

The Contribution of Internal Audit to the Enhancement of Corporate Governance

La Contribution de l'Audit Interne à l'Amélioration de la Gouvernance d'Entreprise

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Abstract

The governance concept has emerged in recent years as a modern part of new managerial practices. This is due to the financial scandals that have erupted in the United States within some of the world's major corporations. Furthermore, internal auditing, as a new mechanism, has emerged to strengthen the governance system at both financial and managerial levels. Accordingly, the aim of this study is therefore to explore the causal effect of the internal audit function as a control and monitoring body in improving the governance system. The study is based on an assessment of the effect of the internal control and risk management system on improving organizational governance. To address our research topic, an exploratory approach to the literature on the link between internal audit and governance is implemented, enabling us to highlight the theoretical design of the research, via a theoretical conceptual model describing the link between the tools of the internal audit function (internal control and risk management) on the improvement of corporate governance.

Keywords: governance system, internal audit, internal control, information asymmetry, risk management.

Résumé

La gouvernance a émergé ces dernières années comme un concept moderne faisant partie des nouvelles pratiques managériales. Cela est dû aux scandales financiers qui ont éclaté aux États-Unis au sein de certaines des grandes entreprises du monde. Par ailleurs, l'audit interne, en tant que mécanisme de gouvernance, est apparu pour renforcer le système de gouvernance aussi bien au niveau financier qu'au niveau managérial. De ce fait, cette étude a pour objectif d'explorer l'effet de l'audit interne en tant qu'organe de contrôle dans l'amélioration du système de gouvernance, en évaluant le système de contrôle interne et de management des risques. Pour traiter notre sujet de recherche, une approche exploratoire de la littérature sur le lien entre l'audit interne et la gouvernance est mise en œuvre, ce qui nous permet de mettre en évidence la conception théorique de la recherche, via un modèle conceptuel théorique décrivant le lien entre les outils de la fonction d'audit interne (le contrôle interne et le management des risques) sur l'amélioration de la gouvernance d'entreprise.

Mots clés : système de gouvernance, audit interne, contrôle interne, asymétrie d'information, magement des risques.

Introduction

Today's organizations operate in a turbulent and dynamic environment, which has a significant impact on their decision-making processes. To this end, organizations have put in place a set of notable development tools to improve value creation, organizational management efficiency and increase economic and financial productivity. Governance bodies are control and supervisory bodies that have demonstrated a considerable effect on the governance system, such as internal audit as a value-creating activity whose mission is to provide senior management and stakeholders with reasonable assurance as to the mastery of risk management processes and the internal control system. It is also a tool that helps to reduce information asymmetries between the organization's various stakeholders, thereby strengthening corporate governance. For this reason, examining the contribution of internal audit to improving corporate governance is now a major challenge for the development of the field of organizational governance management.

In addition, financial, decision-making and executive leeway have become increasingly important in organizations, given the separation that exists between owner and manager, the informational asymmetry between shareholder and executive, not to mention the emergence of opportunistic behavior on the part of executives. To this end, this study aims to highlight the significant role played by internal auditing in improving corporate governance, and to explore the practices specific to this function that contribute to ensuring good corporate governance. Given the demands for transparency and stakeholder accountability in an uncertain and polycrisis environment, organizations are faced with the challenge of strengthening their governance systems. However, internal auditing, as an independent and objective control mechanism, tends to play a key role in this process of governance consolidation. Debates on the issue of governance and transparency in financial reporting have gained momentum in recent decades, paving the way for discussions on mechanisms to control the financial information provided to shareholders. More specifically, improving the level of organizational governance. Several studies have drawn attention to the role of internal auditing and its tools in strengthening the governance system within an organizational structure. As a result, our work aims to clarify the importance and exact nature of its contribution to improving governance within an organization. However, it is useful to understand how internal auditing, as a control and monitoring mechanism, contributes to improving governance within organizations. And the extent to which internal audit tools such as internal control assessment and risk management contribute to improving governance within a company?

To answer this research question, it is essential to understand what internal auditing is, what its main forms and mechanisms of governance are, and what synergies and relationships exist between internal auditing and governance within an organizational environment. Consequently, this study aims to shed light on the effect of internal auditing on governance within an organizational environment, using a literature review methodology. Methodologically, our research adopts a hypothetico-deductive approach within a post-positivist paradigm. This approach enables us to explore the hypotheses and variables to be studied, based on existing theory. Then, to strengthen our scientific contribution in our future work, we plan to opt for a quantitative methodology aimed at collecting, analyzing and interpreting the results obtained in response to our aforementioned research problem. Moreover, It is important to emphasize that this study aims to present the conceptual and theoretical framework of internal audit and corporate governance, and also to highlight the link existing between these two concepts in the light of previous work.

By exploring the literature, two variables were highlighted: corporate governance as a variable to be explained by internal control mechanisms, and risk management system as two explanatory variables of corporate governance. In addition to the conceptual framework, our study also focuses on the theoretical underpinnings explaining the link between internal audit as a control and monitoring mechanism and corporate governance, with a view to providing an overview of its contribution to strengthening the governance system. Our work is structured in three parts, the first of which deals with the conceptual framework of internal auditing, highlighting its main forms and characteristics. The second part sets out the theoretical foundations of the research and the conception of governance, detailing its principles and its synergy with internal auditing. Finally, the third part presents the empirical exploration of the literature on the effect of internal audit on corporate governance, defining the research hypotheses and theoretical conceptual model for future confirmatory research.

1. Theoretical framework: internal audit and governance

1.1. Internal Audit

The emergence of the « audit » concept dates back to ancient times, to the Sumerians of the second millennium B.C. (3000 B.C.), who wanted to obtain objective information between different economic partners (Herrbach, 2000). The term «audit» is derived from the Latin «audire », meaning « to listen».

However, the concept of « internal audit » emerged in the period following the Great Depression of 1929, when it took on increasing importance and significance (Renards, 2010). Subsequently, the practice of internal auditing developed considerably with the growth of professional organizations of auditors and chartered accountants. These included the creation of the International Institute of Internal Auditors in (1941), and French Institute of Audit and Internal Control (IFACI) in (1995). Indeed, the standardization of the internal auditing profession, with the creation of various institutes, has further contributed to enhancing and structuring its current function, through scientific research and the regular organization of professional training courses to improve internal auditing skills and techniques.

Based on a literature review, internal auditing has been defined in a number of different ways, as the organizational environment has evolved. However, the best-known definition that is consistent with the current role of the internal audit function is that provided by the IIA (the Institute of Internal Auditors) on June 29 (1999), which states that the internal audit function is an independent and objective activity, which provides reasonable assurance about the quality of an organization's operations by systematically and methodically evaluating risk management, control, and governance processes and by making recommendations to enhance effectiveness and add value (IIA, 1999 ; Renard, 2010).

The official IIA definition (1999), shows that internal auditing is a function which provides reasonable assurance of the degree of control over risk management processes, internal control systems and corporate governance, including compliance auditing. In addition, it offers the organization consulting and advisory activities aimed at creating added value and improving operations, such as consulting, process design and training, while assurance missions predominate over consulting missions (Schick, et al., 2021).

In addition, the official definition of internal auditing asserts that, it is an independent activity. This independence is the first element addressed by international internal auditing standards: the higher the level of independence of the internal auditor, the greater the added value for the organization. Furthermore, it is essential to stress that objectivity is also a significant element in the definition of internal auditing, as it enables reasonable assurance to be provided on the control of the organization's operations through the evaluation of risk management, internal control and corporate governance procedures. Internal auditing remains a very important activity in the organizational environment, since it can contribute significantly to strengthening corporate governance. Within organizations, internal audit is one of the most active functions, thanks to its importance and its strategic and financial visibility in crisis situations (Youb et al.,

2025). It plays the role of a « gas, is often unpleasant, but can sometimes prevent an explosion » (Renard, 2010). In brief, internal auditing is a structured and rigorous activity aimed at identifying weak points in risk management, internal control and organizational governance, without denying its ability to determine causes, measure consequences, propose recommendations and persuade management to act in order to achieve the organization's objectives.

1.2. Internal audit : typology and classifications

A great deal of research has highlighted the diversity of internal audit forms, distinguishing between classification by objective, i.e. by nature, and classification by destination. For the purposes of this article, it is worth highlighting the classification of internal audit by purpose/by nature, which can be broken down into four forms:

1.2.1. Audit of Conformity

Conformity audit, also known as regularity auditing, is a type of internal audit that involves verifying the conformity of rules and procedures against a reference framework. It involves verifying that rules, procedures, job descriptions, organization charts and information systems are properly applied (Renard, 2010). This type of audit is strongly focused on highlighting non-applications and misinterpretations of existing references. As part of a conformity audit, the auditor aims to detect malfunctions, their causes and consequences, using the problem identification and analysis sheet (FRAP), and then draw up the necessary recommendations for perfect application of the rules.

1.2.2. Audit of Efficiency

A type of audit that encompasses the two terms « effectiveness » and « efficiency ». As such, it is qualified by experts as performance auditing, thanks to its role in helping the organization achieve its predefined objectives in an efficient manner. Moreover, in an efficiency audit, the internal auditor focuses not only on the correct application of rules and procedures, but also on the quality of execution. However, in professional practice, the conformity audit is often carried out by a junior auditor, while the efficiency audit is carried out by a more experienced senior auditor.

1.2.3. Audit of Management

The internal audit approach has undergone a major evolution to date, from conformity auditing to management auditing and then to efficiency auditing. Management audit, also known as

executive auditing, consists of monitoring the choices and decisions of top management, then comparing them, and measuring their effectiveness in drawing attention to existing risks and opportunities. the practice of management auditing systematically involves observing form rather than substance.

The management audit can currently be assessed in three distinct ways. The first is to measure the alignment between a manager's policy and the company's strategy. In other words, it's a kind of conformity check between a function's policy and the company's strategy. The second management audit approach involves a downward, rather than upward, examination of policies in relation to their implementation. This is an examination in which the auditor ensures that the policy is known, understood, applied and executed perfectly on the ground. The third approach is not widely used, as it concerns large international groups. In this approach, the auditor verifies conformity with the rules defined in the strategy.

1.2.4. Audit of Strategy

Strategy audit remains a little-used practice, due to the knowledge and know-how required of the internal auditor. This type of audit is considered a high-level audit. In his book on internal audit, Renard (2010) states that strategy audit consists of comparing the organization's policies and strategies with those of its environment, in order to identify any inconsistencies.

1.3. Internal and external audit: roles and position

Internal audit is a high-level function that occupies an ultimate position within an organization, aiming to improve the sense of governance in organizational processes. However, there is often a great deal of confusion between the internal and external audit functions. The external auditor is an independent function of the organization, whose purpose is to express a reasoned opinion on the financial statements in accordance with applicable accounting standards, in particular with regard to the regularity, fairness and true and fair view of the financial position, results of operations and cash flows, in all material respects.

However, the emergence of internal auditing has led to the internalization of one or more parts of an organization's external audit activity, in order to facilitate external auditing in times of crisis or difficult circumstances. In this context, we propose an analysis of the specific features, role and positioning of internal auditing in relation to external auditing. The table below illustrates the differences between internal and external auditing.

Table N° 1: Internal and External Audit: Analysis of divergent characteristics

	Internal Audit	External audit
Regulations of the Function	Optional status within the organization. The Internal Auditor is an employee of the organization.	The auditor's status is obligatory in the case of a statutory audit, and optional in the case of a contractual audit. The external auditor is in the position of a service provider; an external player in the organization.
Goal	Assess the proper application and control of the internal control system. Make recommendations for improving the internal control, risk management and corporate governance processes.	Express a reasoned opinion on the fairness of the financial statements. Certify the regularity, fairness and true and fair view of the accounts, results and financial statements (unmodified opinion, Qualified opinion, Adverse opinion/ Disclaimer of opinion).
Perception of internal control	The internal control system internal control is a goal to be achieved. In short, it is the main objective of the internal auditor.	Internal control is the means to achieve the objectives of the financial and accounting audit assignment. It is a means of accomplishing the mission.
Scope of application	A broader scope of application, including not only all corporate functions, but also all their dimensions.	A moderate scope of application, tending towards analysis of the organization's financial statements and results.
Audit mission	The mission is permanent, and its application is company-wide.	Mission of a one-off/temporary/periodic nature.

Source: Author, adapted from Renard (2010).

1.4. Theoretical framework of the research

The organization is a set of contracts that may be shareholder or partnership-based. For several years, the literature has focused on a different theory in the age of governance, namely contractual theories of governance, also known as disciplinary theories. These theories perceive

the organization as a set of contracts, aimed at managing and mitigating conflicts of interest between agent and principal.

❖ Theory of Agency

Jensen & Meckling (1976) challenged the frame of reference established by Modigliani & Miller (1958) by integrating another financial theory called agency theory. Indeed, agency theory is one of the most dominant theories on the subject of organizational governance, due to its perception that the organization is a set of contractual links between an agent (the manager) and a principal (the shareholder). They consider the firm as a set of agents with divergent and conflicting objectives, and differing levels of information. The various developments of the theory of agency are based on the principle that each individual acts in such a way as to maximize his or her particular interest before the general interest (Jensen & Meckling, 1976). Informational asymmetry is one of the dysfunctions that prompted the emergence of this contractual theory, all of which gives rise to the distinction between two kinds of conflict: conflict between shareholders and managers, and conflict between owners and creditors. However, in order to minimize the negative effects of contractual incompleteness (problems of informational asymmetry), costs arise, which Jensen and Meckling have called agency costs. These include control costs, obligation costs and residual costs. Furthermore, (Harris & Raviv, 1991), two theorists who highlighted the capital structure, grouped the particular agency relations existing between these different stakeholders in the firm into two categories: those based on conflicts between shareholders and managers, and those based on conflicts between shareholders and creditors. the governance mechanism plays an ultimate role in mitigating contractual conflicts and agency costs between the manager and the shareholder. The spirit of governance constitutes a set of organizational mechanisms whose aim is to delimit the manager's opportunistic behavior and identify his discretionary scope (Charreaux, 1997).

❖ Property Rights Theory

Various studies have highlighted the extreme contribution of property rights theory to the subject of organizational governance. Property rights theory is a theory developed by (Alchian & Demsetz, 1972), who are recognized as the founders of this theory. Property rights theory perceives the organization as a set of shareholder-partner contracts. On the other hand, it neglects the role of hierarchy and sees the firm as a set of contractual nodes (Alchian & Demsetz, 1972). The property-rights current states that all exchanges between agents correspond to an exchange of property rights over objects (Nellis, 1999).

❖ Transaction Cost Theory

Transaction cost theory affirms the importance of internal audit to corporate governance. It first appeared in (1937) with the work of Coase in his article “The Nature of the Firm”, introducing the notion of transaction costs, and was then developed by Williamson (1988), who showed that there are three modes of production coordination. Williamson applies transaction cost theory to financing decisions, and considers equity and debt to be the decision-making structures of the firm. He asserts that the optimal financing solution is the one that minimizes transaction costs between agents. As a result, transaction cost theory raises important questions about the choice of governance mode, which is most likely to minimize transaction costs for each task performed within the organization. Finally, transaction cost theory is an important theory for studying the relationship between internal auditing and governance, given that internal auditing provides an institutional framework for achieving good governance, guaranteeing cost reduction and performance enhancement.

Table N°2: Summary of contractual theories mobilized

Théories		Auteur et année	Raison d'émergence	Apport de théorie
Contractual theories	<i>Theory of property rights</i>	(Coase, 1960); (Alchiam, 1973); (Demsetz, 1966, 1973).	Study the rights of ownership and use of assets between the owner (State) and the agent (manager).	Explains the impact of property rights on resource allocation (Coase, 1960) and the adjustment of agents' opportunistic behavior (Simon, 1997). Highlight the typologies of rights according to sector, i.e. private property rights (attenuated and unattenuated) and public property rights (unattenuated and attenuated) (Pejovich, 1971).
	<i>Theory of transaction costs</i>	(Coase, 1937), développée par (Williamson, 1975).	Reduce transaction costs and achieve significant economies of	Internalization of part of the transactional exchanges, thus reducing transaction costs and achieving economies of scale. (O.E. Williamson, 1975).

			scale within a structure.	Highlighting the main control systems and new strategies: motivation systems, internal audits, management control and resource allocation methods (Assaad idrissi, et al., 2020). A study of costs and profitability in networks is organized within an organization (Boisselier et al, 2013).
	<i>Theory of agency</i>	(Jensen & Meckling, 1976)	Examine and explain the agency relationship between principal and agent. Reducing opportunistic behavior on the part of contractors.	Address the attenuation of conflicts of interest between agent and principal, and the delimitation of information asymmetry through the introduction of control and incentive mechanisms.

Source: Authors

The new contractual theories of governance theory give increasing weight to stakeholders. This partnership approach sees the structure as a team of producers, within which wealth creation is the fruit of synergies between the various factors of production. Indeed, this theory includes all stakeholders in addition to the relationship between the agent and the principal, in order to guarantee a certain degree of organizational governance.

The cognitive current, also known as the alternative current, privileges various cognitive arguments that revolve around the concept of knowledge (Finet, et al., 2005). Indeed, cognitive theories encompass three main currents, namely behavioral theory, neo-Schumpeterian evolutionary economic theory, and resource- and skill-based theories of strategy.

In fact, the behavioral theory initiated by Simon (1947), also known as the behaviorist trend, envisages the firm as a political coalition and cognitive institution that adapts through organizational learning. Neo-Schumpeterian evolutionary economic theory, developed by

(Nelson & Winter, 1982), favors the notion of competition based on innovation. These theories have their origins in the work of Penrose (1959), who saw the organization not as a portfolio of products/markets, but as a portfolio of resources (tangible/intangible). Indeed, it envisages that the source of an organization's sustainable growth lies in its capacity to learn and exploit internal resources. The cognitive current abandons the visualization that the organization is nothing but a knot of contracts. To this end, the governance system linked to the cognitive model must create an environment conducive to the development of cognitive conflicts, which in turn will lead to the emergence of profitable investments through emulation. From this perspective, the governance aspect aims to verify the efficiency of decision-making procedures within an organizational structure.

1.5. Corporate Governance: concepts and principles

Theoretically, there is no unanimous definition of corporate governance, but the IIA has highlighted some of the most popular and important aspects of the definition of corporate governance. Indeed, corporate governance can be defined as a set of policies or processes designed to direct and control the activities of an organization and to protect the interests of its stakeholders (IIA, 2006). The main aim of the corporate governance process is to mitigate conflicts of interest between an organization's various stakeholders, as well as to protect their interests through the separation of three main powers, namely the executive power of management, the supervisory power of the board of directors and the sovereign power of shareholders (Fama & Jensen, 1983). The concept of corporate governance has grown in scope to encompass not only shareholders, but also the interests of customers, employees, suppliers and public authorities (Freeman, 1984). The Organization for Economic Cooperation and Development (2004) points out that corporate governance is nothing more than the rules for managing relations between an organization's shareholders, management and board of directors (OECD, 2004).

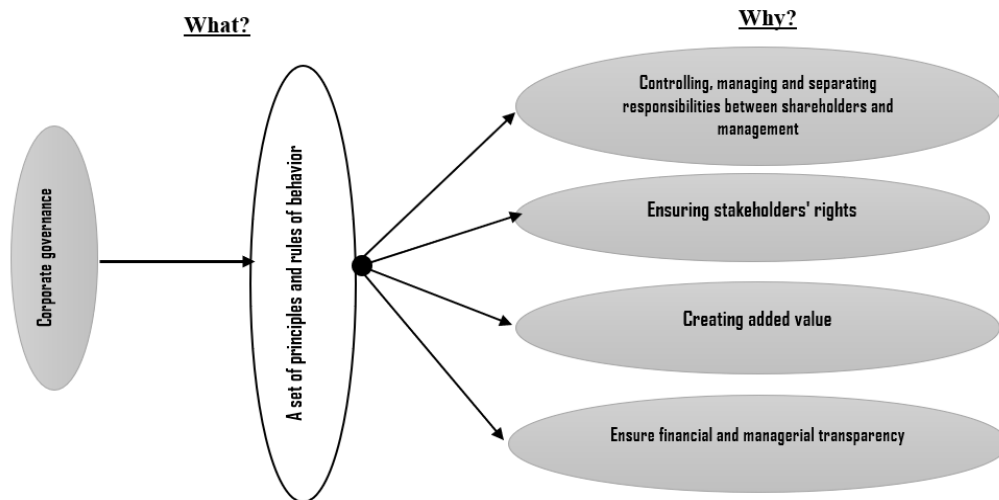
Governance is an instrument for creating added value through the distribution of power between different stakeholders. In many works, governance refers to transparency and the balance of power between the manager and the owner. It also refers to organizational mechanisms that delimit the discretionary space of managers and influence their decisions and powers within an organizational structure (Charreaux, 1997). Furthermore, corporate governance is a set of rules that manage and balance an organization's activities, as well as the relationship between its various stakeholders (Brender, et al., 2015). In this context, the internal audit function is the

guardian of corporate governance, delegated by the board of directors, in matters of organizational regularity and compliance with responsibilities.

It should be added that corporate governance is considered to be the management of management, otherwise known as meta-management (Pérez, 2009). Indeed, the notion of corporate governance has been defined by the ICGN (International Corporate Governance Network) as a tool that encompasses both the structure and procedures of an organization's management, in order to ensure the company's operational viability and increase its long-term value for its shareholders (Ploix, 2003). The literature review highlights the importance of corporate governance in balancing the rights of the various stakeholders (agent and principal), increasing transparency and informational reliability and, above all, stimulating the creation of added value (Jensen & Meckling, 1976). Furthermore, it should be noted that governance is a system for managing and controlling the relationship between manager and owner, as well as highlighting organizational discretionary powers and responsibilities.

The mechanism of good governance refers to six fundamental objectives, including strategic steering and management supervision (Igalens, 2009); governance always aims to enhance organizational performance, based on strategic control by executive management and the board of directors (Root, 1998). According to (Berl & Means, 1932), there is a certain separation between the principal and the agent, and this separation confers on the agent a discretionary power that can be abused in bad faith. In this respect, governance appears to delimit and manage this discretionary power (Charreaux, 1997). Afterward, the coordination of operational processes and control of the effective and efficient realization of strategic objectives on the ground. In the same context, Cabane (2018) evokes the chronological appearance of governance objectives, namely optimal management of shareholders' assets, support and control of management, delineation of risks, organizational sustainability, protection of social interest and stakeholders and creation of added value for the organization. In short, the governance mechanism shares many of the same objectives as the internal auditing process, demonstrating the enduring link between these two disciplines. Figure n°1 below illustrates the various objectives of the notion of governance in the form of a multi-objective approach:

Figure N°1: Multi-objective approach to corporate governance



Source: Authors

2. Empirical framework and research prospects

2.1. Conceptual modeling and formulation of hypotheses

The internal audit function has demonstrated its ability to overcome problems of information asymmetry through internal control and risk management systems, and thus to contribute to the emergence of good governance. The fact that the internal audit function is attached to the highest hierarchical level increases the degree of objectivity and independence respectively. This enables the auditor to detect malfunctions and report them to all stakeholders. In the literature, financial scandals have been attributed to the ineffectiveness of the internal control system in the majority of organizations (Justin, 2005).

As a result, an effective internal control system is an integral part of the corporate governance system (Cohen, et al., 2002). As part of the drive to strengthen corporate governance, laws and legislation have emerged to promote financial security and good governance practices, such as the Sarbanes-Oxley Act (SOX) in 2002 in the USA and the Financial Security Act (LSF) in France in 2003 (Ebondo Wa Mandzila, 2007). These laws have helped to highlight the major role of the internal control system in achieving corporate governance and accountability. Consequently, evaluation of the internal control system is a major tool for the internal audit function in monitoring the control of financial and organizational operations, and can contribute to improving corporate governance. In line with the official IIA definition (1999), the critical activity of internal auditing is primarily aimed at evaluating and improving the internal control system. It is important to point out that regular evaluation of the internal control system under the internal audit approach is likely to contribute to strengthening the governance approach

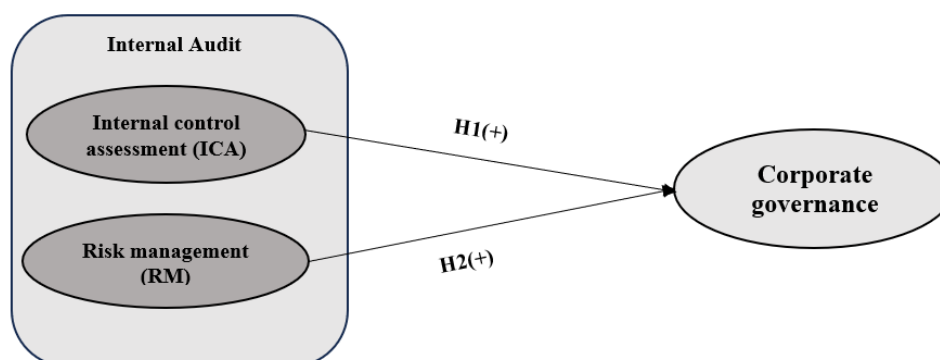
within an organizational environment (Bostan, 2007). The resulting hypothesis is that the evaluation of internal control and the implementation of effective internal control can contribute to the improvement of corporate governance.

H1: internal control assessment contributes to improved corporate governance.

From another perspective, internal audit is often called upon to assist the organization in setting up and assessing risks within the organization (Hermanson & Rittenberg, 2016). (Walker, et al., 2003) argue that internal auditing can add value to the entity by helping the organization identify its risks and providing reasonable assurance on its operations. Internal auditing as a critical and structured examination enables value to be created by continuously analyzing and refining the risk management process, in particular through the evaluation of internal control, which is an irrevocable tool of risk management in today's environment (Tusek & Polrovac, 2010). Furthermore, the COSO framework also recognizes the importance of risk management as a mechanism for managing actual and potential risks, in order to establish an effective system of internal control within an organization (Bostan & Grosu, 2010). Consequently, the existence of a risk management process within an organization can contribute to the improvement of the corporate governance system. From the above, we formulate the following hypotheses:

H2: risk management influences the improvement of corporate governance.

Figure N° 2: Theoretical Conceptual Model



Source: Authors

The above theoretical model is based on an analysis of the literature on the notion of internal audit and organizational governance, as well as on contractual theoretical approaches appropriate to the present research, notably agency theory, transaction cost theory and property rights theory. Indeed, the proposed model stipulates that the practices performed by internal auditing are likely to affect the governance system within an organizational structure. The above conceptual model proposes that internal audit practices, when effectively performed and applied, can contribute to strengthening governance within an organizational structure.

However, insufficient and ineffective application of the above practices could negatively affect and diminish the degree of governance of a structure, due to poor information asymmetry, or poor assessment of internal control and risk management. The validity and reliability of the study requires a confirmatory empirical examination, based on a rigorous and structured quantitative empirical methodology, enabling confirmation of the aforementioned hypotheses and theoretical conceptual model. This quantitative approach will involve the collection of quantitative data via a questionnaire, enabling a confirmatory analysis of the proposed hypotheses and an appropriate analysis of the significant effect of internal auditing on governance in an organizational context.

2.2. Discussion of the literature review

Internal audit, as a key player in corporate governance, provides stakeholders (shareholders, board of directors, employees) with reasonable assurance on the degree of risk management and the integrity of internal control system procedures (Charreaux, et al., 2015), and even monitors the organization's financial information to mitigate informational asymmetry. Similarly, Kirkpatrick (2009) confirms that internal auditing is a critical, structured activity that helps to govern the relationship between shareholders and stakeholders, by expressing a reasonable opinion on the control of operational risks associated with financial reporting and control systems.

The International Standards for the Professional Practice of Internal Auditing (2012) emphasize the important role of the internal audit function, and its systematic and disciplined approach, in improving corporate governance by ensuring effective management of performance, organizational accountability and ethics through risk management, control and governance processes (IIA, 2004). Since the 21st century, internal auditing has become more partnership-based, meaning that the internal audit function is moving from a compliance-based model to one based on prevention and anticipation through risk management (Hass, et al., 2006; Krogstad, et al., 1999; Selim & McNamee, 1998). Moreover, the migration of the internal audit function to an advisory and management function enables it to contribute considerably to improving the governance system, beyond its traditional role focusing solely on fraud detection (Danescu, et al., 2015). According to the literature, internal audit, as a governance mechanism, proves its worth at two levels: the evaluation of the internal control system, and risk management (Ziani, 2013). Governance generally has significant links with four major players: external audit, the audit committee, management and the internal audit function (Gramling, et

al., 2004). Indeed, internal audit is a key governance body within an organizational environment, because of its potential contribution to improving the spirit of governance.

However, access to information for shareholders is always late and incomplete, and in addition to accounting and financial information, management has access to complete information from the management accounting and internal audit report, of which it was the sole recipient (Charreaux, 2000). As a result, shareholders suffer from a double asymmetry: quantitative, meaning the absence of information disseminated by the financial accounting network; and qualitative, meaning that the information transmitted does not enable them to make decisions and control management (Mandzila, 2006). It should be noted that agency theory is one of the key theories of corporate governance that highlights the subject of bilateral conflicts of interest between shareholder and manager, but neglects other stakeholders. In addition, there are three levels of information asymmetry linked to governance: information asymmetry between managers and shareholder representatives, information asymmetry between shareholders and their representatives, and asymmetry linked to shareholders going public (Pigé, 1998).

However, internal audit is appreciated as a mechanism for monitoring and controlling top management (Sawyer, 1973). In this respect, internal audit as a control mechanism is likely to have an effect on governance, through the mitigation of information asymmetry. Similarly, the advent of the Sarbanes-Oxley Act and the Financial Security Act has reinforced the role of internal audit in reducing information asymmetry, thanks to reports on internal control, as well as the hierarchical attachment of internal audit to the board of directors and/or the audit committee. In this way, the internal audit function can contribute to reducing information asymmetry and thus strengthening organizational governance. Internal control monitoring is also likely to contribute to the development of the governance system in an organizational environment (Cohen, et al., 2002). Internal auditing as an approach primarily aimed at evaluating and controlling the internal control system, which in turn can implicitly contribute to strengthening the system of governance within an organizational structure. Numerous laws and regulations aim to ensure the effectiveness of an internal control system, notably the Sarbanes-Oxley Act and the Financial Security Act, which require the internal auditor to report on the effectiveness and efficiency of the internal control system, by means of a daily assessment of its operation and regular identification of strengths and areas for improvement. Regular assessment of the internal control system helps to improve internal procedures and processes, and consequently to strengthen corporate governance.

Risk management is one of the most important and integral elements in the mechanism for strengthening governance within an organizational structure. Furthermore, the evaluation and monitoring of the risk management process remains an essential part of the internal audit approach (Hermanson & Rittenberg, 2016), due to the uncertainty and disruption known to the organizational environment. It should be noted that the mechanism for identifying, assessing and managing the risks faced by the organization contributes to strengthening performance and the governance mechanism (Walker, et al., 2003). However, the internal auditor's assessment of risk management procedures can contribute to improving corporate governance, by means of the internal audit report to the Board of Directors, which includes an expression of opinion and recommendations for improving risk management, leading to a strengthening of corporate governance.

From the above, it is important to recall the close link between corporate governance and the design of internal control system implementation (Beasley, et al., 2000), or even risk management (Brown, et al., 2009). Indeed, some countries, such as Germany and the USA, impose an annual compliance audit of internal control systems in line with corporate governance requirements (Brender, et al., 2015). In this respect, any organization whose internal control is adequate, effective and of high quality reflects its good governance (Danescu, Prozan, 2015). Corporate governance involves close links with internal auditing. These links are based on internal control mechanisms, such as the regular assessment of internal control systems and risk management. Internal audit makes an important contribution to effective corporate governance (Gramling, et al., 2004; IIA, 2006). So, for good governance the organization aims to achieve a set of objectives, namely the identification of competitive opportunities, the mitigation of the cost of capital, the establishment of an effective management control system, the provision of adequate and quality internal control (Danescu, et al., 2015). Consequently, internal audit, through its ability to assess internal control processes (Danescu, et al., 2015), manage risks and provide assurance and advice on the quality and reliability of operational and financial information (information assurance), can help strengthen corporate governance.

The literature review highlighted the significant effect of internal audit in strengthening corporate governance within an organizational context. So, the link between these two variables refers to two levels, namely internal control assessment, and risk management.

Conclusion

The organizations face a variety of organizational and decision-making issues and challenges, which explains the emergence of the internal audit function within these organizational structures, with the aim of improving transparency, stakeholder confidence and, in particular, strengthening the corporate governance system. In the light of previous work, the effective introduction of internal audit practices within an organization can help to improve governance, through the effective and ongoing assessment of internal control systems and risk management. To this end, the main objective of this study is to explore the contribution of internal audit practices to corporate governance, with a view to establishing a theoretical basis for future confirmatory research in this field. Within a theoretical-conceptual framework, this paper has highlighted the conceptualization of internal audit and corporate governance in an organizational context, as well as the main contractual theories appropriate to this research. These results led to the proposal of a theoretical conceptual model linking the key factors of internal audit to corporate governance.

From a theoretical framework, the focus was mainly on three theories: Jensen and Meckling's agency theory (1976), transaction cost theory (Coase, 1937), developed by Williamson (1975), and property rights theory (Alchian & Demestz et al., 1967). The exploratory study of the literature also highlighted the relationship between internal audit and governance within an organization. Although this research work provides relevant elements for prediction, through the actual implementation of key internal audit practices. Nonetheless, the proper application of the latter appears to be optimal for controlling the risks of dysfunction, better managing shareholders' equity and ensuring compliance with current laws and regulations.

From a practical point of view, this study has highlighted, for the benefit of researchers and professionals in the field of internal audit and governance, the mechanisms involved in the considerable development of corporate governance and the mitigation of conflicts of interest between stakeholders. In this respect, exploration of previous work has led to the conclusion that the importance of effective internal audit practices, in particular the assessment of internal control and risk management within an organization, is important for strengthening and continuously improving transparency and regulatory conformity. From a managerial point of view, the policy of introducing governance bodies into an organizational environment, such as the internal audit function, can further contribute to improving the organization's transparency towards its stakeholders, which in turn will have an impact on companies' productivity and financial and organizational performance.

Recommendations and research perspectives

This study has highlighted the relevant mechanisms for ensuring good governance with the aim of guaranteeing trust and transparency vis-à-vis the various stakeholders within an organization, and more specifically internal auditing as a critical review that helps to control the risks of malfunctioning, to better manage equity (capital) while ensuring conformity with current laws and regulations. However, it is becoming increasingly necessary for company managers to ensure that governance mechanisms, such as the ongoing assessment of the internal control system, are implemented effectively and efficiently, in order to guarantee reliability and transparency vis-à-vis control bodies, notably the Board of Directors, and other stakeholders.

This study has enabled us to identify a number of perspectives that could be the subject of future research, in particular by encouraging researchers in the field of management to study the determinants of the establishment of a governance body (board of directors, audit committee, supervisory committee and control committee) in Moroccan companies. Furthermore, as a research perspective in the field of internal audit and governance, it is interesting for researchers to study new artificial intelligence technologies in internal audit practices and their role in governance, while aligning with technological innovations aimed at strengthening the latter. Lastly, in the wake of today's strong environmental concerns, it is pertinent to examine the relationship between internal audit and governance from an environmental point of view, looking at the role of the internal audit function in strengthening environmental, social and societal (ESG) governance, particularly in the face of the demands of corporate social responsibility.

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