

THE EFFECT OF AUDIT TEAM AND AUDIT COMMITTEE PERFORMANCE ON THE QUALITY OF AUDIT

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Abstract

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The study investigates the impact of audit committee performance (ACP) and audit team (AT) characteristics on audit quality. The research problem emerges when we question whether the characteristics of audit committees (ACs) impact audit quality. Additionally, an inquiry arises regarding the influence of the characteristics of the audit (CAT) team within the audit offices of Iraqi audit firms (AFs) on the audit quality. ACP characteristics include the number of members, independent members, financial and accounting experience of committee members, meeting frequency, and the presentation of financial annual reports (FARs) and auditor's reports. CAT encompasses the team's number, experience and industrial specialization (EIS), auditor's judgment, and time required for audit tasks. We relied on a study (Husain, 2020; Alderman & Jollineau, 2020; Al-tae & Flayyih, 2022) in the study model design. The sample comprises 82 firms from the Iraq Stock Exchange with disclosed financial reports (2021–2022). The results reveal that the presentation of FARs and the industrial specialization and experience of CAT significantly influence audit quality, while other variables show no significant impact.

Keywords: Quality of Audit, Audit Committee Performance, Audit Team

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1. INTRODUCTION

In order to promote the development of the Iraqi economy, it is essential to focus on the private sector, with particular attention given to registered joint stock firms in the Iraqi Stock Exchange market. This emphasis is crucial due to its significance in various business sectors, including banking, real estate, hotels, tourism, agriculture, and investment (Hadi & Flayyih, 2024). The insurance, the communications and financial finance. These firms disclose their financial annual reports (FARs)

in accordance with the Iraq Stock Exchange Law No. 47 which was issued by the Coalition Provisional Authority, and the instructions No. 8 issued by the Iraqi Securities Commission (Flayyih & Khiari, 2023) where the reports are considered as a communication function in accounting science, and then the measurement function comes after. Therefore, through the reports and information they contain, they are considered the main guide in making various decisions by the relevant parties. Therefore, this matter requires that accounting information contained in these reports be fair and

correct and achieve the purpose for which they were promised, in a way that meets the expectations of the current stakeholders, and observers, they also reflect the company's activities during the period and its ability to grow and continue in the future (Gaynor et al., 2016). DeFond and Francis (2005) indicate that the financial reports' merit depends on the audit, where the confidence of the auditor is weakened in the case of the weakness of the company's control structure related to the audit client and the absence of the board of directors' supervision. Abdillah et al. (2019) and Zraiq and Fadzil (2018) factors affecting the quality of audit committee (AC). A study by Chou et al. (2017) indicates that the success of audit committee performance (ACP) in carrying out its tasks depends on the efficiency and effectiveness of its members and their accounting and financial experience. Fan and Wong (2005) confirmed that there is a direct relationship between the size of the audit firms (AFs) and the audit quality process, and the size of the AF is one of the characteristics along with other factors. Chaney et al. (1995) concluded that the client is moving towards the Big 4 to get the advantages of the specialization and association with the name of the company Big 4 because it is characterized by the high audit quality services and it has an opportunity to make the potential clients aware that the Big 4 possesses the characteristics of the expertise and high technology in performing the auditing process. The study by Sundgren and Svanström (2013) conducted in Sweden on the six largest AFs, showed that there is a distinguish between the quality in the large AFs and small-sized AFs, and indicated that there is a direct relationship between the size of AFs and auditing quality. The reason for this is that the large AFs meet and achieve the real quality requirements emphasized by the previous researchers. The committee concluded that the small AFs, although they are less known, may provide high-quality auditing services, also the committee recommended through its publication a brochure explaining that the selection of the AFs must be based on the ability to provide services, but not on the size (Abass et al., 2023; Ali et al., 2023). In Iraq, Article 41 of the Code of Professional Conduct No. 18 of 1983 (Iraq Association of Certified Accountants, 1983) emphasizes the expertise and specialization of the auditor and the development of knowledge, and the second paragraph of Article 9 of the Code 4 of the system, concerning with the profession of auditing accounts No. 3 of 2000 (Ali et al., 2023). It allows the auditors of accounts class A and joint AFs in which one of its members has a minimum period of five years to practice the profession and has the right to audit all types of firms and economic units as well as the branches of foreign firms and international organizations. Based on the foregoing, the research problem can be raised, and then through the following questions:

RQ1: Do the characteristics of ACs affect audit quality?

RQ2: Do the characteristics of CAT in the audit offices of the Iraqi AFs affect audit quality?

The research seeks to present and discuss the previous studies related to audit quality or to assess the audit service quality, in addition, to taking advantage of the provided instructions previously (Hadi et al., 2023; Hasan et al., 2023) and the guidelines (Al-Shammari et al., 2017; Alkhafaji et al., 2018; Nehme et al., 2023) which are derived

from Big 4 and applied to the research sample in order to obtain the indicators that reflect the quality of the services provided by the AFs in Iraq, beside knowing the extent to which ACs of the research sample are obligated to apply the governance requirements and corporate governance guide issued by the Central Bank of Iraq and the Iraqi Banks Law issued by the Coalition Provisional Authority as well as to abide by the instructions of the Iraqi Stock Exchange Market and Iraqi Securities Commission too. The research derives its importance from the interest of the professional bodies for international accounting and auditing to develop and update standards, and the guidelines of the major AFs Big 4, which govern the audit quality or audit quality or work. The application of the standards and guidelines issued by the International Federation of Accountants (IFAC) in the local environment helps to create an audit environment characterized by credibility and transparency. This helps to ensure the honesty and integrity of the financial information activates the governance mechanisms and helps the research sample in alimending and knowing the stakeholders' expectations.

The rest of the paper is organized as follows. The literature review is presented in Section 2. Section 3 analyses the methodology that has been used to conduct empirical research on the Iraq Stock Exchange with disclosed financial reports (2021-2022). Section 4 provides results and discussions by the statistical model used the logistic regression. Finally, Section 5 concludes the study.

2. LITERATURE REVIEW

ACs have received great attention from professional bodies and researchers, which were it was defined by (Hayek et al., 2022; Velte, 2023) as a sub-committee, which is affiliated with the board of directors and is responsible for following up the financial matters in the company in order to assist its board of directors in making the financial decisions because it may not have the time or sufficient experience to know its details, at the same time, factors affecting the quality of AC. Afenya et al. (2022) clarify that the committee emanated from the board of directors, which required that its members must be independent, non-executive and have experience in the field of accounting, and the purpose of this is to increase confidence in the financial statements, where its duties and responsibilities are to supervise the financial reports, support the external auditor's independence, and to discuss the audit's results. Moreover, Kostyuk (2005), Brennan and Kirwan (2015), and Hasnan et al. (2022) agree that ACP is one of the mechanisms of governing firms and it emanates from the board of directors, and consists of three independent and non-executive members who have accounting and financial experiences beside the audit experiences. Arens et al. (2011) agree with the above researchers and confirm that the number of committee members (CM) maybe three to five or to seven who are non-executive members of the board of directors, and this depends on the company's size and the nature of its activity. Many studies in accounting literature (Fakhari & Pitenoei, 2017; Christensen et al., 2019; Santosa et al., 2020) have agreed that the characteristics of ACP consist of five dimensions: 1) AC members'

number, 2) ACP members' independence, 3) the financial and accounting experience, 4) the number of times, in which the committee meets annually, and 5) The presentation of FARs to AC. The following is a summary of these characteristics, as they were reviewed by accounting literature. They were represented first by ACP independence, where Oroud (2019) confirms that the independence of ACP members is considered one of the conditions that must be met because it is the essential characteristic for the success of the committee's tasks and duties in performing its role effectively, he also explained that the committee's role constitutes the first line of the defence and protection to prevent the violations and monopoly of the executive authority. Emphasized that ACs' independence has nothing to do with preventing financial violations, while Mustafa et al. (2018) indicate that the independence of CM requires the firms to increase the presence of incentives to employ the control mechanisms, and here the study by Kamolsakulchai (2015) agrees that there is a positive relationship between the effectiveness of the committee in general and its size (number of members), as well as their experience, its independence and audit quality. The second characteristic was represented by the financial and accounting experience, where the complexity of the financial instruments, firms' capital structures, the emergence of new industries, and the trend towards the application of International Financial Reporting Standards (IFRS), all illustrate the importance of having to audit CM qualified with appropriate scientific qualifications and possessing the sufficient practical experience. The study of Kaawaase et al. (2016) mentions that the financial expertise available in one of CM can provide the ability to understand and evaluate accounting standards, analyze the financial reports and understand an internal control structure, as well as limit the fraud and manipulation in the financial reports. In the same content, Yatim et al. (2006) indicate that financial experience is measured by the extent to which at least one member has financial experience, while Partha et al. (2019) explain by saying that accounting and financial experience of the members will reduce the financial violations, but, Geiger and Rama (2006), Dhaliwal et al. (2010), and Lai et al. (2017) agree that the presence of the financial experience has an impact on the quality of the company's internal control structure and reports' quality, and this leads to an increase in the efforts made by the auditor. Meanwhile, Asiriwa et al. (2018) confirm that the financial and accounting experience is considered an effective indicator of CM that is reflected in the company's financial performance. Santosa et al. (2020) indicate that there is a negative relationship between the financial experience of AC members and the reduction of the firms' financial irregularities or financial defaults. The third characteristic was represented by the size of the AC, where the study of Khudhair et al. (2019) indicates that ACPs play a role in the company preventing management pressures and issuing high-quality reports, through the availability of the appropriate number of CM during the meetings in a way that allows to exchange the information and ideas for the company's benefit. Moreover, Solihat (2020) shows that the size of the large ACs possesses many experiences and skills in a way that supports and

enhances the decision-making process, reduces the violations and improves the quality of the company's internal controls, on the other side. The study by Gunawijaya (2015) mentioned that the number of AC members, their competence and experience can achieve an integration in the performance of their duties, and then the committee assists the board of directors in performing their duties to support the control function and reduce the financial violations. Mustafa et al. (2018) confirmed that ACs' size and number of members are among the characteristics that are affecting audit quality. The fourth characteristic is the number of times where ACP meets. The number of times in which ACP meets is one of the important dimensions. Kateb (2024) agrees that there is a positive relationship between the number of meetings and a change in the management patterns and behaviour, especially if the meetings are held on a regular basis because this helps to activate the internal control, and avoid committing mistakes and treat them in an appropriate time. Koutoupis and Bekiaris (2019) considered that the number of meeting times was an important measure of the committee's ability to carry out its tasks, exercise its role positively, and follow up on the auditor's performance and completion of work. The study of Suryanto et al. (2017) examined the relationship between the size of the board of directors and the characteristics of AC, where these characteristics include the committee's size and members' independence, the meetings' number, the degree of the company's financial leverage, and the type of business sector. A study found that there is an impact of all factors on the audit quality in varying degrees, especially the independence of CM and the financial and accounting experience that have an impact on reviewing the annual report (AR) for the purpose of achieving governance mechanisms because ACP constitutes one of those mechanisms. In view of the importance of ACs' role, PWS, one of the Big 4 firms, issued guidelines entitled "For Evaluating the Quality of External Auditors and the External Audit Process" and suggested approach A in which they discuss the importance of the role of ACP in assessing audit quality by the audited company, especially after issuing the final report for the auditor, and the aim of these guidelines is to assist the stakeholders and shareholders to understand the audit process and details of additional disclosures made in the AR, as well as to adhere to the mechanisms of firms' governance. The last characteristic is the presentation of the AR, and this variable refers to the presentation of the FARs to AC, as we mentioned previously, where it depends on the experience and efficiency of the members of ACP and the role that members play in carrying out their tasks.

The study of Sultana (2015) focused on studying the relationship between the characteristics of ACP and the delay in the AR in 100 firms listed on the Australian Stock Exchange (ASX), and the results indicated that AC financial expertise and independence negatively affect the delay in the AR, whereas, Sultana (2015) examined the relationship between ACP and accounting conservatism of Australian firms between 2003-2012, and it was found that ACs work as effective control mechanisms with regard to the financial aspects and emphasized the issuance and presentation of the financial reports and the AR on time. Al-tae and

Flayyih (2022) found a robust connection between the AC, audit team (AT), and audit quality within the Iraqi textile industry, highlighting the significance of an effective audit process. The study employs the characteristics of the AC and AT to formulate policies that are directly associated with enhancing audit quality. After reviewing previous studies, we can determine:

H1: AC characteristics do not affect audit quality:

H1a: The independence of CM does not affect audit quality.

H1b: The size (number of members) of ACP does not affect audit quality.

H1c: The financial or accounting experience of the members of ACP does not affect audit quality.

H1d: The number of times in which ACP meets does not affect audit quality.

H1e: The presentation of the annual financial reports to ACP does not affect audit quality.

Chaney et al. (2004) assert that AF size is a significant measure, particularly for clients audited by Big 4 firms, as their economic resources, technology, and training contribute to high-quality audit services. Big 4 auditors are considered more independent and experienced. Ashton and Kennedy (2002) emphasizes the importance of auditor experience, distinguishing between “first hand” involvement in the audit process and “second hand” discussions with partners. Goodwin-Stewart and Kent (2006) and Lennox and Pittman (2008) add size, experience, industrial specialization, and qualifications of auditors to AF characteristics, enhancing their ability to identify uncertainties and resist financial pressures. Baotham and Ussahawanitchakit (2009) link auditor independence, credibility, and integrity to audit quality. Oziegbe and Odien (2022) note an inverse relationship between auditor independence and the length of the auditor’s relationship with the client. Maulina et al. (2023) identify factors affecting audit quality, including auditor knowledge, communication, adherence to standards, and industry expertise. Jenkins and Velury (2008) stress the significance of AFs’ values and ethical orientations in determining acceptable behaviour. Directives and publications, such as those from the auditor education requirements board (Bosman, 2021), focus on ethical positions. Blum et al. (2022) identify behaviours threatening audit quality, including inaccurate document reviews and failure to examine estimates.

H2: CAT do not affect the quality of the audit:
H2a: The size of CAT does not affect audit quality.

H2b: EIS of CAT does not affect audit quality.

H2c: The auditor’s opinion and judgment do not affect the company’s continuity on audit quality.

3. METHODOLOGY

3.1. Sample

The AFs that represent the major AFs in the Iraqi environment were identified through a set of indicators (the partners’ number, the year of foundation, and their position stability within the issued publications of practising the profession for the years 2018–2021 and were published by Iraqi Association of Certified Accountants. Table 1 shows the licensed auditors to work for the year 2022, based on the bulletin of the year 2022.

Table 1. Big audit firms

No.	Company's name	Partners' number	Foundation year
1	Farqad Al-Samman and his partners	4	1978
2	Mostafa Fouad and his partners	4	1986
3	Adel Al-Shaibi and his partners	3	1989
4	Adel Al-Hassoun and his partners	3	1992
5	Muhannad Fadel and his partners	3	1992
6	Ahmed Mahdi Al-Jubouri and his partners	4	1999

Source: Authors’ calculations.

We are choosing a sample of the registered firms in the Iraq Stock Exchange for the year 2020–2021. The firms operate in various sectors, which have been audited by the Iraqi AFs that undertake the tasks of auditing and oversight.

3.2. Mathematical model

In order to measure the results of the study, a statistical model was designed that includes three main variables, which are presented in the following Table 2:

Table 2. Method of measuring variables

Code	Variable	Source
AQ_{it}	Audit quality	Husain (2020)
Audit committee performance (ACP) characteristics include:		
TMN_{it}	Team members number	DeZoort and Salterio (2001)
MI_{it}	Members independence	Alderman and Jollineau (2020)
FAE_{it}	Financial and accounting experience	DeZoort and Salterio (2001)
PMN_{it}	Periodic meetings number	Handayani and Ibrani (2020)
$AFRCM_{it}$	Presentation of analysis of the effect of fraud on the committee members	Dewi and Anisykurlillah (2021)
As for the study of the relationship between the characteristics of the audit team and audit quality, it is determined by four variables represented:		
ATN_{it}	Audit team number	Al-taee and Flayyih (2022)
EIS_{it}	Experience and industrial specialization	Contessotto et al. (2021)
AJE_{it}	The auditor’s judgments and estimates	Bucaro (2019)
$TPLA_{it}$	Time period for implementing audit	Al-taee and Flayyih (2022)

Source: Authors’ calculations.

The paper incorporates two independent variables (*Audit committee performance* and *Audit team*) and a dependent variable, denoted as *Audit*

quality. Therefore, the statistical models can be expressed as follows:

The first model measures the impact of audit committee performance on audit quality:

$$AQ_{it} = a_{it} + \sum_{k=1}^K ACP_{it}^k + \epsilon_t \quad (1)$$

$$AQ_{it} = \gamma_0 + \gamma_1 TMN_{it} + \gamma_2 MI_{it} + \gamma_3 FAE_{it} + \gamma_4 PMNi_{it} + \gamma_5 AFRCMi_{it} + \epsilon_t \quad (2)$$

where, AQ_{it} was measured with a dummy indicator that gives 1 if the data was audited by an audit company and gives 0 otherwise for the firm i per year t ; ACP_{it}^k characteristics include: TMN_{it} — the number of members of the AT assigned to audit the data, MI_{it} — number of independent members in the AT for the firm i per year t , FAE_{it} is measured with a dummy indicator that gives 1 if the AC team have financial and accounting experience and gives 0 otherwise for the firm i per year t , $PMNi_{it}$ — number of AC meetings with the audit client annually for the firm i per year t , $AFRCMi_{it}$ is measured by a dummy indicator 1 if the data is presented to

$$AQ_{it} = \gamma_0 + \gamma_1 ATN_{it} + \gamma_2 EIS_{it} + \gamma_3 AJE_{it} + \gamma_4 TPIA_{it} + \epsilon_t \quad (4)$$

where, AT_{it}^k — the characteristics of AT and audit quality, it is determined by four variables represented by: ATN_{it} — number of AT for the AF i per year t , EIS_{it} — EIS for the AF i per year t , AJE_{it} — the auditor's judgments and estimates for the AF i per year t , $TPIA_{it}$ — time period for implementing audit for the AF i per year t .

where, $\sum_{k=1}^K ACP_{it}^k$ represents the vector of the audit committee performance in firm i during year t . This vector consists of various mechanisms.

The above model can be expressed in greater detail through the following representation:

the AC before issuing it, otherwise 0 for the firm i per year t .

The second model measures the impact of AT on audit quality:

$$AQ_{it} = a_{it} + \sum_{k=1}^K AT_{it}^k + \epsilon_t \quad (3)$$

where, $\sum_{k=1}^K AT_{it}^k$ represents the vector of the characteristics of AT in firm i during year t . This vector consists of various mechanisms.

The above model can be expressed in greater detail through the following representation:

4. RESULTS AND DISCUSSION

4.1. Descriptive analysis of the variables

The descriptive statistics of the research variables are shown below. *Audit committee* (AC) consists of five sub-variables as shown in Table 3.

Table 3. Audit committee characteristics

Sub-variable	Smallest value	Biggest value	Arithmetic mean	Std. Dev.
Auditing committee members number	0	7	2	1.23
Independents' number in the committee	0	3	1	1.03
Financial expertise	0	3	1	0.87
Regular meetings number	0	4	2	0.86
Annual report presentation to the committee	0	3	1	0.79

Source: Authors' calculations.

It is evident from Table 3 that the arithmetic mean of the number of ACP members is equal to 2 while the smallest value is 0, which means that some firms do not form an ACP basically, and the standard deviation was high, which indicates a high discrepancy between firms in the member's number of AC. The independents' average number of the committee used in the study sample firms is 1, the smallest value is 0 and the largest value is 3, which means a clear decrease in the number of independents in the committee, while the results of the financial experience rate indicate a high convergence with the number of independents in the committee with an arithmetic mean of 1 and

standard deviation 0.87, which means acceptable homogeneity in the financial experience in general. As for the number of periodic meetings, it was within the number 0-4, which means that some firms do not achieve even one meeting, with an average of periodic meetings of 1 and with a standard deviation indicating acceptable homogeneity equal to 0.86, while it is noted that the presentation of the annual report to the committee was low as the arithmetic average of 1 indicates that a large number of firms do not present the annual report to the committee.

Audit team (AT) consist of four sub-variables as shown in Table 4.

Table 4. The characteristics of audit team

Sub-variable	Smallest value	Biggest value	Arithmetic mean	Std. Dev.
Audit team number	0	12	5	3.15
Team members' experience and industrial specialization	1	4	1	0.86
Auditor's judgments and estimates	0	5	3	1.49
Time period for performing the audit	3	6	5	0.69

Source: Authors' calculations.

We note from the above table that the average number of CAT is 5 with a high standard deviation of 3.15, which indicates a high dispersion in the number of AT, while the specialization indicates

the presence of at least one specialized auditor in each company, and the rate of specialists in the team is 1, while the auditor's estimates and judgments varied in the range of 0-5 and with

an arithmetic average of 3, which indicates the importance of this variable in the committee's decision, and this means that this variable indicates the importance of completing the report within the time period specified by the legislation.

Audit quality is a descriptive variable (hypothetical/dummy) that takes the value (1 = audited) if the company is audited by one of the major AFs, and takes the value (0 = unaudited) if the company is not audited by one of the major AFs, and as it is shown in Table 5.

Table 5. Audit quality

Code	Number	Percentage
0	57	69.5
1	25	30.5
Total	82	100

Source: Authors' calculations.

It is evident from the above table that the firms' number of accounts audited by major firms is low and represents 30.5% of the sample firms of the study, while the percentage of unaudited firms within the sample is 69.5% of the firms.

Table 7. Estimating and testing the logistic regression coefficients

Audit committees' characteristic variables	Regression coefficients	Std. Error	Wald test	P-value	Odds/probability ratio
Auditing committee members number	0.4	0.35	1.31	0.25	0.668
Independents number in the committee	0.58	0.49	1.39	0.24	0.559
Financial expertise	0.46	0.57	0.65	0.42	0.631
Regular meetings number	0.46	0.43	1.13	0.29	1.579
Annual report presentation to the committee	2.99	0.79	14.5	0.00	1.861
Constant regression	1.79	0.77	5.36	0.02	0.168

Source: Authors' calculations.

It is clear from the above table that the variable of presenting the annual report to the committee is the only variable of ACs characteristics that affects audit quality, as the p-value accompanying Wald's test for this variable was less than 0.01. As for the rest of the variables, they do not affect audit quality because the p-value associated with Wald test has greater than 0.05, while the regression constant was significant, since the p-value associated with Wald test for the significance of the constant regression was less than 0.05, which means accepting the hypothesis that states (there is a significant and statistically significant effect of the variable of presenting the annual report to the committee on audit quality) and rejecting the rest of the sub-hypotheses, and the odds/probability ratio shows that an increase of 1% in the variable of presenting the annual report to the committee that will increase the odds/probability of obtaining audit quality of 86.1%, as for the statistical model that represents the effect. Through the above model, each unit will have an increase in the presentation of the annual report to the committee. We expect

Table 9. Estimating and testing the logistic regression coefficients

Audit committees' characteristics variables	Regression coefficients	Std. Error	Wald test	P-value	Odds/probability ratio
Audit team number	0.11	0.09	1.29	0.26	0.901
Team members specialization	1.35	0.38	12.56	0	1.855
Auditor's judgments and estimates	0.1	0.18	0.32	0.57	0.902
Time period after auditing	0.04	0.42	0.01	0.93	1.037
Constant regression	3.02	1.98	2.33	0.13	0.049

Source: Authors' calculations.

4.2. Statistical model for studying the impact

The statistical model (logistic regression) was used in order to test the two hypotheses of the research because the dependent variable is of a binary type that takes the values 0.1 and as follows.

4.2.1. The first statistical model

A statistical model was adopted to test the hypothesis that states that there is an effect of the variables that represent the characteristics of ACP in the audit quality. The logistic regression results were as shown in the following Table 6.

Table 6. The logistic regression

Model significant test	P-value	Test value (x2)
	0	239.0

Source: Authors' calculations.

Table 6 shows that the model is significant (statistically significant) because the p-value accompanying the x2 test is less than 0.01, which means that the model is significant. The results of estimating and testing the logistic regression coefficients are shown in the following Table 7.

an increase of 2.99 in the logarithm of the odds/probability ratio related to audit quality.

4.2.2. The second statistical model

A statistical model was adopted to test the hypothesis that states that there is an effect of the variables that represent the characteristics of CAT in the audit quality. The results of the logistic regression were as shown in the following Table 8.

Table 8. The logistic regression

Model significant test	P-value	Test value (x2)
	0.0	415.8

Source: Authors' calculations.

Table 8 shows that the model is significant (statistically significant) because the p-value accompanying the x2 test is less than 0.01, which means that the model is significant. The results of estimating and testing the logistic regression coefficients were as shown in the following Table 9.

It is evident from Table 9 that the variable of specialization of team members is the only one of the variables of AT's characteristics that affects audit quality, as the p-value accompanying the Wald test for this variable was less than 0.01. As for the regression constant, its value was not significant, since the value of the p-value accompanying the Wald test in order to test the significance of the constant regression was greater than 0.05. This means accepting the hypothesis that states (there is a significant and statistically significant effect of the variable specialization of team members in the committee in the audit quality) and rejecting the rest of the sub-hypotheses, and the probability/odds ratio shows that an increase of 1% in the variable of specialization of team members will increase the probability/odds of obtaining audit quality of 85.5%. As for the statistical model that represents the effect. Through the above model, each unit has an increase in the specialization of team members. We expect an increase of 1.35 in the logarithm of the probability/odds ratio of audit quality.

5. CONCLUSION

For the purpose of achieving the objectives of the research, the statistical model used logistic regression, where it was concluded that the major AFs compared with other AFs and audit offices are constituting a low percentage in implementing the audit tasks. Referring to the characteristics of AC, the related conclusions to this variable can be determined, where the members number of ACP as a basic variable does not affect audit quality for most firms, due to the firms and banks' commitment to the requirements of the Banking Law and the Corporate Governance Guide issued by

the Central Bank of Iraq, in addition to the requirements of the Stock Exchange Commission and Market Law, this is on the one hand, and on the other hand, there is a decrease in the number of the independent members of ACP who have the financial and accounting expertise. With reference to the characteristics of AT, achieved conclusions can be determined, with the presence of a proportionality between the number of members of CAT entrusted with carrying out the audit tasks, but there is a weakness in the industrial specialization of the team members. Among other conclusions that were reached the variable of presenting the AR to ACP is the only variable that affects audit quality, as for the other variables within ACs characteristics, which include the number of CM, the number of independent members, financial and accounting experience for members, the number of all periodic meetings does not affect audit quality. As for the conclusion reached by the research regarding the relationship between the characteristics of CAT and audit quality, it was found that the variable of industrial specialization of CAT affects audit quality, while the other variables are: the members number of AT, the auditor's estimates and judgments, the time period for completing the audit, do not all affect audit quality.

We faced a number of limitations related to collecting data uniformly when measuring, due to the difference in administrative systems between companies. Our current study can contribute to more future studies on the relationship of other variables, that were not studied in the current research, including the quality of internal auditing, audit fees, and the risk of auditors being sued.

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