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THE INFLUENCE OF THE EFFICIENCY OF THE AUDITING COMMITTEE ON IMPROVING BANKS' VALUE: AN EMPIRICAL STUDY ON A SAMPLE OF IRAQI PRIVATE BANKS

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ABSTRACT

The present study aims to clarify the influence of the efficiency of the auditing committee on improving banks' value by using the locally and internationally recognized characteristics of the auditing committee, namely the number of members of the auditing committee, the number of independent members, the financial expertise of the committee, the activity of the committee, as well as the percentage of ownership of members to show the influence of the efficiency of these five characteristics on improving banks' value. To achieve the objectives of the present study, a sample of private banks in the Iraq Stock Exchange was chosen for the years 2016 and 2017 with 56 observations. The Tobin's Q scale was chosen with appropriate measures being used to suit each of the characteristics of the committee. The characteristics are linked with the banks' value to clarify their influence. The SPSS program was used in the process of conducting the required statistical tests, which included the normal distribution test and simple and multiple linear regression analysis models. In general terms, the statistical results have shown that there is an influence of the efficiency of the auditing committee on improving the banks' value. According to the results, the researchers recommend paying

attention to forming committees that are based on clear and scientific foundations that are compatible with education And professional organizations for auditing in banks.

INTRODUCTION

Auditing committees are among the mechanisms of governance and protecting the interests of shareholders and other stakeholders. Auditing committees have received great attention from specialized international bodies at the present time, especially after the failures and financial turmoil that swept major international companies. This interest is due to the role that auditing committees can play as a mechanism for corporate governance in increasing the credibility and transparency of information disclosed by companies, especially financial information, through its role in observing financial reporting, supervising the internal auditing function, supporting the function of the auditor, increasing independence, and Emphasizing the commitment to corporate governance principles. Thus, the international financial exchanges ask companies that register their shares with them to establish auditing committees. The idea of establishing and forming auditing committees has developed due to the role of these committees in increasing the credibility and reliability of the financial statements that the administration prepares for shareholders and investors, support the Supreme administration to carry out the tasks assigned to it efficiently and effectively, support the independence of the internal auditor, ensure the neutrality of the external auditor, and to improve the quality of the performance of the financial control system. This role is reflected in the quality of the financial statements, their reliability, and the efficiency of the board of directors, The auditing committee component characteristics: the number of auditing committee members, the independence of the auditing committee, financial expertise of the committee, the activity of the committee, and the percentage of ownership of the auditing committee members have an influence on the process of improving the company's value, guiding the company's administration towards achieving long-term goals by preserving the value of the company's shares, promoting and consolidating the goals for which the company was established through the company's continuity and sustainability in line with the principle of continuity, achieving profits that are reflected on the value of the company and earnings per share, enhancing opportunities for growth and continuity, maximizing the value of the company in the long term, and increasing the confidence of users of the company's financial statements.

LITERATURE REVIEW

Auditing Committee: A Conceptual Framework

The American Institute of Certified Public Accountants (AICAP) has defined the auditing committee as the tool through which illegal behavior is curbed by senior corporate administration (Muhammad & Dahdouh, 2013: 470). The auditing committee is part of the corporate governance structure that is Responsible for observing the entire oversight process and regulating the

relationship between the company and the internal and independent external auditors (Bahram, 2007: 95). The Canadian Organization of Certified Public Accountants (CICA) in 1992 defined the auditing committee as a committee made up of company board members whose responsibilities are to review the annual financial statements before handing them over to the Board of Directors. The auditing committee is a link between the auditors and the Board of Directors. Its activities are summarized in the nomination of the external auditor and the discussion of the scope and results of the auditing with him/her, the revision of the company's internal control system to ensure its effectiveness, and all financial information prepared for publication to ensure that the rules of corporate Governance are applied (Knapp, 2009: 36). The Tread Way Commission presents another important definition of auditing committee that it is a tool used by the company's administrations in the process of making financial decisions when there is not enough time or experience to be aware of the details of the issues related to financial requirements (Qutaishat, 2010: 17).

It can be noticed that the auditing committee is part of the corporate governance structure. It is responsible for observing the entire process of the relationship between the company and independent auditors. Independent auditors are more likely to prefer governance mechanisms that address their concerns about lowering risk of reporting financial fraud. External auditors may also consider the presence of an internal auditing function as evidence of the Board's and company's administration's commitment to strong corporate governance (Hussam Aldamen et. Al, 2012: 974). It helps build and examine the company's internal control systems to provide reliable financial reporting for the purpose of taking Rational Decisions (Al-Sartawi et al., 2013: 825).

The position of the auditing committee in the organizational structure

In most of the countries of the world, auditing committees are usually formed through the boards of companies that undertake the process of selecting members from non-executives. Tasks and duties are defined, rewards are determined, and the resignation and dispensing of services is accepted (Hamidi et al, 2017: 769). The committee occupies an important position in the organizational structure. It is one of the monitoring tools in the company. It works as a link and bridge between the board of directors and the internal and external auditors. The committee's position and this relationship between it and the supervisory agencies and its great role in enhancing the control component in the company is very important (Al-Rahili, 2008: 197). This position opens the way for the committee as a supervisory tool with a role in raising the effectiveness and efficiency of the company's activities to promote and improve the value of the company to shareholders and stakeholders. As for the purpose of auditing, it is to ensure the integrity and credibility of the internal control processes, the preparation of financial reports, and the efficiency and independence of the external auditor of the company's auditing process (Auditing Committees Working Guide, 2008: 8). These purposes

serve the company's performance, improve its value by raising operational performance and improving market value. For the company, increase the earnings per share, reform the company's position, and enhance accounting disclosure and transparency.

The characteristics of the performance of the auditing committee

The effectiveness and efficiency of the auditing committee is enhanced when this committee is equipped with good resources, independent, and when the committee has members with financial experience. In order for the committee's work to be effective and efficient, effective characteristics that contribute to the committee's achievement of the goals for which it was designed and established must be available. The governance structures and organizations Professionalism are essential elements of the strength of the auditing committee. These five elements or characteristics are: Number of auditing committee members, number of independent members, number of members with financial experience, activity of the auditing committee, number of committee meetings per year", and ownership percentage of auditing committee members (DeZoort et. al, 2002: 41- 42). Independent AC committee members face fewer problems in the industry. They are likely to stand by the auditor who requires fewer negotiations and meetings. Thus, fewer meetings are required from the auditor. This may adversely affect the level of oversight (Husam Aldamen et. Al, 2012: 976). Undoubtedly, the committee's inclusion of non-executive directors is desirable in order to ensure that administration plans and policies are subject to objective and constructive criticism that contributes to reducing doubts about the intentions and credibility of the success of the executive administration (Al-Saqa and Abu Al-Khair, 2010: 208).

Perhaps, one of the most important and prominent issues related to the structure of the committee is to determine the members. The majority of literature regarding the auditing committee recommends that the committee member should have an open minded discussion and background in the areas of administration, finance, accounting, and auditing together as the committee can benefit when At least one of its members has in-depth experience with accounting and auditing issues (Sahrawi, 2018: 66).

Controls and tasks of the auditing committee in Iraq

At the local level, several texts were issued regarding the auditing committee and its responsibilities in the Iraqi banks. The Iraqi Banking Law No. (94) for 2004 referred to the auditing committee in Article (24) thereof which states (Al-Araji, 2004: 71- 72):

Each bank shall establish an auditing committee. That committee shall have the following tasks or powers:

Reviewing and approving the accounting procedures and the annual auditing plan according to the accounting controls and risk management of the bank. The committee recommends and approves the process of selecting the auditor to be appointed as an external auditor for the bank. It presents the report of the external auditor on the financial statements of the bank. The committee informs the Board of Directors of any results before Board's of Directors approval on the financial statements. It requests reports from the head of the internal auditing.

The value of the company

The value of the company is measured by using the Tobin's Q model, which was founded by James Tobin in 1969. It was effectively developed by Chung & Pruitt, specifically in 1994, according to the following formula (Abdulzahra, 2017: 387):

$$\text{Approximate } Q = (\text{MVE} + \text{PS} + \text{DBET}) / \text{TA}$$

MVE = the total market value of the company's shares.

PS = cash value of preference shares.

DBET = liabilities (short-term + long-term) minus current assets.

TA = Total Assets.

To explain this equation and scale, the higher the value of (Q) than the correct one, this indicates an increase in the value of the company. Whereas, a decrease in (Q) indicates that the company's assets are valued above its market value.

THE SCIENTIFIC METHOD

The research methodology will be presented according to the following mechanism:

The study problem

The main study problem can be formulated through the following questions: Is there an influence of the efficiency of the auditing committee on improving the company's value? From this question, the following questions can branch:

1. Is there an influence of the number of auditing committee members on improving the company's value?
2. Does the number of independent members of the Auditing Committee improve the company's value?
3. Is there an influence of the number of experienced members of the Auditing Committee on improving the company's value?

4. Is there an influence of the auditing committee's activity on improving the company's value?
5. Is there an influence of the percentage of ownership of the members of the auditing committee on improving the company's value?

The aims study

The present study aims to achieve a set of main aims. Perhaps, the most prominent are:

1. Reviewing the most important literature in the study of the auditing committee and the most important characteristics of this committee.
2. Addressing the most important literature on improving the company's value and characteristics.
3. Determining the influence of the efficiency of the auditing committee on improving the company's value.
4. Testing the relationship between the influence of the efficiency of the auditing committee and its effective characteristics in improving the value of the company by focusing on the Iraqi private banks, the research sample.

The significance of study

The significance of the present study is evident in the fact that investors are looking to maximize the positive returns and profits as the value of the company and its improvement are reflected on the investors through the important role of the auditing committee as one of the mechanisms for corporate governance, which highlights the monitoring of the most important negative cases and being the Necessary link between the internal and external auditing and the removal of problems and obstacles that may arise as a result of the auditing work. Based on that, the significance of the present study is highlighted through the following:

1. Clarifying the role of the auditing committees and their characteristics in organizing the work of Iraqi private banks and the positive reflection of the committee's presence in improving the value of these banks through supervision and follow-up of all financial activities and operations.
2. Emphasizing the necessity of the existence of such committees in Iraqi private banks as well as their role in supporting the work of the external auditor and ensuring its independence.

The hypothesis

The present study is based on the following main hypothesis:

There is a statistically significant correlation between the characteristics of the auditing committee and improving the value of companies in the banking sector. There are five sub-hypotheses:

1. There is a statistically significant correlation between the number of members of the Auditing Committee and improving the company's value.
2. There is a statistically significant correlation between the number of independent members of the Auditing Committee and improving the company's value.
3. There is a statistically significant correlation between the number of experienced members of the Auditing Committee and improving the company's value.
4. There is a statistically significant correlation between the activity of the Auditing Committee and improving the company's value.
5. There is a statistically significant correlation between the ownership percentage of the auditing committee members and improving the company's value.

The study variables

The present study consists of two main variables:

1. The independent variable; The auditing committee and its characteristics that comprise it: number of auditing committee members, number of independent members, financial experience, committee activity, and percentage of ownership of members.
2. The dependent variable; The value of the company, which is measured by the ratio of the market value of the share to its book value. The market value represents the closing price of the company shares. The book value of the share is estimated as follows:
Book value per share = Equity / number of ordinary shares.

The study community and its data

The study community consists of 14 Iraqi private banks listed in the Iraq Stock Exchange for the period from 2016 to 2017 except Islamic banks. The banks were chosen due to the importance of the efficiency of the auditing committee in the Iraqi banking sector, especially after the Central Bank of Iraq newsletter No. (4) for 2010 that confirmed to give great importance to this committee. The sample was chosen on the basis of the availability of financial and non-financial information for research variables in the reports of these banks. The researchers could obtain 56 observations that they benefited from in the practical part of the present study.

Method of data collection

In the theoretical part of the present study, the researchers relied on a set of books, references, research, and published periodicals. In the practical part, a global scale was used to determine the value of the company, which is the Tobin Q scale as well as the appropriate statistical measures to show the existence of a statistically significant correlation between the research variables.

The influence of the auditing committee on the value of the company: An applied approach

The researchers relied on analyzing the data of the auditing committee of private banks and the quantification of these data through the table below, which shows the basic characteristics of the auditing committee as well as extracting a digital value for the company through the use of a practical scale, which is the Tobin's Q scale through the linear equation shown earlier.

The most important statistical tests were related to the applied side through the use of SPSS. After completing the measurement of the variables used in the present study, the descriptive statistics of the variables can be summarized in the following table.

Table (1) Descriptive Statistics of the study variables.

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Company's value	28	-.4260	.7780	-.072143	.2894633
Number of auditing committee members	28	0	1	.89	.315
Number of independent members	28	0	1	.36	.488
Number of experienced members	28	0	1	.86	.356
The auditing committee activity	28	2	3	2.64	.488
Percentage of	28	.000	.720	.13043	.206381

committee members' ownership					
Valid N (list wise)	28				

The most important thing shown in the above table is the descriptive statistic. The sample size for all variables is 28 observations. This means that there are no extreme values between the data.

The following table shows the self-correlation matrix between the data of the variables used in the present study.

Table (2) Self-correlation matrix between variables

Correlations						
	The company's value	Number of auditing committee members	Number of independent members	Number of experienced members	The auditing committee activity	Percent of committee members' ownership
The company's value	1					
Number of auditing committee members	-.372	1				
Number of independent members	-.070	-.224	1			
Number of experienced members	-.043	-.141-	-.548**	1		

The auditing committee activity	-.079	-.017	-.222	.335	1	.
Percentage of committee members' ownership	.530**	-.187	-.480**	.263	.035	1
**. Correlation is significant at the 0.01 level (2-tailed).						

From the previous table, it is noticed that bilateral self-associations between the variables is weak. This indicates that the data measure different dimensions.

Before analyzing the hypotheses, the researchers made sure that there was no problem of linear interference in the independent and dependent variable data. This is done through the multi-collinearity test known as the Diagnostics Collinearity scale. They guided by two indicators: the Factor Inflationary Variance (VIF), as well as the Tolerance Factor. With the help of SPSS, the results were as follows.

Table (3) Linear interference test between data

Variable	Collinearity Statistics	
	Tolerance	VIF
Number of auditing committee members	.737	1.356
Number of independent members	.444	2.253
Number of experienced members	.581	1.722
The auditing committee activity	.879	1.138
Percentage of committee members' ownership	.663	1.509

The above table shows that all VIF values are less than 10 and all Tolerance coefficient values are greater than 0.1. This indicates that there is no linear interference problem between the independent and dependent variables of the present study. It is a condition for performing multiple regression analysis.

After making sure of overcoming the condition that there is no linear interference and making sure of the weakness of the dual self-association, the next procedure is regression analysis to test the present study hypotheses.

The first main hypothesis: There is a statistically significant correlation between the characteristics of the auditing committee and improving the value of the company."

To test this hypothesis, the following "multiple regression" model has been formulated.

$$VF_{it} = B_0 + B_1 Size_{it} + B_2 Ind_{it} + B_3 Exp_{it} + B_4 ACT + B_5 PRO_{it} + \varepsilon_{it}$$

Using the SPSS statistical program, the results were as follows.

Table (4) Summary of the first hypothesis test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.637^a	.406	.271	.2471695
a. Predictors: (Constant), Pro, Act, Size, Exp., Ind.				

The above table shows a summary of the model. The summary value of the correlation (R) between the variables was 0.637. It is a value of medium strength. The coefficient of determination R Square was 0.406, which represents the explanatory power of the model used. The characteristics of the auditing committee explain the value of 40.6 % Of the company's value. The standard deviation of the error std. Error of the Estimate was 2471695.0 which is a very low number. The lower this type of errors, the better the statistics are.

Table (5) First hypothesis variance test

ANOVA^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.918	5	.184	3.006	.032^a
	Residual	1.344	22	.061		
	Total	2.262	27			
a. Predictors: (Constant), Pro, Act, Size, Exp., Ind.						
b. Dependent Variable: FV						

The above table shows the variance of anova. The estimated F value was 3.006. It is greater than the tabular value according to degrees of freedom df of (22.5) which was 2.66 at the level of significance of 5%. The level of significance of the test Sig was 0.032, which is less than the acceptable error

value In the social sciences, which is predetermined by 0.05. This indicates the appropriateness of the statistical model used to test the hypothesis and indicates acceptance of the research hypothesis to prove the statistical effect.

Table (6) regression coefficients for the first hypothesis

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.297	.392		.757	.457
	Size	-.286	.176	-.311-	-1.624	.119
	Ind.	-.011	.146	-.019-	-.076	.940
	Exp.	-.182	.175	-.224-	-1.040	.310
	Act.	-.019	.104	-.032-	-.180	.858
	Pro.	.733	.283	.522	2.588	.017
a. Dependent Variable: FV						

From the results of the above table, the regression equation used to test this hypothesis can be rephrased using the values of the coefficient B as follows:
 $VF = 0.297 - 0.286 * Size - 0.011 * Ind - 0.182 * Exp - 0.019ACT + 0.733 * PRO$

The first sub-hypothesis: There is a statistically significant correlation between the number of the auditing committee members and improving the value of the company.”

To test this hypothesis, the regressions of the model were formulated as follows:

$$VF_{it} = B_0 + B_1 Size_{it} + \varepsilon_{it}$$

Using the SPSS statistical program, the results were as follows:

Table (7) Summary of the first sub-hypothesis test form

Model Summary				
Mode l	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.372^a	.139	.105	.2737744
a. Predictors: (Constant), Size				

The above table shows a summary of the model. The value of the correlation (R) between the variables was 0.372. It is a value of weak strength. The coefficient of determination R Square was 0.139, which represents the explanatory power of the model used. The number of the auditing committee members can explain 13.9% of the company’s value. The standard deviation of the error std. Error of the Estimation was 2737744.0, which is a very low number. The lower this type of errors, the better the statistics are.

Table (8) First Sub-Hypothesis Variation Test

ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.314	1	.314	4.283	.050 ^a
	Residual	1.949	26	.075		
	Total	2.262	27			
a. Predictors: (Constant), Size						
b. Dependent Variable: FV						

The above table shows the variance above anova that the calculated F value was 4.283. It is greater than the tabular value calculated according to degrees of freedom df (26,1) of 2.23 at the level of significance of 5%. The level of significance of the test Sig was 0.05 which is equal to the value of the error accepted in science. Social and predetermined by 0.05, and this indicates the appropriateness of the statistical model used to test the hypothesis and indicates the acceptance of the research hypothesis to prove the statistical impact.

The above table is the variance of anova. The estimated F value was 4.283. It is greater than the tabular value according to degrees of freedom of (26.1) which was 2.23 at the level of significance of 5%. That is predetermined by 0.05. This indicates the appropriateness of the statistical model used to test the hypothesis and indicates the acceptance of the research hypothesis to prove the statistical influence.

Table (9) regression coefficients for the first sub hypothesis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.233	.158		1.476	.152
	Size	-.342	.167	-.372	-2.045	.050
a. Dependent Variable: FV						

The above table indicates that the value of the coefficient B was -.342. This means that there is an adverse correlation between the number of the auditing committee members and the value of the company. Increasing the number of members of the auditing committee is not in the interest of the company. The regression equation used in testing this hypothesis can be reformulated using the values of the coefficient B as follows:

$$VF = 0.233 - 0.342 * \text{Size}$$

The second sub-hypothesis: There is a statistically significant correlation between the independence of the Auditing Committee and improving the value of the company.”

To test this hypothesis, the following regression model has been formulated:

$$VF_{it} = B_0 + B_1 \text{Ind}_{it} + \varepsilon_{it}$$

Using the SPSS statistical program, the results were as follows:

Table (10) Summary of the second hypothesis test model

Model Summary					
Model	R	R Square	Adjusted R Square	R	Std. Error of the Estimate
1	.070 ^a	.005	-.033-		.2942559
a. Predictors: (Constant), Ind.					

The above table shows a summary of the model. The summary value of the correlation (R) between the variables was 0.07. It is a very weak value. The coefficient of determination R Square was 0.005, which represents the explanatory power of the model used. The number of the auditing committee members can explain 0.5% of the company’s value. The standard deviation of the error Std. Error of the Estimate was 2942559.0 which is a very low number. The lower this type of errors, the better the statistics are.

Table (11) sub-hypothesis variance test

ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.011	1	.011	.128	.724 ^a
	Residual	2.251	26	.087		
	Total	2.262	27			
a. Predictors: (Constant), Ind.						
b. Dependent Variable: FV						

The above table shows the variance of anova. The estimated F value was 0.128 which is smaller than the tabular value according to degrees of freedom df of (26.1) which was 2.23 at the level of significance of 5%. The level of significance of the test Sig was 0.724 which is much greater than the value of the acceptable error in Social sciences that is predetermined by 0.05. This indicates the rejection of the research hypothesis because the influence has not been statistically proven. The independence of the members of the auditing

committee did not affect the improvement of the value of the company because the private banks of the research sample did not pay much attention to this element despite its great importance in raising The value of the company.

Table (12) regression coefficients for the second sub hypothesis

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.057	.069		-.827	.416
	Ind.	-.041	.116	-.070-	-.357	.724
a. Dependent Variable: FV						

The regression equation used to test this hypothesis can be rephrased using the parameter of B values in Table 12 as follows:

$$VF = -0.057 - 0.041 * Ind$$

The third hypothesis: There is a statistically significant correlation between the financial expertise of the members of the auditing committee and improving the value of the company.

To test this hypothesis, the following regression model has been formulated:

$$VF_{it} = B_0 + B_1 Exp_{it} + \varepsilon_{it}$$

Using the SPSS statistical program, the results were as follows:

Table (13) Summary of the third hypothesis test model

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.043^a	.002	-.037-	.2947008
a. Predictors: (Constant), Exp.				

The above table shows a summary of the model. The summary value of the correlation (R) between the variables was 0.043. It is a very weak value. The R Square parameter was 0.002, which represents the explanatory power of the model used. The financial expertise of the members of the auditing committee can explain 0.2% of the company's value. The standard deviation of the error of the Estimate was 2947008.0, which is a very low number. The lower this type of errors, the better the statistics are.

Table (14) Third Sub-Hypothesis Variation Test

ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.004	1	.004	.049	.827 ^a
	Residual	2.258	26	.087		
	Total	2.262	27			
a. Predictors: (Constant), Exp.						
b. Dependent Variable: FV						

The above table shows the variance of anova. The estimated F value was 0.049 which is smaller than the tabular value according to degrees of freedom df of (26.1) which was 2.23 at the level of significance of 5%. The level of significance of the test Sig was 0.827 which is much greater than the value of the acceptable error in Social sciences that is predetermined by 0.05. This indicates the rejection of the research hypothesis because the influence is not statistically proven. The financial expertise of the members of the auditing committee did not influence the improvement of the value of the company as most of the private banks in Iraq did not commit to appoint members of this committee who hold a certified accountant certificate or a higher degree in the field of accounting and auditing fields. Tasks are assigned to people with job titles that are far from the requirements for forming an auditing committee, which requires the availability of financial expertise for committee members.

Table (15) regression coefficients for the third sub-hypothesis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.042	.147		-.285	.778
	Exp.	-.035	.159	-.043	-.221	.827
a. Dependent Variable: FV						

The regression equation used to test this hypothesis can be rephrased using the parameter values of B in the above table as follows:

$$VF = -0.042 - 0.035 * \text{Exp}$$

The fourth hypothesis: There is a statistically significant correlation between the activity of the auditing committee members and improving the value of the company.

To test this hypothesis, the following regression model has been formulated:

$$VF_{it} = B_0 + B_1 \text{Act}_{it} + \varepsilon_{it}$$

Using the SPSS statistical program, the results were as follows:

Table (16) Summary of the fourth hypothesis testing model

Model Summary					
Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.079 ^a	.006	-.032-		.2940545
a. Predictors: (Constant), Act.					

The above table shows a summary of the model. The summary value of the correlation (R) between the variables was 0.079. It is a very weak value. The R Square was 0.006, which represents the explanatory power of the model used. The activity of the auditing committee members can explain 0.6% of the company's value. The standard deviation of the error std. Error of the Estimate was 2940545. It is a very low number. The lower this type of errors, the better the statistics are.

Table: (17) Sub-hypothesis four variance test

ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.014	1	.014	.163	.689 ^a
	Residual	2.248	26	.086		
	Total	2.262	27			
a. Predictors: (Constant), Act.						
b. Dependent Variable: FV						

The above table shows the variance of anova. The estimated F value was 0.163 which is smaller than the tabular value according to degrees of freedom df of (26.1) which was 2.23 at the level of significance of 5%. The level of significance of the test Sig was 0.689 which is much greater than the value of the acceptable error in Social sciences, which is predetermined by 0.05. This indicates the rejection of the research hypothesis because the influence was not statistically proven. The activity of the auditing committee members did not influence the improvement of the company's value. The reason behind this is that most of the committees did not achieve the required quorum for the number of committee members to hold meetings annually for the purpose of performing the tasks assigned to them in a way that serves the work of banks. Holding one or two meetings is relatively small compared to the work of banks and the financial risks that these private banks are exposed to.

Table (18) regression coefficients for the fourth sub hypothesis

Coefficients ^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.052	.312		.166	.869
	Act	-.047	.116	-.079-	-.404	.689
a. Dependent Variable: FV						

The regression equation used to test this hypothesis can be rephrased using the parameter values of B in the above table as follows:

$$VF = 0.052 - 0.047 * Act$$

The fifth sub-hypothesis: There is a statistically significant correlation between the percentage of ownership of the members of the auditing committee and improving the value of the company.

To test this hypothesis, the following regression model has been formulated:

$$VF_{it} = B_0 + B_1 PRO_{it} + \varepsilon_{it}$$

Using the SPSS statistical program, the results were as follows:

Table (19) Summary of the fifth sub-hypothesis testing model

Model Summary					
Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.530 ^a	.280	.253		.2502156
a. Predictors: (Constant), Pro					

The above table shows a summary of the model. The summary value of the correlation (R) between the variables was 0.53. It is a value of medium strength. The coefficient of determination R Square was 0.280, which represents the explanatory power of the model used. The percentage of ownership of the auditing committee members can explain 28% of the company's value. The standard deviation of the error Std. Error of the Estimate was 2502156.0 which is a very low number. The lower this type of errors, the better the statistics are.

Table (20) The fifth sub-Hypothesis Variation Test

ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.635	1	.635	10.135	.004 ^a
	Residual	1.628	26	.063		
	Total	2.262	27			

a. Predictors: (Constant), Pro.
b. Dependent Variable: FV

The above table shows the variance of anova. The estimated F value was 10.135 which is greater than the tabular value according to degrees of freedom df of (26.1) which was 2.23 at the level of significance of 5%. The level of significance of the test Sig was 0.004 which is much smaller than the value of the error accepted in Social sciences that is predetermined by 0.05. This indicates the appropriateness of the statistical model used to test the hypothesis and indicates acceptance of the research hypothesis to prove the statistical influence.

Table (21) regression coefficients for the fifth sub-hypothesis

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.169	.056		-3.006	.006
	Pro.	.743	.233	.530	3.183	.004
a. Dependent Variable: FV						

The above table indicates that the value of Factor B was 743. This means that there is a direct correlation between the percentage of ownership of members of the Auditing Committee and the value of the company. The increase in the ownership percentage of members of the Auditing Committee is in the interest of the company and enhances its value due to the increased eagerness and motivation of the members of that committee By practicing their role in controlling and coordinating between the different bodies, which contributes to raising the level of performance and thus enhancing the value of the company. The regression equation used in testing this hypothesis can be reformulated using the values of the coefficient B as follows:

$$VF = -0.169 + 0.743 * PRO$$

CONCLUSIONS

The present study aims to clarify the efficiency of the auditing committee through the characteristics of the committee in improving the value of the bank through testing the research hypotheses. The results of the statistical analysis showed a statistically significant correlation between the characteristics of the auditing committee in banks and improving the value of the company. A difference was observed in The correlation between the characteristics of the auditing committee and improving the company's value. The influence may be positive for some properties. It may be negative for some characteristics, and it will not lead to the improvement of the banks' value. Perhaps, one of the most prominent conclusions is the presence of a

direct influence and a positive relationship between the percentage of ownership of the members of the Auditing Committee and improving the value of banks because this pays members to make more strenuous efforts and be more keen than others in improving banking in general and financial and regulatory activities, which will undoubtedly be reflected In a positive way on enhancing the value of the banks and improves the efficiency of its work by increasing the earnings per share at the level of closing and maintaining the market value. It will then improve the financial value of banks.

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