative individuals to generate new and innovative ideas (Zahra, et al.,2023: 329). It means that flexibility is utilized by the auditor in alignment with work conditions and by leveraging experience from various fields. Flexibility is the ability to adapt to directives in an attempt to find new opportunities to deal with the work environment. It is also a method or tool that helps achieve success. Practicing flexibility in auditing often has an impact on the auditor's performance which in turn reflects on the reputation of the audit.(Wadi,2015: 358).

4. Integrated Knowledge in Auditing.

Scholars emphasize that creativity is linked to knowledge. Creativity requires a sufficient and reasonable level of knowledge about the subject or idea being contemplated. Without knowledge there can be nothing to create or innovate upon(Muslim 2015:19).

5. Sensitivity to Problems.

It is the ability to anticipate problems before they occur and to reject them if its arise.(Muslim,2015:93)

It is the awareness of the existence of problems, needs, weaknesses or imbalances in the environment or situation. It means that some individuals are quicker than others in noticing problems, which implies that identifying the problem is the first step toward discovering solutions(Al-Shaghouri, 2021, : 19).

7. Originality

Originality refers to innovation or the uniqueness of ideas brought forward by the auditor, where the ideas are new compared to those of their peers (Muslim, 2015: 92). It is the ability to generate and develop a number of creative ideas. A creative auditor excels in the quantity of ideas they propose on a specific topic and is characterized by producing ideas quickly, resulting in numerous ideas for a particular issue or problem (Hussein, 2023: 328). It is the ability to rapidly generate ideas that meet specific criteria in a given situation, which may be rare or involve indirect associations. It also refers to the ability to produce unconventional ideas that go beyond the obvious and are distinct from the familiar. Additionally, it is the ability to avoid repeating the ideas and traditional solutions of those around them (Al-Shaghouri, 2021, : 19).

8. Fluency

It refers to the abundance or multiplicity of ideas that an auditor can generate, meaning it encompasses the quantitative aspect (Muslim, 2015: 92). It is the ability to produce the largest number of ideas, alternatives, synonyms, solutions, or responses to a specific stimulus. It also involves the capacity to recall the greatest number of responses to a particular problem within a limited time frame(Al-Shaghouri, 2021: 18).

As stated in International Standard on Auditing (ISA) 200 titled "Overall Objectives of the Independent Auditor", under the section "Compliance with Relevant Requirements" paragraph (23) "In exceptional circumstances, the auditor may find it is necessary to depart from a relevant requirement in a specific ISA. In such cases, the auditor should perform alternative audit procedures to achieve the objective of that requirement. It is noted that the standard provides flexibility for the auditor to use methods and approaches during their work that differ from those specified in the

standards, as long as they are appropriate to the work circumstances. This leaves room for the auditor to exercise creativity and innovation while carrying out assigned tasks, based on their professional competence and knowledge, to achieve the objective of the audit process.(Wadi,2015: 359).

The researcher believes that auditing using creative and innovative methods, from a theoretical perspective and as indicated by standards, literature, and other researchers (based on the researcher's understanding), relies on the auditor's judgment and experience to achieve audit objectives. At the same time, the advantages provided by this type of auditing are no less important and may even positively surpass the expectations of the auditee. This includes saving time, which many studies have identified as one of the most significant pressures auditors face due to constraints such as the need to complete work within a specific timeframe. This can affect the audit process, potentially leading to early completion but at the cost of reduced effectiveness. Additionally, it reduces costs, particularly by streamlining procedures to uncover facts and establishing accountability for the facts discovered.

2.2.4 Methods to Change or Develop Auditing Approaches.

The traditional auditing functions are no longer sufficient to fulfill an effective role in the auditing process in today and future, which is characterized as a digital world amidst a continuous revolution in information technology and is influenced by numerous economic, social and modern political variables. (Al-Doghai, 2008: 285). There are many companies that do not require auditing every aspect of their accounts for every operation and every year. Therefore, the audit management must decide what should be audited and when the audit should be conducted in order to allocate the limited resources of the auditing process appropriately. Therefore, the audit management must have a method to determine and allocate the auditing process, prioritize tasks, and develop audit plans and activity reports. This approach is required for both the current year and long-term planning for auditing accounts (CODERRE, 2009: 56). In the 1980s, the concept of continuous auditing was introduced to auditors for the first time. The basic premise was monitoring and using data to draw conclusions about the subject and to focus the audit on areas of highest risk. However, at that time, the tools and access to the necessary data were not at the required level, so this idea was not embraced at the time. Now, however, the widespread use of information systems and the ease of access to relevant information,

along with the rapid pace and changes in auditing standards and the development of software, are convincing auditors to adopt new methods for auditing purposes (CODERRE, 2009: 69). The successive developments in auditing were previously tied to its intended objectives on one hand, and on the other hand, they were the result of continuous research to improve the auditing process from a theoretical perspective, aiming to align it with the major changes witnessed in global trade and the global economy in general, and particularly within economic institutions (Lionnel, 1992: 22). Traditional auditing methods and the evolution of auditing procedures and processes into modern approaches have emerged from professional associations in the United States and Europe. Among the most important of these is the planning and implementation of audit activities, where audit management efforts are focused on the most risky and significant areas within the organization (Awda, 2011: 9). There is a saying about necessity: "If it isn't broken, don't fix it, and don't reinvent it," which is sometimes useful to remember. However, we often find ourselves in mental situations where this does not apply. The methods that worked well for us in the past become ingrained in our ways, and past experiences can help us avoid pitfalls and maximize the use of our time. Yet, relying solely on past experiences can lead to attempting to impose familiar solutions on different problems or cause us to overlook new or more effective approaches to old problems. Even when we use our robust tools, such as data analysis and auditing software, we must strive to find new ways to address new situations. This provides us with an opportunity to be more professional in our problem-solving approach (CODERRE, 2009: 150). There are several reasons that call for reconsidering changing or developing auditing methods. Among these reasons are the failures that auditors may encounter in detecting misstatements in financial statements, which can result from the nature of work, such as rapid operations, technological advancements and globalization, which have a more immediate impact on financial statements than in the past (Lemon, Tatum, & Turley, 2000). Additionally, the intensity of testing to obtain details, coupled with a lack of a good understanding of the business and its risks makes the process ineffective at best (Curtis & Turley, 2007). Other reasons include the shift in focus within auditing methods towards business aspects, as well as profitable management consulting services, which have eroded auditor independence (Jeppesen, 2005). Today's business environment is fast-paced and constantly changing, and technology is one of the key factors forcing auditors to reassess their auditing approach. Other evolving factors include regulations and auditing standards that encourage auditors to use the best available

methods, thereby creating a new auditing environment (CODERRE, 2009: 3). As a result, auditing firms have begun offering their clients professional and technical services that go beyond their traditional services related to auditing financial statements and other assurance processes (Al-Zahar, 2013: 31). The importance of applying modern auditing methods lies in improving the quality of auditing accounts, as users expect complete accuracy in financial reports because they rely on them to make decisions and shape their policies (Ryan et al., 2021: 54).

The researcher believes that most of the authors and scholars whose works and theses he has reviewed agree on the necessity of adopting modern methods and improving traditional ones. They also emphasize that there is an inherent connection between the objectives of auditing and the process of developing the methods used, based on the developments and changes in the environment.

Undoubtedly, control contributes to improving the efficiency of economic units by optimally utilizing their resources, especially human resources, which are considered the fundamental element due to their significant role in performing control tasks effectively. Therefore, economic units should be subjected to control by SAIs, such as the Federal Board of Supreme Audit, which employs the latest methods in control and auditing. Its audit programs should include procedures that enable the utilization of expertise in creativity and innovation within its control and auditing processes. This approach also relies on human resources, their experiences, and qualifications to achieve the desired objectives.

Stages and Steps of Creativity and Innovation in audit work.

Researchers have identified several steps for creativity and innovation in professions, such as Geoff Mulgan, who, through his long years of work, identified fundamental steps related to creativity, innovation, and the activation of innovation. His study in 2003 included four main steps, with additional procedures and steps branching from them. However, he later reorganized the steps of innovation through the "Innovation in the Public Sector" guide issued by the British organization Nesta in 2013, dividing them into seven main steps. These steps were adopted by the Mohammed Bin Rashid Centre for Government Innovation and are used by Emirati government institutions as a framework for work. They include the following (Al-Shaghouri, 2021: 30).

1. Exploring Opportunities and Challenges.

Investing time early in exploring opportunities is considered one of the steps of creativity and innovation. It helps in identifying opportunities and challenges, and then responding to them through appropriate creativity and innovation by uncovering the root causes of the problem. At this stage, it is important to ask insightful questions and demonstrate flexibility in dealing with all possibilities.

2. Generating New Ideas.

New ideas are an essential part of the process of creativity and innovation; in fact, they are the most important part. It is easy to generate ideas or make modifications to an existing idea. However, the effective approach lies in filtering out non-viable ideas and focusing on developing viable ones into actionable projects.

3. Development and testing.

At this stage, ideas are developed and tested practically, with a focus on the idea that will be developed and tested. It may involve engaging specialists at certain points to support the idea and enhance its chances of success.

4. Validating the effectiveness of new ideas.

At this stage, planning is carried out on how to gather evidence to validate the ideas, while remaining open to any modifications as the idea evolves. Through this process, the idea becomes more refined, enhancing the ability to convince others to support the innovation.

5. Presentation and implementation.

At this stage, the idea is transformed from an abstract concept into reality through application and implementation. This may require a specific policy, service, or incentive.

6. Promoting, developing and disseminating innovation on a wide scale.

There are multiple ways to expand and disseminate the scope of innovation, which in turn enhances its importance and benefits. The method of dissemination depends on the ownership of the innovation.

7. Changing systems.

Understanding systems well helps in adopting an appropriate methodology to lead change, as it is known that change faces challenges, and such understanding is effective in managing them.

The researcher believes that these steps are important factors in motivating auditors to be creative and innovative in their auditing work, but these steps need tools to implement them, and the most important tools are leadership and the work environment that should be deliberated because it is not unlikely that many of these steps exist in the auditing work, but without the intention of creativity and innovation in the auditing work, which requires attention to that.

Chapter Three

The Practical Framework of the Study

Practical framework of the study:

The field study aims to survey the opinions and viewpoints of the employees of the FBSA in the Republic of Iraq regarding the requirements of creativity and innovation in auditing work and what is related to the challenges and obstacles facing its implementation on the ground.

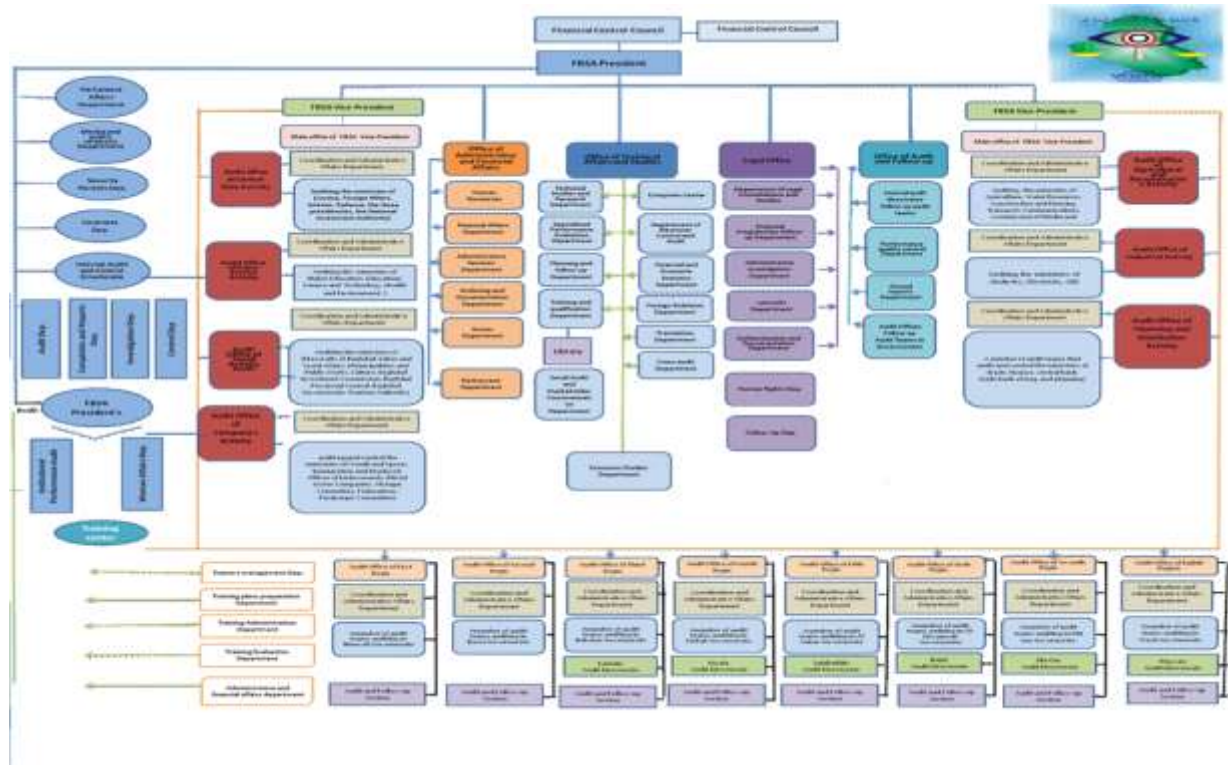
3.1 Study method and procedures

3.1.1 Study methodology

The researcher relied on the research being qualitative rather than quantitative in order to understand and interpret the study accurately, thus reaching the precise and detailed questions that are difficult to express using quantitative or statistical methods. The study also deals with administrative procedures and the mechanism of their application and adoption, not with the satisfaction of the administrations of the auditee. Therefore, the researcher relied on the method of individual, organized and group interviews, in addition to analyzing some documents and reports of FBSA based on specific questions that were developed relied on the theoretical study and under the guidance and direction of the leadership of FBSA, represented by the President of FBSA and his deputies.

To achieve the study objectives and answer its questions, the descriptive analytical approach was relied on studying of FBSA with the aim of collecting facts and describing them as they exist in reality, studying and analyzing them, and obtaining results and answers to questions. Qualitative methods were adopted to reveal the conditions and requirements of innovation in auditing work, and scientific and practical studies and various research were used to examine the variables present in the study.

3.1.2 An overview of FBSA of Iraq:



Although there is a clear organizational structure of FBSA for its work and a clear job description for each position, most of the audit and control works in FBSA are done through the formation of audit teams and committees to accomplish the tasks, and there is consideration in the distribution of tasks and the personal experiences and capabilities of the audit teams are taken into account.

The FBSA seeks to achieve the following objectives:

- Preserving public money from waste, squandering or mismanagement and ensuring its efficient use.
- Developing the efficiency of the performance of auditees.
- Contributing to the independence of the economy and supporting its growth and stability.
- Disseminate accounting and auditing systems based on local and international standards and improve the rules and standards applicable to management and accounting continuously.

- Developing the accounting and auditing professions and accounting systems and raising the level of accounting and auditing performance of the auditees.

3.1.3 Study community and research sample

The study community consists of employees of FBSA in the Republic of Iraq. The sample included employees of the main headquarters in the capital, Baghdad, as well as various audit departments affiliated with the FBSA. (165) questionnaires were distributed among the Director General, technicians, and administrators, in addition to the President of FBSA and his deputies, who had the guidance regarding the questions prepared for the case study through individual and group interviews to discuss, ask questions, and exchange information in a way that would lead the researcher to acceptable results in the case study.

Questionnaires were sent directly and the follow-up process continued for about 45 days, during which 125 questionnaires were retrieved, representing (75%) of the distributed questionnaires. Due to the incomplete answers to some of the questions included in the questionnaire, 15 questionnaires were excluded. Accordingly, the number of questionnaires suitable and valid for analysis became 110 questionnaires.

It constitutes (88%) (of the received questionnaires) and 66% (of the distributed questionnaires).

Table No. (1) shows the study sample and the number of distributed and received questionnaires.

Number of questionnaires distributed	Number of questionnaires received	Number of questionnaires received to the distributed	Number of questionnaires valid for analysis	Number of valid questionnaires to the received	Number of valid questionnaires to the distributed
165	125	75%	110	88%	66%

(c) Presentation and discussion of the study results

In light of the nature of the research problem and its objectives, and based on the results of the analysis and processing of the data used in the study, the results will be presented, interpreted and discussed as follows:

1- Personal characteristics of the research sample individuals

Table No. (2) shows some characteristics of the research sample individuals in terms of education and professional qualifications, current job, and number of years of experience.

Table (2) Some characteristics of the research sample individuals

General characteristics	Sub-characteristics	number	Ratio(%)
Education	Bachelor's	33	30
	Master's	22	20
	PhD	55	50
Scientific specialization	Accounting	77	70
	Business Administration	11	10
	the law	22	20
The task of audit	Auditor	60	54
	Chief audit team	30	27
	Assistant manager	11	10
	Expert	5	6
	Manager	4	3
Years of experience	From one to five years	11	10
	From five years to ten years	22	20
	More than ten years	77	70

It is noted from Table No. (2) that 30% of the respondents hold a bachelor's degree, and 20% and 50% hold a master's degree and a doctorate, respectively. This means that all individuals in the sample have a university degree.

It is also noted that 70% are specialized in accounting, while 10% and 20% are specialized in business administration and law, respectively.

It is also found that the majority of the responding sample members are auditors and heads of auditing bodies, with the percentages being 54% and 27%, respectively.

It is also noted that the majority of the respondents had more than ten years of experience, with a percentage of 70%, while only 10% of the respondents had less than five years of experience in the field of auditing.

From the above, it is observed that most of the respondents possess the experience, academic qualifications, scientific specialization, and professional expertise to answer the questionnaire questions. Since they are working in the field of auditing at the

Federal Board of Supreme Audit, this makes them more informed and knowledgeable about the implementation of auditing process, which increases the reliability of their opinions.

3.1.4 What are the requirements for innovation in the auditing work at the Federal Board of Supreme Audit?

The researcher relied on what was presented in the (Sahni et al., 2013) study ,taking into account the modifications made in the (Al-Shaghouri, 2021) study, which includes the following five elements of innovation in governmental work:

1. The ability to experiment.
2. Responding to low performers.
3. The presence of feedback loops.
4. Existence of incentives to improve performance.
5. The presence of budget constraints.

To verify the presence of these requirements at the Federal Board of Supreme Audit, the researcher conducted interviews with some of the FBSA's employees from different departments. Closed-ended questions were posed before discussing the questions and the purpose of the study, which is to assess the current state of innovation in auditing work. The questions is related to every audit work innovation requirement and condition to verify whether they are available in the FBSA or not in addition to the closed-ended questions concerning the innovation obstacles in audit work and the tone of the top in the FBSA. After obtaining the answers to the close ended questions , the researcher discussed the innovation in the audit work and directly asked FBSA DGs and CPAs open ended questions .Through this procedure, the researcher obtained information and answers about the study's inquiries and examples of some of the innovations in the FBSA.

2. Analysis of the respondents' answers to the survey

Table (3) The ability to experiment

	Yes	No
Do you have the choice to determine how to accomplish your audit tasks in the FBSA	%80	%20
Are sufficient time and resources allocated for experimenting with innovative ideas and applications at work?	%90	%10
Does the FBSA provide opportunities to increase experience and knowledge?	%95	%5

In the area of the ability to experiment, the researcher posed three questions, followed by an open discussion. Most of the responses indicate that the FBSA provides adequate time and resources to experiment with new ideas, and that the Board creates opportunities to increase experience and knowledge. Some employees who suggested ways to simplify their audit tasks confirmed that improving the work process requires creating an open space during meetings and audit work for brainstorming and exchanging opinions.

Table (4): responding to employees with poor performance

	Yes	No
Do managers deal appropriately with employees with low and poor performance in the audit work in the FBSA	%80	%20
Does the FBSA deal with poor performance effectively?	%90	%10

Table (5) Feedback loop

	Yes	No
Do you receive feedback and comments on performance in order to evaluate the required outcomes?	%85	%15
Does the manager or supervisor provide you with regular and constructive feedback or comments?	%95	%5

Table(6): Existence of incentives to improve performance

	Yes	No
Does the FBSA motivate you to contribute to achieving its	%100	-

goals?		
Does the FBSA encourage you to put forth your best effort in audit work?	%90	%10
Does the audit work mechanism change based on the amount allocated in the budget?	%60	%40

Table(7): Work Environment

	Yes	No
Does the work environment at the FBSA encourage you to generate new ideas in audit work?	%70	%30
Are there any obstacles that hinder the implementation of new ideas in audit work at the FBSA?	%80	%20
Are there any obstacles that hinder the implementation of any innovations in the FBSA	%85	%15

Table (8): the Leadership in the FBSA

	Yes	No
Does the manger or the team leader personality affect the performance of audit process	%90	%5
Does the leadership of the FBSA accept and nurture new ideas?	%100	-
Does the leadership of the FBSA impose ideas on employees regarding audit process?	%75	%25

Table (9): Innovations Steps

	agre e	Strongly agree	Disagree
In your opinion, one of the most important steps of innovation that should be considered for implementation in the FBSA is (exploring opportunities and challenges).	%90	%10	-
In your opinion, one of the most important steps of innovation that should be considered for implementation in the FBSA is (creating new ideas).	%80	%20	-
In your opinion, one of the most important steps of innovation that should be considered for implementation in the FBSA is (Development and testing)	%95	%5	-
In your opinion, one of the most important steps of innovation	%85	%15	-

that should be considered for implementation in the FBSA is (Changing systems and regulations)			
In your opinion, one of the most important steps of innovation that should be considered for implementation in the FBSA is (Proving the validity and effectiveness of new ideas)	%90	%10	-
In your opinion, one of the most important steps of innovation that should be considered for implementation in the FBSA is (Presentation and implementation)	%85	%15	-
In your opinion, one of the most important steps of innovation that should be considered for implementation in the FBSA is (Enhancing and developing innovation)	%90	%10	-

The researcher relied on the steps of innovation in government work provided by Mohammed bin Rashid Center for Government Innovation based on the framework presented by (Geoff Mulgan). The seven steps are : exploring opportunities and challenges, generating new ideas, development and testing, proving the validity and effectiveness of new ideas, presentation and implementation, enhancing and developing innovation, and changing systems and regulations.

It appears that there are high levels of awareness and a culture of creativity and innovation within the FBSA. However, there is a need to establish a framework, an adopted policy, and specific regulations to elevate and develop the audit work and motivate employees towards achieving the requirements of creativity and innovation in audit work .

Chapter Four

Conclusions and Recommendations

The study draws the following conclusions :

1. The conditions for innovation are met in the FBSA in terms of the five conditions namely the ability to experiment, responding to employees with low performance , the existence of feedback loops, the presence of incentives to improve performance, and the existence of budget constraints.
2. The work environment in the FBSA encourages and incentivizes innovation and creativity in audit work .
3. FBSA leadership plays the essential role in promoting creativity and innovation in audit work .
4. There is no general policy or strategy for adopting creativity or innovation in the audit work at the FBSA. However, all the procedures followed in administrative and audit work at the FBSA indicate that it adopts a culture of innovation without explicitly naming it.
5. There is no clear framework for deriving ideas, creativity, and innovations, as the work is carried out by committees and various audit teams.
6. The FBSA is capable of being a Lab for innovation and creativity in the audit work.

Recommendations

1. A dedicated strategy needs to be adopted for innovation and creativity in the FBSA For audit work and a clear framework for employees to embrace change and present new ideas needs to be developed .
2. Training programs for FBSA employees on creativity and innovation techniques in audit work need to be adopted .