



THE IMPACT OF CORPORATE GOVERNANCE ON THE QUALITY OF EXTERNAL AUDITING: A STUDY ON IRAQI COMMERCIAL BANKS

Hasan Sahab Mutar

College of Administrative and Financial Sciences
University of Imam Jafar Sadiq|| Baghdad || Iraq ||
hasan_sahab@ijisu.edu.iq

Dorsaf Ben Aissia

Higher Institute of Accounting and Business
Administration || University of Manouba ||Tunisia ||
dorsafbenaissiataboubi@gmail.com

A B S T R A C T	KEY WORDS
This paper examines the importance of shedding light on the extent to which Iraqi commercial banks adhere to the rules and mechanisms of corporate governance. Obtaining 168 correct forms after excluding the incorrect answers, and the questionnaire was directed to a sample of shareholders (owners), external auditors and academics. Our study shows that the board of directors and audit committees have an important role in supporting the internal auditor to perform his work efficiently and effectively, which is reflected and positively impacted on the quality of the performance of the external auditor, as the external auditors play the role of the assessor of the banking supervisory system, identifying and revealing weaknesses and strengths in it.	Corporat e-governance, audit exterior, quality.

Introduction

In the eighties of the last century, the concept of corporate governance gained prominence as this period was marked by stock market crashes in many countries around the world, which led to the bankruptcy of some companies; due to policies, and poor governance practices (2011, Mulili and Wong). Corporate governance has drawn attention due to several corporate scandals, these scandals were partly the result of deficiencies in corporate governance practice and poor performance of boards of directors (2015, Homayoun and Homayoun). In particular, in the midst of several scandals, such as WorldCom, Lehman Brothers, Parmalat or Enron, the importance of corporate governance has been understood by both developed and developing countries (2016, Loredana et al). There was a

change in attitude followed by much higher performance expectations from the board of directors and corporate management. Additionally, there has been a growing awareness that managers and boards of directors must ensure that companies are operating successfully and in the right direction (2011, Mulili and Wong). Preventing corporate failure was not the only reason why corporate governance ideas were adopted, instead, there has been a growing recognition that better corporate governance is essential to the development and growth of the entire economy (2011, Mulili and Wong). In 2007 the global economic crisis caused by the sub-prime mortgage crisis in the United States and its negative impact on financial markets and financial industry players globally led to a capital management crisis in most financial institutions, particularly banks (Awojobi and Amel 2011). This economic crisis began as a financial crisis when banks and financial institutions took huge and reckless risks in search of quick profits and huge rewards. Banking supervision is effective if good corporate governance is not implemented. Therefore, banking supervisors must have a strong will to ensure that there is effective corporate governance in every banking institution (Uwuigbe and Fakile 2012). Corporate governance is gaining more importance in the banking sector, as banks mobilize public savings, have more diverse stakeholders and rely on public trust during crises, weak and inefficient bank governance has caused banks to collapse as well as the involvement of owners and management in financial scandals in addition to systemic effects on the economy (2011, Darmadi).

For the purpose of keeping pace with international developments, and strengthening the corporate governance system; To apply the best practices in the banking sector, which prompted the Central Bank of Iraq to establish and apply the principles of corporate governance through the introduction of structural, legislative and supervisory developments aimed at reducing the risks that the banking sector may be exposed to, as investors tend to deal with banks that have sound governance structures. Whereas, governance aims to determine the nature of the relationship between the bank's board of directors and the executive management, which leads to the protection of the funds of depositors, shareholders and stakeholders, in addition to focusing on disclosure and transparency. Relevant Iraqi laws and international standards issued by international institutions and bodies (the guide was revised and updated on 7/11/2018), issued by the Central Bank of Iraq.

In this paper, we study whether Iraqi banks are committed to applying all provisions and mechanisms of corporate governance and the extent of their contribution to activating the quality of external audit? Our paper reminder is organized as follows. Section 2 reviews the literature and develops hypotheses. Section 3 describes the study population and sample. Section 4 details the methodology. Section 5 details experimental results and discusses durability tests. Section 6 concludes.

Previous studies and hypothesis development

In this section, we review the literary studies that deal with institutional governance mechanisms and their role in activating the quality of external audit, and we present the hypotheses of our study.

1_ Governance mechanisms and their impact on disclosure and transparency

Theoretically, the impact of corporate governance activities on auditor-related judgments through customer acceptance, use of basic tests, clarifying business strategies within companies, activating, and maximizing the role of accountants and auditors in corporate governance style (Cohen and Hanno, 2000).

Others (Jelal and Mbohwa, 2014) find incorporation of corporate governance principles into the Fraud Reduction Code of Conduct for South African banks. This study aimed to understand how to create

a strong ethical culture and instill good corporate governance principles to reduce levels of internal fraud.

In light of these common findings, we suggest verifying this relationship in the Iraqi context. We expect a positive impact on the practice of corporate governance activities in banks, and that it will have an important impact on the performance of Iraqi commercial banks. In light of the above arguments, we propose the following hypothesis.

H1 - There is a positive relationship in the commitment of banks to the regulatory procedures for governance and their achievement of the greatest degree of disclosure and transparency.

2_ The board of directors and its impact on the quality of the external audit

In theory, Klai, N. and Omari (2011) sees the measurement of corporate governance by the board of directors (the composition and size of the board of directors, the division of labor between the two functions of the chairman (CEO), the reputation of external auditors, and the concentration of non-financial ownership of companies listed on the Tunisian Stock Exchange. The results showed that the members of the board of directors suffer from weak independence, and there is a high degree of concentration of ownership, as well as lack of independence of the board of directors and a high concentration of shares in Tunisian companies.

While (Abi, Khalida, 2016), the corporate governance mechanisms of the Board of Directors, the internal audit, audit and control committees and the external audit quality committees are characterized by the work being interactive and integrated, so that each party accomplishes the tasks and mechanisms expected of it within the framework of good governance, in order to achieve quality financial reporting and quality of external audit services.

In light of these common findings, we suggest verifying this relationship in the Iraqi context. We expect a positive impact of the Board of Directors' practice on external auditing, and it will have an important impact on the performance of Iraqi commercial banks. In light of the above arguments, we propose the following hypothesis.

H2 - There is a positive relationship between the application of corporate governance mechanisms by the Board of Directors and its impact on external audit.

3_ Audit committees and their impact on the quality of external audit

In theory see. (Sukma, P.&Bernawati, Y, 2019) The effect of the characteristics of the audit committee on the quality of audit. The characteristics are the size of the audit committees, the number of audit committees, the number of audit committee meetings, the composition of the audit committee, and the audit committee experience, while audit quality is measured using audit fees. The results of this study refer to the four audit characteristics, only size and experience significantly affect audit quality, although audit meetings and training do not significantly affect audit quality.

(Raimo, Vitolla, et al, 2021) believes that analyzing the impact of the audit committee's characteristics on the quality of the integrated report (IRQ) from the point of view of agency theory, as well as to increase the effectiveness of the oversight functions and audit committees, increase the transparency of activities and improve the quality of integrated reports. It was found that it has a slight impact on the financial and accounting experience of the members of the Audit Committee on the quality of the integrated reports.

H3 - There is a positive relationship between the application of corporate governance mechanisms by audit committees and their impact on external audit.

Considering these common findings, we suggest verifying this relationship in the Iraqi context. We expect a positive impact on the practice of audit committees and their impact on external audit, and that it will have an important impact on the performance of Iraqi commercial banks. In light of the above arguments, we propose the following hypothesis.

3. Study population and sample

The study community consists of a group of Iraqi commercial banks, and the sampling unit was a group of shareholders (owners) in Iraqi commercial banks, financial auditors, chartered accountants and academics, the research sample, and regarding how and how the sample size was determined, we distributed questionnaires in an easy way Google forms, and sent via e-mail, WhatsApp groups, as well as viber groups, where (180) questionnaires were distributed and (168) were retrieved, and they were analyzed using the SPSS statistical model.

4. Methodology

First, this section describes the methodology used in our work. Where the deductive approach was used to derive hypotheses and the inductive approach was used to test these hypotheses and the second half of the variables where the dependent variable was the quality of the external audit, and the independent variables of corporate governance. Then we provide a statistical analysis to measure the extent of the banks' commitment to governance and the extent of their contribution to activating the external audit.

Study Variables:

The Independent Variable: Corporate Governance

Many previous studies confirm the impact of corporate governance in ensuring the reliability of financial statements and supporting high audit quality, as the Board of Directors and its committees, especially the Audit Committee, play an important role these days in improving corporate governance, and therefore corporate governance variables are represented in our study by the Audit Committee and the Board of Directors. Administration.

Dependent variable: quality of external audit

External audit is taking a central stage nowadays in the corporate governance system, it bridges the gap between departments and shareholders, and is widely considered an essential control tool. Whereas higher audit quality is expected to play a moderating role in corporate governance.

View and analyze data

After the process of collecting the necessary data for the study by its tool was completed, it was entered into the computer, and it was analyzed using the appropriate statistical methods as follows:

A- Descriptive analysis of the questions of the questionnaire:

The frequencies, percentages, the relative importance index, as well as the arithmetic averages, standard deviations, the coefficient of variation and the direction of the research sample have been extracted for all paragraphs of the axes of the questionnaire, and the following tables show the results that were reached from the point of view of the study sample members, and they were as follows: -

First - Frequencies, percentages, relative importance index, arithmetic averages, standard deviations, coefficient of variation, and the direction of the research sample for the paragraphs of the first axis

(banks' commitment to regulatory procedures for governance and their achievement of the greatest degree of disclosure and transparency).

The results were as shown in the tables as follows: -

Table (11) Frequencies, percentages, and index of relative importance of the paragraphs of the first axis

T	The first axis	Strongly Disagree		not agree		neutral		OK		Strongly Agree		The relative importance index
		Repetition	%	Repetition	%	Repetition	%	Repetition	%	Repetition	%	
1	Banks disclose important information in a fair, impartial and honest manner	4	2.4	22	13.1	53	31.5	64	38.1	25	14.9	70.0
2	Banks disclose the expected risks, and they must be done objectively and transparently	2	1.2	27	16.1	44	26.2	66	39.3	29	17.3	71.1
3	Banks disclose important information in a timely manner without delay	6	3.6	29	17.3	51	30.4	57	33.9	25	14.9	67.9
4	Banks disclose their future financial plans and the financial statements are presented in a way that facilitates the process of financial analysis	3	1.8	24	14.3	45	26.8	76	45.2	20	11.9	70.2
5	Banks take into account the adequate and fair disclosure of the financial data necessary for investors	1	0.6	21	12.5	40	23.8	83	49.4	23	13.7	72.6
6	support a culture of disclosure and transparency about the risks and threats they face and enable them to express concerns	2	1.2	24	14.3	66	39.3	58	34.5	18	10.7	67.8
7	Plans related to recruitment and development of human resources are made public to all, as they increase the value of justice and transparency	10	6.0	30	17.9	46	27.4	46	27.4	36	21.4	68.1
	total	28	2	177	15 th	345	29	450	38	176	16	70

From the table (11) above, we note that (16%) of the research sample had their opinions that the paragraphs of the first axis agreed strongly, and that the percentage of (38%) of the research sample was their opinions that the paragraphs of the first axis agreed, and that the percentage of (29%) of the sample The research was their opinions that the paragraphs of the first axis were neutral, and that (15%) of the research sample were their opinions that the paragraphs of the first axis did not agree, and that the percentage (2%) of the research sample was their opinions that the paragraphs of the first axis did not agree strongly.

We note through the relative importance index that most of the paragraphs of the axis are influential, and the most prominent of the first three paragraphs that have a level of importance more than others are

1- The fifth paragraph (banks take into account the adequate and fair disclosure of the financial data needed for investors), as it has the highest relative importance (72.6).

2- The second paragraph (Banks disclose the expected risks and it must be done objectively and transparently.) As it has relative importance (71.1).

3- Fourth paragraph (Banks disclose their future financial plans, and the financial statements are presented in a way that facilitates the process of financial analysis.) It has relative importance (70.2). While the paragraph that has the least relative importance among the paragraphs is the sixth paragraph (banks support a culture of disclosure and transparency about the risks and threats they face and enable them to express concerns.) where it has relative importance (67.8)

Table (12) Arithmetic averages, standard deviations, coefficient of variation, and direction of the research sample for the first axis

T	The first axis	Arithmetic mean	standard deviation	Variation coefficient	research sample direction
1	Banks disclose important information in a fair, honest and truthful manner	3.50	0.98	27.97	OK
2	Banks disclose the expected risks, and they must be done objectively and transparently	3.55	1.00	28.06	OK
3	Banks disclose important information in a timely manner without delay	3.39	1.05	30.97	neutral
4	Banks disclose their future financial plans and the financial statements are presented in a way that facilitates the process of financial analysis	3.51	0.94	26.81	OK
5	Banks take into account the adequate and fair disclosure of the financial data necessary for investors	3.63	0.89	24.60	OK
6	Banks support a culture of disclosure and transparency about the risks and threats they face and enable them to express concerns	3.38	0.90	26.64	neutral
7	Plans related to recruitment, recruitment and development of human resources are made public to all, as they increase the value of justice and transparency	3.40	1.18	34.71	OK
All paragraphs of the first axis		3.48	0.75	21.41	OK

The previous table (12) indicates that

1- The arithmetic mean of the total paragraphs of the first axis is heading towards (OK) from the point of view of the research sample, where the arithmetic mean was (3.48), the standard deviation (0.75) and the coefficient of difference (21.41).

2- Where the fifth paragraph (banks take into account adequate and fair disclosure of the financial data needed for investors.) has the largest arithmetic mean (3.63) and standard deviation (0.89), and the direction of the research sample was towards (OK).

3- While the sixth paragraph (banks support a culture of disclosure and transparency about the risks and threats they face and enable them to express concerns.) is the lowest arithmetic mean (3.38) and standard deviation (0.9) and the direction of the research sample was towards (neutral).

4- The fifth paragraph (banks take into account adequate and fair disclosure of the financial data needed for investors.) had the lowest coefficient of variation (24.6).

5- The seventh paragraph (the plans related to recruitment, appointment and development of human resources shall be announced to all, as it increases the value of justice and transparency.) It has the largest coefficient of variation (34.7).

Second - Frequencies, percentages, relative importance index, arithmetic averages, standard deviations, coefficient of variation, and the direction of the research sample for the paragraphs of the second axis (the board of directors and external audit quality support). The results were as shown in the tables as follows:

Table (13) Frequencies and percentages of paragraphs of the second axis

T	second axis	Strongly Disagree		not agree		neutral		OK		Strongly Agree		The relative importance index
		Repetition	percent	Repetition	percent	Repetition	percent	Repetition	percent	Repetition	percent	
8	There are rules and directives that define the role of the Chairman of the Board of Directors and separate his duties from those of the Executive Director	1	0.6	4	2.4	30	17.9	100	59.5	33	19.6	79.0
9	The Board of Directors undertakes to prepare the financial statements in accordance with generally accepted accounting principles	2	1.2	2	1.2	25	14.9	101	60.1	38	22.6	80.4
10	The Board of Directors has an important role in focusing on the existence of a code of ethical conduct for the audit office and emphasizing the protection of the institution's information and ensuring its confidentiality	2	1.2	3	1.8	27	16.1	99	58.9	37	22.0	79.8
11	The Board of Directors has an important role in appointing an external independent and qualified auditor who honestly represents the financial position of the institution	7	4.2	8	4.8	31	18.5	81	48.2	41	24.4	76.8
12	The Board of Directors seriously reviews the executive procedures and determines the salaries and remunerations of directors and external auditors	3	1.8	9	5.4	33	19.6	97	57.7	26	15.5	76.0
13	The Board of Directors ensures the effectiveness of the mechanisms and practices of corporate governance and the limitation of relationships that develop between managers and external auditors	1	0.6	6	3.6	46	27.4	88	52.4	27	16.1	76.0
14	Shareholders' approval is obtained to change the number of members of the Board of Directors, as well as they have a role in selecting audit offices	3	1.8	11	6.5	48	28.6	88	52.4	18	10.7	72.7
	total	19	2	43	4	240	20	654	55	220	19	77.2

From table (13) above

We note that the percentage (19%) of the research sample was their opinions that the paragraphs of the second axis strongly agreed, and that the proportion (55%) of the research sample was their opinions that the paragraphs of the second axis agreed, and that (20%) of the research sample was

their opinions that the paragraphs of the axis The second is neutral, and that (4%) of the research sample had their opinions that the paragraphs of the second axis did not agree, and that (2%) of the research sample had their opinions that the paragraphs of the second axis did not agree strongly.

We note through the relative importance index that most of the paragraphs of the second axis are influential and the three most prominent paragraphs that have the most important level are: -

1- The ninth paragraph (The board of directors undertakes to prepare the financial statements in accordance with generally accepted accounting principles.) It has the highest relative importance (80.4).

2- The tenth paragraph (The board of directors has an important role in focusing on the existence of a guide to the ethical behavior of the audit office and emphasizing the protection of the institution's information and ensuring its confidentiality.) where it has relative importance (79.8).

3- The eighth paragraph (there are rules and directives that define the role of the chairman of the board of directors and separate his duties from those of the executive director.) where it has relative importance (79).

While the paragraph that has the least relative importance among the paragraphs is the fourteenth paragraph (the approval of shareholders is obtained to change the number of members of the board of directors, as well as they have a role in selecting audit offices.) where it has relative importance (72.7)

Table (14) Arithmetic averages, standard deviations, coefficient of variation, and direction of the research sample for the second axis

T	second axis	Arithmetic mean	standard deviation	Variation coefficient	research sample direction
8	There are rules and directives that define the role of the Chairman of the Board of Directors and separate his duties .from those of the Executive Director	3.95	0.72	18.33	OK
9	The Board of Directors undertakes to prepare the financial statements in accordance with generally accepted accounting .principles	4.02	0.73	18.16	OK
10	The Board of Directors has an important role in focusing on the existence of a code of ethical conduct for the audit office and emphasizing the protection of the institution's information and .ensuring its confidentiality	3.99	0.75	18.80	OK
11	The Board of Directors has an important role in appointing an external, independent and qualified auditor who honestly .represents the financial position of the institution	3.84	0.99	25.70	OK
12	The Board of Directors seriously reviews the executive procedures and determines the salaries and remunerations of directors and external auditors	3.80	0.83	21.84	OK
13	The Board of Directors ensures the effectiveness of the mechanisms and practices of corporate governance and the limitation of relationships that develop between managers and .external auditors	3.80	0.77	20.26	OK
14	Shareholders' approval is obtained to change the number of members of the Board of Directors, as well as they have a role .in selecting audit offices	3.64	0.83	22.77	OK
	All paragraphs of the second axis	3.86	0.52	13.53	OK

The previous table (14) indicates that

-1The previous table (14) indicates that

1- The arithmetic mean of the total paragraphs of the second axis is heading towards (OK) from the point of view of the research sample, where the arithmetic mean was (3.86), the standard deviation was (0.52) and the coefficient of difference was (13.53).

2- Where the ninth paragraph (the board of directors undertakes to prepare the financial statements in accordance with generally accepted accounting principles.) has the largest arithmetic mean (4.02) and standard deviation (0.73) and the direction of the research sample was towards (OK).

3- While the fourteenth paragraph (shareholders' approval is obtained to change the number of members of the board of directors, as well as they have a role in selecting audit offices.) It has the lowest arithmetic mean (3.64) and standard deviation (0.83) and the direction of the research sample towards (OK).

4- The ninth paragraph (the board of directors undertakes to prepare the financial statements in accordance with generally accepted accounting principles.) had the lowest coefficient of variation (18.16).

5- The eleventh paragraph (the board of directors has an important role in appointing an external, independent and qualified auditor and honestly represents the reality of the financial position of the institution.) It has the largest coefficient of variation (25.7).

Third - Frequencies, percentages, relative importance index, arithmetic averages, standard deviations, coefficient of variation, and the direction of the research sample for the paragraphs of the third axis (audit committees and external audit quality support). The results were as shown in the tables as follows: -

Table (15) Frequencies and percentages of the third axis paragraphs

T	The third axis	Strongly Disagree		not agree		neutral		OK		Strongly Agree		The relative importance index
		Repetition	percent	Repetition	percent	Repetition	percent	Repetition	percent	Repetition	percent	
15th	The Chairman of the Audit Committee, when relevant communicates with other members of the Audit Committee and with the Auditor on a regular basis	3	1.8	7	4.2	27	16.1	96	57.1	35	20.8	78.2
16	The audit committee shall meet with the auditor without the presence of management at least once a year	4	2.4	17	10.1	30	17.9	85	50.6	32	19.0	74.8
17	The audit committee is able to allocate employees of the internal auditors to obtain important information about the facility	4	2.4	12	7.1	30	17.9	90	53.6	32	19.0	76.0
18	Selection of external auditors according to the quality control program in the	2	1.2	9	5.4	32	19.0	81	48.2	44	26.2	78.6

	audit office and the degree of its compatibility with performance levels											
19	Selection of the external auditors according to the professional experience and educational qualifications of the external auditor and his work team	2	1.2	5	3.0	23	13.7	77	45.8	61	36.3	82.6
20	Approval of the advisory services prepared by the external audit offices by discussing them and determining their fees to achieve their goal and their impact on the independence of the external audit	1	0.6	7	4.2	34	20.2	88	52.4	38	22.6	78.5
21	The size and reputation of the audit firm are the most important characteristics on the basis of which the quality of audit firms' services are distinguished	2	1.2	11	6.5	29	17.3	77	45.8	49	29.2	79.0
	total	18	2	68	6	205	16	594	51	291	25	78.2

From the table (15) above, we note that (25%) of the research sample had their opinions that the paragraphs of the third axis agreed strongly, and that (51%) of the research sample were their opinions that the paragraphs of the third axis were in agreement, and that (16%) of the sample The research was their opinions that the paragraphs of the third axis were neutral, and that the percentage (6%) of the research sample was their opinions that the paragraphs of the third axis did not agree, and that the percentage (2%) of the research sample was their opinions that the paragraphs of the third axis did not agree strongly.

We note through the relative importance index that most of the paragraphs of the third axis are influential, and the three most prominent paragraphs that have the most important level are: -

1- Paragraph nineteen (selecting the external auditors according to the professional experience and educational qualifications of the external auditor and his work team.) which has the highest relative importance (82.6).

2- Paragraph twenty-one (The size and reputation of the audit office are the most important characteristics on the basis of which a distinction is made between the quality of services of audit offices.) It has a relative importance (79).

3- The eighteenth paragraph (selection of external auditors according to the quality control program in the auditing office and the degree of its compatibility with performance levels.) It has relative importance (78.6).

While the paragraph that has the least relative importance among the paragraphs is the sixteenth paragraph (that the audit committee meets with the auditor without the presence of management at least once a year), where it has relative importance (74.8).

table (16) Arithmetic averages, standard deviations, coefficient of variation, and direction of the research sample for the second axis

T	The third axis	Arithmetic mean	standard deviation	Variation coefficient	research sample direction
15th	,The Chairman of the Audit Committee, when relevant communicates with other members of the Audit Committee and with the Auditor on a regular basis	3.91	0.83	21.28	OK
16	The audit committee shall meet with the auditor without the presence of management at least once a year	3.74	0.96	25.72	OK
17	The audit committee is able to allocate employees of the internal .auditors to obtain important information about the facility	3.80	0.91	24.03	OK
18	Selection of external auditors according to the quality control program in the audit office and the degree of its compatibility with .performance levels	3.93	0.88	22.37	OK
19	Selection of the external auditors according to the professional experience and educational qualifications of the external auditor and his work team	4.13	0.85	20.46	OK
20	Approval of the advisory services prepared by the external audit offices by discussing them and determining their fees to achieve their goal and their impact on the independence of the external .audit	3.92	0.80	20.51	OK
21	The size and reputation of the audit firm are the most important 'characteristics on the basis of which the quality of audit firms .services are distinguished	3.95	0.91	23.14	OK
	All paragraphs of the third axis	3.91	0.61	15.53	OK

The previous table (16) indicates that

- 1- The arithmetic mean of the total paragraphs of the third axis is heading towards (OK) from the point of view of the research sample, where the arithmetic mean was (3.91) and the standard deviation was (0.61) and the coefficient of difference (15.53).
- 2- Where the nineteenth paragraph (selecting the external auditors according to the professional experience and educational qualifications of the external auditor and his work team) had the largest arithmetic mean (4.13) and a standard deviation (0.85), and the direction of the research sample was towards (OK).
- 3- While the sixteenth paragraph (that the audit committee meets with the auditor without the presence of the administration at least once a year.) has the lowest arithmetic mean (3.74) and a standard deviation (0.96) and the direction of the research sample towards (OK).
- 4- The nineteenth paragraph (selecting the external auditors according to the professional experience and educational qualifications of the external auditor and his work team.) had the lowest coefficient of variation (20.46).
- 5- The sixteenth paragraph (that the audit committee meets with the auditor without the presence of management at least once a year.) had the largest coefficient of variation (25.72).

Results

1 - The majority of respondents to the questions of the first axis related to the commitment of banks to the procedures for governance and their achievement of the greatest degree of disclosure and transparency, as the respondents' answers were that (16%) of the research sample had their opinions strongly agree, and that (38%) of the research sample were their opinions OK And that (29%) of the research sample had neutral opinions, and that (15%) of the research sample was their opinions, and that (2%) of the research sample had their opinions strongly disagree.

- We note through the relative importance index that the fifth paragraph (banks take into account the adequate and fair disclosure of the financial data needed for investors), as it has the highest relative importance (72.6).

- The second paragraph (Banks disclose the expected risks and it must be done objectively and transparently.) It has relative importance (71.1).

While the paragraph that has the least relative importance among the paragraphs is the sixth paragraph (banks support a culture of disclosure and transparency about the risks and threats they face and enable them to express concerns.) where it has the least relative importance (67.8).

2- The majority of respondents to the questions of the second axis of the board of directors and its impact on external audit, where the respondents answered that 19% of the research sample had their opinions strongly agree, and that 55% of the research sample was their opinions agree, and that (20%) of the research sample %) of the research sample were neutral, and (4%) of the research sample disagreed with their opinions, and (2%) of the research sample had strong disagreement.

- We note through the relative importance index that the ninth paragraph (the board of directors undertakes to prepare the financial statements in accordance with generally accepted accounting principles.) where it has the highest relative importance (80.4).

The tenth paragraph (The board of directors has an important role in focusing on the existence of a guide to the ethical conduct of the audit office and emphasizing the protection of the institution's information and ensuring its confidentiality.) where it has a relative importance (79.8).

While the paragraph that has the least relative importance among the paragraphs is the fourteenth paragraph (the approval of shareholders is obtained to change the number of members of the board of directors, as well as they have a role in selecting audit offices.) where it has relative importance (72.7)

3- The majority of respondents to the questions of the third axis of audit committees and their impact on external audit, where the answers were that (25%) of the research sample had their opinions strongly agree, and that (51%) of the research sample was their opinions agree, and that (16%)) of the research sample, their opinions were neutral, and that (6%) of the research sample did not agree with their opinions, and that (2%) of the research sample had their opinions strongly disagree.

- We note through the relative importance index that the nineteenth paragraph (the selection of the external auditors according to the professional experience and scientific qualifications of the external auditor and his work team.) which has the highest relative importance (82.6).

- Paragraph twenty-one (The size and reputation of the audit office are the most important characteristics on the basis of which the quality of services of audit offices is distinguished.) where it has a relative importance (79).

While the paragraph that has the least relative importance among the paragraphs is the sixteenth paragraph (that the audit committee meets with the auditor without the presence of management at least once a year), where it has relative importance (74.8).

References

1. Mulili, B.M. and Wong, P. (2011). 'Corporate governance practices in developing countries: the case for Kenya', *International Journal of Business Administration*, 2(1), pp. 14-27 .
2. Homayoun S. and Homayoun S. (2015). 'Agency theory and corporate governance', *International Business Management*, 9(5), pp. 805-815. <https://doi:10.2139/ssrn.1027382>.
3. Loredana, DR, Alexandru , B. and Roxana, H. (2016). 'Comparative analysis between the traditional model of corporate governance and Islamic model', *Annals of the Constantin Brâncuși University of Târgu Jiu, Economy Series*, 4, pp. 165-170.
4. Awojobi, O. and Amel, R. (2011). 'Analysing risk management in banks: evidence of bank efficiency and macroeconomic impact', *Journal of Money, Investment and Banking*, 22, pp. 147-162.
5. Uwuigbe, OR and Fakile, AS (2012). 'The effects of board size on financial performance of banks: a study of listed banks in Nigeria', *International Journal of Economics and Finance*, 4(2), pp. 260-267.
6. Darmadi, S. (2011). 'Corporate governance disclosure in the annual report: an exploratory study on Indonesian Islamic banks', *Humanomics* , 29(1), pp. 4-23.
7. Abi , Khalida, 2016, “ The Role of Corporate Governance in Achieving the Quality of External Audit Services a Case Study of Algeria”, a thesis submitted to obtain a Ph.D. degree in commercial sciences, specializing in commercial sciences, Faculty of Economics, Commercial and Management Sciences, Mohamed Boudiaf University in Msila, Algeria, p. 20.
8. Cohen & Hanno, 2000"Consideration of Corporate Governance and Management Control Philosophy in Preplanning and Planning Judgment, *Auditing: A Journal of practice and theory*: 19, (2) fall .
9. Jelal, R, and Mbohwa, Ch, (2014). “A Study of Management Principles Incorporating Corporate Governance and Advocating Ethics to Reduce Fraud at a South African Bank,” *International Journal of Social, Human Science and Engineering, World Academy of Science, Engineering and Technology*, Vol 8 (5 (.
10. Klai, N. and Omri , A. (2011): "Corporate Governance and Financial Reporting "Quality: "The Case of Tunisian Firms" *International Business Research*, VOL.4 No.1.
11. Sukma, P. & Bernawati, Y (2019). The Impact of Audit Committee Characteristics on Audit Quality.
12. Raimo, N. Vitolla, F. Marrone , A. Rubino , M. (2021). Do Audit Committee attributes influence integrated reporting quality? An Agency theory viewpoint. *Wiley Online Library*, Vol.30, Issue.1, pp.522-534.
13. <https://cbi.iq/static/uploads/up/file-154348700420606.pdf>