

## The Impact of Internal Audit Effectiveness on Enhancing the Level of Financial Performance: A Case Study of Naftal Corporation, Algeria

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### Abstract

Internal auditing is considered one of the core functions within an organization, as top management and all departments rely on it as a trustworthy source of accurate and reliable information and data. Accordingly, this study aims to highlight the importance of internal auditing in enhancing the financial performance of economic institutions, ensuring their continuity, and achieving their objectives.

Through a case study of Naftal, this is achieved by applying the principles and standards of internal auditing in the process of evaluating financial performance, which allows for the detection of deviations and the identification of weaknesses within the institution, in addition to providing practical recommendations and suggestions that contribute to improving financial performance. Internal auditing also contributes to protecting the institution's assets and enhancing the efficiency of sound financial decision-making.

**Keywords:** Internal auditing, financial performance, financial balance indicators.

### Introduction:

Today, economic institutions operate in a rapidly competitive environment that requires them to improve their financial performance and strengthen their ability to achieve objectives efficiently and effectively. To achieve this, it has become necessary to rely on modern control and managerial tools that help ensure the proper use of financial resources, reduce errors and deviations, and improve the quality of managerial decisions. Among the most important of these tools is internal auditing, which is considered a fundamental function contributing to the evaluation of internal control systems, the identification of weaknesses, and the proposal of appropriate solutions that support the institution's financial performance.

Internal auditing has also gained increasing importance because it is not limited to detecting errors and irregularities; rather, it extends to providing consultations and recommendations that help management improve operational efficiency, rationalize expenditures, and enhance transparency and credibility in financial information. It is also viewed as an effective means of achieving good governance and ensuring the financial continuity of economic institutions.

Here emerges the role played by internal auditing in improving financial performance within economic institutions through examining the extent of its contribution to strengthening internal control, improving resource utilization, and increasing the level of financial efficiency and effectiveness, which positively reflects on the institution's results and competitive capacity.

Based on the above, the following research problem can be formulated:  
**To what extent does internal auditing contribute to improving financial performance within Naftal Corporation?**

### Study Hypotheses:

The main hypothesis is as follows:  
Internal auditing contributes to improving the financial performance of Naftal by strengthening internal control and rationalizing the use of financial resources.

The following sub-hypotheses stem from the main hypothesis:

1. Internal auditing contributes to reducing financial errors and irregularities within the institution, and compliance with its recommendations leads to improving the effectiveness of internal control within the economic institution.
2. Financial performance reflects the efficiency and effectiveness of the institution through the contribution of financial indicators in determining the level of performance.
3. Internal auditing contributes to providing accurate financial information that helps management make sound financial decisions.
4. The greater the effectiveness of internal auditing procedures, the better the level of financial performance in the economic institution.

This study derives its importance from the essential role of internal auditing as a modern control and managerial tool that contributes to improving the financial performance of economic institutions through strengthening the effectiveness of internal control, detecting financial errors and deviations, and rationalizing the use of available financial resources.

To cover the various aspects of the study and answer the proposed problem, the descriptive-analytical approach was adopted by addressing the theoretical framework of internal auditing and financial performance. As for the practical aspect, various final financial statements of the institution during the years under study were relied upon in order to analyze different elements, in addition to depending on the institution's internal audit reports.

## **I. Theoretical Framework of Internal Auditing and Financial Performance**

### **1. Definition of Internal Auditing:**

Internal auditing is defined as a periodic examination of the methods and procedures placed at the disposal of top management for the purpose of monitoring and managing the institution. This activity is carried out by an internal body enjoying relative independence from other departments and aims to verify the adequacy of adopted controls, ensure the credibility of information, legality of operations, effectiveness of organization, and suitability of organizational structures (Mohamed Boutin, 2005, p. 15).

From the above, it can be concluded that internal auditing is a systematic review of management activities to ensure that everything is organized and functioning properly, that information is accurate, laws are respected, and the organization within the institution is appropriate and effective.

The Institute of Internal Auditors also defines internal auditing as an independent, objective, consultative, and assurance activity aimed at adding value to and improving the institution's operations. Internal auditing helps achieve the institution's objectives through a systematic and disciplined approach to evaluating and improving the effectiveness of risk management and control procedures (Khalasi, 2013, p. 33).

From the above, it can be concluded that internal auditing is an essential requirement that supports the value of the institution's operations and helps achieve its objectives.

As for the importance of internal auditing, it is considered an important function in achieving sound management principles within the institution. It also plays a major role in establishing governance, strengthening control systems, and supporting decision-making processes. The importance of this function can be summarized in the following points (Mostafa Helhal & Tayeb Yaakoubi, 2021–2022, p. 15):

- Contributing to ensuring the existence of procedures that protect the institution's assets from theft, loss, or misuse.

- Helping detect accounting errors, fraud, and embezzlement cases at an early stage, thereby reducing losses.
- Ensuring that the institution operates according to laws, regulations, and internal policies.
- Contributing to evaluating the internal control system and ensuring its effectiveness.
- Helping identify risks that may face the institution and working to reduce or avoid them.
- Contributing to developing plans that help the company continue operating during crises.
- Assisting management in ensuring that the institution is moving toward achieving its long-term objectives.

## **2. Definition of Financial Performance:**

Financial performance refers to providing a value judgment regarding the management of the institution's financial and material resources and the extent to which it satisfies the interests and needs of its different stakeholders. In other words, it is the measurement of achieved and expected results according to predetermined standards to determine what can be measured, and consequently evaluate the level of effectiveness and determine the relative importance between resources used and results achieved, thereby allowing judgment on the degree of efficiency (Boumesbah Safia, Evaluation of Financial Performance of Economic Institutions, 2022–2023, p. 18).

From this definition, it can be concluded that financial performance is the process of comparing actual achievements with previously planned objectives in order to identify deviations, strengthen positive aspects, and address negative ones.

Financial performance is also defined as the process of measuring achieved or expected results according to predetermined standards in order to determine the extent of achieving objectives, identify the level of effectiveness, and determine the relative importance between results and resources used, thus allowing judgment on efficiency (Daden, 2006, p. 41).

This definition adds that financial performance measures the institution's achieved results compared with expected outcomes in order to determine the level of effectiveness and efficiency achieved.

Financial performance is also defined as the institution's ability to achieve its financial objectives at the lowest possible cost. It is reflected in its ability to achieve financial balance, provide the necessary liquidity, and achieve profitability rates at low costs based on a set of financial indicators (Mawsoul, 2019, p. 123).

From this definition, it can be concluded that financial performance is a process of measuring the institution's results using predetermined financial indicators and ratios to determine its financial position in order to serve stakeholders such as shareholders, investors, and customers.

## **II. Field Study at Naftal During the Period from 2022 to 2024**

### **1. Presentation of the Central Directorate of Internal Auditing at Naftal Corporation:**

Initially, the auditing function was attached to the Central Financial Directorate (DCF), where its tasks were limited to reviewing financial statements and verifying the accuracy of accounts. With the increasing need for deeper analysis of information, the Central Directorate of Auditing and Information Systems (ADS) was established in March 1998. It was entrusted with analyzing data, verifying its credibility, and providing the general management with timely information to support decision-making.

As part of expanding the scope of auditing and reducing pressure on the central level, three regional internal audit departments (East, West, and Central Algeria) affiliated with the central directorate (ADS) were established in August 1999 to enhance the effectiveness of task distribution. In December 2002, the Central Directorate of Auditing and Information Systems (ADS) was restructured and transformed into the Central Directorate of Internal

Auditing (DCA), with strengthened independence and supervisory authority, and was directly linked to the general management.

Later, in 2005, an Internal Audit Group was established at the level of the three activity branches to support the internal control system and develop operational auditing across the مختلف branches.

The tasks of the Central Audit Directorate of Naftal include the following:

- Applying and implementing the audit policy adopted within the general audit policy of the Sonatrach Group.
- Ensuring compliance with policies, plans, procedures, laws, and applicable regulations.
- Seeking the optimal and effective use of available resources.
- Activating and strengthening the institution's internal control system to ensure its effectiveness and continuity.
- Preparing and designing internal audit programs and plans.
- Monitoring and developing auditors' competencies through continuous training and professional qualification improvement.
- Ensuring the quality and reliability of accounting and administrative information.
- Preserving and protecting the institution's assets and properties from various risks.

## **2. Stages of Internal Auditing at Naftal Corporation:**

The audit mission is based on three main stages as follows:

### **1) Preparatory Stage:**

20% of the total duration of the mission is allocated to this stage.

Preparing for the audit mission requires auditors to possess a high ability for careful and conscious reading in order to achieve the specified objectives. This stage is carried out through several steps:

#### **1. Determining the Audit Team:**

To ensure the achievement and efficient execution of audit objectives, auditors and supervisors with expertise and professional competence must be selected, in addition to possessing responsibility and the ability to work under time pressure and with available resources.

The audit team consists of the mission leader and auditors working under the supervisor's guidance. This team is appointed either verbally or through email communication.

#### **2. Preparing the Mission Letter:**

The head of the audit informs the El Harrach Fuel Center of the beginning of the audit mission through an official letter known as the "mission letter," sent at least 15 days before the mission begins, often via fax.

#### **3. Collecting Important Information for the Study:**

Before implementing the audit mission, the auditor begins the preparation phase, which is considered essential and requires precision and methodology to avoid ambiguity or complexity during the mission. This phase involves a comprehensive study of the various aspects related to the center and seeks to collect as much relevant information as possible, such as organizational structures, duties and responsibilities of executives, and the adopted control system. These data contribute to accurately defining audit objectives and conducting a systematic risk analysis. Information

is obtained through prior knowledge of the entity under audit, in addition to conducting interviews with its management or with the body organizing the mission.

#### **4. Preparing the Risk Table that Defines Mission Objectives:**

This stage aims to identify potential risks that may face the mission, as they are considered a decisive factor in directing its course. In planning the mission, the auditor relies on analyzing existing threats and evaluating the procedures adopted to confront them, making the auditor continuously connected to the concept of risk throughout all audit stages.

The process of analyzing and handling risks is conducted using systematic methods selected by the auditor according to the nature of the mission, through preparing what is known as the “risk table.” This table contributes to breaking down the activity into preliminary tasks while defining the objective of each, reflecting the auditor’s understanding of the audit field and ability to organize and analyze its elements accurately.

#### **5. Preparing the Orientation Memorandum Detailing the Mission Objectives:**

The orientation memorandum, or guidance report, is a document that must be given a formal structure, as it represents a contract between the auditor and the audit management. It clarifies the objectives of the audit mission and its scope of application.

##### **A- General Objectives:**

These represent the fundamental and permanent objectives of internal control, which the auditor must verify in terms of consideration and effective and efficient application. They mainly include ensuring the quality and reliability of information, compliance with accounting rules and standards, and adherence to recommendations and observations issued by previous auditors.

##### **B- Specific Objectives:**

These are more specific objectives aimed at highlighting the components and systems of internal control that auditors should focus on, taking into account high-risk areas to ensure more accurate achievement of general objectives.

##### **C- Scope of Work:**

To achieve the mentioned objectives, auditors define the scope of application within the guidance report, including identifying the departments, units, or establishments concerned with the review, as well as determining the period required to complete the mission. This is generally presented according to an organized model.

#### **2) Execution Stage:**

60% of the total duration of the mission is allocated to this stage.

At this stage, analytical and inferential capabilities are relied upon to derive results. Its basic components can be summarized as follows:

##### **A. Holding an Initial Meeting at the Mission Site:**

The audit team holds an opening meeting with the officials of the concerned unit to clarify the mission objectives and implementation methodology. During this meeting, several essential points are discussed as follows:

- **Introducing the Team:** Presenting audit team members and clarifying their tasks and professional relationships within the mission framework, as well as introducing representatives of the audited unit.
- **Reminding of the Internal Audit Function:** After introductions, the nature and main objectives of the audit mission are reviewed.

- **Defining the Subject and Objectives of the Mission:** Including clarification of the mission scope, duration, and field of application.
- **Organizing Meetings and Communications:** Determining the persons concerned with interviews and scheduling them.
- **Providing Work Facilities for the Auditor:** Determining the auditor's workplace, means of transportation, and guaranteeing free access to various audit sites without prior authorization.
- **Reminding of Audit Procedures:** Including presenting the various audit stages, methods of collecting information, deriving results, and determining the date for preparing the report and the authority to which it will be addressed.

### **B. Conducting Audit Tests in the Field:**

During this stage, the auditor ensures implementation of the work program according to the specified deadlines through a systematic methodology summarized as follows:

#### **1. Preparing a Test Sheet for Each Examination Process:**

If the examination result is positive, the auditor identifies strengths. If the result is negative, an observation sheet is prepared to document discovered weaknesses.

#### **2. Preparing an Observation Sheet:**

This process goes through the following stages:

- **Establishing the Situation:** Describing and clarifying the error, deficiency, or defect discovered.
- **Analyzing the Causes:** The auditor, in cooperation with the audited entity, studies the factors leading to the defect.
- **Determining the Results:** Evaluating the consequences and effects resulting from the defect or deviation.
- **Formulating Recommendations:** Recommendations represent a direct response to identified causes and aim to propose practical measures to avoid recurrence of defects in the future, while specifying the internal control elements that should be improved.

### **B. Holding the Final Meeting to Confirm the Results:**

Before leaving the site, a meeting is organized with the audited unit in the presence of the district manager, with the aim of presenting, discussing, and confirming the obtained results.

The same members who attended the opening meeting participate in this meeting, where the audit team presents summaries of its work and opens the floor for discussion and comments on the various observations and conclusions reached. In this context, auditors rely on a set of supporting data and evidence, which requires careful organization and arrangement to facilitate reference and use when needed.

After the overall presentation of the audit results, the team moves to a very important stage consisting of presenting recommendations, which contribute significantly to improving the unit's performance.

### **3) Final Stage:**

20% of the total duration of the mission is allocated to this stage.

At this stage, the auditor compiles and analyzes the various test results and observations documented during the examination of documents and records, in addition to data obtained from field inspections. Afterwards, the auditor returns to the office to prepare the draft mission report in preparation for drafting the final report.

This stage is considered one of the most sensitive stages, as it requires high skills in summarization and proper drafting, while maintaining communication and dialogue with the concerned parties to ensure the accuracy of data and validity of conclusions.

This stage is also carried out according to a set of organized steps as follows:

#### **1. Preparing and Approving the Draft Audit Report:**

This report is a document mainly composed of a set of observation sheets carefully organized according to a logical and systematic sequence. It is accompanied by a comprehensive summary reviewing the various aspects addressed during the audit mission. The observations recorded by the auditors lead to the formulation of practical recommendations, which are submitted to the official responsible for the audited unit as soon as possible.

The latter is requested to provide an official response including comments and remarks in order to integrate them into the final report, thereby ensuring the objectivity and completeness of the results.

#### **2. Final Report and Preparation of Recommendations:**

The audited entity usually provides responses to the proposed recommendations while retaining the right to express reservations if it considers some recommendations impractical to implement.

These responses must satisfy several fundamental principles, including:

- Expressing a clear position regarding each recommendation, whether acceptance or rejection, especially if implementation is not possible.
- Identifying the entity responsible for implementing the recommendation and specifying the timeframe for execution to ensure the transition from theory to practice.
- In the case of partial acceptance or complete rejection of a recommendation, the response must be based on objective justifications.

Recommendations are prepared according to precise professional standards so that they are objective, realistic, concise, accurate, logically sequenced, and applicable, while taking into account applicable environmental laws and regulations.

The draft audit report is submitted to the audited entity, with copies sent to both the branch manager and district manager, while another copy is kept at the Central Audit Directorate. The concerned entity is granted a period of fifteen (15) days to submit responses to the recommendations. If no response is received within this period, the final report is approved and sent together with the Audit Recommendation Follow-up Table (TSRA).

#### **• Final Report:**

The final report has the same format as the draft report, in addition to an executive summary intended for managers, observation sheets containing comments from the audited entity, and a list of recommendations specifying their positions.

This report is considered the final document of the audit mission in which the obtained audit results are published. It is addressed to the same entities that received the draft report and/or the Chief Executive Officer.

**3. Follow-up of Recommendations:**

The follow-up process is carried out through several mechanisms whereby the auditor returns to the field after a specified period to communicate with officials in order to monitor deviations and existing problems and prepare a new report based on updated data. The task of monitoring recommendation implementation is assigned to a specialized department, with the participation of the official responsible for the audited entity. Internal auditing is considered an informed party regarding the extent of recommendation implementation, which allows evaluation of effectiveness, development of files, improvement of future audit processes, and redesigning a new action plan.

The main stages of recommendation follow-up are as follows:

- Sending the draft report accompanied by the recommendation register.
- Receiving the report with comments (when necessary) and an action plan covering all recommendations.
- Studying and reviewing the action plan by mission officials.
- Sending the final report accompanied by the recommendation register.
- Monitoring and evaluating the implementation of the action plan by the structure responsible for follow-up.

**3. Evaluation of the Financial Performance of Naftal During the Period 2022–2024**

In order to evaluate the financial position of Naftal, the internal auditor reviews and analyzes the financial statements through auditing both the balance sheet and the income statement table.

**• Presentation of the Balance Sheet:**

The financial balance sheet for the audited periods is presented based on net values and is divided into two main sections: assets and liabilities.

**• Assets Side:**

Presentation of the assets side of Naftal during the studied period 2022–2024.

**• Liabilities Side:**

Presentation of the liabilities side of Naftal during the studied period 2022–2024.

**• Evaluation of Financial Performance Using Financial Balance Indicators**

There are several indicators used to measure financial balance within the economic institution, the most important of which are: working capital, private working capital, total working capital, and foreign working capital.

**Table No. (01): Calculation of Financial Balance Indicators for Naftal During the Period 2022–2024**

<b>Financial Indicator</b>	<b>Formula</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Working Capital	Permanent Funds – Fixed Assets	160,315,287,195.51	143,797,392,487.73	160,903,843,265.4
Private Working Capital	Equity – Fixed Assets	24,080,320,529.48	4,959,772,565.42	25,296,270,035.02

Total Working Capital	Total Current Assets	334,866,732,926.23	306,510,031,085.60	352,171,948,952.02
Foreign Working Capital	Total Liabilities = Current Liabilities + Non-current Liabilities	310,786,412,396.75	301,550,258,520.18	326,875,678,917

**Source:** Prepared by the researchers based on the annual financial statements of Naftal.

From the above table, we observe that working capital during the studied period was positive and stable, although it experienced a slight decrease in 2023. This indicates that the institution was able to cover all its fixed assets using permanent funds while maintaining a safety margin that enabled it to settle its short-term debts on time.

As for private working capital, it was also positive throughout the study period, indicating that the institution financed its fixed assets using its own funds while achieving a safety margin used to finance part of its current assets.

Regarding foreign working capital, it remained at relatively stable levels with a decline in 2023, then increased to 326.8 billion DZD in 2024. Despite this numerical increase in 2024, when compared to the growth of assets and working capital, the company maintained its financial balance, as indebtedness did not exceed the ceiling of current assets.

**Working Capital Requirement:**

The following table allows the calculation of working capital requirements:

**Working Capital Requirement = (Current Assets – Cash Assets) – (Current Liabilities – Bank Advances)**

**Table No. (02): Calculation of Working Capital Requirements for Naftal During the Period (2022–2024)**

Statement	2022	2023	2024
(Current Assets – Cash Assets)	106,596,066,865	93,871,963,829	88,869,242,033
(Current Liabilities – Bank Advances)	174,551,445,730.72	191,268,105,686.48	162,712,638,597.87
Working Capital Requirement	(67,955,378,865)	(97,396,141,857)	(73,843,396,564)

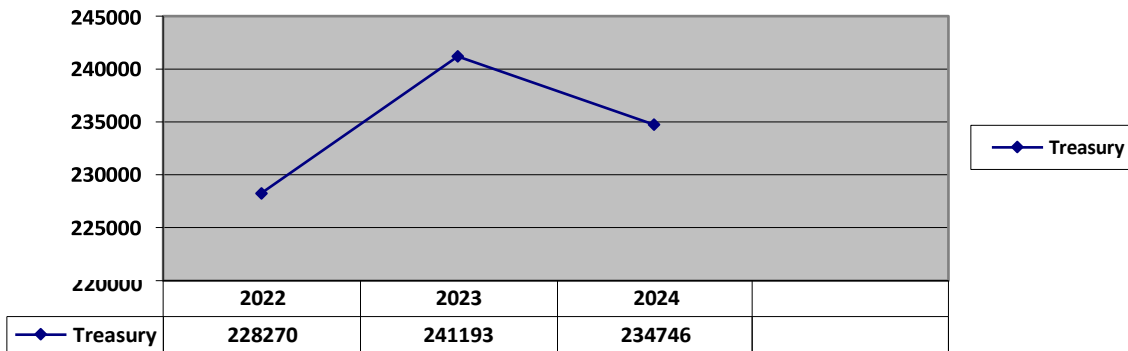
**Source:** Prepared by the researchers based on the annual financial statements of Naftal.

From Table No. (02), it is noted that the working capital requirements of the institution recorded negative results during the three years (2022–2023–2024). This indicates that the operating cycle requirements of the institution were lower than its resources, which suggests that the institution delays payments to suppliers, meaning that it may face financial difficulties or liquidity pressures.

**4-3 Treasury Position**

Since treasury represents working capital minus working capital requirements, and based on the results of the previous tables, the treasury development was represented through Figure No. (01).

By observing Figure No. (01), it is noted that treasury was positive during the study years 2022–2024, meaning that working capital covered working capital requirements, and therefore the institution did not need additional financing sources.



• Evaluation of Financial Performance Using Financial Ratios:

This section presents a comprehensive evaluation of the performance of Naftal through analyzing the evolution of the main financial ratios during the period 2022–2024 as follows:

Table No. (03): Evolution of Financial Ratios of Naftal During the Period 2022–2024

Ratio	Formula	2022	2023	2024
Current Ratio	Current Assets ÷ Current Liabilities	1.92	1.88	1.84
Quick Ratio	(Current Assets – Inventory) ÷ Current Liabilities	1.75	1.71	1.69
Cash Ratio	Cash Assets ÷ Current Liabilities	1.31	1.34	1.35
Equity Financing	Equity ÷ Fixed Assets	1.13	1.02	1.11
External Financing	Total Debts ÷ Equity	1.48	1.31	1.27
Safety Margin	Safety Margin in Units ÷ Sales Volume ×100	2.44	3.99	4.39
Financial Leverage	Total Debts ÷ Total Assets	60%	57%	56%

Source: Prepared by the researchers based on the annual financial statements of Naftal.

The financial results for the years 2022–2023–2024 indicate noticeable changes in the financial ratios reflecting the institution’s ability to manage liquidity and financing, which can be analyzed as follows:

1. **Current Ratio:** It gradually decreased from 1.92 in 2022 to 1.84 in 2024. Despite the decline, the ratio remains above 1, meaning that current assets cover current liabilities by almost twice.
2. **Quick Ratio:** It declined from 1.75 to 1.69, indicating that the company remains financially strong even without relying on inventory sales to settle its debts.

3. **Cash Ratio:** It increased slightly from 1.31 to 1.35, reflecting the availability of excellent immediate cash liquidity to meet any emergency obligations.
4. **Equity Financing (Equity ÷ Fixed Assets):** It improved from 1.02 in 2023 to 1.11 in 2024. This means that the company's equity is fully sufficient to cover its fixed assets, thereby enhancing its financial independence.
5. **External Financing (Total Debts ÷ Equity):** It positively decreased from 1.48 in 2022 to 1.27 in 2024. This indicates reduced dependence on external debt financing in favor of greater reliance on self-financing.
6. **Safety Margin:** It clearly increased from 2.44 in 2022 to 4.39 in 2024. This increase reflects improved institutional stability, enhancing the company's ability to face market fluctuations, while also indicating growth in profitability and greater efficiency in cost control and management.
7. **Financial Leverage (Total Debts ÷ Total Assets):** It decreased from 60% in 2022 to 56% in 2024, indicating an improvement in the institution's financial position and reduced dependence on debt, which contributes to lowering the risks associated with asset financing.

The changes in these ratios indicate the institution's ability to balance general and immediate liquidity levels to ensure fulfillment of its short-term obligations, alongside a clear strategic orientation toward reducing dependence on external debt. The improvement in the safety margin and the recovery of working capital also reflect the institution's transition toward financial independence, enhancing its ability to self-finance its activities and face economic fluctuations with greater flexibility.

#### **Conclusion:**

Through this study, we attempted to highlight the important role played by internal auditing in improving the institution's financial performance. Internal auditing is no longer merely a control function but has become an effective strategic tool that directly contributes to improving the financial performance of institutions. Through its role in evaluating internal control systems and ensuring the credibility of financial information, internal auditing contributes to supporting sound decision-making and enhancing the efficiency of resource utilization.

All this is achieved through analyzing financial statements using indicators and financial ratios in order to clarify the extent of achieving financial objectives by discovering weaknesses that require treatment through the auditor's report, which presents the institution's financial situation.

#### **Study Results:**

The study reached several conclusions, summarized as follows:

- Internal auditing is an important function independent from other functions and directly linked to the general management.
- Internal auditing contributes to improving financial performance by diagnosing strengths and weaknesses within the institution. It is also characterized by relative independence due to its direct connection with top management, which enhances its ability to examine and monitor various departments without direct administrative influence. This position enables it to identify deficiencies in the internal control system and provide practical recommendations to improve performance.
- Internal auditing is practiced according to integrated and interconnected stages based on approved professional standards and ends with issuing an impartial technical opinion evaluating the credibility and soundness of final financial statements directed to the beneficiaries of the report.

**Study Recommendations:**

- Strengthening the independence of internal auditors in improving control systems and guiding decisions.
- The necessity of paying attention to the recommendations and proposals included in the final report of the internal auditor.
- Developing auditing mechanisms to include deeper financial analysis and risk assessment.
- Promoting a culture of acceptance of the internal auditing process among the various departments within the institution as a fundamental organizational function.

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**Appendices:**



**Naftal – Joint Stock Company**

Route des Dunes, P.O. Box 73, Cheraga – Algeria

Tax Identification Number: 099916000969164

**Balance Sheet for the Financial Year Ended 31/12/2022**

**NAFTAL S.P.A**

Route des Dunes, B.P. 73 Chéraga - Algiers

Tax ID: 099916000969164

**Assets**

Assets	Not e	Total (DZD)	Depreciation/Provisi ons (DZD)	Amounts 2022 (DZD)	Amounts 2021 (DZD)
<b>Non-Current Assets</b>					
Intangible Fixed Assets	1-2	550,897,060.88	497,978,613.73	52,918,447.15	52,810,901.58
Tangible Fixed Assets	1-2	315,463,242,129.05	239,357,991,942.14	76,105,250,186.91	71,025,281,439.57
Fixed Assets in Progress	1-2	63,650,690,518.30	-	63,650,690,518.30	66,177,984,304.21
Financial Fixed Assets	3	39,169,754,040.32	531,339,011.71	38,638,415,028.61	38,016,078,585.56
Deferred Tax Assets		6,852,414,793.70	-	6,852,414,793.70	8,312,116,425.49
<b>Total Non-Current Assets</b>		<b>425,686,998,542.25</b>	<b>240,387,309,567.58</b>	<b>185,299,688,974.67</b>	<b>183,584,271,656.41</b>
<b>Current Assets</b>					
Inventories and Work in Progress	4-9	31,395,311,812.34	1,127,312,082.78	30,267,999,729.56	34,365,152,190.16
Customers/Receivables	5-9	93,643,892,640.18	37,010,044,714.90	56,633,847,925.28	61,444,321,001.61
Other Debtors	6-9	25,377,502,556.24	8,486,061,546.05	16,891,441,010.19	26,925,691,613.29
Taxes and Similar	7	2,802,778,199.98	-	2,802,778,199.98	2,240,551,926.69
Cash and Cash Equivalents	8-9	228,319,382,732.32	48,716,671.10	228,270,666,061.22	191,521,928,500.66
<b>Total Current Assets</b>		<b>381,538,867,941.06</b>	<b>46,672,135,014.83</b>	<b>334,866,732,926.23</b>	<b>316,497,645,232.41</b>

Assets	Note	Total (DZD)	Depreciation/Provisions (DZD)	Amounts 2022 (DZD)	Amounts 2021 (DZD)
<b>TOTAL ASSETS</b>		<b>807,225,866,483.31</b>	<b>287,059,444,582.41</b>	<b>520,166,421,900.90</b>	<b>500,081,916,888.82</b>

**Liabilities**

Liabilities	Note	Amounts 2022 (DZD)	Amounts 2021 (DZD)
<b>Equity</b>			
Issued Capital		160,000,000,000.00	160,000,000,000.00
Premiums and Reserves		34,726,727,564.70	27,558,799,088.71
Net Result		12,692,181,939.45	7,167,928,475.99
Other Equity		1,961,100,000.00	1,961,100,000.00
<b>Total Equity (1)</b>		<b>209,380,009,504.15</b>	<b>196,687,827,564.70</b>
<b>Non-Current Liabilities</b>	10		
Loans and Financial Debts		8,341,000,000.00	8,341,000,000.00
Other Non-Current Liabilities	10-11	97,909,852,240.70	90,923,333,431.44
Provisions and Deferred Income		29,984,114,425.33	34,769,019,882.08
<b>Total Non-Current Liabilities (2)</b>		<b>136,234,966,666.03</b>	<b>134,033,353,313.52</b>
<b>Current Liabilities</b>	12		

<b>Liabilities</b>	<b>Note</b>	<b>Amounts 2022 (DZD)</b>	<b>Amounts 2021 (DZD)</b>
Suppliers and Related Accounts		132,284,790,150.68	125,293,410,614.21
Taxes	13	18,129,508,899.57	19,311,323,038.40
Other Debts		24,137,146,680.47	24,756,002,357.99
<b>Total Current Liabilities (3)</b>		<b>174,551,445,730.72</b>	<b>169,360,736,010.60</b>
<b>TOTAL LIABILITIES</b>		<b>520,166,421,900.90</b>	<b>500,081,916,888.82</b>