

The complementarity between the internal audit and the audit committees, and its role in supporting and enshrining the corporate governance.

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Abstract:

The study aims at showing the role of the complementary relation between the internal audit and the audit committees in supporting and enshrining the principles of the corporate governance. Findings show that the internal audit is one of the main mechanisms that allow the promotion of the corporate governance and the achievement of its goals through the complementarity and interaction with the various administrative bodies that include the administration council, the higher administration, the audit committee, and the external auditor because it helps them exercise their roles. In this line, this complementary relation manifests more between the internal audit and the audit committees because the first supports the second in meeting their responsibilities in the corporate governance and in the quality of the financial reports issued by the administration. On the other hand, the audit committee provides the suitable environment for the internal audit to perform its governance tasks. Thus, the effective audit committee reinforces the internal audit. Besides, this complementary relation increases the ability of the internal audit and the audit committee to support the corporate governance.

Key words: complementarity, internal audit, audit committees, corporate governance.

Codes de classification JEL : G32 ;G34 ;M42.

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Introduction:

The “corporate governance” is one of the modern expressions that emerged after the financial crises that affected many world companies. Its importance lies within looking for the optimal methods to implement the control processes, the risk management, the enshrinement of the transparency, and the laws and regulations that pave the way for the commitment to the professional and ethical rules in a way that contributes to discovering the errors and fighting the fraud and manipulation to achieve an efficient performance. In this regard, the efficient governance system requires cooperation between the administration council, the audit committee, the internal audit, the external audit, and the higher administration. The complementarity between these parts makes one of the most important monitoring tools that allow for the optimal implementation of the corporate governance.

The complementarity between the external audit and the audit committees is one of the tools that allow the implementation of the governance through organizing the work to cover the deficit that results from their individual works. Besides, the collective work of the two mechanisms promotes the internal control system and the risk management to increase the credibility of the results and achieve the corporate governance requirements.

Problematic of the study:

Based on what was said, and in order to cover the role of the complementarity between the internal audit and the audit committees in supporting and enshrining the corporate governance, we raise the following problematic: “How does the complementarity between the internal audit and the audit committees contribute to supporting and enshrining the corporate governance?” In this regard, sub-questions arise as follows:

- What is meant by the corporate governance? What are its principles and determinants?
- What are the goals and classifications of the internal audit? What are the services and tasks it provides to the corporates?
- How are the audit committees formed? What are their responsibilities?
- How does the complementary relation between the internal audit and the audit committees affect the promotion and enshrinement of the corporate governance?

Aims of the research:

The study aims at:

- Knowing the principles and determinants of the corporate governance application.
- Knowing the main tasks of the internal audit in the corporates, and its classifications.
- Knowing the methods of forming the audit committees and their main responsibilities and tasks.
- Knowing the nature of the complementary relation between the internal audit and the audit committees, and how it contributes to shaping the corporate governance principles.

Structure of the study:

In order to cover the main problematic and the sub-questions, and to achieve the target aims, we divided the study into 04 chapters as follows:

- I: The theoretical background of the corporate governance.
- II: The conceptual frame of the internal audit.
- III: Generalities about the audit committees.
- IV: The contribution of the complementary relation between the internal audit and the audit companies in supporting and implementing the corporate governance.

I: The theoretical background of the corporate governance:

1. The concept of the corporate governance:

There are other equivalent expressions to “corporate governance”, such as the good administration, the wise administration, the ruling measures, the institutional governance, the institutional command, etc. In this line, it is defined as the mechanism by which the employees of a corporate, regardless their positions, are motivated so that their behaviors and practices go in harmony with the corporate strategy and vision that aim at maximizing its added value and achieving the justice and balance between the interests of the executive administrative and the other parts including the shareholders (Al Ayeb, 2016, pp. 48-49).

Besides, the Organization of the Economic Cooperation and Development (1999) defined it as that system that directs the corporate actions and describes

and distributes the duties and rights between the various parts such as the administration council and the shareholders. The definition adds that it sets the necessary rules and measures to take the corporate decisions, and the necessary strategies and aims to evaluate and monitor the performance. In this regard, this definition focuses on the directive monitoring dimension of the governance that is a system that governs and protects the behaviors and the integrity amid the corporate. In addition, it directs and monitors the corporate actions (Kerboua, 2021, p. 08).

The IIA (Institute of the Internal Audits) have provided a definition of governance: “The combination of processes and structures implemented by the board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives”. (K. H. Spencer, 2010, p. 47)

Thus, the research for methods to promote the governance is necessary for the persistence of the corporate, which requires a set of characteristics that help the complementarity of the intellectual sides and showing the broad lines of the real application to achieve the target aims. In this context, the term “governance” involves (Boughazi, 2020, pp.22-24):

- The transparency of the administration council and the various committees.
- The accountancy through evaluating and estimating the work of the administration council and the executive administration.
- The justice through respecting the rights of the stakeholders.
- The responsibility in front of all the stakeholders.
- The social responsibility by considering the corporate as a good citizen.

2. The importance and aims of the corporate governance:

2.1 The importance of the corporate governance:

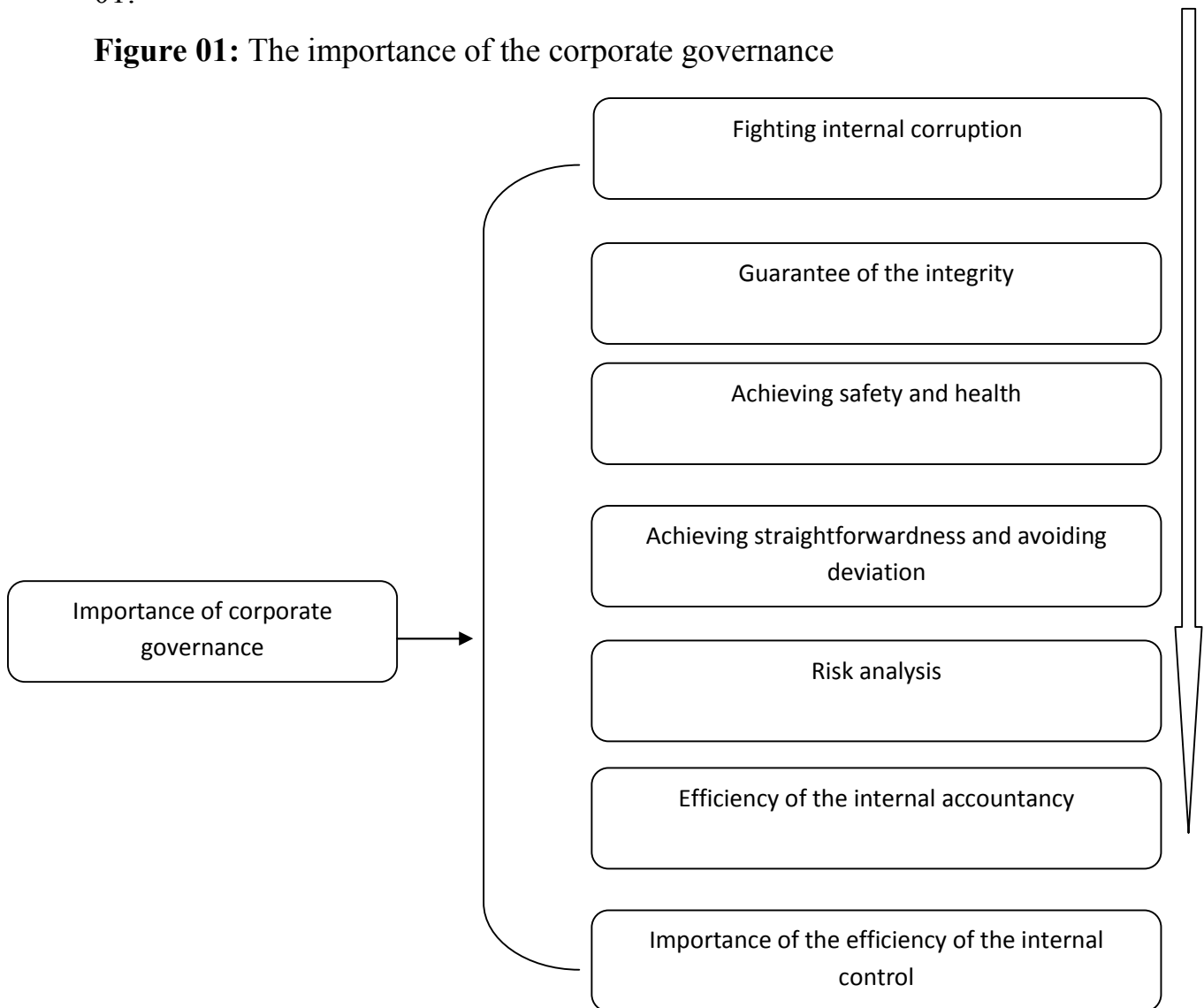
Its importance manifests in the fact that it is a monitoring tool and a necessity to achieve the aims; guarantee the monitoring role of shareholders; increase the responsibility, transparency, and integrity of the administration council; and protect the minorities. Besides, it focuses on the following points (Loujani, 2020, pp. 93-94):

- It targets the neutrality and independence of all the employees.
- It reduces the errors and relies on the preventive measures that hinder and avoid errors.

- It guarantees the maximum benefit from the internal control systems, mainly regarding the internal regulation and the expenditures reduction.
- It makes sure of the optimality of the external auditors, mainly that they are neutral and independent.
- It guarantees the auditors do not face pressures from the administration council or the CEOs.

Thus, we can summarize the importance of the corporate governance in figure 01:

Figure 01: The importance of the corporate governance

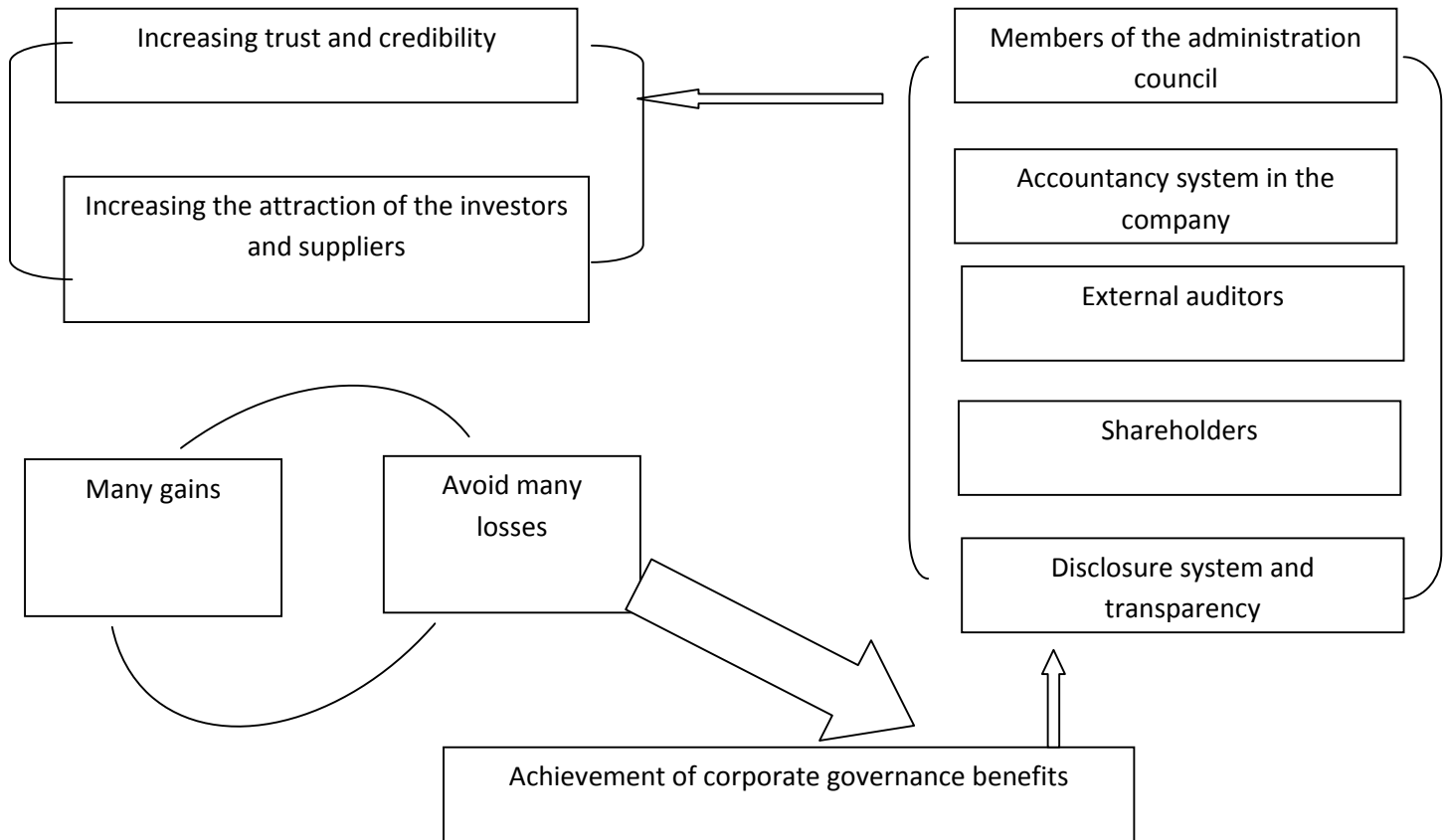


Source : (Loujani, 2020, p.p. 93-94)

In brief, we can say that the corporate governance allows creating trust between the operators amid the financial crises and scandals. Besides, it attracts more investments, maximizes the profits, and increases the corporate interests

by showing the responsibilities, duties, and tasks of each part, as shown in figure 02 (Kerboua, 2021, p. 13):

Figure 02: The benefits of the corporate governance processes



Source: (Kerboua, 2021, p. 13).

2.2 The aims of the corporate governance:

The aims of the corporate governance include (Gourine & Abbou, 2019, p. 40):

- Insisting on the principle of separating the ownership, the administration, and the monitoring.
- Achieving the economic efficiency of the corporates.
- Distinguishing the tasks and responsibilities of CEOs and of the administration council and its members.
- Balancing the interests of the various stakeholders, and efficiently communicating with them.
- Providing administrative structures that can account the higher administrations and evaluate their performances.

- Providing the opportunities to the shareholders, employees, debtors, and lenders to monitor the corporate performance.
- Supporting the transparency in the transactions.
- Making financial audit and accountancy in a way that allows discovering corruption.
- Protecting the assets and rights of the shareholders and stakeholders.
- Improving the economic competencies and increasing the values of the shares.
- Developing the investments and increasing their flows through deepening the trust between the investors, increasing the savings, maximizing the profitability, and creating new job opportunities.

3. The determinants and principles of the corporate governance:

3.1 The determinants of the corporate governance:

The good application of the corporate governance depends on the availability of internal and external determinants as follows (Abbas & ben Aouida, 2022, p. 13):

3.1.1 The external determinants:

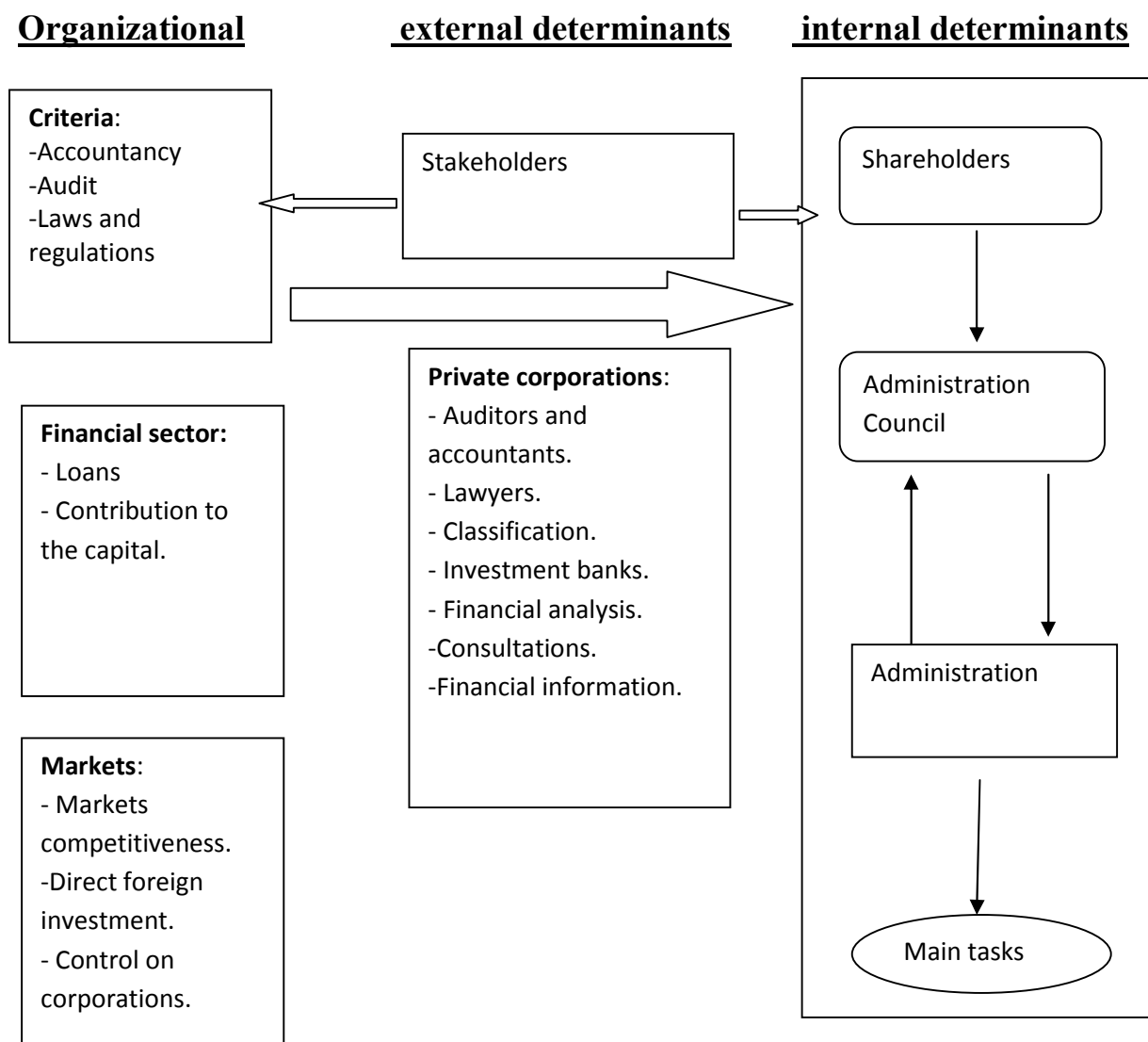
They include:

- The general investment atmosphere that covers the laws that govern the economic activity such as the laws of the financial market, the corporates, the competition, the monopoly, and the bankruptcy.
- The efficiency of the financial sector (banks and financial market) in providing the necessary funds to fund the investments.
- The degree of the competition of the markets and the means of production.
- The competency of the control bodies (the financial market board) in controlling the corporates and making sure of the safety of the data and information published, and of the suitable sanctions and their enforcement.
- The role of the non-governmental corporations such as the accountants' council, the auditors, and the lawyers unions in guaranteeing the commitment of their members to the behavioral, professional, and ethical sides that guarantee efficiency of the market.

3.12 The internal determinants :

They refer to the rules and bases that determine how to take decisions and distribute the authorities inside the company between the general assembly, the administration council, and the CEOs to reduce the contradiction in their roles. In this line, figure 03 shows the determinants of the corporate governance:

Figure 03: The determinants of the corporate governance



Source: (Abbas & Ben Aouida, 2022, p. 14).

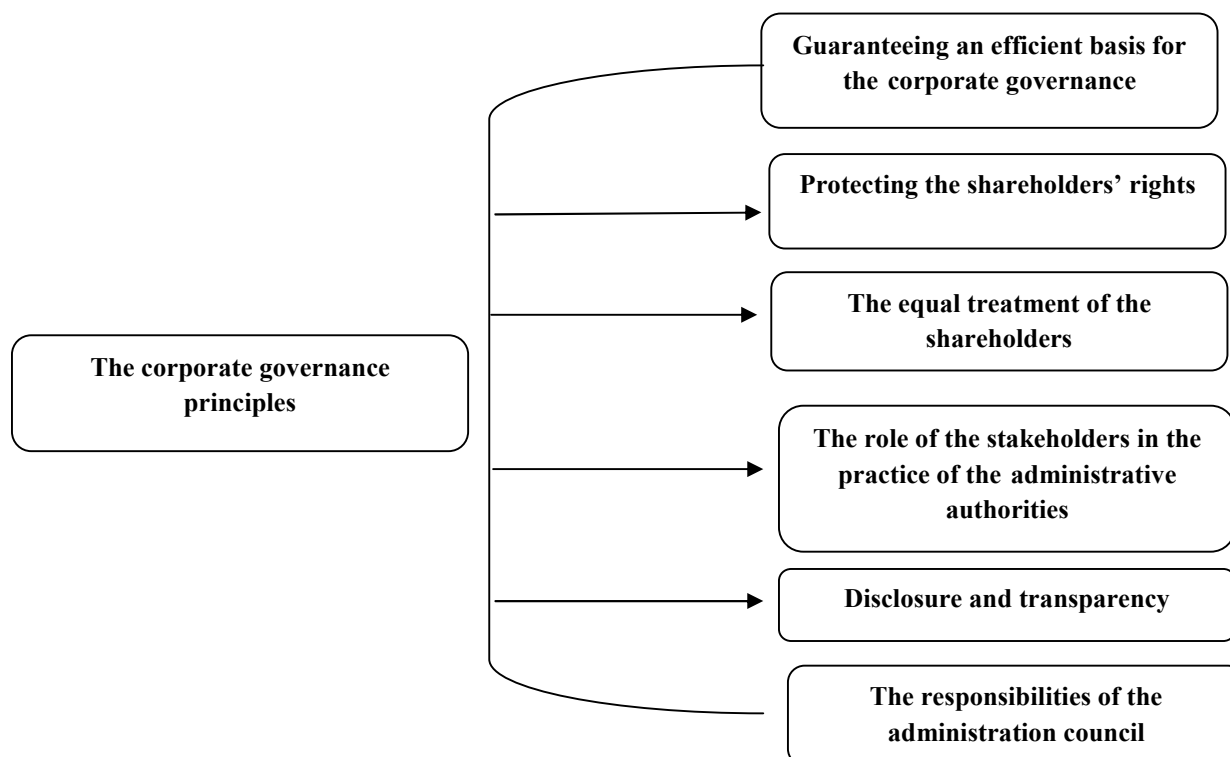
3.2 The corporate governance principles:

The Global Economic and Development Organization set the main principles in 1999. Then, they became the main administrative and legal reference for the decision makers, the organizations, and the institutions. The principles include (Gourine & Abbou, 2019, p. 41):

- **Guaranteeing an efficient basis for the corporate governance:** The basis must include transparency and efficiency of the markets. Besides, it must suit the legal provisions and clearly show the responsibilities of the monitoring, organizational, and executive authorities.
- **Protecting the shareholders' rights:** this includes the equity right transfer, the choice of the administration council, getting earnings, auditing the financial statements, and the efficient participation in the meetings of the general assembly.
- **The equal treatment of the shareholders:** this includes their right to defend their legal rights, voting in the general assemblies, getting protection against any suspicious actions of trade of the internal information, and having access to all the transactions of the administration members and the CEOs.
- **The role of the stakeholders in the practice of the administrative authorities:** this includes respecting their legal rights, compensation for any violations, the mechanisms of the efficient participation in monitoring the corporation, and getting the necessary information. The stakeholders refers to the banks, employees, suppliers, and customers.
- **Disclosure and transparency:** The exact disclosure about the core issues, including the financial situation, the performance, the ownership, and the corporate governance and administration must be guaranteed in due time.
- **The responsibilities of the administration council:** They include the structure of the administration council, its legal duties, the choice of the members, the main tasks, and its role in supervising the executive administration.

Based on what was said, we can summarize the corporate governance principles in figure 04:

Figure 04: The six principles of the corporate governance



Source: made by the authors.

II. The conceptual frame of the internal audit:

1. The concept of the internal audit:

The word ‘Audit’ is derived from the Latin word ‘audire’, which means, ‘to hear’. In early times, whenever the owners of a business suspected fraud, they appointed certain persons to check the accounts. Such persons sent for the accountant and ‘heard’ what they had to say in connection with the accounts. (Kumar Basu, 2016, p. 4)

It appeared in the beginning of the 19th century and was widely accepted. It was first limited to the accounting revision to check the validity of the information, record the financial actions, and figure out the mistakes. However, with the development of the projects, it was necessary to develop the internal audit and widen its range to examine and evaluate the efficiency of the control methods and provide the higher administration with information (Bouzouina, 2022, p. 292). In this regard, the internal audit has many definitions such as the evaluation of the activities of the corporation to help the members perform their responsibilities through providing them with the analytical information and data, making studies, and providing the suitable recommendations and consultation about the audited activities (Kherraf, 2018, p. 32). Besides, the French Institute

for Audit and Internal Control sees that it is the periodical revision of the tools available for the administration and managers to manage and control the corporations (Bouzouina, 2022, p. 293).

In this context, the development in the internal audit affected the vision to the activity. The most modern definition of the internal audit is that of the administration council of the International Internal Audits in June 1999 that sees it is an independent and objective activity that guarantees a degree of control over the actions and provides advice and guidelines that allow improvement of the corporations. Thus, it contributes to creating an added value. In this context, we conclude that the internal audit helps the corporations achieve their goals through the continuous methodological evaluation of the risk management and governance processes through providing suggestions (Al Ayeb, 2016, pp. 55-56).

Many academics and organizations contributed to the development of the concept of the internal audit. It turned from a concept that focuses on the control into a concept that involves all the activities, serves the higher administration, manages the emerging risks, provides efficient governance to the owners and the minorities, and protects the assets of the corporation (Loudjani, 2020, p. 30). The following table shows the phases of the internal audit development since 1941:

Table 01: the phases of the internal audit development

Period	Aim of the audit	Type of examination	Role of the internal control
Before 1940	<ul style="list-style-type: none"> - Determining the justice and validity of the financial position. - Figuring out the errors and manipulation 	Optional audit	Beginning of the interest
1941-1950	<ul style="list-style-type: none"> - Determining the nature and goals of the internal audit. - The aim is improving the actions. 	Continuous audit	Increasing interest because it is part of the control
1950-1960	<ul style="list-style-type: none"> - Focus on the efficiency. -Continuously examining and evaluating the work of the unit 	Continuous audit	Strong interest

1960-1980	<ul style="list-style-type: none"> - Checking the safety and exactness of the registers. - Checking the ownership elements. 	Continuous audit	Core interest in the internal control system
1980-1990	Expansion of the audit activity towards all the financial actions	Continuous and comprehensive audit	Core interest and focus on the internal control system
1990-2000	<ul style="list-style-type: none"> - The development of the internal audit work through autonomy and providing consultations to improve the work of the unit because it is objective 	Continuous and comprehensive audit	Core interest and focus on the internal control system
2000-now	Improving and evaluating the efficiency of the control to add a value through reliance on an organized methodological introduction to evaluate and help the unit achieve its aims	Continuous and comprehensive audit	The internal audit turned into a department of the internal control system

Source: (Loudjani, 2020, p. 31).

2. Principles Governing An Audit :

The basic principles governing an audit are stated below: (Kumar Sana, Sarker, Biswas, & Samyabrata, 2017, p. 11)

1- Integrity, Objectivity and Independence The auditor has to be straightforward, fair, impartial, honest and sincere in his approach to professional work.

2- Confidentiality The auditor should uphold the privacy of the information and should do not disclose any such information to a third party, including the employees of the entity, without the explicit authority of the management or client or unless there is a lawful or a professional responsibility to do so.

3- Professional Care, Skill and Competence The auditor should exercise due professionally care, competence and diligence expected of him while carrying out the audit work.

4- Responsibility of Work Performed by Others The auditor should carefully direct, Supervise and review the work delegated to employees. Likewise, the auditor may also use the work done by other auditors or experts.

5- Documentation The auditor should document matters, which are essential in providing evidence that the audit was carried out in accordance with the standards.

6- Planning The auditor should plan his work in such a way as to enable him to conduct an audit in a timely and efficient manner. The audit plan should be based on the knowledge of the business of the entity. The plan should be continuously reviewed and reviewed Modifications should be incorporated, if required.

7- Audit Evidence The auditor should get hold of enough suitable evidence to enable him to draw reasonable conclusions there from.

8- Accounting System and Internal Control The auditor should have an understanding of the internal control and risk management framework established by the management. He has to judge the adequacy of such framework as well.

9- Audit Conclusions and Audit Report The auditor should review and measure the conclusions drawn from the audit evidence obtained, as the basis for his findings contained in his report. Nevertheless, in case the auditor comes across any actual or suspected fraud, it would be more apt for him to bring the same instantaneously to the notice of the management.

3. Importance and aims of the internal audit:

The increasing interest in the internal audit is due to the importance it achieves to the company and the aims it seeks.

3.1 The importance of the internal audit:

The last years witnessed an increasing interest by the emerging and developed countries. Thus, the internal audit turned into an evaluation of all the corporation activities and actions to develop the productive competency. In this line, many factors increased the importance of the internal audit, which can be summarized in the following points (Abbas & Ben Aouida, 2022, pp. 17-18):

- Overcoming the difficulties of the economic conditions.
- The big size of the projects and their geographic expansion.
- Adopting the decentralized administration method.
- The need for information to take administrative decisions.
- The shift towards the statistical samples method.

- Guaranteeing the persistence in the evaluation process because the recommendations and reports of the internal audit are continuous, achieve a feeling of comfort for the stakeholders, and allow for reforms in due time.
- Guaranteeing the quality of the organization through commitment to the policies and regulations.
- Building exact judgments because the internal auditors merge the professional skills and the knowledge about organization to make judgments about the achievement of the aims and the organization.

3.1 Aims of the internal audit:

With the development in the economic corporations, the internal audit shifted from the correspondence audit into the efficiency and effectiveness audit. Besides, its fields expanded and included all the corporate activities and phases. Since the 2000s, the audit expanded to other fields such as providing an independent evaluation of the efficiency and sufficiency of the risk management, the control systems, the governance actions, and the consultation services. In this context, some experts summarize the aims of the internal audit in the following (Al Ayeb, 2016, p. 57):

- Improving the management through providing solutions and suggestions.
- Achieving the target aims through risk management.
- Creating an added value through providing solutions and suggestions.
- Improving the organization's operations by providing senior management to help it prepare its strategy, as well as by evaluating that strategy and its resulting results.
- Evaluating the strategy, its outcomes, the risk management systems, and the internal control systems.
- Evaluating internal control systems and ways to improve them.
- Contributing to the corporate governance actions.

4. Plan and services, classifications of the internal audit:

4.1 Plan and services of the internal audit:

The internal audit plan will be developed on the basis of a prioritization of the global audit requirements using a risk-based methodology, including input of the senior management team and the board. The CAE will then review and adjust the audit plan, as necessary, in response to changes in the organization's

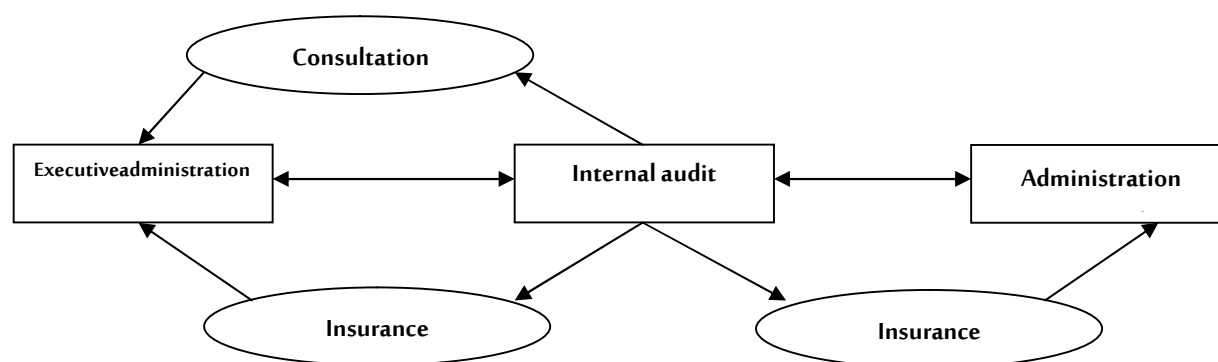
business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to the chief executive officer and the board through periodic activity reports.

Types of audit services offered by internal audit:

- **Regular audits** : these are usually scheduled as part of the annual schedule, but may come up during the year.
- **Follow-up audits** : these are usually scheduled as part of the annual schedule. The International Standards for the Professional Practice of Internal Auditing require follow-up work.
- **Consultations reviews** : these are requests from interested parties. Requests can be scheduled as part of the annual audit schedule or come up during the year.
- **Special investigations** : these come up during the year when interested parties contact the internal auditor where irregularities or inappropriate conduct is identified.
- **Requests for advice** : these come up during the year when interested parties contact the internal auditor with questions or for advice. (Nzechukwu, 2017, p. 72)

Figure 05 shows the consultation and insurance role of the internal audit:

Figure 05: the consultation and insurance role of the internal audit:



Source: (Kherraf, 2018, p. 32).

Today, internal audit functions are increasingly under pressure to provide value. Senior management and audit committees expect the internal audit function to be composed of an informed, experienced and objective team of well-qualified individuals. Unfortunately, all internal audit functions are not created equal. Frederick Taylor (1919) said as much nearly 100 years ago.

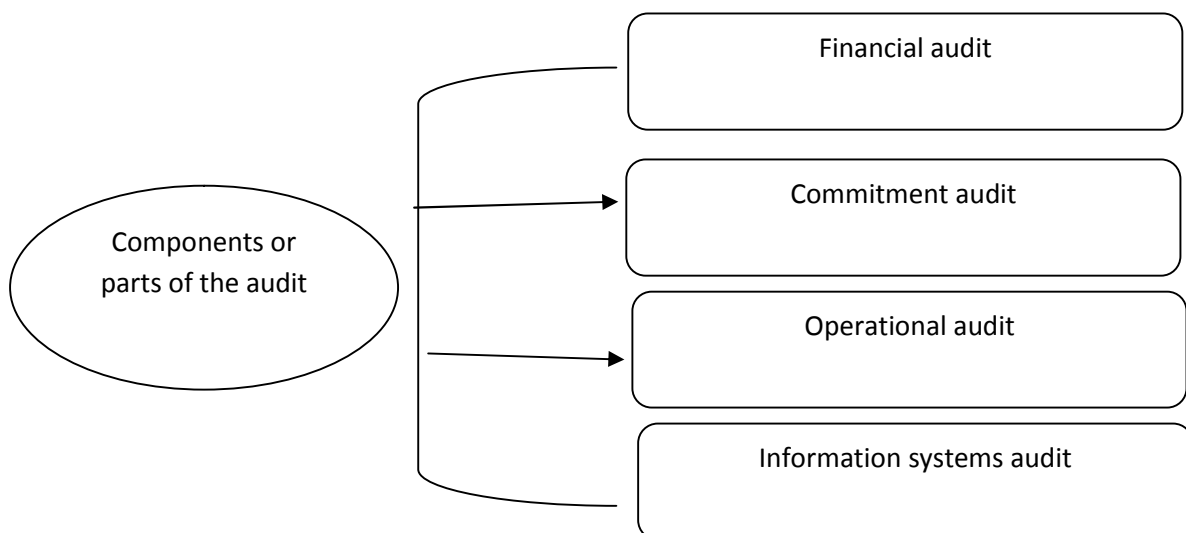
‘Among the various methods and implements used in each element of each trade there is always one method and one implement which is quicker and better than any of the rest.’

As such, many internal audit departments seek assurance of the professional quality of their work. They can obtain this through the performance of quality assurance reviews or reviews of best practices for the internal audit function. (Cascarino, 2015, pp. 19-20)

4.2. The classifications of the internal audit:

The internal audit includes many fields to achieve its goals and services. Its activities can be divided based on the nature of its actions inside the corporations into 04 sections that identify the field where the interventions of the internal audit interact, as shown in figure 06 (Boughazi, 2020, pp. 87-88).

Figure 06: Classifications of the internal audit



Source: (Boughazi, 2020, pp. 86-87).

4.2.1 The financial audit:

It covers the activity made by the internal auditor in examining and revising the financial and accounting sides and the internal control systems in the corporation. The focus of the internal audit includes making sure of the necessary protection for the assets, records, and documents, and of discovering the errors and violations to limit them.

4.2.2 The commitment audit:

It includes the activities made by the internal auditor to revise the commitments related to the legal requirements, and to guarantee the commitment to the policies and measures drawn by the administration.

4.2.3 The operational audit:

It is an extension to the internal audit. It includes revising the activities, policies, measures, and actions to check their sufficiency and regularity, audit them, make a report, and provide the necessary recommendations to the administration.

4.2.4 Information systems audit:

It revolves around the activities of the internal auditor in the corporations that use the computer system to make sure of the security of these systems, the internal control on the computer environment, and the technical efficiency of the electronic systems. Thus, it is necessary to consider the approval of the administration about the four types of audit when designing an internal audit program. These audits may be continuous, prior audit, post-audit, or periodical audit.

III. Generalities about the audit committees:

They are among the most important bodies that help monitor the financial risks and perform the internal control in the corporations. Thus, they interact with the other control bodies to optimally implement the principles and basics of the corporate governance.

1. The concept of the audit committees:

The Chartered Institute of the Canadian Accountants defines the audit committee as being made up of the company directors whose responsibilities are centered on auditing the annual financial statements before submitting them to the administration council. It adds that it is a nexus between the auditors and the administration council. Furthermore, its activities include auditing the report of the external auditor, the results of the audit, the internal control in the company, and all the financial information that are ready for publication (Gourine & Abbou, 2019, p. 36).

Moreover, it is a committee from the administration council that includes the non-executive members who have experience in accountancy and audit. It is in charge of supervising the making of the financial lists, and revising the internal and external audit and the commitment to the corporate governance.

Based on these definitions, we can sum up the main role of the audit companies in the following points (Jraiou & Bouflih, 2019, pp. 113-114):

- Monitoring the development of the financial information.
- Monitoring the efficiency of the internal control, the external audit, and the risk management.
- Monitoring the legal revision of the annual accounts and the unified accounts.
- Guaranteeing the autonomy of the auditors regarding the complementary services.

The audit committee is tasked with oversight for financial reporting and oversight of internal audit. Serving the audit committee is one of the top priorities for any CAE or internal audit function. With the impetus of Sarbanes - Oxley, the audit committee's responsibilities and obligations have dramatically expanded. The time requirements to fulfill the role have become greater over the years. In addition, audit committee members are held more accountable for their increased responsibilities. This increased time commitment and responsibility can impact the ability of the internal audit group to obtain the required attention of the audit committee implied by the Standards.

Yet, it is the responsibility of the CAE to ensure effective use of the audit committee's time through appropriate and timely reporting and communication. This can be easier said than done. Difficulties can be encountered from many angles. (Fountain, 2016, p. 13)

2. The makeup of the audit committees:

The number of the committees' members differs with the states, the trends, and the specific purposes. However, they all agree on the basic aspects such as the autonomy and independence of the members from the administration because they are not executive members and have no material goal. According to Vienot 2 report, the committee includes 03 members, at least, who do not receive a wage from the corporation or work as CEOs. In addition, the members must meet the following conditions (Abdul Wahed, 2018, p. 59):

- The auditors must work in, or be retired from, the audit offices.
- They should not be related by any financial interest with the company.
- The members from the university educational boards must be specialized in accountancy and audit, and have no relation with the members of the administration or material interests with the corporation.

- The committee must include members experienced and knowledgeable in the economic and legal issues.
- One of the members must be a shareholder; generally, the one who has more shares.
- The committee must include the governor of the previous term, providing that he is not charged with other services before 03 years.

3. Characteristics of the audit committees:

Their characteristics can be summed up in the following lines (Gourine, & Abbou, 2019, pp. 37-38):

3.1 The independence:

Independence from the administration is one of the criteria of the audit committees' regulations. In this line, they must not have any direct or indirect relation with the CEOs.

3.2 The qualifications and experience:

It is agreed upon that the members must have skills, experience, and knowledge to monitor the internal control systems and evaluate the commitment to the systems. Besides, the ability to understand the accounting, audit, and financial administration issues is vital. Moreover, the members must be aware about how to make financial reports and the nature of the corporate activity.

3.3 The size of the audit committee:

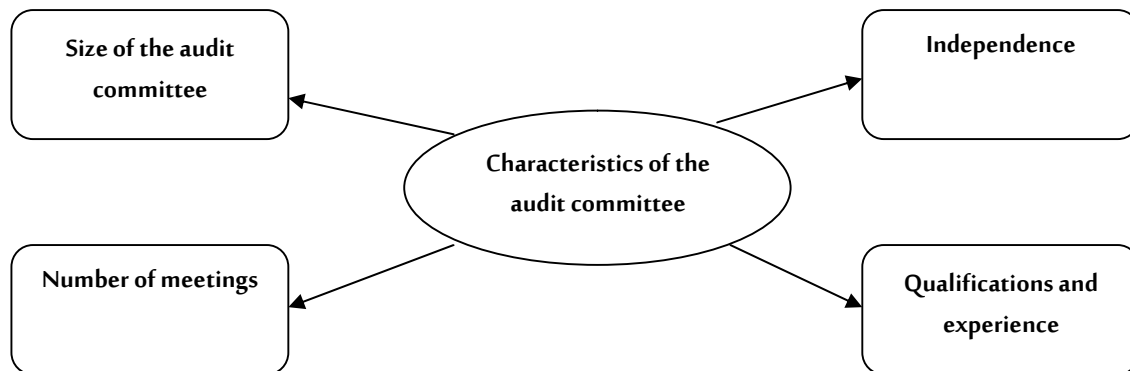
The number differs from one corporation to another and from one state to another based on the size of the administration council and of the corporation. In all cases, the size must be harmonious with the responsibilities, the experiences, and the abilities that allow the committee to achieve its goals. Moreover, the size must not affect the performance of the committee. Therefore, many bodies, studies, and conferences focused on the optimal size of the committee. In this line, it is agreed that it must be between 03 and 05, or to 07 as in USA, Britain, Australia, Egypt, and KSA.

3.4 The number of the meetings:

It affects the efficiency of the committee, as it is a measure of the ability of the committee to perform its tasks positively. Moreover, the number of the meetings in the year is linked to the responsibilities of the committee and the conditions of the corporation. For instance, the report of Smith (2003) in Britain recommended that the suitable number of the meetings in a year should exceed

03. On the other hand, Treadway committee in USA recommended in 1987 that the meetings must be each quarter in a year, taking into account the presence of the external and internal audits to discuss the issues related to their performances. We can sum up the previous characteristics in this figure:

Figure 03: The characteristics of the audit committees



Source: made by the author.

4. The responsibilities of the audit committees:

The administration council or the higher administration must set clear or written document about the responsibilities of the audit committees that include (Abdul Wahed, 2018, p. 58):

4.1 Monitoring the financial risks and the internal control of the corporation:

The committee protects and maintains the financial safety to guarantee the rights of the shareholders. Therefore, its members must be exactly aware about their monitoring and controlling tasks. In monitoring the financial risks system in the corporation, the audit committee helps the administration council perform its monitoring tasks that include the management of the main risks that may affect the financial and non-financial reports through evaluating the efficiency of the risk management process and making sure of the relation between the work and the strategy of facing the risks.

4.2 Monitoring the financial reports making:

The audit committees must revise the periodical and annual financial lists before their issuance. Besides, they must be aware about the policies and the disclosure issues, and provide information at an early time to take the suitable decisions.

4.3 The external audit support:

The committee has an important role in the independence of the external auditor that allows him practice his tasks far from the pressures and interventions of the administration.

4.4 The internal audit support:

The internal audit department is one of the important sources of information needed by the audit committee to execute the tasks efficiently. In addition, the audit committee is the guard of the internal audit administration that bans the intervention of the administration in its issues.

4.5 Contributing to the corporate governance actions :

the audit committee is increasingly seen as one of the cornerstones of corporate governance. Many argue that the success of an organization's corporate governance arrangements relies in part on the success of the established audit committee. Failings in the membership, format, role, competence and commitment of this forum blast a hole in the organization's defined system of corporate governance. (K. H. Spencer, 2010, p. 120)

IV. The contribution of the complementary relation between the internal audit and the audit companies in supporting and implementing the corporate governance:

1. The relation of the internal audit with the shareholders in implementing the corporate governance:

The internal audit works with the internal bodies responsible for the governance such as the administration council, the audit committee, the higher administration, or an external supervisory body (external audit) to design and implement suitable systems of the internal control. Thus, the internal audit can help achieve the aims, strengthen the regulations, and improve the efficiency of the actions and commitment to the authorities. It is necessary to point that the internal audit may help in the internal control, but must not make any administrative or operational tasks (The International Organization for the Higher Systems of the Financial and Accounting Control, n.d., p. 03). Besides, it provides consultation services and contributes to the promotion of the corporate governance through interacting with the other parts through (Boughazi, 2020, pp. 150-151):

- The existence of the internal audit increases the trust of the investors in the ability of the administration to achieve the target aims and strategies.

- It reinforces the accountancy of the shareholders to the administration council.
- The internal auditors support the credibility and justice of the financial and non-financial reports provided by the administration council.
- The internal audit evaluates the existence, suitability, and efficiency of the internal control system to face the risks and, thus, guarantee the target aims.
- The internal audit supports the activities of the corporation, improves and develops the systems, and provides good recommendations. Thus, it cares for the shareholders to guarantee and efficient governance.

Thus, the efficient governance system relies on the cooperation of the administration council, the audit committee, the external audit, etc. Besides, the internal audit is a paramount basis for the governance as stated in the definition of the Institute of the Internal Auditors. In addition, the internal audit has other roles that directly contribute to the efficient governance through the strong ties and the confirmation and consultation services provided for the other parts of the governance, mainly the administration council and the audit committee. This confirms that the increase of the services' quality provided by the internal audit directly affects the achievement of a good and sane governance.

2. The role of the audit committee in supporting the internal audit:

The focus on the internal audit as a control task involves the financial and operational aspects of the corporation because the internal audit is a tool that serves the whole corporation, not only the administration. Due to the importance of the internal audit in the corporation, the audit committee must focus on the internal audit, as there is a mutual relation between them. Besides, the activities of the audit committee affect the tasks of the internal audit, and the internal audit department is one of the main sources of information for the audit committee. In this line, we can sum up the tasks of the audit committee towards the internal audit as follows:

- It evaluates the efficiency and the quality of the internal audit, and makes sure it follows the professional performance criteria.
- It monitors and approves the regulations and system related to the internal audit.
- It examines and approves the performance and plan of the internal audit.

- It supports the independence of the internal audit through appointing and firing the director of the audit, making sure he has the needed resources, guarantees the freedom of contacting the audit committee and the absence of any restrictions for the auditors, and participates in appointing and changing the audit team.
- It examines the internal audit results, mainly those that have an important role such as the illegal behaviors, the weakness of the internal control, and the commitment to the laws.
- It examines the professional level and competency of the auditors, and the practices related to appointing, training, and supervising the internal auditors.
- It contributes to making the internal audit program in collaboration with the auditor, and monitors the tasks of the internal auditor through the reports he sends to the committee. Thus, it is a control tool.

3. The reflection of the cooperative relation between the internal audit and the audit committee on the corporate governance:

The notion of establishing the audit committees in the corporations brought about good benefits for the corporations because the committee selects and appoints the head of the department of the internal audit, supplies the department, satisfies its needs, and sets the continuous meetings between the internal audit officials to avoid any issues between the internal auditors and the administration. In this regard, scientific researches confirm the existence of a complementary relation between the audit committees and the internal audit, and insist on the necessity of the committees in increasing the efficiency of the internal audit. On the other hand, the existence of the audit companies enables the internal auditors to strengthen the ties with the external auditor because the committee is in charge of coordination between the internal and external auditors, and of increasing the reliability of the information and financial reports of the financial accounting system (Shaalal, 2016, p. 124).

The focus on the corporate governance increased the interest in the audit committees. Thus, the governance reforms focus on the roles and responsibilities of the auditors, the administration council, and the audit committees. In this regard, the audit committees are in charge of supporting the higher administration in its tasks and the independence and neutrality of the external auditor. Furthermore, they are a nexus between the administration council and the auditors, and alleviate the issues of the information asymmetry.

Moreover, most of the studies on the corporate governance insist on the existence of audit committees inside the corporations because they apply the governance, evaluate its levels, confirm the validity of the financial and accounting information in the financial reports and lists, and increase the credibility. Thus, they reinforce the disclosure and transparency, and even guarantee the strength of the internal control measures (Brahma, 2014, p. 108). The committee has a cooperative relation with the internal audit, which helps achieve better governance, as it is one of the main resources that strengthen the credibility and provide information related to the internal control and to the risk management systems. Besides, it is a nexus between the audit committee and the other levels of the administration to increase the independence, objectivity, and efficiency (Shaalal, 2016, p. 124). On the other hand, the audit committee provides the suitable environment for the internal audit and supports its tasks. Undoubtedly, this complementary relation strengthens the corporate governance (Karboua, 2021, p. 189).

V. Conclusion:

The work of the internal audit hugely relies on the interaction between the internal bodies in charge of governance, such as the administration council, the audit committee, the higher administration, and the external audit. In this line, it reinforces the tools of the control and helps achieve the aims, strengthens the conditions, and improves the efficiency of the actions and the commitment to the authorities. Besides, it provides confirmation and consultation services to the administration. Thus, it promotes the corporate governance through the interaction with the other parts, mainly the audit committees.

Based on this, we found out that:

- The efficient governance system in a corporation is based on the cooperation of the administration council, the audit committee, the external audit, etc. In addition, the audit is an important pillar as shown in the definition of the Institute of the Internal Audits, since it follows an organized methodological system to evaluate and improve the efficiency of the governance actions.
- The internal audit is one of the main mechanisms that allow promoting the corporate governance and achieve its goals through the complementarily and interaction between the administration council, the higher administration, the audit committee, and the external audit. In this line, it helps them perform their duties.

- The audit committees are one of the core mechanisms of the corporate governance, and one of the necessary regulations that prevent the errors and manipulations thanks to their strong ties with the internal auditor, the external auditor, and the administration council.
- There is a complementary relation between the internal audit and the audit committees in improving and enshrining the corporate governance principles. In this context, the task of the internal audit supports the audit committee in meeting its responsibilities in the corporate governance, and in guaranteeing the quality of the financial reports made by the administration.

Thus, in order to promote the complementary relation between the internal audit and the audit committees, we recommend the following:

- It is necessary to promote the rules of the corporate governance and the financial and administrative corruption laws, and to enact stringent laws that limit fraud and embezzlement.
- It is necessary to grant more independence to the internal audit to limit the manipulation in the financial lists and increase the governance culture for the employees.
- The Algerian financial and accounting system must adopt the international standards of the internal audit issued by the Institute of the International Auditors, mainly regarding the promotion of the governance principles.
- The academics and professionals should attend training sessions and scientific conferences on the governance, internal audit, and the work of the audit committees.
- It is necessary to establish a professional organization for the internal audit that organizes the work mechanisms supported with laws that allow more independence in its control work.
- It is necessary to set a work ethics charter that suits the Algerian environment.

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