

Assessment of Auditor's Responsibility on the Strategic Planning and Controls Using SWOT Analysis: An Ethical Approach

¹Jasim Gshayyish Zwed and ²Rabab Adnan Al-Rubaye

¹Kut Technical Institute, Middle Technical University, Kut, Wasit, Iraq

²Najaf Technical Institute, Alfurat Al-Awsat Technical University, Najaf, Iraq

Abstract: This study aims to assess the ethical responsibility of auditor on the strategic planning and controls using SWOT analysis in Iraqi industrial companies. In addition it seeks to reveal the ethical responsibility of the auditor in auditing of the strategic planning processes and examining the strategic control procedures prepared by the economic unit. In order to achieve these objectives, a case study on the Iraqi engineering works companies was implemented. The SWOT analysis was used a tool to assess the strategic planning and controls in the sample company using the financial data for the years from 2011-2015. The findings reveal that it is necessary for auditors to be able to design the auditing procedure that effectively monitor the strategic plans and controls in order to identify the resulted deviations. The results also indicate that those plans should be examined by a neutral professional or professional in order to stay away from overstatement. The results of data analysis in the Iraqi engineering works company show that by considering the ethical conduct standards the auditors are required to develop an effective program and plans to oversight the strategic plans and control adopted by the economic unit. Moreover, the results also reveal that the sample company did not develop strategic plans sufficient to reduce the risk of external threats. The findings of this study suggest that, the auditors should present the strategic plans and control adopted in the economic unit because this enhances and contributes to the development of the sound plans. In order to avoid future changes and economic unity to develop appropriate strategic plans to reduce the threat of the external environment and the economic unity to adopt a system of information and a careful system to ensure that the strategic plans to build accurate information based on an integrated information system.

Key words: Strategic planning, financial control, auditor responsibility, ethical standards, SWOT, analysis, economic unity

INTRODUCTION

The large changes in the external environment in terms of the intensity of competition between economic units and adapt to the new changes related to the speed of transfer and investment of information it is worth these units and at various levels to develop strategic plans and control in order to invest opportunities and mitigate or avoid the threats that will face or are expected to face In the future and the uncertainty element is included in its scope. The durability required for each of the strategic planning and strategic control adopted by the economic unit requires to study all the conditions that can be faced in the future. Strategic planning processes are always inconsistent with uncertainty. Long-term strategic planning requires strategic control and is modified or changed according to the available information or based on it. It includes means and control procedures that are consistent with the nature of these plans. Disciplinary, civil and penal for the auditor.

Recently there has been renewed interest in auditor responsibility and SWOT analysis (Schlenker, 1997; Helms and Nixon, 2010; Anton, 2015; Hoang *et al.*, 2015; Lai *et al.*, 2018). However, a little importance has been given to the ethical responsibility of auditor toward the strategic planning and controls in their clients. The current study aims to assess the ethical responsibility of the auditor in the audit of strategic planning processes and examine the means and procedures of strategic control prepared by the economic unit to evaluate the ability of these means and procedures in supporting the strategic planning.

Literature review

Ethics and ethical responsibility of the auditor: Ethics are derived from the Greek word Ethike which means customs and theology. The ethic is a set of beliefs or ideals directed at the individual or group of people in society. Ethics represents the choice of behaviors that distinguish between good and bad. This is what ideal morality

represents and it is a relative issue. Certain social preferences are based on what they dislike in society of behavior and behavior in a certain period of time (Schlenker, 1997). Many researchers have dealt with the definition of ethics and each of them has embarked on a particular angle. They have defined it as the choice of behavior that is sound, appropriate and fair and may be sound or wrong and may be appropriate or inappropriate (Lai *et al.*, 2018). Pojman (1998) defines the ethic as a broad concept when he called it moral philosophy. He defined it as a methodology that seeks to understand ethical concepts and justify ethical principles and doctrines. He pointed out that morality is committed to what is right or wrong and good and not good in contexts. For example, how I live my life and what is the right thing to do. On the other hand, ethics can be divided into two types, one based on moderation, mediation and the maximum benefit of the greatest possible number and the other, religious ethics which derive the rules of proper behavior from religious beliefs. On this basis, two types of morality can be distinguished.

Descriptive ethics: It is concerned with the analysis and study of the facts and cases obtained from different fields including social, psychological and cultural studies and comparisons between characteristics but without any judgments or relative assessments about them is not only interested in analysis and study but interested as well as its moral value, significance and relative importance and is divided into two types:

- General normative ethics
- Applied standard ethics

Meta-ethics: It is the science that studies the foundations of the first or the principles of the basis of human knowledge and interested in studying the semantics and justifications that underlie the positions of moral as well as the nature of ethical concepts and is looking at the thought and existence and absolute as well as interest in the areas beyond the framework of physical sense and sight which have the ability to leave their mark on the community culture and the creation of concepts and beliefs that affect the customs and customs prevailing societies.

General principles and rules of ethics: There is a set of characteristics that the ethical behavior of the individual involves and which at the same time represents the set of principles and norms of ethics in general (Mahmoud *et al.*, 2011).

Secretariat: It means that the individual should be honest does not steal and not cheat and lie, not deceive and do not evade and some have pointed out that one of the most important person's ethics is the secretariat of any person is praised described by the secretary.

Integrity: It means that the individual should be secret, brave and works as he is convinced and does not have multiple standards and does not follow the principle of purpose justify the means.

Preservation of the promise: It means that the individual kept the promise and implement the obligations and respects the agreements and not interpreted inappropriately or in a manner consistent with the laws and should not seek excuses and justifications for breach of undertakings.

Loyalty and loyalty: It means that the individual is sincere in working for customers, does not disclose information that represents confidentiality in the professional framework and maintains the ability to reach a neutral professional judgment while avoiding inappropriate influences and conflicts of interest.

Justice: It means that the individual is fair and open-minded with the ability to recognize failure and when he is so willing to change unacceptable attitudes and beliefs as well as treating individuals equally with accepting differences.

Attention to others: It means that the individual is generous, generous to have the ability to give and be in the service of others with the help of those who need it without harming them.

Respect for others: It means that the individual is respectful of human dignity and privacy and the right of choice for everyone and be polite and polite to provide them with the information they need and does not arrogance to them and does not do an act that harms them.

Being a good citizen: It means that the individual is committed to the laws and participation in the public service of society, especially when it is in a leadership position on the adoption of strategic decisions with economic benefits to the general community or information and the availability of others to enable them to make a good choice and exercise their rights and to perform their duties.

Perseverance and striving for excellence: It means that the individual perseverance and seeks to excel in all things and in the performance of personal and professional responsibilities and must be diligent in carrying those responsibilities and worthily of the dependence of others.

Accountability: It means that the individual is worthy of trust and bears responsibility for actions related to the future results right and wrong and to serve as role models and examples for others to promote and confirm the integrity and good reputation in the family, company or profession and even the government.

Fourth dimensions of ethics it is worth mentioning ethical codes before addressing the dimensions of ethics which is a document issued by the institution that includes a set of values adopted by the economic unit in directing and practicing its realization which helps workers in dealing with issues and problems. In this context, Hill and Rapp (2014) identified three dimensions or levels of the ethic of ethics through ethics.

Professional ethical dimension: Professional associations issue codes of ethics and ethics binding their members which we find in the associations of accountants, medical associations, bar associations and other fields of knowledge and information and note this dimension is limited to the level and reputation of the profession and therefore is limited in the framework of the profession and its members and some of his ethical principles were linked to the pursuit of benefits and the avoidance of harm to society and information.

The ethical dimension of business: Business companies often issue their own codes which bind all employees at their different levels of the organization including those in accounting. This means that the ethical code of the institution tends to expand its moral interest to cover many professions and functions within the framework of the institution's vision of ethics in its field.

The ethical dimension of exchange: This represents the ideal ethics that relate to the work of what is right because it is right and not because it is better for the business or profession.

Integrity and ethical values of management: The ethical behavior is the set of external and internal behaviors and expressions through which the individual seeks to achieve the process of adaptation and reconciliation between the requirements of the social framework in which he lives (Cushing, 1999). The auditor should have

an understanding of the ethical values adopted by senior management and sub-departments. In planning the audit, the auditor should consider the integrity and reputation of the board members and whether they have precedents to override the policies and procedures of economic unity. When senior management and sub-departments lack integrity and moral values, this will adversely affect the environment governing the work in the economic unit which requires the auditor to pay particular attention when determining the nature and timing and the extent of the basic tests that will depend on the examination to ensure the safety of opinion which he discloses on the financial statements (Gul *et al.*, 2013).

The ethical basis of scrutiny: The economic importance of the audit profession, the large number of parties benefiting from its reports and conflicting interests of the categories of these parties, required the auditor to have ethical conduct that would enable him to accomplish the task that the community had undertaken. The most important thing that characterizes any profession is the commitment of its members to the rules and principles of behavior stemming from the same governing their professional behavior in recognition of the importance of the role they play and their responsibility towards the public which we find in the profession of law, medicine, accounting and other professions. Moral behavior is not limited to auditors in the course of practicing their profession but applies to their behavior outside the profession as applies to other people because the issue of ethics every integral dictates to the human professional points translated into positions consistent with the nature of the problems faced, under human behavior in general. This moral concept has been the subject of philosopher's interest, since, the beginning of written ideas, so that, the ideal school in philosophy, whose leaders are strata, Plato and Kantha was ethical in nature. Moral behavior can be presented as follows: (ethical problem, ethical principles, ethical decision results). The ethical problem is one that arises when one has to choose between several alternatives and that the right decision is not at all clear that the ethical problem can be developed as one of the alternative options that affects others. When confronted with the problem, one must return to the moral principles that he believes in and these principles must guide decisions. That a person may exempt himself from direct research into these principles if the professional organization to which he belongs has developed these principles and rationalize the work of its members. Although, relying on the profession's opinion or rules may not be sufficient in many cases. The general rule in this area is that blind adherence to customs or a set of

principles established by the profession or society is a waiver of individual responsibility in the sense that everyone is able to make a moral decision responsible for his own decisions. Therefore, the tasks of principles or codes of conduct are primarily indicative. In practice, there are two types of ethical principles that represent a theoretical background for each behavior: the first type is the mandatory principles that lead the decision maker to work according to the requirements of the professional rules of conduct without balancing good and evil in the case of these rules or not. The second is the utilitarian principles. The basic criterion in these principles is the balance between good and evil resulting from each decision. The decision that leads to the greatest good is the best one. Any moral rule must be useful to people but if this rule is harmful it is not permissible to apply it to them (Lopez and Peters, 2012).

We conclude from the above discussion that moral behavior is the group of external and internal behaviors and expressions through which the individual or the auditor seeks to achieve the process of adaptation and reconciliation between the elements and the quality and the requirements of the social framework within which he lives. We can therefore, define some characteristics of behavior. It is a causative behavior in the sense that the behavior does not appear from the ground but there is always a reason that leads to its inception.

It is purposeful behavior in the sense that moral behavior usually seeks to achieve a certain goal or satisfy a particular need. It is a diverse behavior which appears in multiple images and variety, so that, it can adapt and corresponds to the situations that face it. It is a behavior that assumes flexibility. Which is adjusted and changed according to the different circumstances and situations faced by the auditor or individual.

Concept of ethical conduct in audit: The progress of society depends not only on the material and technological potential but also on the human potential that is capable of adhering to a set of ethics and functional behaviors. The outstanding performance of the working individuals depends on their adherence to this ethic.

Based on the foregoing, the subject of ethics is almost the focus of study in many disciplines, even though it is a thorny issue and considering the immoral behavior of the working individual is an important problem that needs to be studied and analyzed to find reasons and propose solutions so that economic and social development can continue to serve the society. In his context, Jawad indicates a set of ethical concepts and attitudes that characterize human behavior and help to

classify it into moral and immoral behavior. Behavior is moral insofar as it helps the individual or group to be perfect and united in the midst of the opposite ends. Maroun (2015) points out that some distinguish between moral and immoral behavior in light of the degree of interest in morality within the framework of social control. Goodwin and Wu (2016) described ethical behavior as being in line with generally accepted social norms and unethical behavior did not conform to generally accepted social norms. Shore (2018) showed moral and immoral behavior as a product of all trends, values and patterns prevailing in society.

Ethics of the auditor are not limited to the principles and rules of the ordinary person but goes beyond that to form a set of rules, so that, they become realistic and applicable professional rules that guide the profession towards professional behavior. This requires that professionals adhere to ethical conduct that will benefit the society. The ethical behavior is not limited to the auditor in the course of practicing their profession but it applies to their behavior outside the profession as is the case with other people as the issue of morality cannot be divided or applied in a place other than the other (Lopez and Pitman, 2014). The ethics of the auditor have been defined as all that is recognized by the organization as the main source of the determination of what is right or wrong within the business environment (Alleyne *et al.*, 2016) and the ethics of the auditor are defined as standards and standards of ethical values and conduct governing the accounting work carried out in the work environment. The ethics of the auditor have also been defined as a set of bases under which professionals should work, thus, contributing to enhancing trust with those who deal with them (Maroun and Atkins, 2014). The ethics of the auditor have also been defined as: the system of ethical principles and values and norms of practice which have become a standard of good professional conduct (McDonald, 2006). Ethics of the auditor are also defined as the ethics governing the conduct and practice of members of the auditing and auditing profession. This means that there is a similar way of thinking of a large group of individuals such as professional unions, foundations, federations and grassroots organizations. In addition, the observer who is characterized by moral meanings is the observer qualified scientifically and practically and achieve the standard of neutrality and independence in a sincere and give due attention and professional attention in practice and the general standards issued by the American Institute of Certified Public Accountants Three (Cushing, 1999).

The examination shall be carried out by a person or persons with sufficient scientific and practical

qualification. The observer shall have a neutral and independent intellectual and mental orientation in all matters relating to the examination and review process.

The observer shall exercise due diligence and reasonable care in performing the examination and preparation of the report.

SWOT analysis: The SWOT analysis represents the second variable of our study which identifies the strengths and weaknesses in the internal environment and opportunities and threats in the external environment. The purpose of the research is to identify the institutions of the importance of this tool in the strategic analysis and how to use to discover the strengths and weaknesses of the institution in its internal environment as well as opportunities and the threats they face in the external environment. The idea of the SWOT analysis dates back to 1957 when Philip Sielznick presented his thesis on harmonizing the internal factors of the organization with the external environment. This idea was later developed by the public administration professors at Harvard Business School and specifically by the learned and identifying the organization's distinctive capabilities but also identifying opportunities that the organization cannot benefit from are the reasons for not having the right resource to deal with these opportunities (Anton, 2015).

SWOT analysis was defined as a planning tool for success in dealing with the changing environment, an assessment that examines the external environmental conditions, whether appropriate or inappropriate, through relative strengths, relative vulnerabilities, opportunities and future external threats. The purpose of the SWOT analysis is to determine the relationship between the organization's current strategy and its strengths and weaknesses in the changes taking place in its business environment (Helms and Nixon, 2010). The SWOT Model is based on the idea of a logical comparison between the opportunities and risks of the ocean on the one hand and the potential of the organization to express the strengths and weaknesses on the other to develop the appropriate strategy. This model is also known as the LCAG. For the preparation and implementation of strategies (Hoang *et al.*, 2015). It is also an important and useful tool in analyzing the general situation of the organization on the basis of balancing the strengths and weaknesses of the internal environment, opportunities and threats in the external environment. This tool illustrates the relationship between the internal and external evaluations (Weihrich, 1999). SWOT is defined as a situational analysis of the internal and external factors affecting the economic organization and the use of

acquired knowledge to improve and implement planning (Hoang *et al.*, 2015). The LCAG Model provides logical thinking in the following stages. External evaluation, divides into:

- Determining the environmental risks and opportunities
- Determining the key factors in success

Internal evaluation, divided into:

- Identifying the strengths and weaknesses of the organization
- Identifying of outstanding skills in terms of competition
- Create and evaluate all job opportunities
- Clarification of environmental values and administrative values
- Selection of strategic exercises on the basis of resources and implementation of strategies

Table 1 shows the SWOT matrix, first letter (s) in this matrix refers to areas of strength in the organization's strengths, the second letter (w) refers to weaknesses in the organization and the third letter (o) refers to opportunities in the external environment of the organization opportunities, the fourth letter (t) In the external environment of the organization. The analytical mechanism is not limited to, determining the competitive positions of the organization its capabilities and resources and the best ways to use them (Helms and Nixon, 2010). Anton (2015) summarized the importance of SWOT analysis through the following points. It is the corner part in the strategic planning process. The organization will be able to identify areas of vulnerability and strength internally and externally. It increases the internal and external awareness of the weaknesses of the organization and prepares them to face threats.

It provides an accurate analysis of the organization's environment which increases its competitiveness. On the other hand, according to the organization is supposed to rely on diverse and reliable sources to obtain the necessary data and information related to the organization's working environment. Thus, the organization can rely on.

Table 1: Strategies of SWOT analysis

Internal environment		

External environment	Strengths (s)	Weaknesses (w)
Opportunities (o)	Investment opportunities available by using the strengths	Addressing weaknesses and investing opportunities
Threats (t)	Use strengths to reduce threats	Reduce vulnerabilities and reduce threats

Environmental survey systems: Environmental survey systems take different forms according to the needs and capabilities of the organization used for them. In general, these systems can be as follows.

The survey systems are not systematic: these represent studies, analyzes and collection of non systematic and systematic data and information. Most of them are similar to the conditions and crises that may arise in the environment. The efforts to determine the repercussions of the events on the organization's situation in the short term are based mostly on these systems for future environmental events.

Regular survey systems: These systems revolve around regular events which are examined for the purpose of selecting the components of the organization's strategy. An annual reassessment of certain events may occur for the purpose of directing the organization's clients in the future. These systems usually focus on overlapping data from past, present and future events. which gives it special importance of the organization.

Continuous survey systems: These systems constantly monitor and inspect the components of the organization's environment. The survey here represents continuous systems rather than a temporary process produced by certain events. These systems are often more forward-looking than previous systems.

Prediction systems: Predicting environmental data is a key pivotal step in the analysis of strengths and weaknesses, opportunities and threats as well as processes to identify strategic issues that impact on the future environment of the organization. Many organizations find that future prediction of events is a central element in organizational success. The most important methods used in environmental prediction are:

- Expert opinions
- Directional projections
- Directional relations
- Dynamic modeling
- Mutual impact analysis

Figure 1 shows that four basic strategies of SWOT analysis which can be adopted based on environmental analysis and the organization's assessment of its internal and external capabilities. As indicated above, there are four strategies are: attack strategy, defense strategy, therapeutic strategy withdrawal strategy (Anton, 2015). These strategies are summarized:

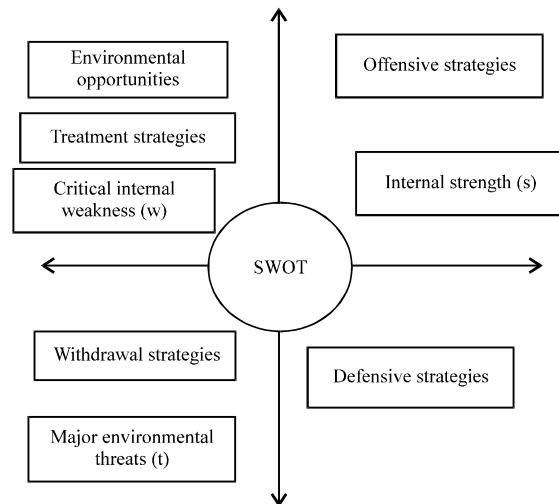


Fig. 1: Strategies of SWOT analysis

Attack strategy: This strategy is adopted by the organization when it is at its best because it expresses the compatibility and harmony between the strengths and the opportunities available in the market is able to invest and therefore the adoption of this strategy stems from their ability to compete and enter to the markets where they work or to cut off parts of their market shares as well as the fact that their strengths are greater than their weaknesses, so as not to allow competitors to retaliate against them at any of their potential weaknesses.

Defense strategy: This strategy and its adoption differs from the previous strategies and this difference is that the organization faces uncontrolled variables (external challenges) and therefore, adapts them as much as possible but is unable to influence them as in the internal environment, this strategy therefore, represents the relationship between the strengths of the organization and the threats it faces and thus, pursues the defense strategy by strengthening and strengthening its strengths to counter threats which may be for a limited period.

Therapeutic strategy: This strategy is a reflection of the relationship between the weaknesses in the organization and the opportunities in the market which can represent the situation of the organization in light of the economic recovery and market growth and the resulting opportunities and available to all organizations but suffers from weakness in their capabilities and its potential.

Withdrawal strategy: This strategy represents the most serious cases in which the organization because it represents a state of compatibility between the

weaknesses and threats faced by the environment, due to the operational inefficiency and productivity and marketing in the organization not to mention the competitive pressures faced by the circumstances economic slowdown, so, it will adopt the strategy of withdrawal or decline by reducing its operations in a specific area or a specific market or calendar canceling a line of production lines or exit from specific parts of the market and this strategy can sometimes be called a deflation strategy.

Thus, it can be said that the organization does not selectively or arbitrarily choose the strategy it adopts. Rather it is done through an integrated and objective assessment of all the implications of the external factors representing SWOT analysis.

MATERIALS AND METHODS

The methodology adopted in this study is the case study approach which is applied to assess the strategic planning and controls in Iraqi industrial companies using SWOT analysis. The Iraqi engineering works company was selected as a case study in order to conclude the results of this study and the data were gathered from the financial statement, cost reports and operational reports for the period between 2011-2015.

The Iraqi engineering works company is a state company established in 1985 a mixed contribution under the Companies Law No. 36 of 1983 with a nominal capital of JD (8000000). The name and activities of the company were changed in the first and fourth paragraphs of the memorandum of association to become the Iraqi company for engineering industries a joint contribution on 28/9/1988 the Iraqi company for the manufacture of spare tools was incorporated in the Iraqi Engineering Company. The capital of the company was amended to JD (8700000). The capital of the company was increased by 30% to JD 11310000 with a nominal value of JD One share per share on 9/11/1993 and the capital was increased the company's share capital increased to JD (35000000) JD on 5/11/1996. Its capital reached JD (160000000) in 2004 and the name of the company was changed. In addition, the company started its operations during the first years of its establishment as an industrial company. However, recently, due to the deterioration of the security situation in the country, high fuel prices and power outages electroplating led to the high cost of products produced by the company and this in turn increases the ownership and increases in the prices of goods produced compared to the price of foreign competitive goods where the company decided to sell non-typical products, the purchase of goods and selling them in the market.

RESULTS AND DISCUSSION

It was noted that one of the basic requirements including the external environment of the company in question, has shifted in its activity from industrial to commercial while maintaining its industrial activity as much as possible but that does not mean that there is no idle energy. Accumulated from year to year, i.e., for the years beginning in 2005. The improvement in net profits, return on investment and return on equity has improved from year to year. This strategic shift in the company's activity has led to the company's non-stop and the erosion of its capital despite its transformation from Nash which is the purpose for which it was founded because it does not face competition from imported products. This strategic transformation led to the following.

Noncurrent assets: Although, the company has become a major commercial activity it still maintains non-current assets which it uses in industrial activity. The fixed assets were not affected significantly from 2011-2015. As for long-term investments, the company's investments are volatile and according to, the collection of surplus liquidity for its needs as explained in Table 2.

Current assets: In general, the current assets rose from year to year in order to keep up with the commercial activity of the years in which the company relied on its production as in Table 3.

The sales: Net sales fluctuated from commodity production to sales of goods for sale from one year to the next according to the needs and requirements of the market. The 2011 is the year of sales of goods for sale, the most popular year. As for the sales of commodity products, 2012 is the most sales of that product as shown in Table 4.

Operating income and net profit: During the years (2015-2014), the company recorded losses in its operating income while realizing profits during the two years (2012-2013). Net profit for the years 2011-2013 but in descending order and has achieved a rising loss during the two years (2014-2015). This is a clear indication that the company is not able to face external threats, especially with regard to the market variables for the years (2014-2015) and this is the lack of strategic clarity of what the company expects as well as for the subsequent years that must be developed strategic plans to accommodate points strength and weakness in the internal environment and the exploitation of opportunities and to face the threats arising from the external environment as described in Table 5.

Table 2: Noncurrent assets

Data	2011	2012	2013	2014	2015
Fixed assets	1278531814	1310607082	1281657021	1225372279	1174628215
Long-term investments	172815785	99634727	180336069	181397255	130922367
Total	1451347599	1410241809	1461993090	1406769534	1305550582

Table 3: Current assets

Data	2011	2012	2013	2014	2015
Inventory (at cost)	157779901	157435881	155950380	154807353	154582353
Accounts receivable	20406280	27023804	45761408	(9467058)	7677942
Cash	285579207	28137835	248790511	191240595	114214322
Total	263765388	212597520	450502299	336580890	276474617
Total assets	1915112987	1622839329	1912495389	1743350424	1582025199

Table 4: Total sales

Data	2011	2012	2013	2014	2015
Net sales	62447300	96961244	21046050	43254880	59106690
Net sales of goods for sale	1476084350	773929450	598607500	85278000	72507000

Table 5: Operating income and net profit

Data	2011	2012	2013	2014	2015
Operating income	(158364260)	148104785	135550815	(73701249)	(109427342)
Net profit	276531946	6016898	3098259	(168169605)	(213922296)

Table 6: Long-term and short-term liabilities

Data	2011 (%)	2012 (%)	2013 (%)	2014 (%)	2015(%)
Long-term liabilities	-	-	-	-	-
Short-term liabilities (creditors)	22.21919	2.93049	2.97420	2.61652%	2.88706
Total	22.21919	2.93049	2.97420	2.61652%	2.88706

Table 7: Ownership equity

Data	2011	2012	2013	2014	2015
Nominal capital	1000000000	1000000000	1500000000	1500000000	1500000000
Reserves	566949456	576636016	357256816	198898273	37632760
Total sources of funding	1566949456	1576636016	1857256816	1698898273	1537632760

Table 8: Return on investment

Data	2011	2012	2013	2014	2015
Return on investment	0.1443945855	0.0037076363	0.0016200086	(0.0964634549)	(0.1352205364)

Table 9: Return on ownership equity

Data	2011	2012	2013	2014	2015
Return on the right of ownership	0.1764778978	0.0038162886	0.0016681909	(0.0989874483)	(0.1391244396)

Long term and short term liabilities to owner equity: It is noted that the company depends mainly on the short-term liabilities arising from the trading of the sale of industrial and commercial goods and goods as it does not have long-term liabilities on the one hand, on the other hand, the short-term liabilities which are sources financing has a very small percentage of the sources of financing owned as shown in Table 6.

Ownership equity: The company relies heavily on the owned sources of funding as shown in Table 7 which reveals that the company charging costs greater in terms of the cost of financing. It is also known that the financing is owned at the high cost of financing the borrower.

Return on investment: By studying the Table 8 and 9 which is the return on investment and the return on the right of ownership note the decline of these two indicators from year to year and this indicates the lack of value added and consequently not maximize the value of the establishment, wealth of owners negatively. The fact that this is indicative of the fact that the company, despite its strategic transformation involving reliance on commercial activity is more than the industrial activity which was achieved accumulated losses but the commercial activity also appeared to deteriorate due to lack of study of market variables by the company correctly and as a result reflected in its activity and outcome which is evident in the table seemed to fluctuate from year to year.

The findings above which represent an actual of actual performance, reflect that the company does not have clear strategic plans to face the changes that occur in this external environment. On the other hand, the auditor according to the moral input is neither defective nor harmful to direct the company. The level of the board of directors or the general body the strategic axes that should be studied by the company in its industry and commercial activity and the use of more efficient means for the purpose of exploiting opportunities and facing threats according to, the company's potential.

This study set out to assess the strategic planning and controls using the SWOT analysis. Thus, the analyzes the financial statements of the sample company and their analyzes in the previous ratios for the years 2011-2015. It is noted that the company was unable to mitigate or address some of the main threats arising from the external environment of that economic unit including the following.

The security situation at the sites of the factories of the economic unit located in the areas spaced within the outskirts of Baghdad. The general situation of the economy in the country at present, leading to a lack of processing requests.

Lack of the ability of the company to compete, losing its market share and as a result, the company lost many of its marketing outlets where the operational plans at the annual level does not meet the need and does not improve the position of the company in terms of improving its financial position and achieve profits and increase market share.

Shortage in electricity and fuel equipment although the demand for the company's products was little, the processing of electric power and fuel affects the productivity of the company.

The factors mentioned above may be incomplete and the company may not be able to adapt or reduce its traumas in some respects. However, in other aspects, the company can deal with some external threats in terms of expanding its market share and not losing its marketing outlets through to improve their production and reduce their costs. Since, the processing orders mean that their products are either of a lower quality than the competing products or at a greater cost than those products. In addition, the justification for the lack of processing of electric power has lost the currency of many economic units to address that factor by providing generators which reduced the importance of that factor. Furthermore, the economic unit does not have an information system that can enhance strategic plans and provide them with full information for the purpose of making strategic decisions better for example.

The economic unit for the elimination of the failure of the system is a precise cost to distribute expenses on the cost centers on the basis of ratios and random.

The economic unit did not prepare the cash flow statement which leads to the lack of information on cash flows for the purpose of preparing plans for future cash flows. This affects the non-enrichment of economic unit information systems which in turn becomes strategic planning based on diligence and not on the basis of information.

The findings of the study reveal that the ethical approach requires the auditor to develop a program and plan to audit the strategic plans and control adopted by the economic unit. The economic unit did not develop strategic plans sufficient to reduce the risk of external threats. The results also indicate that the weakness of the information system which provides strategic plans with sufficient information for the purpose of building plans properly. Furthermore, the change in the strategy of the economic unit and its transformation from industrial activity to commercial activity was not calculated in such a way that the economic unit can take its market share fully and may not be appropriate due to the quality of products or goods sold or the high costs. As well, the economic unit was not able to improve profitability and financial position but it has caused significant losses in the years of productive life and this means that there is no strategic planning necessary to build the financial position and the result of the activity. Besides, the economic unit is still very dependent on the sources of financing owned and this leads to load the economic unit at a higher cost as it does not rely on long-term liabilities which was zero.

CONCLUSION

This study provides insights on how the auditors provide an opinion on the strategic plans and control adopted in the economic unit because it enhances and contributes to the development of the prudent plans to avoid future variables. In addition it motivates the economic unit to develop appropriate strategic plans to reduce the threat of the external environment. This also leads the economic unit should adopt an accurate information system and a system to ensure that strategic plans are based on accurate information based on an integrated information system. It also provides the economic unit the understanding to rely on plans based on new information systems in the event of transformation of the economic unit in the activity or work on new projects, so as not to lose market share or loss of distribution competition. Finally, the economic unit must

rely on the auditor's report which builds on threats and opportunities and the company must rely on the built-in strategy of an integrated information system in order to consolidate its financial position and improve its profitability.

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