International Review of Management and Marketing

ISSN: 2146-4405

available at http: www.econjournals.com

International Review of Management and Marketing, 2017, 7(1), 191-196.

Audit Committee Activities and the Internal Control System of Commercial Banks Operating in Yemen

Yahya Ali Al-Matari[1]*, Sulaiman Abdullah Saif Mohammed[2], Ebrahim Mohammed Al-Matari[3]

[1]School of Economics, Finance and Banking, College of Business, Universiti Utara Malaysia, Malaysia, [2]School of Economics, Finance and Banking, College of Business, Universiti Utara Malaysia, Malaysia, [3]Tunku Intan Safinaz School of Accountancy, College of Business, Universiti Utara Malaysia, Malaysia, Amran University, Yemen. *Email:yahyamatari@gmail.com

ABSTRACT

This study primarily aims to investigate the impact of audit committee (AC) effectiveness on the internal control system of commercial banks through the use of four of its characteristics namely AC meetings, meeting frequency between AC and internal auditors (IAs), AC reviews and internal audit proposals and lastly, AC reviews of the internal audit results. The study results were obtained by using data gathered from the Yemeni commercial banks through the questionnaire survey method. A total of 88 usable questionnaires out of 170 questionnaires distributed to 17 commercial banks were considered suitable for analysis. The results showed that the AC effectiveness, represented by meetings frequency between AC and IAs, AC reviews of the internal audit proposals, and audit reviews of the internal audit significantly related to the commercial banks performance. Literature regarding AC characteristics that are relevant to the present study was reviewed, and practical implications as well as recommendations for future studies were provided towards the end of the study.

Keywords: Corporate Governance, İnternal Audit, Audit Committee, İnternal Control System, Yemen
JEL Classifications: G34, M4

1. INTRODUCTION

The recent corporate scandals involving major firms including Enron, Global Crossing, Tyco, and World Com has led to loss of investors' confidence on firms and as a result, firms are hard-pressed to raise equity from the stock market (Agrawal, 2005). Several authors evidenced that it is the ineffective board and its committees with their lackadaisical supervision of management that led to these scandals. For instance, in the case of Enron, the issue stemmed from financial statements manipulation by using off-balance sheet financing, of which the board was complicit in keeping the distorted statements under wraps as they lacked independence from senior management (Deakin and Konzelmann, 2004). Similarly, in the case of World Com, it was the overstatement of earnings and eventually, bankruptcy that led to its downfall. Based on the investigation, the audit committee (AC) was not effective in their management oversight (Weiss, 2005). These cases of corporate scandals along with the Asian financial crisis in 1997 have underlined the significance of and the requirement for good governance practices for the companies' survival in the long-run (Mokhtar et al., 2009).

In light of the agency theory, according to Jensen and Meckling (1976) and Schleifer and Vishny (1986), there is a tendency of principal-agent conflicts to arise, when there is role separation between management and ownership that is compounded by the asymmetric information. They claimed that this stems from the ineffective utilization of corporate assets that is influenced by the self-interest of management in conducting risky but imprudent projects with evident adverse outcomes borne by the capital providers. Hence, various internal and external mechanisms have been examined in terms of corporate governance for the prevention of agency conflicts and mitigation of agency costs.

According to Menon and Williams (1994), in addition to the board of directors, AC is a crucial mechanism that limits conflicts of interests and mitigates information asymmetry that arises between management and stockholders and ultimately, lessens agency problems. Based on literature, firms that do not form ACs are more susceptible to conduct fraudulent financial reporting (e.g., Dechow et al., 1996), and overstatement of earnings (e.g., De Fond and Jiamnalvo, 1994). The importance of the relationship of AC with internal auditors (IAs) are emphasized through codes and regulations that expand the AC functions to cover the review of the sufficient competency of internal audit function, to establish the AC rights, and to convene meetings with external auditors/IAs or both, with the exclusion of the directors and employees of the listed issuer's attendance in the meeting.

Added to the above, an internal control system appears to be a crucial investor's tool to assess the sufficiency of corporate reporting practices. In this regard, a good control quality (internal control quality [ICQ]) is a crucial factor to achieve good financial reporting policy (Krishnan, 2005). This is especially true as the financial scandal of Enron was primarily attributed to weak internal control system (Verschoor, 2002). Moreover, empirical findings in literature shows that ICQ is significantly impacted by some characteristics including AC independence and AC size (Krishnan, 2005), AC meetings, size of external auditor (Khalif and Samaha, 2016; Zhang et al., 2007), CEO characteristics (Lin et al., 2014), ownership structure and board characteristics (Mitra and Hossain, 2011). Added to the above dimensions, the Blue Ribbon Committee (BRC) (1999) and the Sarbanes-Oxley Act (2002) also highlighted other significant AC effectiveness dimensions that have been cited by regulators and academics; one of them is the ACs' relationship with IAs, to which the impact on ICQ has largely been ignored.

It is also notable that majority of the published studies concerning corporate governance attributes and ICQ has primarily concentrated in the context of the US and other developed nations that have high auditing infrastructure, while ignoring the way an audit environment may affect this relationship. As a result, firms in emerging markets have been left unexamined with regards to this relationship (Chugh et al., 2011) and thus, more studies to be conducted in developing countries that possess distinct business environment. This was supported by Alzeban and Gwilliam (2014. p. 85) who claimed that in developing nations, ACs are new and they are based on a cultural and hierarchical framework that may vary from those of the developed nations, as the latter is characterized by different traditions and a more formalized governance that has been established for a long time. According to them, the examination of the AC characteristics-ICQ relationship is a ripe area of empirical enquiry in developing nations, particularly in their private sectors. Also, emerging and developing economies possess low auditing and accounting infrastructure that have just recently undertaken corporate governance reforms (Afify, 2009).

Hence, in the present study, the research aims to contribute to accounting literature concerning internal auditing and AC by focusing in one of the Least Developed Countries (LDCs) namely Yemen. As far as the researcher's knowledge is concerned, this study is a pioneering study that examines the relationship between AC effectiveness and ICQ in this particular context (in Yemen), and the first to provide empirical evidence of the important role of AC in improving Yemeni banks internal control system.

In the rest of the study is organized in the following way; Section 2 provides an overview of relevant literature concerning AC characteristics and hypotheses development while Section 3 provides a discussion of the research methodology employed. Section 4 contains the data analysis and the study results, while Section 5 summarizes the study findings and concludes the study.

2. LITERATURE REVIEW

2.1. AC Meeting and the Quality of Bank's Internal Control System

The frequency of AC meetings has been deemed to be a crucial attribute of the committee's monitoring effectiveness (Lin et al., 2006). The role of the AC is to monitor internal control and provide authentic information to the shareholders (Anderson et al., 2004) and as such, the committee supports and safeguards the internal auditing function and keeps track of the assessment of business risk by management (Hsu, 2007).

In relation to the above, the frequency of AC meetings has been used as a proxy for the committee's activity (Xie et al., 2003) in that a committee with frequent meetings with IAs is better informed regarding the issues that crop up in auditing and accounting processes. Upon the occurrence of an issue, the AC can manage an appropriate level of internal audit function to resolve the issue in a timely manner. Hence, AC that has frequent meetings can minimize the occurrence of financial fraud (Abbott et al., 2004; Raghunandan et al., 1998).

On the other hand, ACs that have fewer meetings have a tendency to be laggard in their supervision of management (Menon and Williams, 1994). In relation to this, firms that are susceptible to conduct fraudulent activities through earning misstatements were noted to have fewer AC meetings compared to their non-fraudulent counterparts. Also, active ACs that meet frequently are more capable of overseeing the financial reporting process, identifying management risk and monitoring internal controls.

Furthermore, according to Menon and Williams (1994), an independent AC may not be effective if it is not active – on the contrary, a diligent AC may adopt preventive corrective actions in appropriate times to counter internal control weaknesses, which ultimately leads to high ICQ. Also, Krishnan (2005. p. 668) stated that the number of AC meetings is a representation of the proactiveness of the AC in their assessment of internal control.

To underscore the importance of this dimension, Barua et al. (2010) revealed that regulators have frequently preferred an active AC that meets frequently in a year. Additionally, the BRC recommends that ACs in the U.S. should at least have four meetings in a year. It also recommended that the board monitoring activities is primarily conducted by the AC. Meanwhile, in the UK, the Guidance on ACs states that an AC should have at least three meetings a year. Along the same line of argument, the National Committee on Fraudulent Financial Reporting, also known as the Treadway Commission (1987) relates that an AC intending to have a key oversight role should be active (Mohamad-Nor et al., 2010). In other words, it is important for the AC to have frequent meetings and record the conclusion of such meetings in as much as it concerns the discharge of its duties and responsibilities (Mohamed-Nor et al., 2010).

According to empirical studies dedicated to examining the effect of AC meetings, this dimension and governance mechanism enhances corporate transparency. More specifically, McMullen and Raghunandan (1996) highlighted that AC's presence enhances the reliability of the financial statements by mitigating errors as well as irregularities. And while the committee is conducting its meetings, the issues that crop up in the financial reporting process are noted – however, if the meeting is few and far between, then there is a tendency of the problems to persist for a long time (Mohamad-Nor et al., 2010). In the same line of argument, Allegrini and Greco (2013) stated that the frequency of AC meetings is significantly related to the quality of corporate reporting and Khalif and Samaha (2014) empirically evidenced that the frequency of AC meetings reduces management reporting lag. As for the specific relationship between AC activity and ICQ, empirical evidence supports a positive relationship; for example, Khalif and Samaha (2016) revealed that the frequency of AC meetings positively and significantly related with ICQ.

Considering the above discussion of empirical evidence provided in literature and theoretical predictions, this study proposes the following hypothesis for testing;

H_1: There is a positive relationship between frequency of AC meeting and the quality of the internal control system among Yemeni banks.

2.2. The Frequency of Meetings between AC and IAs and the Quality of Bank's Internal Control System

The general consensus in literature is that regular meetings between the AC and the chief IA (CIA) leads to enhanced internal audit function, and ultimately, enhanced performance of the firm. Hence, this study aims to investigate the effect of this relationship on firm performance.

The importance of such meeting has been highlighted by the BRC Report (1999), the Treadway Commission (1987) and the Toronto Stock Exchange Committee on Corporate Governance (TSECCG, 1994) by stating that a direct communication channel from the AC to internal auditing facilitates the examination and review of certain issues.

Moreover, Mazlina (2005) revealed that regular meetings between the AC and internal auditing can provide the AC with the access to information and knowledge regarding relevant issues of accounting and auditing. Moreover, the Institute of IAs (IIA, 1993) claims that in order for an AC to be effective, it should meet with the CIA for at least 4 times yearly. Mazlina (2005) supported this argument with her finding of a significant positive relationship between the frequency of meetings between AC and IAs, and financial statement audit.

Literature (e.g., Goodwin, 2003; Raghunandan et al., 2001; Scarbrough et al., 1998) have also looked into the influence of AC independence on AC interactions with internal audit (i.e., AC-IA meetings).

Based on the above discussion, the following hypothesis is proposed to be tested;

H_2: There is a positive relationship between frequency of meetings between AC and IAs, and the quality of Yemeni banks' internal control system.

2.3. AC Reviews of the Internal Audit Proposals and the Quality of Bank's Internal Control System

AC s are also responsible of reviewing IA programs and plans, and of ensuring the program's scope and the reserved resources, with the inclusion of the annual budget are all appropriate (BRC, 1999). Accordingly, the AC has to make sure that management designs and conducts an effective internal control system and to do so, it has to review the internal audit program in terms of its scope. In this regard, the BRC Report (1999), the Treadway Commission (1987) and the TSECCG (1994) established that the AC's oversight responsibility ensures that an effective internal control system is in place in the firm. This necessitates the review of the AC of the internal audit proposes linked to the program, plans and coordination with external auditors to make sure that the internal audit system's scope is sufficient.

According to a related study by Mazlina (2005), the higher the level of the AC's review of IA plan/program, budget and IA-external relationship, the greater will be IA's contribution to the financial statement audit. However, the author's findings showed the relationship to be insignificant although she attributed this result the variable measurement that lacks sensitivity to encapsulate the suitable outcome.

Moreover, Gendron et al. (2004), ACs who are active review the programs, plans and results of IA activities in light of the accuracy of financial statements, internal controls effectiveness, and the coordination between external and IAs. Along a similar line of contention, ACs may also highlight whatever weaknesses they note in the IA plans, and recommend improvements to them (e.g., enhancing budgetary provisions, ensuring the IA plans/ budgets are satisfied, etc.) (Mazlina, 2005).

Studies in literature like Goodwin (2003), Raghunandan et al. (2001) and Scarbrough et al. (1998) examined the impact of AC independence on AC interactions with internal audit; in other words, they looked into the level of AC revises of IA proposals. In this regard, it can be stated that the greater the level to which AC reviews IA plans/programs, the greater the chance that the IA function is enhanced, and ultimately, the firm's performance is improved.

Based on the above discussion of literature, the following hypothesis is proposed;

H_3: There is a positive relationship between the extent of AC reviews of IA proposals and the quality of Yemeni banks' internal control system.

2.4. AC Reviews of the Internal Audit Results and the Quality of Bank's Internal Control System

Another responsibility attributed to the AC is to review the outcomes of the IA program and activities. Following the IA activities/programs, the outcome of reviews have to be forwarded to the AC who is then responsible for monitoring the findings and recommendations provided by IA (Braiotta, 1999).

To this end, private sectors and regulatory authorities claimed that the AC has to review the results of financial reporting and internal controls that drawn up by the internal audit. This is aligned with the reports of the BRC (1999), the Treadway Commission (1987), and the TSECCG (1994) that touched upon the oversight responsibility of the AC. They established that the AC has to assess the outcomes of internal audit that relate to financial reporting, internal controls, and adherence to laws and regulations.

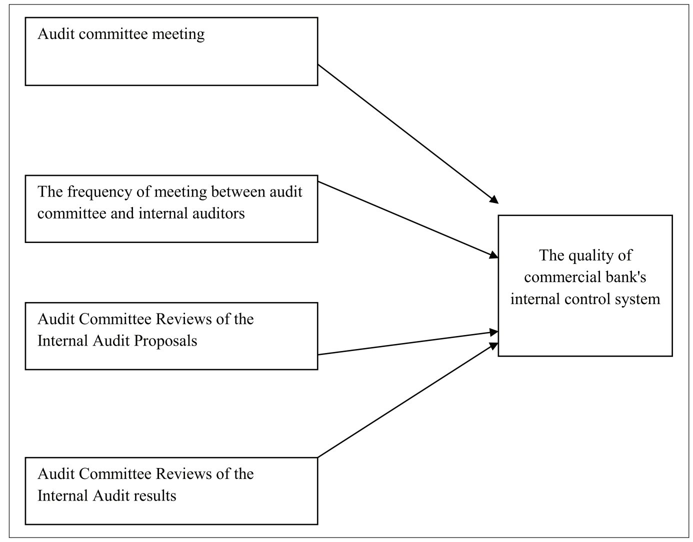
Added to the above, the Canadian Securities Administrators Notice (1992) mandates that the AC review the reports provided by the IA, and the response of management, as well as the follow-ups that are required for noted weaknesses. However, in a related study, Mazlina's (2005) prediction of the above relationship was not supported as the findings revealed a negative relationship between AC reviews related to financial reporting, internal control and compliance with laws and regulations, and IA contribution to the financial statement audit. Nevertheless, this might be attributed to the variable measurement's lack of sensitivity.

Considering the above discussion, this study proposes that;

H_4: There is a positive relationship between the extent of AC reviews of the results of internal audit activities and the quality of Yemeni banks' internal control system.

On the basis of the highlighted gaps in literature dedicated to AC effectiveness and bank performance, this study presents the following theoretical framework (Figure 1).

Figure 1: Study framework



3. RESEARCH METHODOLOGY

The current statistics published by the Central Bank of Yemen (2015) reported 17 commercial banks in the country. In the present study, a questionnaire was developed based on the research objectives, and distributed to the 17 Yemeni commercial banks, with each bank receiving 10 questionnaires. From the 170 questionnaires distributed, 88 were retrieved and found suitable for analysis, making the response rate to be 48%. The study sample comprised of chief audit executives and internal audit members, who were all requested to answer the questions concerning the frequency of meetings between AC and CIA by divulging the number of meetings in the year (2014). They were also requested to answer the items in the questionnaire concerning the effectiveness of the AC (by yes or no). With regards to the internal control system, the perspective of the respondents were measured on a 5-point Likert scale with 5 depicting strongly agree and 1 depicting strongly disagree.

The present study measured the internal control system measurement used in the study conducted by Hanim et al. (2005). In this regard, Goodwin (2003) and Mazlina (2005) stated that the frequency of AC meeting with the CIA (ACIAM) was gauged through the number of meetings between them. More specifically, for the AC reviews of IA proposals (ACREV1), there were three items addressing program/plans, budget and coordination with external auditors as adopted from Goodwin (2003) and Mazlina (2005). With Regards to the AC reviews of the outcomes of IA activities (ACREV2) it was measured through the AC reviews of the financial reports, internal control, compliance with laws and regulations, and management responses to the findings of internal audit.

4. DATA ANALYSIS AND RESULTS

Prior to the regression analysis, specific assumptions of the theoretical model were tested and these include reliability, linearity and normality. The independent variables descriptive statistics include mean, standard deviation, minimum and maximum were carried out with the help of SPSS 21. Table 1 presents the results of descriptive statistics in terms of the minimum number of meetings between AC and CIA, where it is evident that between the two there are at least 2 meetings annually and 5 at most.

The results of the correlation analysis also revealed that the entire correlations did not go over the cut-off point of 0.90 as suggested by Hair et al. (2010).

In the last part of the analysis, the regression analysis was conducted to test the hypothesized relationships that were proposed concerning the variables. The results of the analysis are presented in Table 3 and from the table, it is clear that F value is significant at the level of 0.001 level of significance with adjusted R^2 of 61%. The results show that the AC meeting (ACMEET) significantly related to Yemeni commercial banks performance at ($\beta = 0.865$, $t = 7.651$, $P < 0.01$) indicating that hypothesis 1 is supported. Moreover, the AC reviews of IA proposals (ACREV1) significantly related with the Yemeni commercial banks performance at ($\beta = 0.487$, $t = 2.528$, $P < 0.05$), indicating support from hypothesis 3. Hypothesis 4 is also supported with the result that shows that AC reviews of the result of IAs (ACREV2) are significantly related to the Yemeni commercial banks performance at ($\beta = 0.145$, $t = 1.994$, $P < 0.05$). Lastly, hypothesis 2 is rejected as the results show that

Table 1: Descriptive statistics

Variables	Minimum	Maximum	Mean±standard deviation
ACMEET	2	5	3.87±0.658
ACIAM	2	5	4.46±0.652
ACREV1	0	1	0.87±0.215
ACREV2	0	1	0.86±0.229

CIA: Chief internal auditors, AC: Audit committee, IA: Internal auditors, ACMEET: Audit committee meeting, ACIAM: Meetings between the audit committee and the chief internal auditors, ACREV1: Audit committee reviews of internal auditors proposals, ACREV2: Audit committee reviews of the result of internal auditor activities

Table 2: Results of Pearson correlation analysis

Variables	ACMEET	ACIAM	ACREV1	ACREV2	ICS
ACMEET	1				
ACIAM	0.878**	1			
ACREV1	0.147	0.166	1		
ACREV2	0.309**	0.303**	0.735**	1	
ICS	0.898**	0.816**	0.171	0.366**	1

**Correlation is significant at the 0.01 level (two-tailed). ACMEET: Audit committee meeting, ACIAM: Meetings between the audit committee and the chief internal auditors, ACREV1: Audit committee reviews of internal auditors proposals, ACREV2: Audit committee reviews of the result of internal auditor activities

Table 3: Regression results

Variables	Beta	t-value	P value
ACMEET	0.865**	7.651	0.000
ACIAM	0.003	0.028	0.978
ACREV1	0.487*	2.528	0.015
ACREV2	0.145*	1.994	0.049
R^2		0.817	
Adjusted R^2		0.808	
F value		92.503	
F significance		0.000	

**P<0.01, *P<0.05. ACMEET: Audit committee meeting, ACIAM: Meetings between the audit committee and the chief internal auditors, ACREV1: Audit committee reviews of internal auditors proposals, ACREV2: Audit committee reviews of the result of internal auditor activities

ACIAM is insignificantly related to the Yemeni commercial banks performance at ($\beta = 0.003$, $t = 0.028$, $P > 0.05$).

5. CONCLUSION

The primary objective of the present study is to examine the influence of AC effectiveness on the internal control system of Yemeni commercial banks, with specific focus on four AC characteristics (AC meeting, frequency of meeting between AC and IAs, AC reviews of the internal audit proposals, and AC reviews of internal audit results). The motivation behind the study is the existing gap in extant literature and the limited studies dedicated to the LDCs, particularly in the case of Yemen. The study also aimed to highlight the importance of the relationship between AC and IAs and their role as effective corporate governance mechanisms.

Aside from the frequency of meetings between AC and IAs, the findings concerning the AC characteristics are consistent with the agency theory that posits AC's mitigation of agency problems that ultimately leads to minimized agency cost – this is achieved by aligning the interests of owners with the company interests. The findings be juxtaposed to the premise proposed by the institutional theory stating that these mechanisms are practices/regulations that stem from legislators imposition of specific practices to enhance organizational effectiveness, or from imitation/benchmarking. The findings may be related to the theory's premise that suggests that firms may adopt regulations or practices owing to the legislator's coercion through practices/regulations to enhance organizational effectiveness. Nevertheless, there is no evidence to reveal that the adoption of regulations will enhance organizational effectiveness.

Moreover, the study highlights the significant role of AC as a corporate governance tool, which indicates that the frequency of meetings of AC, and the AC reviews of the proposals of IA play a key role in corporate governance that results in superior quality internal control system. It is therefore logical to state that the Yemeni regulators have to pay more attention to the relevant aspects in their oversight role.

With regards to the limitations of the study, stressing them would pave the way for more avenues concerning the study area exploration. The first limitation is the employed cross sectional type of study adopted focusing on Yemeni commercial banks – future studies may adopt a longitudinal type of study instead. The second limitation concerns the study scope, which is limited to the specific scope and this requires caution in interpreting the results to the generalized population or to similar sectors. The third limitation concerns the focus on only four AC characteristics, and as such, future studies may include other characteristics like AC independence and the size of the audit committee.

REFERENCES

Abbott, L.J., Parker, S., Peters, G.F. (2004), Audit committee characteristics and restatements. A Journal of Practice and Theory, 23(1), 69-87.

Afify, H.A.E. (2009), Determinants of audit report lag: Does implementing corporate governance have any impact? Empirical evidence from Egypt. Journal of Applied Accounting Research, 10(1), 56-86.

Agrawal, A. (2005), Corporate governance and accounting scandals. Journal Law and Economics, 48, 371-709.

Allegrini, M., Greco, G. (2013), Corporate boards, audit committees and voluntary disclosure: Evidence from Italian listed companies. Journal of Management and Governance, 17(1), 187-216.

Alzeban, A., Gwilliam, D. (2014), Factors affecting the internal audit effectiveness: A survey of the Saudi public sector. Journal of International Accounting, Auditing and Taxation, 23(2), 74-86.

Anderson, R., Mansi, S., Reeb, D. (2004), Board characteristics, accounting report integrity, and the cost of debt. Journal of Accounting and Economics, 37(3), 315-342.

Barua, A., Rama, D., Sharma, V. (2010), Audit committee characteristics and investment in internal auditing. Journal of Accounting and Public Policy, 29(5), 503-513.

Blue Ribbon Committee, (BRC). (1999), Report and Recommendations of the Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees. New York, NY: New York Stock Exchange.

Braiotta, L. (1999), The Audit Committee Handbook. 3rd ed. New York: John Wiley & Sons Inc.

CBY Annual Report. (2015), Central Bank of Yemen Website. Available from: http://www.centralbank.gov.ye/. [Last retrieved on 2015 Sep 15].

Chugh, L., Meador, J., Kumar, A. (2011), Corporate governance and firm performance: Evidence from India. Journal of Finance and Accountancy, 11, 1-10.

Deakin, S., Konzelmann, S. (2004), Learning from Enron. Corporate Governance, 12(2), 134-142.

Dechow, P., Sloan, R., Sweeney, A. (1996), Causes and consequences of earnings manipulation: An analysis of firms subject to enforcement actions by the SEC. Contemporary Accounting Research, 13(1), 1-36.

De Fond, M.L., Jiambalvo, J. (1994), Debt covenant violation and manipulation of accruals. Journal of Accounting and Economics, 66(3), 145-176.

Gendron, V., Bedard, J., Gossehn, M. (2004), Getting inside the Mack box: A field study of practices in effective audit committees. Auditing: A Journal of Practice and Theory, 23(1), 153-171.

Goodwin, J. (2003), The relationship between the audit committee and the internal audit function: En deuce from Australia and New Zealand. International Journal of Auditing, 7, 263-278.

Hair, J.F.Jr., Black, W.C., Babin, B.J., Andersen, R.E. (2010), Mutilvariate Data Analysis. 7th ed. Upper Saddle River, NJ: Pearson Prentice Hall.

Hanim, F.F., Haron, H., Jantan, M. (2005), Internal auditing practices and internal control system. Managerial Auditing Journal, 20(8), 844-866.

Hsu, H. (2007), Boards of Directors and Audit Committees in Initial Public Offerings. DBA Dissertation, Nova Southeastern University.

Institute of Internal Auditors, (IIA). (1993), Improving Audit Committee Performance: What Works Best. Altamonte Springs, FL: IIA Research Foundation.

Jensen, M., Meckling, W. (1976), Theory of the firm: Managerial behavior, agency costs and ownership structure. Journal of Financial Economics, 3(4), 305-360.

Khalif, H., Samaha, K. (2014), Internal control quality, Egyptian standards on auditing and external audit delays: Evidence from the Egyptian stock exchange. International Journal of Auditing, 18(2), 139-154.

Khalif, H., Samaha, K. (2016), Audit committee activity and internal control quality in Egypt: Does external auditor's size matter? Managerial Auditing Journal, 31(3), 269-289.

Krishnan, J. (2005), Audit committee and internal control: An empirical analysis. The Accounting Review, 80(2), 649-675.

Lin, J.W., Li, J.F., Yang, J.S. (2006), The effect of audit committee performance on earnings quality. Managerial Auditing Journal, 2(9), 921-933.

Lin, Y.C., Wang, Y.C., Chiou, J.R., Huang, H.W. (2014), CEO characteristics and internal control quality. Corporate Governance: An International Review, 22(1), 24-42.

Mazlina, Z. (2005), Audit Committee and Internal Audit Function Characteristics: Impact on Internal Audit Contribution to Financial Statements Audits. Ph.D Dissertation, Griffith University.

McMullen, D., Raghunandan, K. (1996), Enhancing audit committee effectiveness. Journal of Accountancy, 182(2), 79-81.

Menon, K., Williams, J.D. (1994), The usage of audit committees in monitoring. Journal of Accounting and Public Policy, 13(2), 121-139.

Mitra, S., Hossain, M. (2011), Corporate governance attributes and remediation of internal control material weaknesses reported under SOX Section 404. Review of Accounting and Finance, 10(1), 5-29.

Mohamad-Nor, M.N., Shafie, R., Wan-Hussin, W.N. (2010), Corporate governance and audit report lag in Malaysia. Asian Academy of Management Journal of Accounting and Finance, 6(2), 57-84.

Mokhtar, S.M, Sori, Z.M., Hamid, M.A., Abidin, Z.Z., Nasir, A.M., Yaacob, A.S., Mustafa, H., Daud, Z.M., Muhamad, S. (2009), Corporate governance practices and firms performance: The Malaysian case. Journal of Money, Investment and Banking, 11, 45-59.

Raghunandan, K., Read, W.J., Rama, D.V. (2001), Audit commineecornposiaon.'Gray Directors", and interaction with internal auditing. Accounting Horison, 15(2), 105-118.

Raghunandan, K.R., Rama, D.V., Scarbrough, D.P. (1998), Accounting and auditing knowledge level of Canadian audit committee: Some empirical evidence. Journal of International Accounting, Auditing and Taxation, 7(2), 181-94.

Scarbrough, D.P., Rama, D.V., Raghunandan, K. (1998), Audit committee composition and interaction with internal auditing: A Canadian evidence. Accounting Horizons, 12(1), 51-62.

Schleifer, A., Vishny, R. (1986), Large stockholders and corporate control. Journal of Political Economy, 94(3), 461-488.

The Canadian Securities Administrators Notice. (1992), Audit Committees. (15 OSCB-1081). Toronto, Canada.

Toronto Stock Exchange Committee on Corporate Governance in Canada, (TSECCGC). (1994), Where Were the Directors? Toronto, Canada: TSE.

Treadway Commission. (1987), Report of the National Commission on Fraudulent Financial Reporting (NCFFR). Washington, DC: U.S. Government Printing Office.

Verschoor, C.C. (2002), Reflections on the audit committee's role. Internal Auditor, 59, 26-35.

Weiss, R. (2005), Audit Committee Characteristics and Monitoring Effectiveness. Ph.D Dissertation, The City University of New York.

Xie, B., Davidson, W.N., DaDalt, P.J. (2003), Earnings management and corporate governance: The role of the board and the audit committee. Journal of Corporate Finance, 9, 295-316.

Zhang, Y., Zhou, J., Zhou, N. (2007), Audit committee quality, auditor independence, and internal control weaknesses. Journal of Accounting and Public Policy, 26(3), 300-327.