

Harmonize the Pillars of Corporate Governance to Achieve Sustainability through Earning Quality in Iraqi Banks Listed in the Iraq Stock Exchange

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The research aims to build and apply standard models, to measure the harmony of the staff responsible for monitoring and auditing the company's business and results and to give confidence in financial reports by reducing the manipulation of profits and achieve sustainability and to achieve the quality of financial reporting of the company through the quality of its profits. Assume that the linkage between the pillars of governance would indicate fewer opportunities to manage the management of profits in light of the activation and coordination of work between the pillars of governance, to reach the goal by testing the research hypotheses on a sample of banks Listed in the Iraq Stock Exchange for the period from 2008 to 2018 and the adoption of statistical method SPSS. The most important results of the research that the proposed standard models have demonstrated a statistically significant relationship between the pillars of corporate governance through harmony with the sustainability of profits and achieve the earnings quality.

Key words: *Corporate Governance, Profit Sustainability, Earnings Quality and Banks Listed in Iraq Stock Exchange.*

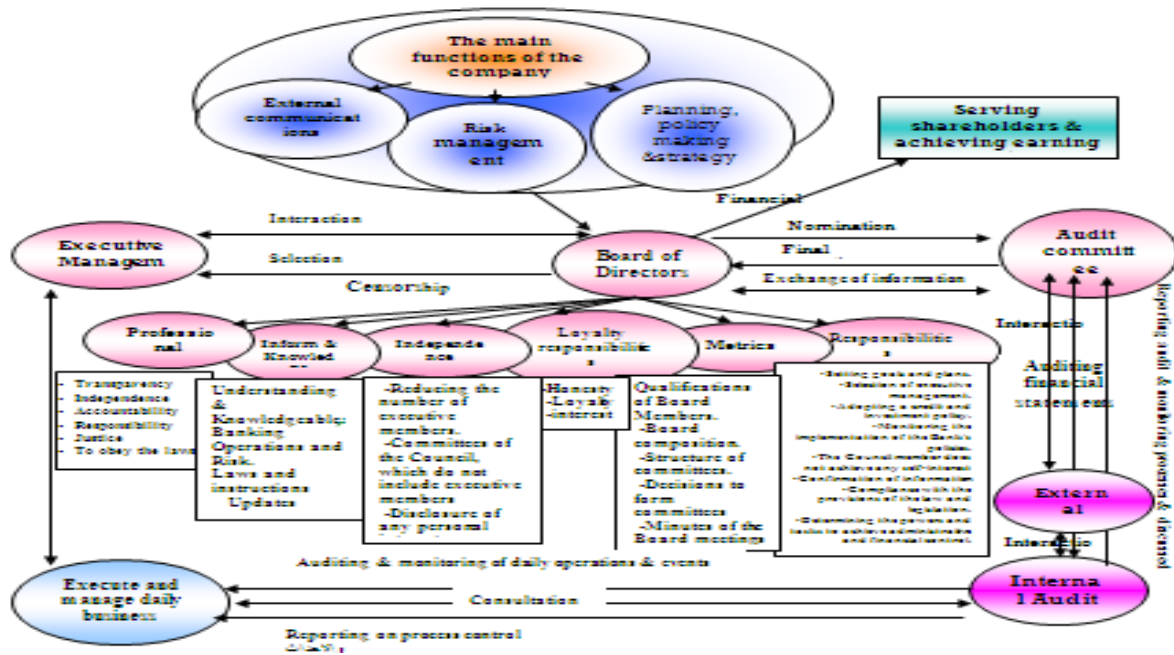
Introduction

As a result of changes in the way of companies management due to globalization, competition, new technology, social and environmental attention, as well as financial scandals in many companies, due to conflicts of interest in the relationship between the owner and managers, as a result of this conflict it was necessary to apply the principles of governance, to enhance the credibility and transparency of financial information and reduce Agency theory and profit manipulation. (Gramling et al. 2004).

(Jensen & Meckling, 1976) reported on the theory of agency, that the top management in the company control and supervision to ensure that the management is working in full compliance with various rules and regulations. These efforts lead to what is referred to as agency costs. Agency costs include shareholder-monitoring costs, costs incurred by management to create transparent reports, cost of independent audit and internal control, as well as a variety of costs to combine management interests with shareholders. Despite control and monitoring, the possibility of the emergence of agency problems remains, due to the separation of management and shareholders of the company. Shareholders will ask management for the management of the company.

Studies and researches point to the concept of the Audit Committee and the consequent responsibilities that have undergone significant development since its inception more than half a century ago. It was noted that the term Audit Committee began to emerge in the late 1930s when the US Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE) encouraged companies to form the Audit Committee., the emphasis on the idea of the composition of the Audit Committee has been associated in most countries with the occurrence of unexpected bankruptcies in companies as a result of misconduct by their departments, In 2002 -After financial collapse of some Major companies, the Sarbanes - Oxley Act was passed in the United States, this law stressed the obligation of all companies to form an Audit Committee, because of its important role in preventing the occurrence of these financial meltdowns in the future. This will be through the importance of its role in overseeing the preparation of the financial statements as well as in increasing the independence of both internal and external auditors. Staffs reduce profit management by revealing the earning quality.

Figure 1. A model for harmonizing the pillars of corporate governance to enhance profitability sustainability



Source: Yaqoob, Fayhaa Abdullah, 2006, Internal Audit and its role in Corporate Governance, Ph.D. thesis in accounting, unpublished, submitted to the Faculty of Management and Economics, Mustansiriya University.

The literature review

Corporate Governance: This system demonstrates how to manage, direct and control financial enterprises (OECD, 2000) and includes the use of all tools, means and means that can optimize the use of all available resources and manage them within an effective control system to achieve the goals and objectives of the company,

In this sense, corporate governance is a system based on the basic rules and constituents of the organizational structure, management, control, powers and responsibilities. Rules and provisions for making decisions about their affairs. (Ibid, P.4) This gives the appropriate structure through which the company can set its goals, the means to achieve these goals, and work on performance control.

As a result of many failures that have occurred to the companies with high stocks and securities and in response to the request of the Securities Commission (SEC), (NYSE) and (NASDAQ) reviewed its standards issued with emphasis on strengthening corporate governance and also offered some suggested instructions. (NASDAQ) has also called for improved corporate governance practices as a prerequisite for continued listing of companies under the NASDAQ Index.

As for NYSE, corporate governance rules and regulations are designed to increase the capacity of Managers, Employees and Users of registered stock issuers will perform their functions effectively and efficiently.

The following are selected conditions from the proposals to request the preparation of the list of NASDAQ Board of Corporate Governance. (Hermanson & Rittenberg, 2003)

- The independence of the majority of the members of the Council.
- Holding regular meetings of independent directors in the executive session.
- Additional provisions to define independence.
- Grant authority to audit committees to use and evaluate independent auditors and approve all audit-related services.
- Allowing a non-independent director to serve on Audit, Appointment and Compensation Committees under clear and explicit conditions

The following are selected conditions of the proposals for the preparation of financial reports (NYSE) for the Board of Corporate Governance. (TONE at the TOP, Feb 2004, Issue2)

1. The majority of directors shall be independent in the Council.
2. Demand from registered companies owning audit committees, compensation committees and appointment committees composed entirely of independent directors.
3. Demand from non-administrative managers, Meeting in scheduled executive sessions and regular, and without administration
4. To be considered independent by the Board, Determine if the manager does not have a material relationship with the NYES listed company.
5. Demand from NYES listed companies, to have an active role in the internal audit function.
6. Demand from NYES listed companies, Adopt and disclose evidence of corporate governance, and special laws, managing the work of the company and the audit committees, Compensation Committees, and employment committees.

The Audit Committee: It is composed of several non-executive directors. The external auditors if necessary attend the meetings of this committee. The committee delegates the powers according to the provisions decided by the Board of Directors. (Williamson, 2006).

It is known as one of the main committees of the Board of Directors, which supports the objectivity and credibility of the financial reports and their integrity from fraud, poor accounting estimates and the extent of compliance with and disclosure of generally accepted accounting policies. It can also assist executives in fulfilling their responsibilities. (KPMG, 2002)

The authors agreed on the definition of an effective audit committee (NACD, 2000; Rittenberg & Fair, 1993) and (DeZoort et al. 2002) as a committee with qualified members

with the authority and resources to protect stakeholder interests by ensuring reliable financial reporting, internal controls, risk management, and diligent oversight efforts.

Several studies have examined the relationship between the independence and size of audit committees (Klein, 2002a); (Carcello & Neale, 2003); (Pucheta-Martínez, & Fuentes, 2007) and (Zamn et al., 2011) showed the highest level of correlation, the independence of the Audit Committee and its size with the quality of financial reports, and other studies failed to find any significant association between the independence of the Audit Committee with quality. Financial reports, (Baxter & Cotter, 2009) (O'Sullivan, 2005). The (Bronson, et al 2009) study suggests that the size and benefits of the independence of the Audit Committee are consistently achieved only when the Audit Committee is completely independent, with legal support requirements. Other studies have examined the independence of the Audit Committee and the manipulation of profits through receivables. (Klein, 2002b) conducted a study of 692 companies in the United States, The results showed that the independence of the Audit Committee was negatively associated with non-discretionary accruals, and the decrease in the independence of the Audit Committee was associated with significant increases in non-discretionary accruals. (Yang & Krishnan, 2005) found a significant relationship between the independence of the Audit Committee and the quarterly discretionary accruals.

(Bradbury et al, 2004) found the independence of the Audit Committee linked to high-quality accounting. Consequently, the results indicate that the audit committee is more effective when they are composed of independent directors. The study (Majiyabo et al, 2018) reveals that the independence of the Audit Committee has a negative and significant impact while the size of the Audit Committee is positive and has little impact on the quality of financial reporting of deposit-listed banks in Nigeria.

(Ayinde, 2002) noted that the Audit Committee is a standing committee established to enhance corporate accountability by working with internal auditors and management to improve and strengthen the entity's financial reporting practices and ensure the smooth functioning of the company under generally accepted ethics and legal standards.

(Nnadi 1999) asserts that the Audit Committees were originally provided as a means of ensuring the independence and effectiveness of the external auditor. Furthermore, (Knapp, 1991) noted that the Audit Committee is more likely to support the auditor rather than management in audit disputes, and the level of support is consistent throughout Committee members.

(Collier & Gregory, 1999) provided evidence that the presence of executive members of the Audit Committee was negatively correlated with the number of meetings. Similarly, (McMullen & Raghunandam 1996) showed that companies with financial problems had

frequent meetings with the Audit Committee, (Kalbers & Fogarty, 1998) found that the number of meetings was linked to the effectiveness of the Audit Committee.

From the previous studies presented the first hypothesis of the study can be formulated.

H0 First Hypothesis: The Audit Committee is Represented by (Independence, Number of Meetings) Positively Correlated With the Earning Quality of Companies listed in the Iraqi Stock Exchange

Internal Auditor

The internal audit function plays an important role in the governance process (IIA, 2005); besides, the Audit Committee and the Internal Audit function have a good relationship that promotes corporate governance (Scarborough, et al. 1998; Raghunandan et al., 2001; Goodwin, 2003; James, 2003). (Gramling et al., 2004) argues that the internal audit function is one of the four pillars of governance. And the head of the Internal Audit function shall submit the audit reports to the Audit Committee. Also, through their activities, internal auditors increase credibility, fairness, and improve the behavior of employees of joint-stock companies to reduce the risk of administrative and financial corruption, The importance and responsibility of the internal auditor in preventing and detecting fraud and counterfeiting and to achieve this function for its purposes, must be independent, well organized and based on its legislation (Cadbury, 1992); The independence of the internal audit function is strengthened when it reports directly to the Audit Committee and not to management. On the other hand, the Audit Committee is more effective when it can distribute internal audit staff to obtain important information on corporate issues, such as the strength of the internal control system and the quality of accounting policies used (Cohen, 2002).

Audited studies have shown that to be an effective internal audit function, it must have a good relationship with the Audit Committee, for the effectiveness of good internal control mechanisms and for improving the quality of financial statement which Together can improve corporate governance issues .(Cooper & Craig, 1984; Cooper et al. 1989); (Rezaee & Lander, 1993; Lightle & Bushong, 2000);

The second hypothesis can be formulated.

H0 Hypothesis II: Internal audit function is represented by (the number of meetings, the number of reports), positively correlated with the earning quality of companies listed in the Iraqi Stock Exchange



External Audit

External auditing is the cornerstone of good corporate governance.

The external auditor plays an important role in helping to improve the quality of the financial statements (Abbott & Parker, 2000). The external auditor conducts an audit and expresses an opinion on the financial statements to communicate the information to the users. During the audit, the Audit Committee plays an important role in making the financial statements of the company credible.

Several studies in the areas of corporate governance have confirmed that the quality of audit is an effective factor to restrict excessive opportunistic behavior in companies. (Bradbury et al., 2004); (Bryan et al., 2004); (Vafeas, 2005)).

The third hypothesis can, therefore, be formulated.

H0 Hypothesis III: The number of meetings positively correlated with the earning quality of companies listed in the Iraqi Stock Exchange.

Coordination of Work between the External Auditor, the Internal Auditor, and The Audit Committee

The Audit Committee is generally responsible for reviewing the internal audit system and program, and how to coordinate with the External Audit. Upon completion of internal audits, the Audit Committee reviews any findings with the Internal Auditor, so the Audit Committees have an important role in coordinating information and cooperation between the Internal Auditor. External Auditor The internal auditor provides reliable information to the external auditors, in which case the external auditors can complete their audit more efficiently and effectively and provide a higher level of assurance. (Corporate Governance in the 20th Century)

The quality of communication between the two parties can enhance and assist internal audit by contributing to a high level of financial reporting support,

This coordination of various audit functions (external and internal audit) is known as the overall audit coverage.

The current corporate governance processes can be reviewed and reached an acceptable or satisfactory level for the benefit of all interested parties.

It should be noted that the Audit Committee function is supervisory, recognizing that the management of the Company is responsible for the preparation of the Company's financial statements and that the Auditor is responsible for auditing those financial statements. Besides, the Committee is aware that the financial management (including internal audit staff) and the auditors have more time, knowledge and more detailed information about the company than the members of the Committee. Consequently, in discharging its supervisory responsibilities, the Committee does not provide an opinion based on experience or any particular assurance regarding the Company's financial statements. Or any professional certificate for the work of the Auditor (Corporate Governance in the 21st Century).

The IIA noted that the Internal Audit and the Audit Committee are working together towards common objectives, including the functions, responsibilities, and objectives of the Internal Audit and Audit Committee are twins in many ways;

Certainly, with the increasing responsibility of the organization, the importance of the internal audit committees has major responsibilities in ensuring that the mechanisms within the organization perform their functions continuously and clearly.

One of these strong and harmonious mechanisms is the relationship of cooperation between internal audit and audit committees. The Institute of Internal Audit explained in its bulletin on the status of audit committees has taken a step towards raising the level of the type of relationship to help the audit committees and internal audit work together to achieve common goals. Thus, the fourth hypothesis can be formulated.

H0 Hypothesis IV: Internal audit and external audit and the Audit Committee is positively linked to the earning quality of companies listed on the Iraqi Stock Exchange.

Earning Qualities

Several studies have discussed the subject of flexibility in accounting practices and their impact on accounting measurement and disclosure processes. Management uses this flexibility to achieve the desired objectives, resulting in negative effects affecting the transparency of accounting disclosure. The term is commonly used to describe the practices associated with the optional amendments to the financial statements and reports in the term "Earnings Management" (Hamoumi, 2007).

(Healy & Wahlen 1999) noted in their definition that profit management occurs when managers use their judgments in financial reporting and restructuring operations to modify financial reports, either to mislead stakeholders about the company's economic performance or to influence contractual results that depend On the accounting numbers reported.

Choi & Pae found that there are three trends to measure the quality of financial reporting (Choi & Pae, 2011).

First: Use earnings management using accruals.

Second: Measures the degree of The Accounting Conservatism.

Third: It measures how the receivables can be accurately predicted and linked to cash flow from future operations.

The majority of researchers agreed that the quality of financial reporting begins with the quality of profits and that the best measure of the quality of financial reporting is the measure of profit quality (Schipper & Vincent, 2003). The concept of profit management has been linked to benefits as the basis of accounting, despite the advantages provided by the accrual basis of accounting; it is not without its deficiencies.

It helps in the existence of profit management phenomenon. Profit from accounting accrual can be defined as the difference between net operating profit and net cash flows from operating activities. Management within the framework of its authority and flexibility in accounting standards.

That management often focuses on the use of voluntary benefits to manipulate profits, Accordingly; there are many models of profit-based and accrual-based management, through the separation of optional benefits and non-optional benefits. In the study of the relationship between profit management and audit quality, many current studies have used the Jones model or the modified Jones model (Becker et al, 1998; Krishnan, 2003). Directors and shareholders are the most beneficial; managers may not work in the interests of shareholders (Jensen & Meckling, 1976),

Specifically, if managers' compensation is linked to corporate performance, managers have an incentive to report profits erroneously, so the demand for audit services stems from the need to reduce information asymmetry between stakeholders such as shareholders, creditors, and authorities. Public, employees, customers, lenders,

High audit quality should, therefore, be associated with low levels of information asymmetry and low levels of “performance uncertainty”.

Audit quality should, therefore, be negatively correlated with profit management. (Xu, Nord, 2003) stated that the main factors affecting information quality are closely related to the core capacity of human, system, and regulatory and external factors.

Financial Sustainability: Defined as "one of the two elements of financial quality that must be measured to the extent to which the declared profits can sustain

It refers to the sustainability of the quality of profits accompanied by cash flows may be termed the cash dimension of the earning quality. Also, the quality of profits is the ability of profits disclosed in the financial statements to predict the operating profit of the company because the income statement is announced through the events that have already occurred, the statements prepared on the basis of historical cost impose this ability and to increase the predictive capacity of companies should separate permanent earnings, transitory earning, one of the indicators of measuring financial sustainability is the quality of profits.

Applied Study

Based on what has been exposed in the theoretical aspect of the research and previous studies on the subject, the problem of the study, its objectives and hypotheses, can be built applied study through the presentation of study models, Then analyze the data and test the hypotheses on the research sample was represented by all private banks listed in the Iraqi Stock Exchange for the period from 2008 to 2018, which has audit committees, and its financial statements are complete and published within the bulletin of the Iraqi Stock Exchange.

3.1 Proof the First Hypothesis: The Audit Committee is represented by (independence, the number of meetings) positively correlated with the quality of profits of companies listed on the Iraq Stock Exchange. Through the first model

$$EQ_{i,t} = B_0 + B_1(\text{independence audit committee})_{i,t} + B_2(\text{No. Meeting with internal audit})_{i,t} + B_3(\text{No. Meeting with External audit})_{i,t} + B_4(\text{No. Meeting with internal \& External audit})_{i,t} + e_{i,t} \quad (1)$$

Proof Of The Second Hypothesis: The internal audit function is represented by (number of meetings, number of reports), positively correlated with the quality of profits of companies listed in the Iraqi Stock Exchange. Through the second model

$$EQ_{i,t} = B_0 + B_1(\text{No. Meeting with audit committee})_{i,t} + B_2(\text{No. Meeting with External audit})_{i,t} + B_3(\text{NO. Reports})_{i,t} + e_{i,t} \quad (2)$$

[

Proof of the Third Hypothesis: The function of external audit represented by the number of meetings with the Audit Committee and the number of meetings with the internal auditor is positively related to the quality of profits of companies listed on the Iraq Stock Exchange. Through the third model

$$EQ_{i,t} = B_0 + B_1 \text{ (No. Meeting with audit committee)}_{i,t} + B_2 \text{ (No. Meeting with internal audit)}_{i,t} + e_{i,t} \quad (3)$$

Proof of the Fourth Hypothesis: Internal audit and external audit and the Audit Committee are positively linked to the quality of profits of companies listed in the Iraqi Stock Exchange. Through the fourth model

$$EQ_{i,t} = B_0 + B_1 \text{ (audit committee)}_{i,t} + B_2 \text{ (audit)}_{i,t} + B_3 \text{ (internal audit)}_{i,t} + e_{i,t} \quad (4)$$

3.5 Profit quality is measured using a model (Dechow et al. 1995).

$$DACC_{i,t} = (TAcc_{i,t} / Toasi_{t-1}) - \alpha_1 (1 / Toasi_{t-1}) + \alpha_2 (\Delta Rev_{i,t} - \Delta Rec_{i,t}) / Toasi_{t-1} + \alpha_3 PPE_{i,t} / Toasi_{t-1} + \epsilon_{i,t} \quad (5)$$

(Discretionary accruals $DACC_{i,t}$) are an indicator of profit quality measurement, and therefore companies with negative optional benefits show an increase in the quality of financial reporting, or an increase in profit quality, and vice versa. Table (1) shows the average of optional dues for the research sample for the period 2008 to 2018.

Table 1: discretionary accruals (DACC) for period 2008-2018

Name of bank	AVG	MEDIAN	STDEVA
BGUS	22,916,013	24,695,405	52858682.53
BMFI	-58,008,902	-115,722,502	193431193
BBOB	-98,132,689	-98,820,074	138802934.6
BIBI	-11,631,105	-22,879,760	27819292.86
BCOI	27,733,522	28,819,376	36661059.98
BROI	-115,800,951	-139,314,838	95164689.31
BIME	-4,558,192,403	-4,965,434,731	1208673539
BASH	-31,214,394	-7,833,427	66365363.81
BMNS	50,109,431	135,161,794	383101968.4
BIIB	34,391,314	6,006,350	93573131.61

Table 1 shows the discretionary accruals, the average receivables for BMNS, BGUS, BIIB, and BCOL showed a positive result. This indicates that they do not exercise profit management any financial statements of high quality. (yaqoob, 2019). To measure the research variables, a survey questionnaire was sent to the banks and external auditors involved in the audit of the research sample banks. To prove the research hypotheses, the SPSS statistical program was adopted.

First: The Solution of the First Model were the results of the Audit Committee as in Table (2) and the results of the statistical program SPSS.

Table 2: Variables of the Audit Committee in Banks Research Sample

NO.	Name of bank	Y		X1	X2	X3	X4
		earning Quality		independence audit committee	No.meeting with int.Audit	No.meeting with Ex.Audit	No.meeting with Ex. In. Audit
1.	BGUS	22,916,013	0	1	4	2	1
2.	BMFI	-58,008,902	1	1	6	3	3
3.	BBOB	-98,132,689	1	1	5	2	1
4.	BIBI	-11,631,105	1	1	4	4	2
5.	BCOI	27,733,522	0	0	2	2	0
6.	BROI	-115,800,951	1	1	4	4	2
7.	BIME	-4,558,192,403	1	0	6	3	1
8.	BASH	-31,214,394	1	1	5	5	2
9.	BMNS	50,109,431	0	0	2	2	0
10.	BIIB	34,391,314	0	1	3	1	1

In table 2 If the earning quality is positive we give the number (1), but if it is negative take the number (0), The independence of the Audit Committee X1 was measured by the number of independent persons in the Audit Committee, X2, X3 Number of times the Audit Committee meets with internal and external auditors, X4 Number of meetings with both internal and external auditors. To find the relationship and impact of the independence of the Audit Committee and the number of meetings conducted during the year with internal and external auditors and meetings with the two together with the variable dependent on the quality of profits through the following statistical analysis:

Table 3: Descriptive Statistics

	Mean	Std. Deviation	N
Y	.6000	.51640	10
x1	.6000	.51640	10
x2	4.1000	1.44914	10
x3	2.8000	1.22927	10
X4	1.3000	.94868	10

Table 4: Correlations

		Y	x1	x2	x3	X4
Pearson Correlation	Y	1.000	.583	.802	.735	.726
Sig. (1-tailed)	Y	.	.038	.003	.008	.009

In table 4 Observing the correlations matrix shows the strong correlation between the dependent variable, the quality of profits and the independent variables of the activities of the Audit Committee X2 is the number of meetings with the internal auditor (0.802), By noting whether the Sig type is significant or not, The correlation between the dependent variable and the independent variables was found to be a significant correlation between 0.003-0.038, less than 0.05

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.946 ^a	.894	.810	.22518

For the Model Summary, in table 5 the correlation coefficient between dependent variable and independent variables, the simple correlation coefficient R was (0.946) simple while the coefficient of determination R² (0.894) while the correction coefficient determined R²- (0.810), which means that independent variables explain about 0.946 of the variation in profit quality and standard error 0.225. This indicates acceptance of the zero hypotheses and the rejection of the alternative hypothesis.

Table 6: Analysis of variance ANOVA

Del		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.146	4	.537	10.583	.012 ^b
	Residual	.254	5	.051		
	Total	2.400	9			

Analysis of variance ANOVA in table 6, which can be interpreted by the explanatory power F (10.583) and the level of significance (0.012) and the level of significance is less than 0.05 indicates that we accept the null hypothesis and reject the alternative hypothesis, that the regression is significant and does not equal zero any uniformity of influence between the dependent variable earning quality and independent variables of the Audit Committee.

Table 7: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.991	.289		-3.434	.019
	x1	.423	.225	.423	1.880	.119
	x2	.249	.077	.698	3.241	.023

	x3	.211	.079	.503	2.665	.045
	X4	- .211-	.178	-.388-	-1.188-	.288

From the Coefficients, in table 7 the constant value, regression coefficients and their statistical significance of the independent variables can be determined according to t-test at the significant level of $P \leq 0.05$. The regression equation can, therefore, be obtained using non-standard Bata (fixed-term). They are path coefficients as follows.

$$EQ_{i,t} = (-0.991) + 0.423(\text{independence audit committee})_{i,t} + 0.249(\text{No. Meeting with internal audit})_{i,t} + 0.211(\text{No. Meeting with External audit})_{i,t} + (-0.211)(\text{No. Meeting with internal \& External audit})_{i,t} \quad (1)$$

Second, The solution of the second model, where the results of internal audit as in Table (8) and the results of the statistical program SPSS.

Table 8: Variables of Internal Audit in Banks Research Sample

N O.	Name of bank	Y		X1	X2	X3
		earning Quality		No.meeting with audit committee	No.meeting with External audit	NO.reports
1-	BGUS	22,916,013	0	4	3	8
2-	BMFI	-58,008,902	1	6	5	8
3-	BBOB	-98,132,689	1	5	5	6
4-	BIBI	-11,631,105	1	4	6	7
5-	BCOI	27,733,522	0	2	4	4
6-	BROI	-115,800,951	1	4	6	7
7-	BIME	- 4,558,192,40 3	 1	6	6	7
8-	BASH	-31,214,394	1	5	4	6
9-	BMNS	50,109,431	0	2	4	4
10-	BIIB	34,391,314	0	3	4	4

To find the relationship and the impact of the number of internal auditor meetings with the Audit Committee and the external auditor that it conducts during the year with the variable dependent earning quality through the following statistical analysis:

Table 9: Descriptive Statistics

	Mean	Std. Deviation	N
Y	.6000	.51640	10
x1	4.1000	1.44914	10
x2	4.7000	1.05935	10
x3	6.1000	1.59513	10

Table 10: Correlations

		Y	x1	x2	x3
Pearson Correlation	Y	1.000	.802	.772	.594
Sig. (1-tailed)	Y	.	.003	.004	.035

Observing of Correlations matrix in table 10 showed a strong correlation between the dependent variable earning quality and independent variables of internal audit. The number of meetings represented the highest correlation X1 with the Audit Committee (0.802). Observing the type of correlation (Sig) is significant or not, it was found that the correlation between the dependent variable and independent variables is a strong correlation with significant significance ranging between 0.003-0.035), less than 0.05.

Table 11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.923 ^a	.852	.778	.24324

For the Model Summary, in table 11 the correlation coefficient between the dependent variable and the independent variables, the simple correlation coefficient R was (0.923) simple. The R² coefficient was 0.852 while the corrected coefficient R² was 0.778, which means that the independent variables account for about 0.923 of the variation in earning quality and the standard error 0.2432. This implies acceptance of the null hypothesis and the rejection of the alternative hypothesis.

Table 12: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.045	3	.682	11.521	.007b
	Residual	.355	6	.059		
	Total	2.400	9			

In table 12 analysis of variance ANOVA, which can be interpreted by the explanatory power F (11.521) and the level of significance (0.007), and the level of significance less than 0.05

indicates that we accept the null hypothesis and reject the alternative hypothesis. Any regression is significant and not equal to zero, That is, an effect relationship exists between the dependent variable of earning quality and the independent variables of internal audit.

Table 13: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	-1.365-	.429	
	x1	.215	.091	.603
	x2	.250	.086	.513
	x3	-.015-	.079	-.046-

From the Coefficients, in table 13 the constant value, regression coefficients and their statistical significance of the independent variables can be determined according to t-test at the significant level of $P \leq 0.05$. The regression equation can, therefore, be obtained using non-standard Bata (fixed-term). These are Path coefficients, As follows:

$$EQ_{i,t} = (-1.365) + 0.215(\text{No. Meeting with audit committee})_{i,t} + 0.250(\text{No. Meeting with External audit})_{i,t} + (-0.015)(\text{NO. Reports})_{i,t} \quad (2)$$

Third: Proof of the Third Model: The results were as in Table (14) and the results of the statistical program SPSS.

Table 14: Variables for External Audit in Banks

N O.	Name of bank	Y		X1	X2
		earning Quality		No.meeting with audit committee	No.meeting with internal audit
1-	BGUS	22,916,013	0	2	3
2-	BMFI	-58,008,902	1	3	5
3-	BBOB	-98,132,689	1	2	5
4-	BIBI	-11,631,105	1	4	6
5-	BCOI	27,733,522	0	2	4
6-	BROI	- 115,800,951	1	4	6
7-	BIME	- 4,558,192,4 03	1	3	6
8-	BASH	-31,214,394	1	5	4
9-	BMNS	50,109,431	0	2	4

10-	BIIB	34,391,314	0	1	4
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To find the relationship and the impact of the number of meetings of the external auditor with the audit committee and internal auditor, which is carried out during the year with the variable dependent on the quality of profits through the following statistical analysis:

Table 15: Descriptive Statistics

	Mean	Std. Deviation	N
Y	.6000	.51640	10
x1	2.8000	1.22927	10
x2	4.7000	1.05935	10

Table 16: Correlations

		Y	x1	x2
Pearson Correlation	Y	1.000	.735	.772
Sig. (1-tailed)	Y	.	.008	.004

Observing the correlations matrix in table 16 showed a strong correlation between the dependent variable earning quality and independent variables of external audit. The number of meetings represented the highest correlation X1 with the Audit Committee (0.772). Observing the type of correlation (Sig) is significant or not, it was found that the correlation between dependent and independent variables is a strong correlation with significant significance ranging from 0.004-0.008) less than 0.05.

Table 17: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.882	.779	.715	.27553

In table 17 the Model Summary shows the correlation coefficient between the dependent variable and the independent variables, R was (0.882) simple, while the coefficient of determination R² ((0.779), while the corrected determination coefficient was R²- (0.715). This means that the independent variables account for approximately 0.882 variances in earning quality and the standard error of 0.2755. And this implies acceptance of the null hypothesis and the rejection of the alternative hypothesis.

Table 18: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.869	2	.934	12.307	.005 ^b
	Residual	.531	7	.076		
	Total	2.400	9			

Analysis of variance ANOVA, in table 18, which can be interpreted by the explanatory power F value (12.307) and the level of significance (0.005), and the level of significance less than 0.05 indicates that we accept the null hypothesis and reject the alternative hypothesis. That is, the regression is significant and not equal to zero. That is, there is an effective relationship between the dependent variable and the earning quality and independent variables of external audit.

Table 19: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	-1.226	.417	
	x1	.202	.084	.482
	x2	.268	.098	.550

Through Coefficients, show table 19 the constant value, regression coefficients and their statistical significance of independent variables can be determined according to t-test at the significant level $P \leq 0.05$, thus the regression equation can be obtained by using non-standard Beta (fixed limit) path coefficients, As follows:

$$EQ_{i,t} = (-1.226) + 0.202((No. Meeting with audit committee)_{i,t}) + 0.268((No. Meeting with internal audit)_{i,t}) \quad (3)$$

Fourth: To prove the fourth model, it is through proving the previous three models to measure the relationship and impact of the harmony of the internal and external audit committee. Results were as in Table 20 and SPSS results.

Table 20: Results of the application of the three models (1,2,3)

N O.	Name of bank	Y		X1	X2	X3
		earning Quality		audit committee	External audit	internal audit
1-	BGUS	22,916,013	0	0.639	0.365	-0.018
2-	BMFI	-58,008,902	1	0.926	1.295	0.72
3-	BBOB	-98,132,689	1	0.888	1.05	0.518
4-	BIBI	-11,631,105	1	0.85	1.1	1.19

5-	BCOI	27,733,522	0	-0.071	0.125	0.25
6-	BROI	- 115,800,951	1	0.85	1.1	1.19
7-	BIME	- 4,558,192,4 03	1	0.925	1.53	0.988
8-	BASH	-31,214,394	1	1.31	0.8	0.856
9-	BMNS	50,109,431	0	-0.071	0.125	0.25
10-	BIIB	34,391,314	0	0.179	0.34	0.048

To find the relationship and the effect of the harmony of the Audit Committee, the internal auditor and the external auditor with the dependent variable earning quality through the following statistical analysis:

Table 21: Descriptive Statistics

	Mean	Std. Deviation	N
Y	.60000	.516398	10
x1	.65670	.446039	10
x2	.78300	.508769	10
x3	.59920	.455220	10

Table 22: Correlations

		Y	x1	x2	x3
Pearson Correlation	Y	1.000	.873	.921	.882
Sig. (1-tailed)	Y	.	.000	.000	.000

Observing the correlations matrix shows in table 22 that there is a strong correlation between the dependent variable quality of profits and independent variables of external audit. The highest correlation X1 was the number of meetings with the Audit Committee (0.772), by noting whether the Sig type is significant or not, The correlation between the dependent variable and the independent variables was found to be a significant correlation between (0.004-0.008) less than 0.05.

Table 23: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.974 ^a	.948	.922	.144155

By observing the model summary, in table 23 the simple correlation coefficient between the dependent variable and the independent variables R was (0.974) simple while the coefficient

of determination was R² ((0.948). While the corrected determination coefficient was R²- (0.992), This means that the independent variables account for about 0.974 variances in earning quality and the standard error 0.14415. This implies acceptance of the null hypothesis and rejection of the alternative hypothesis.

Table 24: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.275	3	.758	36.497	.000b
	Residual	.125	6	.021		
	Total	2.400	9			

In table 24 the analysis of variance ANOVA and by the method of knowing the explanatory power F showed a value (36.497) and a level of significance (0.000) and the level of significance is less than 0.05 indicates that we accept the null hypothesis and reject the alternative hypothesis. That mean the regression is significant and does not equal zero any unifying effect relationship between the dependent variable earning quality Independent variables include the Audit Committee, Internal Audit, and External Audit.

Table 25: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	-.191	.089	
	x1	.393	.178	.339
	x2	.370	.191	.365
	x3	.407	.178	.358

In table 25 the coefficients explain the value of the constant and regression coefficients and their statistical evidence of independent variables, According to the t-test at the significant level $P \leq 0.05$, The regression equation can, therefore, be obtained using non-standard Bata (fixed-term). These are path coefficients as follows:

$$EQ_{i,t} = (-0.191) + 0.393 * (audit\ committee)_{i,t} + 0.370 * (audit)_{i,t} + 0.407 * (internal\ audit)_{i,t}$$

Conclusions

- 1 - The majority of Iraqi private banks listed in the Iraqi Stock Exchange showed their optional dues at the negative value and this indicates that the management complies with various rules and regulations and that the profits of these banks are of high quality and can achieve financial sustainability.
2. The Audit Committee of the Banks is independent because of the existence of independent members of the Committee who are impartial in their reports to the Board of Directors. Meetings are held on an ongoing basis with both internal and external auditors, this shows the result of the analysis, which indicates that there is a positive correlation with the earning quality of banks listed on the Iraqi Stock Exchange.
3. The results indicated that the internal audit function is in compliance with all rules and regulations and that its reports are submitted to the Audit Committee, in addition to the external auditor benefiting from these reports in performing the audit function the more the number of meetings conducted by the external auditor with the internal auditor more to inquire about all things unclear whenever achieved quality in the audit and this indicated the results of the analysis of a positive correlation on the earning quality of Iraqi private banks.
4. The selection of an external auditor with a high reputation in the labor market and characterized by independence and works to maintain contact with the internal auditor and take advantage of his reports to the Audit Committee to achieve the quality of the audit, As well as participating in meetings with the Audit Committee and utilizing the Audit Committee to resolve disputes problems with the Executive Management, This shows the results of the analysis that there is a positive correlation with the earning quality of the Iraqi private banks listed in the Iraqi Stock Exchange.
- 5 - The results of the analysis showed that there are harmony and cooperation and consistency between the Audit Committee and internal audit and external audit and this harmony has a positive correlation and impact on the earning quality of the Iraqi private banks listed in the Iraqi Stock Exchange.



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