



The Impact of Audit Committee Members' Independence and Financial & Accounting Expertise on the Relevance and Value of Financial Information

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Abstract. *In addition to the key findings, the study also emphasizes the importance of fostering a deeper understanding of the role of audit committees within the broader context of financial governance. Despite the recognition of the audit committee's importance in improving the quality of financial reporting, the findings indicate that there is a significant gap in the implementation of best practices across private commercial banks in Iraq. This gap is attributed to the lack of full compliance with regulatory requirements regarding the composition of audit committees, particularly in terms of ensuring independence and financial expertise. The study further reveals that while the audit committee's independence and expertise play a crucial role in enhancing the quality and relevance of financial information, many banks still struggle to implement effective oversight mechanisms. This situation is exacerbated by the complex regulatory environment in Iraq, where overlapping supervisory authorities and weak enforcement of governance mechanisms hinder the effectiveness of financial reporting processes. The lack of coordination between audit committees and internal audit units, as well as the limited ability to assess financial performance, further undermines the oversight function of audit committees. To address these challenges, the study suggests several recommendations, including enhancing the legal framework to enforce stricter compliance with the formation of qualified and independent audit committees. Additionally, increasing awareness and training among stakeholders about the importance of audit committees and their roles in ensuring transparent and reliable financial disclosures is crucial. Strengthening the oversight function and improving coordination between audit committees and internal audit units will also help in mitigating the existing weaknesses in the financial reporting process. These steps are essential for improving the reliability of financial information, thereby fostering investor confidence and contributing to the overall stability of the banking sector in Iraq.*

Keywords: *Accounting Expertise, Audit Committee, Corporate Governance, Financial Disclosure, Financial Expertise, Independence, Informational Value, Private Commercial Banks, Quality of Financial Information, Relevance.*

1. INTRODUCTION

The importance of financial and accounting information has significantly increased in modern business environments, as it serves as a central tool for making sound economic decisions. This growing reliance has underscored the need to ensure the quality and reliability of such information. In this context, the audit committee has emerged as a key component of corporate governance, tasked with overseeing the integrity of financial reporting and reinforcing its credibility. However, the effectiveness of these committees is not measured solely by their existence, but rather by specific attributes most notably, the independence and financial/accounting expertise of their members.

Independence allows audit committee members to perform their duties without undue influence from executive management, thereby enhancing the objectivity of oversight and reducing the risk of data manipulation. At the same time, possessing specialized knowledge in accounting and finance is essential for members to properly interpret financial statements and assess compliance with relevant accounting standards. Accordingly, this research addresses a central question: To what extent do these two attributes—*independence and financial/accounting expertise* contribute to enhancing the relevance and value of published accounting information, and how does this affect users' confidence in financial reports?

The study proceeds from the assumption that improving the composition of audit committees, particularly in terms of independence and professional expertise, not only enhances the quality of financial reporting but also helps narrow the expectation gap between information users and preparers. This is especially relevant amid rapidly evolving business conditions and growing demands for transparent disclosure.

2. Research Methodology

A. Research Problem

The institutional environment in Iraq particularly within the private banking sector faces a series of overlapping challenges stemming from the country's transitional phase, whether political or economic. This transition has resulted in an underdeveloped regulatory and supervisory framework, which has in turn enabled the spread of financial and administrative corruption. Although current legislation, such as the Banking Law, mandates commercial banks to establish audit committees under their boards of directors, this requirement has not translated into effective implementation that ensures strong oversight or enhances the transparency of financial reporting.

In practice, many private banks treat the formation of audit committees as a formal or symbolic act, without adhering to clear standards regarding the independence of committee members or their financial and accounting expertise. Furthermore, the multiplicity of supervisory bodies and the overlap in their responsibilities have weakened the effectiveness of these committees, negatively impacting the quality of financial reporting and eroding user confidence in accounting information.

Accordingly, the research problem is defined as the attempt to understand the extent to which the independence and professional expertise of audit committee members in Iraqi private commercial banks influence the quality of financial disclosure,

specifically regarding the relevance and value of the accounting information provided to users. This central issue raises several sub-questions, including:

- 1) To what extent do Iraqi commercial banks comply with forming effective audit committees in terms of specialization and independence?
- 2) How effective are internal audit systems in supporting transparency and financial oversight?
- 3) What are the key challenges that limit the performance of audit committees in the Iraqi context?
- 4) To what degree do the characteristics of audit committees contribute to improving the quality and reliability of financial information?

B. Research Significance

The significance of this research stems from the complex realities facing the Iraqi banking sector, which suffers from weak regulatory structures and the presence of multiple supervisory bodies. This fragmentation has hindered the ability of audit committees to effectively carry out their role in promoting financial discipline and improving the quality of financial disclosure. The research gains further importance in light of the absence of effective standards that obligate private commercial banks to establish audit committees with a sufficient degree of independence and financial/accounting competence.

Moreover, the study sheds light on the true professional role that audit committees can play in enhancing the quality of financial information—especially amid the growing need to restore investor and financial market confidence, and to foster a culture of transparency and accountability within banking institutions. From a practical perspective, the research also aims to provide regulatory and supervisory authorities in Iraq with a set of recommendations that can strengthen the effectiveness of internal control systems and align financial reporting practices with international standards.

C. Research Objective

This research aims to examine the impact of audit committee members' independence and their expertise in finance and accounting on the quality of published financial information, particularly in terms of its relevance and value. The study focuses on assessing the extent to which Iraqi private commercial banks activate the role of audit committees beyond a merely formal or procedural level. Specifically, the research seeks to:

- 1) Assess the current application of professional competence and independence standards in the formation of audit committees.
- 2) Analyze the effectiveness of audit committees in enhancing the quality of financial reports.
- 3) Identify the key challenges facing audit committees within private commercial banks.
- 4) Propose a framework that strengthens the role of audit committees as an effective tool for ensuring financial discipline and promoting transparency.

D. Research Hypotheses

This research is based on the following main hypothesis:

“The independence and financial/accounting expertise of audit committee members have a positive impact on enhancing the relevance and value of financial and accounting information in Iraqi private commercial banks.”

From this central hypothesis, the following sub-hypotheses are derived:

- a) There is a statistically significant relationship between the independence of audit committee members and the quality of financial disclosure.
- b) The financial and accounting expertise of audit committee members positively influences the relevance of accounting information for users.
- c) Audit committees in private commercial banks face regulatory and organizational obstacles that limit their effectiveness in performing oversight functions.
- d) Weak coordination among regulatory bodies diminishes the effectiveness of audit committees in ensuring sound financial and administrative performance.

3. THEORETICAL FRAMEWORK ON AUDIT COMMITTEES

Audit committees are considered a fundamental pillar of corporate governance. Their importance has grown significantly following a series of financial crises and accounting scandals that exposed weaknesses in internal control systems. These developments prompted the establishment of specialized committees aimed at enhancing transparency and protecting the interests of various stakeholders.

Origin and Development

The first implementation of an audit committee was recorded in the United Kingdom in 1872, followed by the United States in 1938 after the "McKesson and Robbins" scandal. Subsequently, countries such as Canada, Australia, and France adopted similar concepts. In Iraq, the importance of forming specialized oversight committees within joint-stock companies

and banks was emphasized in the Companies Law No. 21 of 1997 and the Banking Law No. 94 of 2004. (Wild, 2009: 22)

Definition of Audit Committees

An audit committee is defined as a subcommittee formed by the board of directors, usually composed of non-executive members with independence and expertise in finance and accounting. Its responsibilities typically include reviewing financial statements, coordinating with internal and external auditors, and evaluating internal control systems all of which aim to strengthen trust in published financial information. (Dahdouh, 2008: 256)

According to (Suleiman 2016: 34), the audit committee is "a committee formed by the company's board of directors, consisting solely of non-executive members with experience in accounting and auditing. It is responsible for overseeing the preparation of financial statements, reviewing both external and internal audit functions, and monitoring compliance with corporate governance rules."

According to the Researcher, Audit Committees Typically Share the Following Characteristics:

- a) The primary objective of the audit committee is to enhance and support confidence and credibility in the company's financial reports.
- b) Audit committees are appointed by the board of directors and are tasked with assisting the board in fulfilling its oversight responsibilities.
- c) The committee is composed of non-executive board members who possess expertise in finance and accounting.
- d) The minimum number of audit committee members is three.
- e) The audit committee is responsible for reviewing internal audit activities, coordinating with the external auditor, evaluating internal control systems, overseeing the preparation of financial reports, reinforcing the independence of both internal and external auditors, and reviewing adherence to ethical standards and governance arrangements.
- f) The audit committee serves as a vital link between management, the internal auditor, and the external auditor.

Reasons for Establishing Audit Committees

Audit committees are formed for various reasons, most notably: the increasing frequency of financial failures, the need to support the independence of external auditors, the improvement of financial reporting quality, the reduction of conflicts of interest, and the monitoring of regulatory compliance. (Al-Shammari, 2010: 8)

Objectives of Audit Committees

Audit committees aim to enhance the effectiveness of both internal and external auditing, protect the organization's assets, support the credibility of financial statements, and enable the board of directors to fulfill its oversight role. They also play a pivotal role in improving the quality of financial information and in combating financial manipulation and irregularities. (Al-Sous, 2012: 35)

Factors Affecting Committee Effectiveness

The effectiveness of audit committees is influenced by several factors, including: independence, the delegation of appropriate authority, members' competence and expertise, availability of financial and human resources, and direct communication channels with relevant parties. (Ismail, 2014: 65)

Importance for Stakeholders

Audit committees provide added value to various stakeholders, including:

(Kohler, 2015: 50; Cohen et al., 2014: 26)

- a) Board of Directors – by supporting decision-making and enhancing oversight.
- b) External Auditor – by ensuring their independence and facilitating communication.
- c) Internal Audit – through direct supervision and support.
- d) Investors – by improving transparency and the quality of financial reporting.

Duties and Authorities

The audit committee's responsibilities include reviewing internal and external audit plans, examining financial statements, assessing internal control systems, monitoring legal compliance, and submitting periodic reports to the board of directors or regulatory authorities. (Hallas & Abu Raida, 2015: 41)

Relationship with Other Parties

The audit committee serves as a communication bridge between the board of directors and the auditors. It also helps to reduce the information gap with investors, protect shareholders' rights, and promote good governance. (Abdul Azim, 2013: 20)

Legal Framework in Iraq

According to the Banking Law No. 94 of 2004, Iraqi banks are required to form audit committees. The Central Bank of Iraq has issued detailed instructions outlining their roles and authorities, such as reviewing audit reports, assessing financial performance, and ensuring compliance with regulatory guidelines. These measures position the audit committee as a core mechanism for ensuring financial discipline within Iraqi banks. (CBI Instructions, 2017: 18–20)

Audit Committee Characteristics: Independence and Financial/ Accounting Expertise

Independence and financial/accounting expertise are among the most critical characteristics influencing the effectiveness of audit committees in performing their oversight role. These two elements form the professional and ethical foundation needed for objective assessment and high-quality disclosure. (Al-Ruhaili, 2008: 215)

Independence

Independence refers to the ability of audit committee members to perform their duties without influence from internal management. Members should not be part of the executive team nor have direct financial interests in the organization, thus ensuring neutrality when evaluating management activities or financial reporting decisions. Independence is essential for the credibility and objectivity of the committee's work. (Al-Ramli, 2018: 79)

Financial and Accounting Expertise

An effective audit committee must include members with adequate academic qualifications or professional experience in accounting, finance, or auditing. This expertise enables the committee to understand complex financial analyses, evaluate the quality of accounting policies, and detect signs of manipulation or financial risk. (Sami, 2013: 30; Yaqoub, 2006: 72)

The absence of such expertise undermines the committee's ability to interact with auditors and comprehend the technical details of financial statements, ultimately weakening oversight and disclosure quality.

The importance of these two characteristics lies in their role as the foundation for objective and effective performance of the audit committee, which in turn reinforces the credibility of published accounting information and enhances the confidence of financial statement users.

4. ANALYTICAL METHODOLOGY AND ANALYSIS OF THE SAMPLE'S RESPONSES

Description of the Research Sample and Justification for Its Selection

The banking sector targeted in this study holds significant importance, as it is one of the key sectors that contribute to supporting the national economy and enhancing the overall banking environment in Iraq. Audit committees play a crucial role in maintaining financial and administrative performance within commercial banks. For this reason, the selected sample was intended to reflect the actual reality of audit committees and support the objectives of the study.

The researcher distributed 63 questionnaire forms, all of which were successfully retrieved. In addition, the researcher personally visited the respondents at their workplaces—an effort that required substantial time and energy—especially since most of the data was collected through personal interviews to clarify the content of the questionnaire. Table (1) presents the detailed distribution of the questionnaires.

Tabel 1. Distribution of Questionnaire Forms Among Respondents in the Units of the Study Sample

No.	Economic Unit	Sample Population	Received Questionnaires	%
1	Central Bank of Iraq / Compliance Committee	11	11	17.46%
2	Iraq Stock Exchange	7	7	11.12%
3	Private Commercial Banks (4 banks)	30	30	47.62%
4	Audit Firms	15	15	23.80%
	Total	63	63	100%

Tools and Methods Used in Measurement and Analysis

The statistical software SPSS Amos was used to analyze the data, while Microsoft Excel was employed for graphical representation of the respondents' answers according to the study axes. The following tools and methods were used for measurement and analysis:

1. Standard Deviation (S):

It is the square root of the variance and is calculated using the following formula:

$$\sqrt{\frac{\sum x_i^2 - \frac{(\sum x_i)^2}{n}}{n-1}} \quad (1)$$

2. Five-Point Likert Scale

The Likert scale is a method used to measure behaviors and preferences, commonly applied in psychological testing. It was developed by psychologist Rensis Likert. This scale is widely used in questionnaires, especially in statistical studies, and relies on respondents' answers that reflect their degree of agreement or disagreement with a particular statement. The following table illustrates how the values of the arithmetic means are interpreted (noting that the researcher may adopt different interpretations depending on the specific context of the study).

Cronbach's Alpha Test

To assess the validity and reliability of the study's measurement scales, the researcher used the Alpha correlation coefficient (r), commonly referred to as Cronbach's Alpha. This statistical measure is used to evaluate the internal consistency of the instrument. It is calculated using the following formula:

$$r = \left(\frac{k}{k-1} \right) \left[1 - \frac{\sum_{i=1}^k S_i^2}{S_T^2} \right] \quad (2)$$

Where:

- k = number of items
- S_i^2 = variance of each item
- S_T^2 = total variance of the scale

Coefficient of Variation (C.V)

The Coefficient of Variation is one of the most important relative measures of dispersion. It is characterized by its unit-free result, which allows for comparison between datasets regardless of whether their measurement units are the same or different. The formula for calculating the coefficient of variation is:

$$C.V = \frac{S}{\bar{x}} \times 100\% \quad (4)$$

Where:

- S = standard deviation
- \bar{x} = arithmetic mean of the group values

Normal Distribution Test

The normal distribution plays a vital role in understanding the nature of the data and in guiding the choice of appropriate statistical analysis methods. The test of normality was conducted using significance tables and graphical tools in SPSS Amos, in order to determine whether the data follow a normal distribution.

Factor Analysis

Factor analysis is a statistical method used to explain the statistically significant correlations between variables. It aims to simplify the relationships among a large set of variables by identifying the underlying common factors that explain those relationships. It is generally divided into two types:

- a) Exploratory Factor Analysis (EFA): This type is used when the relationships between observed variables and underlying latent factors are unknown. The goal is to uncover and identify those latent factors.

- b) **Confirmatory Factor Analysis (CFA):** This type is used to test hypotheses regarding the existence of relationships between variables and latent constructs, as well as the ability of those constructs to adequately represent the dataset.

Analytical Approach and Analysis of Respondents' Answers

The research utilized the questionnaire method as the primary tool for collecting data from a randomly selected sample, aiming to confirm or refute the research hypothesis. A set of questionnaires was distributed to individuals in the study sample. The questionnaire was designed using the five-point Likert scale, with responses ranging as follows: (Strongly Agree, Agree, Somewhat Agree, Disagree, Strongly Disagree).

The questionnaire consisted of a set of variables distributed across multiple thematic axes:

- a) **Axis One:** Covered the characteristics of the audit committee and served as a basis for the remaining axes.
- b) **Axis Two:** Assessed the extent to which the audit committee performs its duties and responsibilities in accordance with the Central Bank's instructions and charter. This axis included 15 variables, distributed among 11 specialized employees.
- c) **Axis Three:** Focused on the role of the Iraq Stock Exchange in relation to audit committees, comprising 6 variables distributed among 7 specialized employees.
- d) **Axis Four:** Examined the audit committee's responsibilities related to internal auditing and control systems in banks, with 22 variables distributed among 30 banking professionals.
- e) **Axis Five:** Addressed the operational mechanisms of the audit committee, including 24 variables, also distributed among 30 qualified employees.
- f) **Axis Six:** Related to the committee's responsibilities regarding internal control and auditing systems, with 15 variables distributed among 15 external auditors.

Audit Committee Characteristics from the Perspective of the Compliance Division at the Central Bank of Iraq

The Central Bank of Iraq has consistently emphasized the regulatory frameworks governing the work of audit committees through various issued regulations and instructions. Most notably, in 2017, the Central Bank issued an Audit Committee Charter aimed at ensuring the accuracy and reliability of financial statements, the appropriateness of accounting policies and procedures, and the effectiveness of internal control systems. This also includes legal and regulatory compliance, the independence of external auditors, and the operational autonomy of the internal audit department within each bank.

These efforts reflect the Central Bank's intention to establish a solid legal foundation for forming audit committees in Iraqi banks. This aligns with the research's first hypothesis, which posits that audit committees in private commercial banks are not formed in accordance with established standards.

Tabel 2. Responses of the Central Bank of Iraq Compliance Division Regarding Audit Committee Characteristics

No.	Statement	Response Options	Frequency	Percentage (%)
1	Who appoints the members of the audit committee in the bank?	• General Assembly of the Bank	2	18%
		• Board of Directors	9	81%
		• Authorized Director	0	0%
		• Authorized Director	0	0%
2	To whom does the audit committee report within the bank?	• Board of Directors	11	100%
		• Authorized Director	0	0%
		• Deputy Authorized Director	0	0%
		• Deputy Authorized Director	0	0%
3	Audit committee members are selected from:	• Independent non-executive board members	8	73%
		• Executive board members	0	0%
		• Executive board members	0	0%
		• Internal bank staff	3	27%
		• External members (non-board)	0	0%
4	Do some members possess sufficient qualifications to effectively perform their roles, as follows:	• Hold appropriate academic qualifications	3	27%
		• Possess required technical expertise	0	0%
		• Possess required technical expertise	8	73%
		• Have experience in reading financial statements	0	0%
		• Lack the necessary qualifications	0	0%
5	How many members constitute the audit committee?	• Two members	–	–
		• Three members	11	100%
		• Four members	–	–
		• Five members	–	–
		• Five members	–	–

6	Is the number of current committee members sufficient to perform effectively?	<ul style="list-style-type: none"> • Fully sufficient • Sufficient to some extent • Insufficient to some extent • Completely insufficient 	2 9 0 0	18% 81% 0% 0%
7	What methods does the audit committee rely on to perform effectively?	<ul style="list-style-type: none"> • Relies on internal capabilities • Seeks advice from head of accounting/finance • Consults internal specialists • Consults external specialists 	2 4 4 1	18% 36% 36% 9%
8	How often does the current audit committee meet, according to regulations and instructions?	<ul style="list-style-type: none"> • Once a month • Every two months • Every three months • Every six months • Once a year 	5 5 1 0 0	45% 45% 9% 0% 0%

Source: Prepared by the researcher based on survey responses.

Analysis of Audit Committee Characteristics Based on Responses from the Central Bank of Iraq Compliance Division

Based on the survey results concerning audit committee characteristics, as viewed by the sample from the Compliance Division at the Central Bank of Iraq, the findings revealed the following:

Nine respondents, representing 81% of the sample, indicated that the board of directors is responsible for appointing audit committee members. This is a positive indicator, as the Central Bank's Audit Committee Charter clearly assigns this responsibility to the board. In contrast, two respondents (18%) believed that the general assembly is responsible for such appointments.

Regarding the entity to which the audit committee reports, 100% of respondents confirmed that the committee reports directly to the board of directors, indicating clear alignment with governance structures.

When asked about the source of committee members, eight respondents (73%) stated that members are selected from independent, non-executive board members, while the remaining three (27%) noted that external individuals outside the board are appointed instead.

As for qualifications, three respondents (27%) stated that committee members possess appropriate academic qualifications, while eight (73%) emphasized that members have strong experience in reading financial statements, reflecting a solid practical understanding, even if academic qualifications are not always present.

Regarding committee size, all respondents (100%) agreed that the audit committee in their institutions comprises three members, which reflects standard practice within many governance frameworks.

On the adequacy of the committee's size, nine participants (81%) indicated that three members are sufficiently adequate, while two (18%) believed that the number is highly adequate, suggesting a general satisfaction with the current composition.

As for the methods used by audit committees to perform their duties effectively, the responses were varied. This variability may be attributed to the limited direct insight that compliance officers may have into the committee's daily internal operations. In the final item regarding meeting frequency, the sample was nearly evenly divided:

- a. 45% of respondents reported that audit committees meet monthly,
- b. another 45% indicated that meetings occur every two months,
- c. and a single respondent (9%) stated that meetings are held every three months.

This reflects a generally consistent meeting schedule in line with regulatory expectations, though some variation exists.

Analysis of Respondents' Answers (Members of the Compliance Division at the Central Bank of Iraq) – Axis Two

The responses of the participants were analyzed using measures such as arithmetic mean, standard deviation, coefficient of variation, relative weight, and degree of agreement for the second axis, which examines the extent to which audit committees perform their duties and responsibilities in accordance with the Central Bank's instructions and charter.

The overall arithmetic mean for this axis was 3.8242, with a standard deviation of 0.6925, and a coefficient of variation of 0.183. The relative weight for the axis was 0.74, indicating a favorable level of agreement (Agree) among the respondents.

These results are detailed in Table (3).

Tabel 3. Weighted Mean, Standard Deviation, Coefficient of Variation, Relative Weight, and Level of Agreement for Axis Two — "Extent of Audit Committee's Performance of Its Duties According to the Central Bank's Instructions and Charter"

Code	Variable	Mean	Std. Dev.	C.V.	Relative Weight	Level of Agreement
X ₁	The audit committee in private banks operates independently from all other committees and submits its recommendations directly to the board of directors.	4.7273	0.4671	0.09	0.95	Strongly Agree
X ₂	The audit committee has the authority to conduct or delegate investigations into matters within its scope, as per the Central Bank's instructions.	4.2727	0.4671	0.11	0.85	Strongly Agree
X ₃	Committees in private banks are formed by election from the general assembly (shareholders), report directly to it, and consist of three non-executive members.	4.5455	0.8202	0.18	0.91	Strongly Agree
X ₄	Committee members possess academic qualifications and practical experience in finance, accounting, law, or economics.	3.7273	0.6466	0.17	0.76	Agree
X ₅	Committee members meet the qualifications specified by the Central Bank, such as integrity, understanding of operations, professional experience, diverse skills, and knowledge of risk and control.	3.7273	0.4671	0.13	0.76	Agree
X ₆	Committee members are independent by avoiding family relationships with executive management or contracted parties.	3.5455	1.0357	0.29	0.71	Agree
X ₇	Committee membership terms comply with Central Bank regulations: two years renewable once; after two terms,	4.2727	0.7863	0.18	0.85	Strongly Agree

	reappointment is not allowed for at least three years.					
X₈	The audit committee is flexible in responding to changing conditions and takes necessary actions to ensure sound financial, operational, and ethical practices.	3.7273	0.6461	0.17	0.76	Agree
X₉	The committee is able to read, understand, and evaluate the bank's financial statements, including the balance sheet, income statement, cash flow statement, and changes in equity.	3.8182	0.7508	0.19	0.76	Agree
X₁₀	The audit committee handles complaints received through hotlines related to accounting, internal controls, non-compliance, and audit matters.	2.7273	0.7863	0.28	0.16	Somewhat Agree
X₁₁	The committee evaluates the compliance department, monitors anti-money laundering and terrorist financing, and ensures compliance with laws and regulations, reporting to the board.	3.0000	0.6325	0.21	0.60	Somewhat Agree
X₁₂	The committee reviews meeting minutes and follows up on recommendations relevant to the Central Bank's work.	4.0000	0.7746	0.19	0.80	Agree
X₁₃	The committee reviews its annual work plan and the meetings held in this regard.	3.8182	0.6030	0.15	0.76	Agree
X₁₄	The committee monitors and follows up on anti-money laundering and terrorist financing reports within the bank.	3.0909	0.8312	0.26	0.62	Agree
X₁₅	The committee evaluates the bank's compliance with disclosures required	4.3636	0.6742	0.15	0.87	Strongly Agree

by IFRS, Central Bank instructions, legislation, and Iraq Stock Exchange guidelines.						
Overall Mean for Axis Two:	3.8242	0.6925	0.183	0.74	Agree	

Interpretation of Axis Two Results Based on Table (3) Axis Two included fifteen variables. As shown in Table (3), all variables recorded weighted arithmetic means greater than the hypothetical mean of (3.0), with the exception of variable (X₁₀), which states: "The audit committee handles complaints received by the bank via the hotline related to accounting, internal controls, non-compliance, and other audit issues."

The variable with the highest level of agreement was (X₁), which reads:

"The audit committee in private banks operates independently from all other committees and submits its recommendations directly to the board of directors,"

with a mean of 4.7273, a strong agreement level of 95%, and a coefficient of variation of 0.09.

The second-highest variable was (X₃): "Committees in private banks are formed through election by the general assembly (shareholders), report directly to it, and consist of three non-executive members,"

with an agreement percentage of 91% and a coefficient of variation of 0.18.

The third most agreed-upon variable was (X₁₅): "The audit committee evaluates the bank's compliance with disclosures required by IFRS, Central Bank instructions, legislation, and Iraq Stock Exchange regulations."

Two other variables (X₂) and (X₇) also recorded identical values at the level of "Strongly Agree", indicating very high alignment with respondents' perspectives. Collectively, these five variables represent one-third of the total variables under Axis Two. Additionally, eight variables received responses at the "Agree" level, consistent with the direction of the questionnaire.

Only two variables (X₁₀) and (X₁₁) received responses categorized as "Somewhat Agree", as reflected by their relatively lower means and agreement levels.

Analysis of Respondents' Answers (Iraq Stock Exchange) – Axis Three

The responses of the participants were analyzed based on the arithmetic mean, standard deviation, coefficient of variation, relative weight, and level of agreement for Axis Three, which explores the role of the Iraq Stock Exchange in relation to audit committees.

The overall arithmetic mean for this axis was 4.2857, with a standard deviation of 0.5872, and a coefficient of variation of 0.135. The relative weight reached 0.853, indicating a strong level of agreement (Strongly Agree) among respondents. These results are detailed in Table (4).

Tabel 4. Weighted Mean, Standard Deviation, Coefficient of Variation, and Relative Weight for Axis Three – "The Role of the Iraq Stock Exchange in Relation to Audit Committees"

Code	Variable	Mean	Std. Dev.	C.V.	Relative Weight	Level of Agreement
X ₁₆	According to the Securities Market Law No. (74) of 2004, the Securities Commission and the Iraq Stock Exchange require private and mixed banks to submit annual reports certified by their audit committees.	4.8571	0.3779	0.08	0.97	Strongly Agree
X ₁₇	Full disclosure and adherence to transparency are monitored by audit committees.	4.2857	0.7559	0.17	0.86	Strongly Agree
X ₁₈	Audit committees follow up on the bank's reports to ensure compliance with disclosure requirements issued by the Securities Commission.	4.4286	0.5345	0.12	0.86	Strongly Agree
X ₁₉	The audit committee in private banks evaluates the bank's compliance with disclosure requirements set by IFRS, Central Bank regulations, legislation, and the Iraq Stock Exchange, including its comments on procedural accuracy.	3.8571	0.6901	0.17	0.77	Agree
X ₂₀	Audit committees in private banks review reports from the due diligence committee and anti-money laundering/terrorist financing reports at least four times per year.	3.8571	0.3779	0.09	0.77	Agree

X₂₁	The audit committee monitors the bank's compliance with publishing its financial data on the website, including ownership details, major shareholders, and disclosures regarding changes in ownership and share price on a regular basis.	4.4286	0.7868	0.18	0.89	Strongly Agree
	Overall Mean for Axis Three	4.2857	0.5872	0.135	0.853	Strongly Agree

Interpretation of Axis Three Results Based on Table (4) The Role of the Iraq Stock Exchange in Relation to Audit Committees

An analysis of the data presented in Table (4) shows that all arithmetic means exceeded the hypothetical average of (3.0). Four of the six variables recorded responses classified as "Strongly Agree", indicating strong alignment with the axis questions, while the remaining two were classified as "Agree".

The variable with the highest weighted mean was X₁₆, which states:

"According to Securities Market Law No. (74) of 2004, the Securities Commission and the Iraq Stock Exchange require private and mixed banks to submit annual reports certified by their audit committees," with a relative agreement level of 97%, marking it as the most agreed-upon item.

The lowest-scoring variable was X₁₉, which states: "The audit committee in private banks evaluates the bank's compliance with disclosures required by IFRS, Central Bank instructions, legislation, and the Iraq Stock Exchange, including its comments on procedural accuracy."

It shared the same mean score as X₂₀, which refers to: "Audit committees in private banks review reports from the due diligence committee and anti-money laundering/terrorist financing reports at least four times per year."

However, X₁₉ was considered the lowest due to having a higher standard deviation compared to X₂₀, indicating less consistency in responses.

Despite this, the overall average for Axis Three remained within the "Strongly Agree" category, reflecting a high level of consensus among respondents regarding the role of the Iraq Stock Exchange in enhancing audit committee oversight.

Analysis of Respondents' Answers (Internal Audit and Control Department) – Axis Four

The responses of the participants were analyzed based on the arithmetic mean, standard deviation, coefficient of variation, relative weight, and level of agreement for Axis Four, which addresses the duties and responsibilities of the audit committee related to the internal control and audit system within the bank.

The overall arithmetic mean for this axis was 3.01060, with a standard deviation of 1.1368, and a coefficient of variation of 0.403. The relative weight was 0.603, indicating a moderate level of agreement (Somewhat Agree) among the respondents. These results are detailed in Table (5).

Tabel 5. Weighted Mean, Standard Deviation, Coefficient of Variation, and Relative Importance for Axis Four – Audit Committee Responsibilities Related to the Internal Audit and Control System in the Bank

Code	Variable	Mean	Std. Dev.	C.V.	Relative Weight	Level of Agreement
X ₂₂	The audit committee participates in decisions regarding the appointment of internal audit department staff.	2.3000	1.4419	0.63	0.46	Disagree
X ₂₃	The audit committee assesses the professional competence of the bank's internal auditors.	2.6333	1.4967	0.57	0.53	Somewhat Agree
X ₂₄	The audit committee nominates candidates for the position of head of internal audit.	2.1000	1.0938	0.52	0.42	Disagree
X ₂₅	The audit committee contributes to determining the salary and incentives of the head of internal audit.	1.8000	0.7143	0.39	0.36	Strongly Disagree
X ₂₆	The audit committee reviews the internal audit plan, scope, and resulting reports.	3.7667	1.1043	0.29	0.76	Agree
X ₂₇	The committee ensures there are no restrictions on internal auditors while performing their duties.	3.2667	1.4605	0.45	0.66	Agree
X ₂₈	The audit committee oversees the independence of the internal auditor.	2.1667	1.1472	0.52	0.44	Disagree

X ₂₉	The audit committee coordinates between internal auditors and bank management.	4.6333	0.6687	0.15	0.92	Strongly Agree
X ₃₀	The audit committee reviews the results of internal audits.	3.6000	1.3796	0.39	0.72	Agree
X ₃₁	Internal audit reports are submitted and evaluated directly by the audit committee.	3.0000	1.1447	0.38	0.60	Somewhat Agree
X ₃₂	The audit committee follows up on the implementation of internal auditor recommendations.	3.9667	1.0333	0.25	0.80	Agree
X ₃₃	The audit committee determines and monitors accounting and financial management policies through internal audit.	3.9667	1.0662	0.28	0.80	Agree
X ₃₄	The committee supervises and reviews quarterly and annual financial reports.	3.9667	1.0333	0.25	0.80	Agree
X ₃₅	The committee monitors adherence to work ethics and conduct.	2.1667	1.1167	0.50	0.44	Disagree
X ₃₆	The committee supervises and evaluates management reports on internal control effectiveness.	2.9333	1.4125	0.48	0.58	Somewhat Agree
X ₃₇	The committee, in coordination with the board, monitors and evaluates the internal audit department.	3.2000	1.2972	0.41	0.64	Somewhat Agree
X ₃₈	The audit committee regularly discusses banking risk management with the executive management.	2.7333	0.9803	0.37	0.54	Somewhat Agree
X ₃₉	The audit committee holds periodic meetings with internal auditors regarding financial statements and reviews the internal control plan and implementation levels.	2.3333	0.8840	0.39	0.46	Disagree

X₄₀	The audit committee holds private meetings with the internal auditor to discuss relevant issues.	4.0000	1.2594	0.33	0.80	Agree
X₄₁	There are field procedures for internal control that cover all accounts and items.	2.3000	1.1188	0.48	0.46	Disagree
X₄₂	The committee reviews internal audit reports regarding compliance with laws, regulations, and instructions.	3.1667	1.0531	0.34	0.64	Somewhat Agree
X₄₃	The committee identifies, tracks, and resolves personal violations.	2.2333	1.1043	0.50	0.45	Disagree
	Overall Average for Axis Four	3.0106	1.1368	0.403	0.603	Somewhat Agree

Interpretation of Axis Four Results Based on Table (5)

Audit Committee Responsibilities Related to the Internal Audit and Control System

Upon analyzing the 22 variables included in Table (5), which targeted the Internal Audit and Control Departments of the sampled banks—considered a crucial group in the study due to their direct engagement with audit committees—it was found that half of these variables recorded weighted means below the hypothetical average of (3.0), indicating negative or weak agreement. Notably, the following variables received the lowest levels of agreement:

- a) X₂₂: “The audit committee participates in decisions regarding the appointment of internal audit department staff.”
- b) X₂₃: “The audit committee assesses the professional competence of the bank’s internal auditors.”
- c) X₂₄: “The audit committee nominates candidates for the position of head of internal audit.”
- d) X₂₅: “The audit committee contributes to determining the salary and incentives of the head of internal audit,” which received the lowest agreement level overall.

Only one variable (X₂₉) achieved a "Strongly Agree" rating, which stated:

“The audit committee coordinates between internal auditors and bank management.”

In addition, six variables were rated as “Agree”, while another six variables were rated as “Somewhat Agree.”

These findings collectively support the study’s third hypothesis, which posits that:

“Audit committees in private commercial banks face challenges and obstacles due to weak adherence to laws and regulations.”

Analysis of Respondents' Answers (Audit Committee Members and Internal Audit & Control Department) – Axis Five

The participants' responses were analyzed using the arithmetic mean, standard deviation, coefficient of variation, relative weight, and level of agreement for Axis Five, which addresses the mechanisms of audit committee operations.

The overall arithmetic mean for this axis was 3.00138, with a standard deviation of 1.1264, and a coefficient of variation of 0.397. The relative weight was 0.601, indicating a moderate level of agreement (Somewhat Agree) among respondents. These results are detailed in Table (6).

Tabel 6. Weighted Mean, Standard Deviation, Coefficient of Variation, and Relative Importance for Axis Five – Audit Committee Operational Mechanisms

Code	Variable	Mean	Std. Dev.	C.V.	Relative Weight	Level of Agreement
X ₄₄	The audit committee has an annual work plan and related meetings.	2.6333	1.4015	0.54	0.52	Somewhat Agree
X ₄₅	There are clear and specific objectives for the audit committee's work.	3.1000	1.2415	0.40	0.62	Somewhat Agree
X ₄₆	Each committee meeting has a written agenda distributed beforehand.	2.9667	1.0333	0.34	0.59	Somewhat Agree
X ₄₇	Summaries of agenda items are distributed days before meetings to allow review and comment.	2.6667	1.0283	0.38	0.54	Somewhat Agree
X ₄₈	The audit committee involves both internal and external auditors in meetings on financial statements.	2.1667	1.1472	0.52	0.44	Disagree
X ₄₉	The committee holds private meetings with internal and external auditors to discuss relevant issues.	2.2333	1.1043	0.49	0.45	Disagree
X ₅₀	The audit committee chair meets separately with internal/external	2.8000	1.3235	0.47	0.56	Somewhat Agree

	auditors and the CFO before meetings.					
X ₅₁	The audit committee discusses agenda items seriously and attentively.	4.0333	0.9279	0.23	0.81	Agree
X ₅₂	Detailed meeting minutes are recorded for follow-up on recommendations.	3.9667	1.0333	0.26	0.79	Agree
X ₅₃	The committee reviews internal control procedures in detail.	3.1000	1.2415	0.40	0.62	Somewhat Agree
X ₅₄	The finance department complies with all laws and regulations.	3.2000	1.2972	0.41	0.64	Somewhat Agree
X ₅₅	The committee reviews risk management procedures.	2.8333	1.0199	0.36	0.57	Somewhat Agree
X ₅₆	The committee evaluates internal incentives and development measures.	2.2000	1.0635	0.48	0.44	Disagree
X ₅₇	The committee reviews the bank's HR development and incentive system.	2.1667	1.1167	0.51	0.44	Disagree
X ₅₈	The scope of the audit committee's work is clearly defined, including units covered and procedures.	2.1333	1.1665	0.57	0.42	Disagree
X ₅₉	Detailed audit procedures are defined (field, desktop, periodic audits).	2.1333	1.1366	0.54	0.43	Disagree
X ₆₀	Report templates and procedures include summaries tied to standards and financial implications.	3.0333	1.6291	0.54	0.60	Somewhat Agree
X ₆₁	The committee defines how to discuss reports with relevant entities.	3.1000	1.2415	0.40	0.62	Somewhat Agree
X ₆₂	The committee identifies the entities to which reports are submitted.	4.0000	0.8305	0.21	0.80	Agree

X ₆₃	The committee follows up on recommendations and their outcomes.	4.3000	0.7944	0.18	0.86	Strongly Agree
X ₆₄	The committee evaluates the bank's adopted policies, including:					
X ₆₅	The committee reviews the bank's credit rating.	3.8333	1.0854	0.28	0.77	Agree
X ₆₆	The committee reviews updates to the audit charter.	3.8667	1.1366	0.29	0.78	Agree
X ₆₇	The committee assesses the bank's responsiveness to organizational and economic changes in services.	2.8333	1.0199	0.36	0.57	Somewhat Agree
	Overall Mean for Axis Five	3.00138	1.1264	0.397	0.601	Somewhat Agree

Interpretation of Axis Five Results Based on Table (6)

Operational Mechanisms of the Audit Committee

Upon analyzing the 24 variables included in Table (6), it was observed that more than half (13 variables) recorded weighted means below the hypothetical mean of (3.0), indicating a negative evaluation. In contrast, 11 variables scored above the hypothetical mean, indicating positive agreement. However, none of the variables reached the level of "Strongly Agree".

Among the variables:

- a. 5 items received ratings of "Agree",
- b. 12 items were evaluated as "Somewhat Agree", and
- c. 6 items received "Disagree" ratings.

The most positively rated variables were X₆₃ and X₅₁, which addressed:

- a. "Follow-up on recommendations in reports and their outcomes", and
- b. "The audit committee discusses agenda items seriously and attentively."

On the other hand, the lowest-rated variable was X₅₉, which stated:

"Adoption of audit and control procedures that clearly define field, desk, or periodic audit methods."

The overall mean for this axis was slightly above the hypothetical average, indicating a general consensus around "Somewhat Agree."

These results reinforce the fourth research hypothesis, which posits that:

"There is a significant impact of properly formed audit committees—according to sound standards—on enhancing financial and administrative performance control."

Indeed, the variables that received the lowest agreement levels were those directly related to performance monitoring, which aligns with the lower ratings observed in Axis Four, concerning the actual duties of the audit committees within banks.

Analysis of Respondents' Answers (External Auditors) – Axis Six

The responses provided by the sample of external auditors were analyzed using the arithmetic mean, standard deviation, coefficient of variation, relative weight, and level of agreement for Axis Six, which examines the duties and responsibilities of the audit committee in relation to the external auditor.

The results revealed an overall arithmetic mean of 3.92666, with a standard deviation of 1.0226, and a coefficient of variation of 0.264. The relative weight reached 0.785, reflecting a positive level of agreement (Agree) among the respondents. These findings are detailed in Table (7).

Tabel 7. Weighted Mean, Standard Deviation, Coefficient of Variation, and Relative Importance for Axis Six – Audit Committee Responsibilities Toward the External Auditor

Code	Variable	Mean	Std. Dev.	C.V.	Relative Weight	Level of Agreement
X ₆₈	The audit committee recommends the appointment or dismissal of the external auditor.	3.5000	1.4337	0.40	0.70	Agree
X ₆₉	The audit committee supervises the work of the external auditor.	3.2000	1.4757	0.46	0.64	Somewhat Agree
X ₇₀	The audit committee reviews the audit plan, reports, and observations submitted by the external auditor.	3.5000	1.0801	0.31	0.70	Agree
X ₇₁	The audit committee coordinates between the external auditor and the bank's board of directors to ensure independence from management.	4.1000	0.8756	0.21	0.82	Agree
X ₇₂	The audit committee ensures that bank management provides all	4.4000	0.9660	0.22	0.88	Strongly Agree

	necessary facilities for the external auditor to perform effectively.					
X ₇₃	The audit committee ensures that bank management does not withhold any information needed by the external auditor.	4.1000	1.1972	0.29	0.82	Agree
X ₇₄	The audit committee helps resolve disputes between management and the external auditor regarding accounting and auditing issues.	4.1000	0.8756	0.21	0.82	Agree
X ₇₅	The audit committee holds periodic meetings with the external auditor without the presence of board representatives.	3.7000	0.9486	0.26	0.74	Agree
X ₇₆	The audit committee receives a copy of the external auditor's reports and follows up with relevant departments.	4.1000	0.7378	0.18	0.82	Agree
X ₇₇	The audit committee reviews and evaluates the audit results related to the bank's operations.	3.9000	0.9944	0.25	0.78	Agree
X ₇₈	The audit committee discusses accounting policies and financial reporting standards with the external auditor.	4.2000	0.7888	0.19	0.84	Agree
X ₇₉	The audit committee follows up on any disputes or difficulties the external auditor encounters with senior management and ensures no illegal activities are being requested.	3.9000	0.8765	0.23	0.78	Agree
X ₈₀	The audit committee monitors any pressures exerted on the external auditor that may affect audit independence.	3.8000	1.2292	0.32	0.76	Agree
X ₈₁	The audit committee holds periodic meetings with the external auditor	4.2000	1.2292	0.29	0.84	Agree

	regarding financial statements and assesses potential support.					
X ₈₂	The audit committee holds private meetings with the external auditor to discuss audit-related issues.	4.2000	0.6324	0.15	0.84	Agree
	Overall Mean for Axis Six	3.92666	1.0226	0.264	0.785	Agree

Interpretation of Axis Six Results Based on Table (7)

Audit Committee Responsibilities Toward the External Auditor

An analysis of the 15 variables presented in Table (7) reveals that all variables scored above the hypothetical mean of (3.0), indicating a positive overall assessment by the sample.

The majority of variables (13 out of 15) received a rating of "Agree", reflecting a high level of consistency with the axis statements. Only one variable (X₇₂) received a "Strongly Agree" rating, which states:

“The audit committee ensures that bank management provides all necessary facilities for the external auditor to perform effectively.”

This item recorded the highest weighted mean (4.4), a standard deviation of 0.97, a coefficient of variation of 22%, and a relative agreement of 88% making it the most positively rated item in the axis.

On the other hand, the only item rated as "Somewhat Agree" was (X₆₉):

“The audit committee supervises the work of the external auditor,”

which recorded the lowest mean score (3.2), a relatively high coefficient of variation (0.46), and a relative agreement of 64%.

These findings highlight a common organizational deficiency: the weak interaction between the audit committee and the external auditor, where responsibilities such as evaluating proposals, discussing financial statements, and reviewing the audit plan are often delegated entirely to executive management. This neglect undermines the committee’s oversight role, particularly when periodic meetings are not held to ensure the external auditor’s independence and objectivity.

Summary of Questionnaire Results Analysis

- 1) The reliability and internal consistency of the questionnaire were confirmed using Cronbach’s Alpha test, with all axes achieving values above 0.7, indicating that the questionnaire items are highly stable and internally cohesive for research purposes.

- 2) Respondents' answers followed a normal distribution, as demonstrated by the normal distribution plots included in the appendix, in addition to the outcomes of the Skewness and Kurtosis tests, which further supported the validity of the statistical procedures.
- 3) Analysis of responses by axis revealed the following levels of agreement:
 - a) The highest level of agreement was observed in Axis Three, which addresses the role of the Iraq Stock Exchange in relation to audit committees, where responses were categorized as "Strongly Agree".
 - b) This was followed by Axis Two (the extent to which audit committees perform their duties according to Central Bank instructions) and Axis Six (the audit committee's responsibilities toward the external auditor), both receiving a general level of "Agree."
 - c) The least agreement was found in Axis Four and Axis Five, which received "Somewhat Agree" ratings. Notably, these two axes were evaluated by the same respondent group (internal audit and audit committee members), which may explain the relative decline in consensus.

Agreement Levels by Axis:

- a) Axis II: Agree
 - b) Axis III: Strongly Agree
 - c) Axis IV: Somewhat Agree
 - d) Axis V: Somewhat Agree
 - e) Axis VI: Agree
- 1- Factor analysis identified the strongest-performing variables in each axis as follows:
- a) Axis II: Variables X_1 and X_3
 - b) Axis III: Variables X_{16} and X_{18}
 - c) Axis IV: Variables X_{29} and X_{30}
 - d) Axis V: Only X_{63}
 - e) Axis VI: Only X_{72}

5. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Based on the subject of your research:

"The Impact of Independence and Financial and Accounting Expertise of Audit Committee Members in Enhancing the Relevance and Value of Financial and Accounting Information"

The following twenty conclusions have been reformulated in alignment with the study's title and its thematic focus, highlighting the relationship between audit committee characteristics and the quality and reliability of accounting information, with emphasis on independence and expertise as key determinants:

- 1) Gaps in applying audit mechanisms, along with weak internal control and ineffective audit committees, allow room for improper accounting practices that negatively affect financial and administrative performance, underscoring the need for committee members with independence and professional competence.
- 2) Weak commitment to governance culture in the Iraqi environment, due to legal and societal challenges, undermines the role of audit committees and renders their formation in commercial banks often a formal process lacking core standards like independence and technical expertise.
- 3) Audit committees are among the most important oversight tools of the board of directors, serving as a pivotal link that ensures auditor independence and enhances the effectiveness of internal control systems, provided they possess clear professional characteristics, notably financial and accounting specialization.
- 4) The importance of audit committees has increased following repeated financial crises that revealed a lack of trust in financial reports, confirming that activating the committee's role contributes to protecting shareholders' interests and improving the quality of financial disclosure.
- 5) Adopting governance philosophy within economic units has reinforced the trend toward forming effective audit committees due to their essential role in controlling performance and detecting accounting deviations early.
- 6) Accounting literature has shown that the efficiency of audit committees depends on several characteristics, most notably professional qualifications, independence, tenure, and support from the board of directors, all of which are critical in achieving transparency.
- 7) Audit committees play a pivotal role in ensuring the quality of financial reports and building trust in accounting information, which directly impacts the efficiency of financial and administrative performance in banks.
- 8) The study's results showed that private commercial banks do not comply with the legal framework when forming audit committees, as member qualifications and independence are often not considered, and members frequently serve on multiple committees within the same bank.

- 9) The study revealed a lack of knowledge among some Central Bank of Iraq staff regarding the characteristics of audit committees, indicating a gap in organizational awareness.
- 10) The study found that many individuals in the Iraq Stock Exchange sample lacked clear knowledge about how audit committees are formed or how they function, reflecting weak professional education in this area.
- 11) Responses from external auditors indicated a weakness in the qualifications of audit committee members in banks, contradicting Central Bank requirements and weakening the committee's impact on enhancing financial disclosure.

Recommendations

Based on the conclusions reached by the research, and in light of the observed challenges and incomplete practices in forming and activating audit committees in Iraqi private commercial banks, the following scientific and practical recommendations can be presented:

- a) It is necessary to issue binding regulatory instructions requiring banks to appoint audit committee members who possess accounting and financial expertise and are independent from executive management, and to prohibit overlapping membership in other bank committees.
- b) The study recommends promoting governance culture within commercial banks by developing legal and institutional frameworks and integrating governance standards into supervisory evaluation processes to enhance the effectiveness of audit committees as a core oversight mechanism.
- c) Emphasis should be placed on making the audit committee a direct channel to the board of directors, enabling it to perform its oversight role, especially in monitoring auditor independence and evaluating the internal control system.
- d) In light of the challenges posed by financial crises to the reliability of accounting data, the role of the audit committee should be activated in reviewing financial policies and analyzing risks to enhance disclosure quality and stakeholder trust.
- e) Economic units must adopt the audit committee as an indispensable oversight tool by providing it with the technical and administrative capabilities to detect errors and deviations early and closely monitor the implementation of control plans.
- f) It is necessary to establish binding professional standards for selecting committee members, including academic qualifications and accounting experience, and to define the term of membership to ensure continuity and prevent monopolization of oversight positions.

- g) Banks must ensure that audit committees play an active role in reviewing financial reports and verifying their compliance with international disclosure standards to enhance the confidence of users and regulatory bodies.
- h) The research calls on the Central Bank of Iraq to intensify supervision over the commitment of commercial banks to implement the Banking Law and the instructions for forming audit committees regarding specialization, independence, and full membership engagement.
- i) The study recommends organizing specialized training programs for Central Bank staff, especially those working in compliance and banking performance monitoring departments, to raise their awareness of audit committee characteristics and functions.
- j) Awareness campaigns and workshops should be prepared for investors and market participants to introduce them to the role of the audit committee and its impact on improving the quality of accounting information and ensuring shareholder protection.

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