INFORMAL INTERACTIONS BETWEEN AUDIT COMMITTEES AND INTERNAL AUDITS: EVIDENCE FROM FIRMS ON THE AMMAN STOCK EXCHANGE

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Abstract

This research investigates how informal exchanges between internal audit functions (IAF) and audit committees (ACs) develop within firms listed on the Amman Stock Exchange. The study relies on the perspectives of 157 internal audit professionals affiliated with Jordan's Institute of Internal Auditors (IIA) chapter. Through regression analysis, we explore the role of six variables: three linked to the audit committee (expertise, independence, and size) and three from the internal audit side (independence, competency, and department size). Results suggest that all six factors contribute positively to the frequency and quality of informal communication. Independence and domain knowledge, in particular, stood out as strong enablers of open and effective interaction. These findings are especially relevant to developing governance systems like Jordan's, where informal relationships often carry considerable weight in oversight processes. The results echo themes found in prior studies but offer regional nuance to help contextualize how informal governance operates in Middle Eastern firms (Sarens et al., 2013; Drogalas et al., 2019; Zaman & Sarens, 2013).

Keywords: Informal Interactions, Audit Committee Characteristics, Internal Audit Characteristics, Jordanian Companies

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1. INTRODUCTION

After a series of global corporate collapses, governments and financial watchdogs worldwide began urging firms to strengthen their governance frameworks. In many cases, this led to more attention on how audit committees (ACs) and internal audit functions (IAFs) interact. Their roles, though separate, both aim to keep financial systems accountable. While the bulk of the literature has focused on formal procedures — scheduled meetings, mandated reporting — there's another side to this relationship that remains under-researched: informal communication.

The IAF is often the first line of defense, offering insights and raising concerns about risk and control weaknesses. In that sense, it serves not only management but also the AC. But beyond formal reports and scheduled interactions, there are unscripted conversations — emails, calls, chats before or after meetings — that can sometimes carry more weight than official briefings (Eulerich et al., 2019; Tušek & Pokrovac, 2012).

Informal interactions, though less visible and harder to quantify, have a big impact. They often allow internal auditors to speak more freely, bypassing the pressures and expectations tied to formal structures. When an auditor drops by the office of an AC member or shoots a quick message about a concern, the governance process becomes more responsive — sometimes more so than in formal sessions bound by agendas (Beasley et al., 2009; Turley & Zaman, 2007; Drogalas et al., 2019).

Surprisingly, there's not much empirical data on how these informal dynamics work — especially outside the Western world. Most of the research comes from the US, Australia, or parts of Europe (Zaman & Sarens, 2013; Sarens & Abdolmohammadi, 2011). There's little that captures how these relationships evolve in places like Jordan, where organizational culture and regulatory pressures might lead to different kinds of interactions. Recent studies from other Gulf countries reinforce this view, showing that AC characteristics are shaped by regional governance norms (Al-Jalahma, 2022; AlJanadi, 2025).

This study steps into that gap. It uses agency theory to frame the relationship between ACs and internal auditors. That theory sees managers and shareholders as having potentially conflicting interests — hence the need for monitoring systems like IAFs and ACs. But even the best systems only work if the people involved communicate effectively. And a lot of that communication, as it turns out, isn't formal at all.

We ask a simple but important question:

RQ: Which characteristics of ACs and internal audit departments help shape the informal ways they interact in Jordanian listed firms?

To explore this, we look at six specific traits — three from each side. On the AC side: expertise, independence, and size; for internal audit departments: independence, competency, and department size. Responses were collected from 157 professionals and analyzed using regression models.

The structure of this paper is as follows. Section 2 reviews the relevant literature. Section 3 analyses the methodology used to conduct empirical research on the factors that shape informal interactions between ACs and internal audits. Section 4 presents the results and interprets them in light of past findings. Section 5 concludes with implications and avenues for future research.

2. LITERATURE REVIEW

This section looks at previous research on how ACs and IAFs work together in corporate governance systems, with special attention to how specific features of each group influence informal interactions. Though much of the earlier work on this topic comes from North America and Europe, this study positions itself within a Middle Eastern setting — namely, public firms in Jordan — where governance systems may operate differently.

2.1. Governance framework: Audit committees and internal audits

Researchers have often pointed out that how frequently an AC meets says a lot about how seriously it takes its oversight role. Raghunandan and Rama (2007), for example, argue that regular meetings aren't just administrative — they're signs of a committee's engagement and effort. The more often members gather, the more opportunities they have to speak with internal auditors and review risk-related issues. A similar view was put forward by the Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees (1999), which advocated for frequent AC meetings to maintain effective governance. In Jordan, the Capital Market Authority has adopted this logic by requiring a minimum of four AC meetings per year.

But the existence of an AC alone doesn't ensure good governance. Stewart and Munro (2007) raise concerns that, in some cases, committees may appear to function properly on paper but have limited real influence. The actual impact depends on more than just existence; it depends on characteristics like independence, size, and the members' financial knowledge. Kallamu and Saat (2015) supported this idea by emphasizing that the structure and behavior of the committee matter more than its formal presence. The relationship between ACs and the chief audit executive (CAE) is also crucial — how they engage on a daily basis shapes the effectiveness of monitoring (Paape et al., 2003).

Much of this interaction isn't visible in reports or meeting minutes. Sarens et al. (2013) refer to these behind-the-scenes exchanges as "informal interactions" — conversations or check-ins that happen outside of scheduled meetings. These might include a brief hallway chat or an unscheduled phone call. Zain and Subramaniam (2007) argue that these unscripted interactions give auditors a way to speak more openly, often away from executive influence or formal constraints.

In fact, such informal communication can enhance formal oversight rather than replace it. Drogalas et al. (2019) found that when AC members regularly speak informally with internal auditors, they develop a better understanding of audit concerns and emerging risks. Informal talks add context that formal reports can't always capture. Van Peursem (2005) even suggests that some of the best oversight outcomes come from a combination of structured meetings and informal dialogue. As Grove et al. (2020) point out, governance becomes more adaptive and responsive when both channels are used intentionally.

AC work has expanded since 2021. Beyond financial reporting, committees now dedicate significant time to cybersecurity, enterprise risk, and finance/internal-audit talent — topics that evolve quickly and often call for brief, unscheduled meetings with the CAE between formal sessions. Recent surveys across the profession show cybersecurity and enterprise risk management near the top of AC agendas and promote direct, ongoing conversations with auditors about emerging risks (Center for Audit Quality [CAQ] & Deloitte, 2025; Public Company Accounting Oversight Board [PCAOB], 2025). This trend agrees with newer academic research indicating that more frequent and in-depth committee-auditor interactions lead to better monitoring results (Eulerich et al., 2022).

Post-2020 studies clarify how internal audit independence, resourcing, and capabilities influence daily communication with the committee. In the Jordanian public sector, internal audit effectiveness improves with management support, independence, larger units, and staff skills — conditions where internal audit chiefs are more likely to escalate emerging issues informally (Alqudah et al., 2023). Related research in Jordanian listed firms indicates that digital skills and cloud-based systems can enhance internal audit effectiveness, which often leads to more frequent and valuable short, off-agenda updates to those responsible for governance (Alqudah et al., 2024).

2.2. Characteristics influencing informal interaction

Informal interactions don't just happen in a vacuum — they're shaped by who is involved and how organizations are structured. In the case of ACs and internal auditors, a range of characteristics can either promote or hinder these unscheduled conversations.

Let's start with the AC. Its composition matters more than many assume. Members with strong backgrounds in finance or accounting are more likely to grasp the importance of audit findings, which in turn makes them more open to deeper, even informal, conversations with internal audit staff. Independence is another critical piece. A committee that operates independently from executive management is usually more confident in engaging auditors directly. As for size, larger committees may bring more diversity of thought, but they also risk slower decision-making if coordination becomes difficult.

Baxter and Cotter (2009) found that financial expertise on the AC improves its responsiveness to audit issues. This supports similar findings by Oussii and Boulila (2021). Interestingly, Zaman and Sarens (2013) noted that some highly skilled members might rely too heavily on external auditors, reducing their informal engagement with internal staff. Still, those with experience in governance and risk management — especially committee chairs — tend to foster stronger communication (Drogalas et al., 2019; Sarens et al., 2013).

Remote and hybrid arrangements have transformed how assurance actors communicate. Internal audit teams now conduct more quick check-ins and informal coordination via calls and secure messages outside scheduled meetings, without losing effectiveness when transitions are well managed (Eulerich et al., 2022). Other studies during and after the pandemic show slower cycle times in some cases, but the fundamental shift toward informal, between-meeting communication to maintain risk information flow remains (Bajary, 2023; Kljajić et al., 2022). For audit committee-internal audit relations, the key takeaway is straightforward: having short, direct exchanges through digital channels is now an essential part of effective oversight.

Recent evidence continues to show that AC independence and financial expertise are important for effective oversight — including the quality and frequency of informal interactions. Work in developing-country contexts suggests independent, financially knowledgeable committees are more willing and able to initiate unplanned conversations with assurance providers and to challenge management between meetings. Studies of committee leadership also connect chair expertise and role design with internal auditing outcomes (Wan-Hussin et al., 2021). These findings align with profession surveys that emphasize skills and meeting practices that support ongoing dialogue on rapidly evolving risks (CAQ & Deloitte, 2025).

Research on Arab-region auditing highlights a growing but uneven focus on the interactions between ACs and internal audit, emphasizing the need for setting-specific evidence on communication mechanisms (Hazaea et al., 2023; Ben Hamadi & Ghattas, 2025). In markets like Jordan — where ownership structures, regulations, and organizational cultures differ from Anglo-American contexts — documenting how particular committee and internal audit features affect informal interactions provides essential regional insights and practical guidance for listed companies.

H1: There is a significant and positive relationship between AC expertise and informal interactions within Jordanian companies' audit frameworks.

When it comes to independence, both theory and evidence suggest it encourages more open communication. Lin et al. (2008) showed that independent members are better positioned to challenge management and create space for honest, informal dialogue. This idea is supported by Sarens et al. (2013), who observed that autonomy strengthens the relationship between AC and internal auditors.

H2: AC independence significantly increases informal interactions within Jordanian corporate governance structures.

The size of the AC might seem like a minor detail, but it can matter. Li et al. (2012) and Yin et al. (2012) found that larger committees tend to meet more often, which could naturally create more opportunities for side conversations and informal engagement.

H3: A larger AC size is positively associated with the frequency and depth of informal interactions with internal audits in Jordanian companies.

Turning to the internal audit side, independence is again key. Jiang (2023) has long emphasized that internal auditors need autonomy to report without fear of retaliation. Sarens et al. (2013) found that when internal audit departments are structurally independent, their leaders are more likely to initiate informal conversations — especially when dealing with sensitive issues.

H4: The independence of internal audit departments significantly enhances their informal interactions with ACs in Jordan.

Another factor is competency. When ACs see internal auditors as knowledgeable and trustworthy, they're more likely to seek their input informally. Ali and Owais (2013) argue that skills and experience build credibility. However, Zaman and Sarens (2013) caution that credentials don't always guarantee more informal contact. Sometimes, even highly trained auditors are overlooked if the relationship isn't there.

H5: Internal auditor competency has a significant positive impact on informal interactions with ACs in Jordanian firms.

Finally, there's the size of the internal audit department. Bigger teams generally have more reach and visibility, which can lead to more touchpoints with AC members. Chang et al. (2019), Zain et al. (2006), and Alhajri (2017) all found a link between department size and the volume of informal exchanges. Still, Sarens and Abdolmohammadi (2011) warn that when boards become more powerful, they may reduce the influence of large audit departments.

H6: The size of the internal audit department plays a significant role in enhancing informal interactions with AC in Jordanian companies.

2.3. Theoretical foundation: Agency theory perspective

Agency theory provides the primary lens through which this study examines interactions between ACs and IAFs. At its core, agency theory highlights the inherent separation of roles between a company's owners (principals) and its managers (agents), who are entrusted with operational decision-making. Seminal work by Jensen and Meckling (1979), later expanded by Fama (1980) and Fama and Jensen (1983), argues that this separation can lead to conflicts of interest when managerial objectives diverge from those of shareholders.

This divergence, if unchecked, creates a need for governance mechanisms that monitor managerial behavior and reduce the risk of opportunism. Within this framework, ACs and internal audits serve as critical tools for oversight. These entities help align managerial actions with shareholder interests, acting as internal checks that enhance transparency and accountability.

Jensen and Meckling's (1979) foundational work laid the groundwork for understanding governance not simply as a structural necessity, but as a response to risk inherent in delegated authority. In this context, governance is more than compliance — it is a strategy for safeguarding stakeholder value. As echoed by Al-Matari et al. (2014) and Drogalas et al. (2019), ACs and internal auditors are not only rule enforcers but strategic partners in organizational oversight.

One of agency theory's core implications is the importance of effective control mechanisms. Among these, the AC and IAF stand out for their direct involvement in evaluating financial reporting, internal controls, and risk management practices. Eulerich et al. (2017) reinforce the idea that these mechanisms are indispensable for good governance — not just as oversight bodies, but as active agents fostering ethical and informed decision-making.

From this perspective, informal interactions between ACs and internal auditors become particularly relevant. They represent an extension of formal control systems, offering additional opportunities for information flow, concern-sharing, and collaborative problem-solving. These exchanges can play a pivotal role in identifying risks early and enhancing the responsiveness of governance frameworks.

3. RESEARCH METHODOLOGY

This section outlines how the research was carried out, starting with data collection and moving through variable definition and statistical analysis.

3.1. Population and sample: Delving into Jordan's audit landscape

The target population for this study was drawn from the membership base of the Institute of Internal Auditors (IIA) in Jordan. As of May 2021, the IIA had 270 registered professionals. With the organization's help, an online survey was distributed via Google Forms, allowing members across different industries and positions to participate.

From this pool, a total of 157 completed responses were received, giving a response rate of 58.1%. According to Sekaran and Bougie (2016), response rates above 30% are typically acceptable in professional studies. Given the specificity of the sample — internal audit and audit-related personnel — this level of participation provides a sound basis for analysis.

The respondents represented a cross-section of sectors, company sizes, and levels of audit experience. As a result, the data reflect a wide range of real-world perspectives on how informal interactions actually unfold within Jordanian listed companies.

The survey instrument was divided into four main sections, each focused on a different theme:

1. Section 1 gathered demographic information (such as position, industry, and years of experience).
2. Section 2 assessed characteristics of ACs: their expertise, independence, and size.
3. Section 3 looked at internal audit departments, focusing on their independence, auditor competency, and size.
4. Section 4 measured the degree and nature of informal interactions between the internal audit and the AC.

This structure was inspired by previous empirical studies, particularly those by Zain et al. (2006), Bédard and Gendron (2010), Chang et al. (2019), Sarens et al. (2013), and others. Items were adapted and worded to reflect the Jordanian context without altering their theoretical intent.

3.2. Study variables: Defining the framework

This research revolves around six independent variables and one dependent variable.

The dependent variable is the level of informal interaction between the IAF and the AC. This includes unrecorded communication, spontaneous consultations, and *ad hoc* conversations that aren't part of formal meeting agendas.

The independent variables are grouped into two categories:

- AC characteristics:
  - expertise;
  - independence;
  - size.
- Internal audit characteristics:
  - departmental independence;
  - auditor competency;
  - department size.

Each of these variables was captured through multiple survey items using a Likert scale. These responses were then tested for internal consistency and validity before being included in the regression model.

3.3. Analytical approach: Using multiple regression

To assess how each independent variable influences informal interactions, multiple linear regression was employed. This approach was selected for its ability to control for multiple variables simultaneously, allowing us to identify which factors have the strongest predictive relationships.

By isolating each variable's impact, the model helps to clarify whether it's more about structural characteristics (like size) or human ones (like expertise and competency) that drive informal interaction patterns.

Although multiple regression was selected for its robustness in handling multiple predictors simultaneously, other methodological approaches could have been considered. For instance, structural equation modeling would allow for a more detailed examination of mediating and moderating effects, especially in complex governance frameworks. Alternatively, partial least squares could offer greater flexibility when dealing with smaller samples or non-normal data. These alternatives, however, were not selected due to the study's objective focus on direct, linear relationships between observed variables.

3.4. Assessing multicollinearity: Ensuring independence among variables

Before interpreting the regression results, it was important to confirm that the independent variables weren't too closely correlated with each other — a condition known as multicollinearity, which can distort model accuracy.

Two statistical checks were used:

- *Variance inflation factor* (*VIF*): All values ranged from 1.823 to 3.994, well below the standard threshold of 10 (Gujarati, 2021).
- *Tolerance values*: All scores were above 0.05, indicating acceptable levels of independence among predictors.

Table 1. The results for the tests: variance inflation factor and tolerance

Independent variable	*VIF*	*Tolerance*
Audit committee expertise	1.849	0.541
Audit committee independence	1.823	0.549
Audit committee size	2.045	0.489
Internal audit department independence	3.994	0.250
Internal auditor competency	2.990	0.334
Internal audit department size	2.043	0.490

Source: Authors' calculations.

Together, these diagnostics show that each independent variable contributes unique information to the model, supporting the reliability of the regression outcomes.

4. DISCUSSION OF FINDINGS

4.1. Overview and demographic characteristics

The 157 professionals who responded to the survey represent a valuable cross-section of internal audit practitioners working within companies listed on the Amman Stock Exchange. Their backgrounds offer insights not just into organizational structures, but into how audit-related communication unfolds in practice.

Table 2. Frequencies and percentages of the variables for the study sample individuals

Variable	*Group*	*Frequency*	*Percentage*
Is your firm listed in the Amman Stock Exchange?	Yes	157	100.0
	No	0	0.0
Firm industry	Financial sector	107	68.2
	Industrial sector	4	2.5
	Services sector	46	29.3
Firm size in terms of the total number of employees	Less than 50	0	0.0
	50–250	56	35.7
	More than 250	101	64.3
Educational qualification	Bachelor degree	114	72.6
	Master degree	29	18.5
	Ph.D.	14	8.9
Profession role	CAE	54	34.4
	Internal auditor	103	65.6
Professional certifications	CIA	122	65.9
	CRMA	25	13.5
	CPA	3	1.62
	JCPA	3	1.62
	CMA	31	16.8
	CFA	2	1.08
	IAP	2	1.08
Audit experience duration	Less than 5 years	2	1.27
	5–less than 10 years	32	20.38
	10–15 years	86	54.78
	More than 15 years	37	23.57
Total		**157**	**100.0**

Note: CIA: Certified Internal Auditor; CRMA: Certification in Risk Management Assurance; CPA: Certified Public Accountant JCPA: Jordanian Certified Public Accountant; CMA: Certified Management Accountant; CFA: Chartered Financial Analyst; IAP: International Accounting Practice.
Source: Authors' calculations.

A large share of the sample (just over two-thirds) came from the financial sector, with the rest split between industrial and service-based firms. Most respondents were employed at relatively large companies — 64% reported working in firms with more than 250 employees. This is worth noting because larger firms typically have more formalized governance procedures and designated audit roles, which can influence how informal interactions take place.

Educational levels were also high. The majority held bachelor's degrees (72.6%), while about 30% had postgraduate qualifications (master's or doctoral). As for job titles, internal auditors accounted for most responses (65.6%), followed by CAEs. Many respondents also held certifications, especially the certified internal auditors (CIAs), indicating a well-trained and experienced audit community.

Work experience was another notable feature. Roughly 78% of participants had over 10 years in the field. This depth of experience likely shaped the nuanced perspectives captured in the data, especially when discussing informal forms of communication that may not be covered by official policies.

4.2. Comprehensive analysis of audit committee and internal audit characteristics

To understand how the respondents view key governance bodies within their organizations, descriptive statistics were used. These focus on the six independent variables and the dependent variable (informal interaction).

Table 3. Descriptive analysis

Variable	*Mean*	*Std. dev.*	*Lowest value*	*Highest value*
Audit committee expertise	4.07	0.427	4.04	4.09
Audit committee independence	4.04	0.525	3.96	4.09
Audit committee size	3.99	0.412	3.97	4.02
Internal audit department independence	4.03	0.451	3.97	4.11
Internal auditor competency	3.98	0.512	3.89	4.04
Internal audit department size	4.04	0.390	3.98	4.08
Informal interactions between audit committee and internal audit	3.99	0.384	3.85	4.09

Source: Authors' calculations.

Audit committee expertise: The average score here was 4.07, with a tight range. Most respondents seemed to agree that their AC includes members with strong knowledge of finance and auditing. This baseline of expertise likely creates space for more comfortable and frequent informal exchanges.

Audit committee independence: The mean score for independence was 4.04. While there was slightly more variation than for expertise, the overall impression is that these committees are not overly influenced by executive management. That kind of autonomy often correlates with greater trust in internal auditors.

Audit committee size: Scoring just under 4.00, this dimension reflects committees that are neither too small nor overly large. A balanced size can facilitate collaboration and flexibility, both of which help enable informal communication.

Internal audit department independence: Internal audit teams also fared well here, with a 4.03 mean score. This suggests that, at least structurally, auditors are able to operate without fear of interference — a key ingredient for candid informal conversations.

Internal auditor competency: Respondents generally rated their internal audit colleagues as competent, with a mean of 3.98. The slightly wider standard deviation here might reflect differences in firm expectations or internal training.

Internal audit department size: At 4.04, the size of internal audit departments was seen as adequate. Larger or better-staffed departments may allow auditors to develop closer working relationships with governance bodies.

4.3. Informal interactions: What the numbers say

The average score for informal interactions between ACs and internal auditors was 3.99. The range of responses was narrow, with most firms falling between 3.85 and 4.09. This tells us that informal communication is a routine part of how these governance players interact — not a rare exception.

These kinds of exchanges — quick calls, hallway chats, unscheduled check-ins — are often where critical insights are shared. Especially in settings where formal reporting is bound by structure or time limits, informal contact can allow both parties to flag concerns early or seek clarifications with less friction.

It's also worth noting that high informal interaction scores were consistent across industries and firm sizes, suggesting that this mode of engagement is valued across the board.

4.4. Testing the hypotheses: What matters most?

Two regression models were run to assess which variables have the strongest relationship with informal interaction. One focused on AC features, the other on internal audit department characteristics.

Table 4. Results of multiple regression analysis between audit committee characteristics and informal interactions between audit committee and internal audit

Variables	*Std. coefficients*	*Std. error*	*T*	*Sig.*
Constant	0.345	0.130	2.649	0.009**
Audit committee expertise	0.484***	0.039	**12.457**	0.000***
Audit committee independence	0.243***	0.031	**7.751**	0.000***
Audit committee size	0.174***	0.042	**4.121**	0.000***
Model summary	Adjusted R^2 = 0.843, F = 280.670, Sig. F = 0.000			

Source: Authors' calculations.
*Note: * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$. Predictors: (constant): AC characteristics. Dependent variable: informal interaction between AC and IAF.*

4.4.1. Audit committee findings

All three variables — *expertise*, *independence*, and *size* — were significantly associated with informal interaction ($p < 0.05$). Of these, expertise had the largest standardized coefficient. This fits with expectations: committee members who understand auditing are more likely to initiate meaningful, unplanned conversations. Independence came in second, reinforcing the idea that autonomy encourages transparency. Committee size also played a role, though it had a smaller effect.

These findings align with Sarens et al. (2013) and Drogalas et al. (2019), who emphasized that AC independence and expertise are central to informal exchange. Similarly, Baxter and Cotter (2009) and Oussii and Boulila (2021) found that committees with financial acumen tend to maintain more open lines of communication.

The model's adjusted R^2 was 0.843, indicating that these three characteristics together explain a large portion of the variation in informal interaction levels.

Table 5. Results of multiple regression analysis between internal audit characteristics and informal interactions between audit committee and internal audit

Variables	*Std. coefficients*	*Std. error*	*T*	*Sig.*
Constant	0.254	0.121	2.111	0.036*
Internal audit department independence	0.239***	0.050	4.774	0.000***
Internal auditor competency	0.187***	0.038	4.903	0.000***
Internal audit department size	0.501***	0.041	12.079	0.000***
Model summary	Adjusted R^2 = 0.865		F = 333.442 Sig. F = 0.000	

Source: Authors' calculations.
*Note: * p < 0.05; ** p < 0.01; *** p < 0.001. Predictors: (constant): IAF characteristics. Dependent variable: informal interaction between AC and IAF.*

4.4.2. Internal audit findings

The second regression focused on traits of the IAF. Here too, all variables were significant. The size of the audit department had the strongest impact — larger teams may simply be more present and visible, which increases chances for informal contact. Independence and auditor competency followed, both contributing positively.

This model's adjusted R^2 was even higher at 0.865, which suggests that characteristics of the IAF are slightly more predictive of informal interaction than those of the AC.

Together, the two models confirm all six hypotheses. Both the structure and the human capital of governance bodies shape how — and how often — they interact outside formal meetings.

This echoes earlier findings by Chang et al. (2019), who documented that larger IAFs are more engaged across the organization, facilitating both formal and informal collaboration. Sarens and Abdolmohammadi (2011) also noted that the visibility of larger departments naturally increases informal communication opportunities.

4.5. COVID-19 context and interpretation of informal interactions

It's important to remember that the data for this study were collected in May 2021, a time when Jordan was still adjusting to the impact of COVID-19. Many companies had shifted to hybrid work models, including online board and committee meetings. These changes likely affected how informal interactions occurred.

In the absence of physical offices, informal chats may have taken new forms: instant messages, unscheduled video calls, or follow-ups via email. Whether these digital exchanges carried the same spontaneity or depth as face-to-face conversations is debatable, but they likely kept the informal line of communication alive.

This context doesn't weaken the findings — it just adds a layer of interpretation. Future research could build on this by exploring how digital tools influence informal audit communication and whether virtual interaction can replicate the benefits of in-person dialogue.

5. CONCLUSION

This study set out to explore what drives informal communication between ACs and internal audit departments in firms listed on the Amman Stock Exchange. Through a structured analysis of 157 responses from internal audit professionals, it became clear that informal interactions — those that happen outside formal meeting structures — are shaped by both the people and the organizational frameworks involved.

The key takeaway is that all six variables tested — three from the AC side (expertise, independence, and size) and three from the IAF (independence, auditor competency, and department size) — showed a positive and statistically significant link to the frequency and depth of informal interactions. What stood out most was the influence of independence and professional knowledge. Teams that operate autonomously and include members with strong audit or financial expertise are more likely to engage in candid, unstructured discussions that support governance effectiveness.

The implications of this are twofold. First, for organizations in emerging economies like Jordan, strengthening these characteristics could offer a practical way to enhance oversight without relying solely on more regulation or formal reporting. Second, the study reinforces the idea — supported in past research but under-explored in this region — that informal communication should be seen not as a gap in structure, but as a feature of effective governance.

That said, this study does have boundaries. The sample was limited to firms listed on the Amman Stock Exchange, which may differ in structure and maturity from private companies or government entities. In addition, since all the data came from self-reported surveys, it's possible that some responses were influenced by personal bias or organizational culture.

For future research, several directions look promising. One option is to extend the study to other sectors or countries in the region to see how cultural or regulatory differences might influence informal interactions. Another route would be to take a qualitative approach — through interviews or case studies — to capture the emotional tone, power dynamics, and spontaneity that often define informal exchanges but are difficult to measure with a survey.

The third possibility lies in exploring the role of digital communication. With hybrid and remote work becoming more common, the way informal conversations happen is shifting. Are chat apps and video calls filling the same role as hallway conversations once did? Or are these platforms changing the nature of informal audit dialogue altogether?

Finally, researchers could examine whether frequent informal interactions correlate with long-term improvements in audit quality or governance outcomes. If such links exist, they could strengthen the case for investing in team structure, training, and independence — not just for formality's sake, but for meaningful, behind-the-scenes collaboration.

In summary, this study highlights how informal communication adds value to formal governance frameworks. By understanding and enhancing the conditions that enable these interactions, companies — especially in developing markets — can build stronger, more responsive oversight mechanisms that go beyond compliance and support real accountability.

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