Governance and Its Role in Reducing Corruption in Commercial Companies

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Abstract

Adopting corporate governance is an important requirement as a mechanism to reduce corruption affecting commercial companies, as the advancement of the business sector necessarily requires the effective implementation of accountability, transparency, justice, and equality. The adoption of governance ensures the regulation of corporate crimes through internal and external oversight. Undoubtedly, the adoption of governance protects the rights and interests of minorities in commercial companies from the tyranny of the majority, all to achieve the objectives for which the company as a legal entity was established.

Keywords

Governance;
Companies;
Corruption;
Control;
Audit.

الحوكمة ودورها في الحد من الفساد الماس بالشركات التجارية

ملخص

إن تبني حوكمة الشركات مطلبا هاما كآلية من شأنها الحد من الفساد الماس بالشركات التجارية، لأن النهوض بقطاع الأعمال يتطلب بالضرورة تفعيل المسائلة والشفافية والعدالة والمساواة تكريسا فعليا، إذ أن اعتماد الحوكمة يضمن ضبط جرائم الشركات عن طريق الرقابة الداخلية والخارجية، ولا شك أنه بتبني الحوكمة تتم حماية حقوق ومصالح الأقليات في الشركات التجارية من تعسف الأغلبية وكل هذا حتى تحقق الشركة كشخص معنوي الأهداف التي أسست لأجلها.

الكلمات المفتاحية

الحوكمة؛
الشركات؛
الفساد؛
الرقابة؛
المراجعة.

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Introduction:

The contemporary crises and changes that have led to the dominance of financial interests in various transactions and the widespread forms of corruption, fraud, and deceit have caused the collapse of many major global companies due to manipulation of investors' funds and redirecting saved funds to failed investment channels. This has turned the financial market into a place for theft, plundering, and looting through the falsification of accounting reports. Consequently, all parties associated with companies began fearing for their interests, leading countries to call for the adoption of a governance system as a mechanism to reduce corruption in commercial companies (1)

The concept of governance emerged following the agency theory, which highlights conflicts of interest between the institution's management and shareholders, as well as stakeholders in general. This prompted interest in establishing laws and rules governing relationships within institutions. The thinker Johnson researched the concept of governance and demonstrated its importance in reducing or minimizing issues that may arise from the separation of ownership and management.

Corporate governance has become a significant topic for all local and global companies in our era, as financial crises that affected the global economy prioritized the concept of corporate governance.

This study aims to demonstrate the role of audit committees, their importance, and the components of their effectiveness within the company, while also identifying the role these committees play in establishing corporate governance.

The main issue around which this study revolves is:

What role does governance play as a mechanism to reduce corruption in commercial companies?

To answer this question, we must study the concept of governance, identify the parties involved in corporate governance, address the types of corruption committed within the company as a legal entity, and demonstrate the role of audit committees in reducing corruption in companies.

1. The Concept of Corporate Governance

A sound corporate governance system, in its simplest form, ensures the rule of law is applied to all companies and defines shareholder ownership rights and the broader rights of other stakeholders such as lenders and suppliers. The basis of this protection relies on a rigorous system that operates efficiently and is capable of enforcing the provisions of commercial law while enjoying genuine independence in safeguarding ownership rights (2) .

Therefore, studying corporate governance requires defining it, identifying the parties involved, as well as its main principles and pillars.

1.1 Corporate Governance

The need for governance emerged in many advanced and emerging economies over the past decades, especially after the economic collapses and financial crises that several countries experienced in the 1990s, particularly developing countries(3).

This necessitated establishing governance rules to regulate the activities of all stakeholders in the company. Its importance increased as many countries transitioned to capitalist economic systems, where private companies play a crucial role in achieving high economic growth rates. The expansion of such projects led to a separation between ownership and management.

Thus, corporate governance aims to create an optimal system for utilizing and directing companies' resources efficiently and monitoring their use to achieve desired objectives by applying governance principles such as transparency and disclosure (4)

There is no doubt that adopting ethical standards and combating corruption, including good governance, are fundamental aspects that must be considered before making any decision(5).

Adopting strategies that protect the funds of investors and lenders clearly demonstrates good company management. When a company embraces a system based on transparency, it ensures success and protects itself from corruption, as well as from facing financial crises or contributing to the collapse of banking systems and financial markets. This is achieved by establishing a number of standards that aim to uncover manipulation, corruption, and mismanagement, which leads to gaining the trust of market participants, stabilizing the markets, and reducing fluctuations. It also works towards achieving progress and economic development.

In another definition, corporate governance can be described as a set of systems, laws, and decisions aimed at achieving quality and excellence in performance by selecting the appropriate and effective methods to ensure quality and excellence. In the same context, the Organization for Economic Co-operation and Development (OECD) defines corporate governance as “a set of relationships between the company’s management, the board of directors, shareholders, and other stakeholders. The International Finance Corporation (IFC) defines it as the system through which companies are managed and controlled. Therefore, it refers to the way in which a company, whether public or private, is directed, managed, and monitored. Corporate governance, therefore, focuses on management, oversight, and direction.

Based on all the above, it is clear that corporate governance is the system that a company must follow, primarily based on three key components: **effective direction, management, and oversight of all company activities**. This is done to achieve the set objectives and protect the interests of individuals associated with the company. Thus, corporate governance aims to enforce strict control and instructions on the company's operations and assets(6) Generally, it translates into wisdom(7) , governance(8) , judgment(9) , and arbitration(10)

In exploring the purpose of corporate governance, some scholars argue that it is a necessary outcome to protect minorities from the abuse of power by the majority of shareholders and from infringing on the social interest،. (11)

Meanwhile, another group believes that commercial activity is based on trust, credibility, integrity, and strict adherence to legal principles. Many legal systems have stipulated the principle of good faith, and as such, the purpose of formulating a legal theory for corporate governance is to protect shareholders and those dealing with the company. Therefore, this theory should be founded on good faith. (12)

1. 2 Stakeholders in Corporate Governance:

Corporate governance(13) came as a system to regulate all parties involved in the company, including shareholders, the executive management, and the board of directors. Therefore, there are three parties involved in corporate governance who influence the proper application of the concept and principles of corporate governance, and who largely determine the success or failure in applying these principles. These parties are as follow:

- **Shareholders**: Those who contribute to the company's capital through owning shares, in return for receiving appropriate profits for their investments. They have the right to choose members of the board of directors.
- **Board of Directors**: Represents the shareholders and other stakeholders, and is responsible for selecting the executive directors. It also oversees their performance, formulates the company's overall policy, and ensures the protection of shareholders' rights. It is worth noting that those active in the field of corporate governance, including researchers and practitioners, consider the board of directors to be the best tool for monitoring management behavior. The board protects the invested capital from misuse by management through its legal powers to appoint and dismiss board members. It is also responsible for overseeing the company's strategy and monitoring its performance(14) .
- **Stakeholders**: This includes all parties with interests within the company, such as creditors, customers, suppliers, and employees

There are also other parties related to the company who are therefore concerned with governance rules, which, when applied, ensure their rights on one hand, and reduce the level of uncertainty related to their investments in the company on the other hand. Among these key parties are suppliers, banks, the community, employees of the company, etc. In general, all the mentioned parties have an interest in the success and continuity of the company, and they have rights that the company must protect and provide for them.

1. 3 Principles and Objectives of Governance

Disclosure and transparency (15)are among the most important principles of corporate governance, as they enable shareholders to obtain the required information with transparency and fairness. Therefore, listed companies on the financial market are required to establish written policies for disclosure, procedures, and supervisory systems.

Thus, corporate governance should ensure accurate and timely disclosure regarding all significant matters related to the company, including its financial position, performance, ownership, management, and governance(16) .

Commercial companies must also accompany their financial statements with a report issued by the board of directors that includes an overview of the company's operations during the past fiscal year, as well as the factors affecting its business. This report should assist investors in evaluating the company's assets, liabilities, and its financial position.

From the above, it is clear that governance is based on a set of characteristics summarized as follows:

- **Discipline**: Following the appropriate and correct ethical behavior.
- **Transparency**: Providing a true picture of everything happening within the company.
- **Accountability**: The ability to evaluate or assess the actions of the board of directors. Shareholders have the right to hold board members accountable for their performance, a right guaranteed by law and governance systems.
- **Fairness and Equality**: Responsibility toward all stakeholders. Equality ensures that small investors have the same rights as large investors. For example, a shareholder owning one share should have the same rights as someone owning one million shares. These rights include the right to vote, participate in general assembly meetings, share in profits, and hold the board accountable.
- **Independence**: Performing tasks without external influence or pressure.
- **Responsibility**: Respecting the rights of different groups and stakeholders. Governance systems aim to raise the sense of responsibility within the board of directors and require them to act with high ethical standards. Shareholders' legal rights are acknowledged, and cooperation between the company and its shareholders is encouraged in various areas, such as profit distribution, job creation, and economic sustainability.

- **Social Responsibility**: Viewing the company as an active participant in society and accountable legally.

There is no doubt that applying the principles of corporate governance will achieve several objectives for the company, its shareholders, and the economy as a whole. Below, we summarize the objectives of governance in the following points:

- Combatting all forms of financial and administrative corruption, as strict implementation of governance principles establishes more control within the company and creates a favorable environment for investment. As such, the application of governance will attract both foreign and local investors
- Creating equality in dealing with shareholders in defending their legal rights, voting, participating in key decisions, and having the right to access all practices conducted by the board of directors. [17]
- Ensuring guaranteed methods for the transfer of shares, and providing shareholders with information at the most opportune time.
- Guaranteeing a foundation for the display of corporate governance, which works to increase transparency and market efficiency, aligns with legal roles, and clearly defines the division of responsibilities between various bodies responsible for oversight, supervision, and compliance with the law.
- Ensuring shareholders' rights and the key functions of owners of equity rights, which include the protection of all shareholders' rights, such as the right to transfer share ownership, receive dividends, review financial statements, and actively participate in general assembly meetings[18] . According to Article 679 of the Commercial Law, the voting right associated with the share is granted to the beneficiary in ordinary general meetings and to the owner of the shares in extraordinary general meetings. [19]
- Activating the management of the company and assisting in designing an appropriate strategy to achieve its goals, while increasing trust in the national economy, where companies operate according to certain regulations and laws, which in turn enhances individuals' confidence in them
- Spreading a culture of commitment to agreed-upon principles and standards, implementing laws and orders, and working with excellence. This also contributes to the creation of self-monitoring systems[20].

1. 4 Guarantees for the Practical Application of Corporate Governance:

An effective framework for corporate governance is essential. A legal and regulatory foundation must exist so that all market participants can rely on it when establishing their contractual relationships. The legal guarantees for corporate governance are as follows:

- **An effective legal framework** that clearly organizes the distribution of responsibilities between the different entities without ambiguity.
- **The legal guarantees** for implementing governance should be effective and efficient, aligning reality with the text of the law. They should also be transparent and enforceable.

It is crucial to consider the **rights of shareholders** and the main functions associated with shareholders’ rights. Shareholders should have easy access to exercising their rights, including the right to transfer ownership of their shares, vote, elect board members, receive profits, and participate in shareholders' meetings[21]

- **Equal treatment of shareholders**: One of the requirements of equal treatment is that all shareholders must be treated equally, and the rights of minority shareholders should be protected against the abuse of majority shareholders.
- **Protection of stakeholders** in corporate governance: This means that within the framework of corporate governance, the rights of stakeholders as established by law must be recognized. Corporate governance aims to find ways to encourage stakeholders to invest in the company’s human and material capital, according to optimal economic levels. Stakeholders include suppliers, investors, employees, creditors, etc. These groups are legally protected and have the right to access the required information. In recognition of the positive role of stakeholders, the following should be ensured:
    - Stakeholders have the right to communicate with the board of directors and express concerns regarding practices they consider unethical or illegal.
    - Stakeholders have the right to seek **civil compensation** for any damage resulting from the company’s failure to meet its obligations. Therefore, stakeholders have the right to act as civil parties against the company.

* **Disclosure of financial information**: It is crucial to disclose [22] the financial results of the company’s operations, its objectives, the compensation granted to board members, and information related to their selection. Disclosure should also cover transactions involving employees and other stakeholders. Additionally, external auditors should be appointed and held accountable for their professional errors [23]

* **Adopting the responsibility of board members**: In corporate governance, the responsibility of board members must be clear, defined, and publicly announced. This includes their powers, responsibilities, rights, duties, and benefits. Board members should act with sufficient knowledge, care, diligence, and good faith to ensure both the company's and shareholders' interests are protected. It is also essential for board members, within the framework of corporate governance, to respect business ethics, ensure fairness among shareholders, and avoid arbitrary decisions that marginalize shareholders. Furthermore, they must apply effective governance principles and ensure the integrity of the company's accounts (24) .

1. 5 - Foundations of Corporate Governance:

The foundations of corporate governance are based on both internal and external determinants.
External determinants are important because their presence guarantees the implementation of laws and regulations that ensure good management of institutions, reduce conflicts, and revolve around the following:

- Efficiency of supervisory bodies in exercising control over institutions.
- The competitiveness of goods and production markets.
- Efficiency of financial and supervisory systems in ensuring proper oversight.
- The efficiency of the financial sector in providing the required funding.
- Providing an effective legal system that facilitates market operations, including financial laws, institutions, competition regulations, and antitrust laws.
- Establishing a competent team of **supervisors, auditors, accountants, and lawyers**.

Meanwhile, the **internal foundations** of corporate governance are comprised of a set of rules and principles that define how decisions are made and how authority is distributed within the company, between shareholders, the board of directors, and executive managers. When these foundations are in place, they help reduce conflicts (25) . To enable the board of directors to fulfill its duties, the following should be ensured:

- The board should include **independent members** who are not employees of the company or major shareholders. This will help in making objective and independent decisions, especially when there are conflicts of interest, particularly regarding financial reports.
- **Providing accurate and timely information** to board members.
- **Allowing board members, the space** to carry out their tasks effectively.

2. The Role of the Audit Committee in Reducing Corruption within the Company

Discussing corporate governance is a conversation about a set of regulations, including both external and internal controls. External controls are reflected in the favorable investment climate within a country, which includes laws related to the transfer of assets, investment laws, competition and commercial practices regulations, banking laws, and the efficiency of supervisory bodies in the trading of transferable assets. On the other hand, internal controls are embodied in the decision-making bodies within the company, such as the general assembly, the board of directors, and audit committees(26)

An audit is a systematic and methodological process for gathering and evaluating evidence in an objective manner related to the results of activities and economic events. The goal is to determine the degree of alignment and conformity between the results and established criteria, with the findings being communicated to the concerned parties.

According to Article 44 of Law No. 10/01, an auditor is anyone who, acting independently and under their own responsibility, is tasked with certifying the accuracy, regularity, and compliance of a company's accounts with the applicable laws. Article 43 of the same law outlines the duties of the auditor, which can be summarized as follows:

- The auditor certifies that the annual accounts are accurate, regular, and fully aligned with the financial results of the previous fiscal year.
- The auditor is empowered to monitor the accuracy of the company's annual accounts, as outlined in the management report presented to shareholders.
- The auditor is authorized to issue an independent report regarding the internal controls in place.
- It is the auditor's responsibility to inform the company's management and the general assembly of shareholders of any deficiencies or irregularities discovered during the audit process.
- The auditor has the right to examine company documents and verify their compliance with applicable legal standards. However, the auditor cannot interfere in the company's management operations.

The auditor determines the conditions under which agreements are made between the company being audited and its affiliated entities, or between the company and entities whose managers have direct or indirect interests. (27)

2. 1 Forms of Corruption within a Company

Corporate corruption is categorized into organizational, behavioral, and financial deviations. These are outlined as follows:

2. 1. 1 Organizationalb Deviations:

These are violations committed within the company, including:

- **Disclosure of secrets** and lack of accountability, such as transferring company documents and evading responsibilities.
- **Lack of diligence**, such as the desire to earn higher wages for less effort.
- **Failure to perform required tasks**, including refusal to work, not doing the work properly, and delays in completing tasks.
- **Reluctance to innovate**, develop, or participate in decision-making.

2. 1. 2 Behavioral Deviations:

These are violations committed by individuals seeking personal gain, including:
Abuse of power, such as providing personal services and facilitating processes that bypass the requirements of objective justice, with favoritism shown to relatives of the executives or board members.(28)

- The spread of **nepotism**, leading to hiring unqualified individuals, which decreases the company's efficiency in the market and with its clients.
- **Intermediary practices**, where some managers exchange favors for personal benefits.

2. 1. 3Financial Deviations:

These refer to financial and administrative violations related to company operations, and primarily include violations of rules and regulations, as well as the misuse of company funds. Examples include:

- **Mismanagement of funds**, such as excessive spending on unnecessary purchases, where the goal is personal satisfaction rather than serving the company's needs.

2. 2 The Role of the Audit Committee in Reducing Corporate Corruption

The audit committee emerged following major corporate collapses in the United States, leading to the enactment of the Sarbanes-Oxley Act in 2002, which mandated the formation of audit committees in all companies. This was due to the positive role these committees play in preventing future financial collapses(29). The Canadian Institute of Chartered Accountants defines the audit committee as a "committee composed of directors of the company, whose responsibilities focus on reviewing the annual financial statements before they are submitted to the board of directors." Typically, the committee consists of three to five directors who are not involved in the executive financial management of the company. Their role is to review the financial statements before they are presented to the board of directors. They act as a liaison between the internal and external auditors and the board.

Thus, forming an audit committee within a company is essential due to its importance and the benefits it provides to all stakeholders, especially the management, internal auditors, and other interested parties.

Audit committees play a crucial role in strengthening corporate governance and ensuring the quality of financial reports. They achieve this by studying, analyzing, and evaluating the internal control systems, activating both internal and external audits, which in turn ensures that any instances of financial manipulation are detected in a timely manner. The audit committee takes corrective actions to address such issues and provides investors and stakeholders with transparent and reliable information. Therefore, they serve as a vital communication link between the board of directors, internal auditors, and external auditors. (30)

To enhance the effectiveness of audit committees, global organizations and specialized bodies have outlined a set of qualities that must be present in the members of the audit committee in companies. This is to strengthen their role and achieve their objectives, and we summarize these qualities as follows:

- **Independence**: Audit committee members must be independent, meaning there should be no relationship between the committee members and the company's management. Any such relationship could influence their duties. Therefore, members must be non-executive directors to carry out their tasks objectively and effectively. The internal control system should adhere to the following conditions:

- An internal auditor should not be related to any member of the management of the company.
- An internal auditor should not receive any financial compensation from the company, except for the fees earned in exchange for services rendered to the company.
- An internal auditor should not be an executive manager in any company that has a commercial relationship with the company being audited.

- **Clear Scope of Responsibilities**: It is the company's responsibility to define the rights and duties of the audit committee in order to activate internal control. The committee's work should not conflict with the tasks of the company's executive bodies. The audit committee must also have access to any information that would assist in performing its duties.
- **Expertise**: Audit committee members should have sufficient experience and competence in accounting auditing, as their role involves handling sensitive tasks aimed at detecting financial violations and fraud. To activate the role of audit committees, the following is required:
  - Committee members should either be external auditors or accountants who have previously practiced the profession, with an accredited certification in accounting and accounting principles

***Legal Quorum for Audit Committee Members**: The required quorum for the audit committee varies from one company to another, depending on the company's board of directors, its size, and its nature. However, the optimal number is generally between five and seven members. Regarding committee meetings, it is recommended that the committee meet at least three times a year, or quarterly(31).

- **Disclosure**: A requirement for competitiveness in the securities market is for companies to adopt transparency practices, commonly referred to as disclosure. Disclosure should include the committee's duties, responsibilities, and the nature of the relationship between the committee and the company's management, internal and external auditors. Additionally, the results of the business should be disclosed by issuing an annual report published in the company's annual reports.

Thus, establishing an audit committee in commercial companies is crucial for increasing oversight of the company and eliminating fraud and manipulation. This is because of the committee's role in reviewing the annual reports provided by internal and external auditors and in activating internal control mechanisms within the company, making it one of the essential pillars of corporate governance(32) .

Conclusion:

The term "corporate governance" refers to good and honest management within a company, seen as a collective of people and assets. There is no doubt that implementing corporate governance is necessary to enhance oversight and protect the company's interests, ensuring its survival and continued success while maintaining its market position. Therefore, corporate governance is the tool that facilitates controlling the wrongdoers who turn the company into a breeding ground for corruption.

Governance also encourages institutions to optimize their resources, and it facilitates the process of supervising and overseeing the company's performance by defining internal control frameworks, forming specialized committees, and applying transparency and disclosure. Governance contributes to attracting foreign investment, as investors are drawn to the shares of companies that implement governance systems, given that governance contributes to the stability of the securities market as a whole.

In general, corporate governance plays a vital role in organizing the relationship between the key parties within a company, particularly between shareholders and management. It defines the responsibilities and rights of each party and aims to enhance principles of transparency, accountability, responsibility, and fairness. This is achieved through adopting rules that companies must adhere to, ensuring equality between minority and majority shareholders, maintaining transparency in the securities market, and ensuring that company bodies comply with governance principles by establishing a board of directors whose composition and duties align with legal requirements, including the necessary financial disclosures.

Recommendations:

It is time to adopt the principles underlying corporate governance and provide the suitable environment to achieve the company's goals. One of the key pillars of effectively implementing corporate governance is strengthening the role of audit committees, as they serve as a link between the board of directors, internal auditors, and external auditors. This is done through ensuring the clarity and transparency of financial reports before they are presented to the board of directors.

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Note:

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[4]. John D. Sullivan , The Moral Compass of Companies: Business Ethics and Corporate Governance as Anti-Corruption Tools, International Finance Corporation , 2009,p.05.

[5]. Khamli Fared and Shawqi Fawzi, *The Previous Reference*, p. 55.

[6]. By carrying out the process of guidance and counseling within the company, everyone works according to the company's directives and strives to achieve its goals.

[7]. By imposing control and setting regulations and restrictions.

[8]. By referring to ethical references and previous experiences in application.

[9]. By resorting to justice in cases of abuse of power and manipulation of shareholder interests.

[10]. published in the International Law Journal, Faculty of Law, University of Benghazi, Libya, 2016, p. 06.

[11]. While criminal legislation focuses on the concepts of intent and criminal negligence, when it comes to corporate management, the focus shifts to the concepts of good and bad faith, i.e., breaching in good faith and breaching in bad faith.

[12]. Corporate governance organizes and divides responsibilities and rights among the three parties, as the relationship between them is very close. Shareholders are the actual owners of the company, and they have rights and obligations. They delegate the board of directors to oversee the performance of the executive management.

[13]. Khalida Abbi, p. 471.*The Role of Corporate Governance Mechanisms in Achieving the Quality of External Audit Services*, Article published in the *Economic Insights Journal*, University of the Martyrs Hamma Lakhdar, El Oued, Issue 12,

[14]. Transparency is considered one of the modern and evolving concepts in governance, which responsible management must adopt due to its importance for the company and its stakeholders. Transparency means openness, abandoning ambiguity, secrecy, and deception, and making everything verifiable and clearly visible.

[15]. Arab Securities Association Bulletin, Issue 02, October 2015, p. 05.

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[17]. Article 680 of the Commercial Code stipulates that "every shareholder has the right to access information during the fifteen days preceding.

[18]. The inventory of the income statement, summary documents, balance sheet, list of executives, board of directors, and the management or supervisory board. Reports from the auditors submitted to the general assembly The total amount certified as correct by the auditors, the wages paid to the individuals receiving the highest salaries, noting that the number of these individuals is five.

[19]. Shareholders of common shares are represented at the general meetings by one of them or by a single agent. If no agreement is reached, the agent is appointed by the court upon the request of one of the interested shareholders, as stipulated in Article 679 of the Commercial Code previously mentioned.

[20]. Khamli Farid and Shouki Fawzi, op. cit., p. 56.

[21]. Shareholders must have the right to secure methods for registering or transferring shares, along with the right to receive material and relevant information about the company in a timely manner, including the right to elect and dismiss members of the board of directors. Therefore, it is essential to grant shareholders the right to participate in the decision-making process, along with access to information related to amendments to the company's bylaws or articles of incorporation. For further details, see: Tahraishi Jumana, "Corporate Governance... Concepts and Principles," an article published in Al-Badr Journal by the University of Bechar, Vol. 4, Issue 6, 2011, p. 129

[22]. Intellectual property rights also fall under the scope of disclosure, as the company seeks to protect its intellectual property rights, including patents, trademarks, and trade secrets, in order to maintain its competitive advantages. However, the scope of disclosure is limited to the boundaries necessary to protect intellectual property rights, both criminally and civilly.

[23]. ahraishi Jumana, *op. cit.*, p. 131.

[24]. Tahraishi Jumana, *ibid.*, p. 133.

[25]. Thus, the internal mechanisms for implementing governance are reflected in the company's board of directors and the shareholders' meetings.

[26]. Essentials of Governance (Terms and Concepts), *op. cit.*, p. 13.

[27]. Law No. 10/01, dated June 29, 2010, concerning the profession of certified public accountants, Certified Accountants, Official Gazette No. 43. For more details on the duties of the accounts representative, see: Issa Zine – Ahmed Qaed Nour Eddine, "The Ability of the Accounts Representative to Conduct Audits in the Context of Electronic Information Systems," an article published in the *Journal of Economic and Financial Studies*, issued by the University of Shahid Hamma Lakhdar, El-Oued, Issue No. 11, 2018, p. 67-68

[28]. Hamdi Reda, *Administrative Reform*, Dar Al-Raya Publishing, Amman, 1st edition, 2011, p. 9.

[29]. Aabi Khalida, *previous reference*, p. 47.

[30]. The audit committees consist of a group of non-executive directors aimed at combating corruption, fraud, and deceit during the annual and periodic review of the financial statements. Its members enjoy independence, expertise, and knowledge.

[31]. Khamli Fared and Shouqi Fawzi, the previous reference, p. 61.

[32]. There is no doubt that the role played by audit committees is crucial in enabling the board of directors to receive annual reports that are of high quality, transparency, and credibility.