

**The contribution of external audit to improving corporate governance:
Case study of a Moroccan public company « ALPHA ».**

**La contribution de l'audit externe à l'amélioration de la gouvernance
d'entreprise : Étude de cas d'une entreprise publique marocaine «
ALPHA».**

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Abstract

The public enterprise (or state) contributes continuously to the creation of national wealth and to the economic and social development of our country, which is the reason why all the stakeholders of these entities must act in accordance with strict and rigorous governance criteria. The governance of Moroccan public enterprises occupies a major place in the main orientations and strategic perspectives of the Moroccan government.

Similarly, our country is currently moving towards this new dynamic of change through in-depth reforms aimed at improving corporate governance mechanisms of the enterprise by establishing the code of good governance practices for public organizations and enterprises, as well as, the important role of the auditor in improving the corporate governance.

This work gives us the possibility to clarify and streamline the contribution of the external audit on the improvement of the governance of the Moroccan public company, through a qualitative study based on semi-structured interviews, in which the objective is to obtain answers regarding the contribution of the external audit to the improvement of corporate governance.

Keywords: Corporate governance; public companies; external audit; stakeholders.

Résumé

L'entreprise publique (ou l'Etat) contribue de manière continue à la création de la richesse nationale et au développement économique et social de notre pays, raison pour laquelle toutes les parties prenantes de ces entités doivent agir selon des critères de gouvernance stricts et rigoureux. La gouvernance des entreprises publiques marocaines occupe une place importante dans les grandes orientations et perspectives stratégiques du gouvernement marocain.

De même, notre pays s'oriente actuellement vers cette nouvelle dynamique de changement à travers des réformes profondes visant à améliorer les mécanismes de gouvernance de l'entreprise en établissant le code des bonnes pratiques de gouvernance des organismes et entreprises publics, ainsi que, le rôle important de l'auditeur dans l'amélioration de la gouvernance de l'entreprise.

Ce travail nous offre la possibilité de clarifier et de rationaliser la contribution de l'audit externe à l'amélioration de la gouvernance de l'entreprise publique marocaine, à travers une étude qualitative basée sur des entretiens semi-structurés, dont l'objectif est d'obtenir des réponses concernant la contribution de l'audit externe à l'amélioration de la gouvernance d'entreprise.

Mots clés: Corporate governance public; companies; external audit; stakeholders.

Introduction

Following numerous financial scandals in recent years, several countries, notably Morocco, have become aware of the need to strengthen governance mechanisms within their public organizations. Thus, by following up the recommendations and criticisms of international organizations, namely the World Bank, the Council of International Standards of Audit and Assurance and the French Institute of Audit and Internal Control. They stressed the need to improve the internal control system, which plays a central role in the process of circulating accounting and financial information within companies and also ensures improved accountability of managers, transparency and accountability within public organizations.

In this context, several measures have been taken by several developed countries to improve financial transparency and corporate governance. This is done through the implementation of the Sarbanes-Oxley Act in the United States and the Financial Security Act in France. Both laws focus on the introduction of new financial and accounting auditing standards and the management of conflicts within the company, in particular between shareholders and managers, by reducing information asymmetries through a better and transparent process for the circulation of financial and accounting information.

Similarly, Morocco is currently committed to a new dynamic of change through deep reforms aimed at improving corporate governance mechanisms, particularly with regard to the public sector through the introduction of the code of good practices for the governance of Moroccan public institutions and enterprises, as well as the fundamental role of the auditor in improving financial transparency and corporate governance, in accordance with the provisions of Law 17-95 on public limited companies.

All of this, with the ultimate objective of improving corporate governance mechanisms by strengthening the quality of external audit. This is why this article focuses on the contribution of external audit to improving corporate governance.

In this respect, our aim objective is to try to address the following central issue: How can external audit contribute to improving corporate governance in the case study of a Moroccan public company “ALPHA”?

Thus, this article essentially aims to highlight the theoretical and conceptual articulations of the contribution of external audit to the improvement of governance in public enterprises, choosing as a single case study: a Moroccan public enterprise. The article is structured as follows: The first section defines the key concepts of our research study, namely corporate governance and external audit quality. The second section explains the role of external audit in

corporate governance by improving the transparency of information disclosed, the third section explains the importance of external audit in reducing conflicts and agency costs within the company, and the fourth section also explains the role of external audit in strengthening the confidence of all stakeholders in the company. Then, in the fifth section, we proposed a conceptual research model explaining the role of external audit quality in improving corporate governance. Furthermore, in the sixth section we have mobilized a qualitative research methodology through a single case study of a Moroccan public company and finally in the seventh section we have presented and discussed our empirical results.

1. External Audit and Corporate Governance: Concepts and Definitions:

1.1. External Audit Definitions:

The statutory auditor is supposed to guarantee the truthfulness and fair presentation of the financial statements and is at the heart of accounting manipulation (Mballa & Feudjo, 2016). In addition, the study by (Sakka, 2010) shows that the auditee is still in a position of superiority over the auditor. The former has the information that the latter needs to do their due diligence. However, the auditors find themselves in an embarrassing situation, confronted with ethical dilemmas such as those raised by (Prat Dit Hauret, 2003). According to (Chaplais, et al. ,2016), the expected objective of an audit mission is, of course, the certification of a company's financial statements. The statutory auditor must assess their regularity and sincerity in order to provide a true and fair view of the financial situation of the undertaking. According to Mikol, 1999, the aim is to give a true and fair view of all transactions for the previous financial year and of the financial situation at the end of that year. The use of an auditor is a trusted gatekeeper (Shapiro, 1987) to reduce agency costs and ensure transparency of financial reporting. He is obviously a manager of the good management of the managers and the sustainability of the company.

1.2. Difference between statutory and contractual audit:

The accounting and financial audit in Morocco distinguishes between two types of external audit, namely statutory audit and contractual audit.

With regard to the contractual audit, this is a task that is not mandatory by law, but it is an initiative or decision by any company wishing to evaluate its internal control system and to have an opinion on its financial information, the ultimate objective of it is to ensure the proper functioning of the organization of the company.

Contractual auditing is not only carried out in the accounting and financial field but also in all areas, including the audit of information systems, tax audit, marketing audit and social audit, and is broader than statutory audit.

On the other hand, statutory audit is a mandatory decision imposed by law on undertakings, in particular by Law 17-95 and Law 5-96. Similarly, contractual and statutory audits have a complementary relationship, since contractual auditing is a mean of supporting the statutory audit and allows the company to become aware of the remarks and the necessary avenues for improvement, to prevent any type of falsification and anomaly that may affect the company and harm the image of the organization during a statutory audit mission.

1.3. Definition of corporate governance:

G. Charreaux (1997) describes governance as "the set of organizational mechanisms that have the effect of delineating powers, and influencing the decisions of leaders, in other words, governing their conduct and defining their discretionary space."

According to the World Bank's definition, governance is the exercise of political power and control over the administration of a society's resources for economic and social development.

Thus, Gomez (2001) notes that an effective system of governance must respect three main principles:

- It must guarantee equality between the different categories of shareholders regardless of the number of shares held. This implies, for example, equal access to key information ;
- It must ensure a real separation of powers (presence of independent directors on boards of directors, separation of the functions of chairman and chief executive officer);
- It must promote the expression of divergent interests by enabling the various stakeholders to express their expectations and, where appropriate, their dissatisfaction.

According to the OECD (2004), corporate governance brings together "all the relationships between the company's managers and its governance body with shareholders on the one hand and other stakeholders on the other hand, with the aim of creating value for the company".

Similarly, UNDP (United Nations Development Program) has defined governance as "the exercise of political, economic and administrative authority to manage the affairs of society. It is a broad concept that encompasses the organizational structures and activities of central, regional and local government, parliament and institutions, organizations and individuals that are understood by civil society and the private sector in so far as they actively participate in and influence the design of public policy that affects all people" (UNDP, 1996).

2. External audit is a key mechanism for improving corporate governance.

2.1. The external auditor at the heart of corporate governance shall:

The role of the independent external auditor within the company has a major effect on the behavior of managers within the company and is one of the mechanisms for disciplining managers (Jensen and Meckling, 1976). However, the statutory auditor allows the company to control and certify the accounting and financial information it produces, and builds a climate of trust and transparency within the agency relationship. Likewise, many Anglo-Saxon authors have emphasized the crucial role of the external auditor in resolving conflicts between shareholders and managers. Some begin with historical analysis (Watts and Zimmermann, 1983), others develop normative models based on agency theory or game theory (NG, 1978; NG and Stoeckenius, 1979; Evans, 1980), and others are based on empirical studies (Kinney and Martin, 1994). According to the agency's theory, managers are the agents of shareholders within the company and have an objective to manage the company in the interests of shareholders (Jensen and Meckling, 1976). Therefore, there is a risk of opportunism by the manager and agency costs associated with this type of relationship that are borne by the principal. Thus, the use of an auditor at the level of public enterprises is a key role in maintaining a certain balance in this relationship (Shapiro, 1987) in order to reduce agency costs and ensure the transparency of financial information. In this sense, the external auditor appears to be a fundamental factor in reducing this information asymmetry and subsequently constitutes a mechanism for regulating and balancing this relationship.

The external auditor is considered not only a means of supervision but also a means of credibility, obligation and justification of movements and financial transactions. It is a positive signal for all stakeholders in the business.

2.2. The role of external audit quality in corporate governance:

The way in which the audit is carried out plays a crucial role in ensuring a quality and compliance audit, in order to reveal any type of irregularity and fraud within the company. For this reason, several authors (De Angelo, 1981a; De Angelo, 1981b; Wallace, 1989; Cormier, 1991; Lee and Stone, 1995) define audit quality *"as the joint probability that the auditor will both discover fraud or irregularities in the client's financial statements"*. For example, Titman and Trueman (1986) and Beatty (1989) assess audit quality in terms of the level of accuracy, precision and reliability of the financial statements. In addition, Wallace (1980) perceives audit quality in terms of its ability to reduce noise in terms of financial information disclosed to the public.

On the other hand, (Sun & Liu, 2011) indicates that an audit quality requires the presence of an independent external auditor, qualified and specialized in the business area of the company in order to provide assurance on the quality of the accounting information. However, auditing a company for several years allows auditors to gain a lot of experience and become experts in the processes related to this sector. Indeed, Gramling et al. (1999) provide that the use of a specialized auditor who can provide assurance as to the quality of voluntary information is therefore important in order to ensure a high-quality external audit, since auditors specialize in the sector of activity of the undertaking with which they intend to carry out audit missions.

In the Moroccan context, within the framework of strengthening the principles of accountability and improving governance within Moroccan public enterprises, the Moroccan legislator has insisted on the quality of the external audit and reserved the right of control to an independent and competent person, this is the Statutory auditor whose appointment is governed by Law 17-95, which explains the new mission of the External Auditor that is generalized in public enterprises from 2001. This allows several Moroccan state-owned companies to carry out financial audits in accordance with the decisions of the general assembly and on the proposal of the board of directors as a solid governance mechanism within companies, the main aim of which is to promote good governance of Moroccan state-owned companies, by following the Moroccan code of good corporate governance practices established by the National Corporate Governance Commission in March 2008.

Based on research studies, we believe there is a positive relationship between external audit quality and Corporate Governance. Therefore, we hypothesize: **H 1:** external audit quality has an impact on Corporate Governance, particularly on the transparent disclosure of information.

3. External audit, a tool for regulation and balance within the Agency Theory

3.1. External auditing helps reduce conflicts and agency costs within the organization.

Jensen and Meckling (1976) define an agency relationship as a contract by which one or more persons (the principal) engage another person (the agent) to perform certain services on their behalf, involving the delegation of a part of the decision-making authority to the agent. Indeed, the agency relationship is complex and problematic since the interests of the principal and the agent are divergent, and each of them seeks to maximize its profit. According to Jensen and Meckling (1976), the manager tries to take advantage of some of the company's resources in the form of social and financial benefits for his own consumption (discretionary spending), without taking into account the information of the shareholders of these behaviors, which creates an informational asymmetry in the shareholder and management relationship.

The audit therefore finds its theoretical legitimacy in the reduction of agency costs (Grand, 1996). External audit as a regulator of information asymmetries between shareholders and managers. It plays a major role in the company's strategic objectives, in its ability to detect and verify any type of uncertainty that may adversely affect the company's survival, by relying on the certification of the summary financial statements, which must be regular and honest and give a true and fair view of the results of the operations of the previous year, as well as the company's financial and wealth position at the end of the year. This ensures balanced shareholder-management relations and reduces conflicts of interest between managers. Moreover, according to Lai (2009), external auditing limits the information asymmetry between managers and shareholders, with the aim of ensuring credible financial statements. For this reason, the agency's theory regards external auditing as one of the main mechanisms for managing conflicts and reducing agency costs, and as a means of limiting managers' accounting manipulations. Indeed, several studies propose the presence of a qualified auditor who can reduce information asymmetry problems (Almutairi, et al., 2009), (DeBoskey & Jiang, 2012), (Yaghoob, et al., 2014).

Briefly, the agency problems and risks are identified both by the lack of certainty of the principal toward his agent, or by a lack of compliance by the principal of the efforts made or undertaken by the agent to the enterprise, as well as the costs of executing the contracts. In this respect, asymmetry of information is therefore at the origin of the contractual relationship (Gomez, 1996).

In addition, according to (Charreaux, 1997), external auditing is a mechanism that encourages or obliges the individual(s) to whom the responsibility has been delegated to act in accordance with the interests of the organization's partners. Similarly, chow (1982) examines the effects of four factors on the decision to engage in an external audit, namely the percentage of shareholding by managers, the percentage of debt in the capital structure, the presence of accounting measures in debt contracts, and the size of the firm.

These factors provide incentives for the principal in order to undertake periodic external audit missions within the company in order to maintain balance and avoid any type of irregularity in the company's assets and to act in the direction of protecting the interests of all the company's partners. Thus, according to (Charreaux, couret, Joffre et al, 1987), the agency's theory is based on two behavioral assumptions. The first assumes that individuals seek to maximize their utility, the second assumes that individuals are likely to profit from incomplete contracts.

In line with this vision, audit work must include three fundamental elements (PIGÈ B. (2011), “Quality of the audit challenges of internal and external audit for the governance of organizations”, ed. De boeck, Paris, p. 65.):

- The nature of each agency relationship.
 - The importance of each agency relationship in the firm’s contractual fabric.
 - The financial reporting system as a source of information for the different Contracting Parties.
- For this reason, the external audit function acts fairly on behalf of the company in order to contribute to the communication of high-quality accounting information and to the reduction of agency costs and conflicts of interest between the company’s stakeholders, thus safeguarding the interests of shareholders.

Based on research studies, we believe there is a positive relationship between external audit quality and Corporate Governance. Therefore, we hypothesize: **H 2:** external audit quality has an impact on Corporate Governance, particularly on the reduction of conflicts and agency costs.

4. The external audit report as a tool for all stakeholders:

According to Bertin et al. (2002) the report issued by the external auditor is the main tool available to the auditor to communicate with stakeholders. Thus, (Gonthier, 1996) presents this report as a communication medium and a channel for transmitting the audit opinion. However, the work of the auditor is of general interest. It ensures compliance with good governance rules, which goes far beyond the provision to the entity it controls. Thus, Citron and Taffler (1992) confirm that an audit report will be of quality if it is the result of a technically competent and independent audit process. Similarly, the nature of the external auditor’s report, which is qualified as a guarantor of balance within the company but also for all stakeholders, by ensuring the reliability of the information communicated by the entity to the various stakeholders (potential investors, shareholders, analyzes, etc.), also generates confidence in the financial and non-financial relationships and consequently in the economy in general.

Thus, other stakeholders can consult and rely on the findings of the auditors’ reports to have a general idea about the certainty of the financial information of the company and the management and operational quality of the entity with which they wish to work.

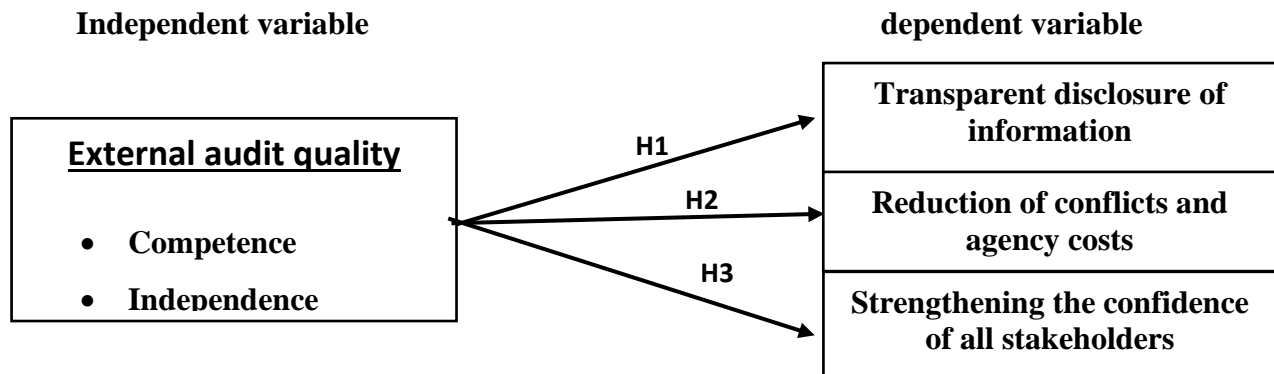
On the other hand, the certification of the annual accounts of the undertaking without reservation constitutes a positive point for the undertaking in so far as it enables the latter to request from the bank the necessary credits for the survival of the undertaking. For this reason, the certification of the auditor is a prerequisite for the granting of the sums lent and made to the

entity. For this reason, the external auditor must decide on the regularity, sincerity and fair presentation of the accounts of the entity that has taken out bank loans, his signature reflects the reality of all the financial information of the enterprise and constitutes the basis of contracts between the various stakeholders.

Similarly, the external audit report influences the strategic decisions of the company's potential investors before making any investment decision, which is why investors always rely on the contractual audit report that informs them of the company's real state. Chen et al. (2013) report that auditors play a crucial role in the economy, as they give a certain "confidence" to financial markets, guaranteeing the credibility and sincerity of the published accounting figures. They enable investors to make appropriate decisions based on their judgments and opinions. Indeed, the external audit report helps the company's suppliers and customers make decisions and allows suppliers to decide whether to continue or discontinue their business and financial relationships with the company. In addition, the financial audit report assists the State in taking decisions, in particular regarding the quality of the accounting information, since it allows generating macro and micro economic analyzes of the state, thus it is necessary for the national accounts. The State is interested in the external audit as regards the company's compliance with the accounting law, whether it is the law 17-95 on public limited companies, as well as the continuity of operations and, above all, the reality of the accounting and fiscal result. The report of the financial auditor, in so far as it provides a service of general interest, thus concerns the public at large. That is not the case with the internal audit report. Based on research studies, we believe there is a positive relationship between external audit quality and Corporate Governance. Therefore, we hypothesize: **H 3**: external audit quality has an impact on Corporate Governance, particularly on strengthening the confidence of all stakeholders toward the company.

5. Proposal for a conceptual research framework on the role of external audit quality on Corporate Governance

Figure 1: Impact of external audit quality on Corporate Governance



Source: Self-design

This figure above explains the role of external audit quality as an independent variable on Corporate Governance as a dependent variable composed of the three main dimensions, which are the Transparent disclosure of information, reduction of conflicts and agency costs and strengthening the confidence of all stakeholders and are inspired by the design developed by the authors Jensen and Meckling (1976). Indeed, through this conceptual research model developed, we were able to detect the following research hypotheses :

H 1: external audit quality has an impact on Corporate Governance, particularly on the transparent disclosure of information.

H 2: external audit quality has an impact on Corporate Governance, particularly on the reduction of conflicts and agency costs.

H 3: external audit quality has an impact on Corporate Governance, particularly on strengthening the confidence of all stakeholders toward the company.

6. Research methodology adopted:

The objective of this section is to present and demonstrate the value of our methodological choices, in order to respond effectively empirically to our central problem.

6.1. Qualitative approach:

Can the research methodology be defined as a common thread that makes it possible to concretize the relationship between the theoretical part and the empirical part (EVAR, PRAS 2000). Indeed, according to Thietart, the choice of qualitative or quantitative approach depends on the priority that the researcher assigns to the quality of the causal links between the variables or to the generalization of the results. Our research work is based on a qualitative approach

because of our desired objective that we try to discover through exploration, as well as the special nature of public enterprises. Public enterprise is run by a private-sector inspiration.

6.2. Single Case Study:

According to (Yin 1994), in order to carry out research using qualitative methods, the researcher can refer to several research strategies. Among the most widely used examples in management science research fields is the single case study as a method of management science research. It is considered to be one of the most relevant methods and used to carry out qualitative studies, there are several reference works which have helped to establish its legitimacy as (Eisenhardt 1989; Yin 1994; Yin 2003; Guba & Lincoln 1994).

In relation to our previously mentioned research theme which is: **The contribution of external audit to improving corporate governance: Case of a Moroccan public company “ALPHA”**.

This topic was based on a literature review that gave us an idea and a general vision of the role of external auditor quality in corporate governance. It also allowed us to learn about the contribution of the external audit report to improving governance in public enterprises, as well as the role of the external auditor as the guarantor of the balance of all stakeholders within enterprises.

In this respect, the single case study method will allow us to specifically answer the question of why and how.

6.3. The collection of research data:

Through this research, we will focus on a single method of data collection, namely the interviews that were developed from the literature review. According to (Quivy & Van Compenhoudt, 1995), "maintenance methods are distinguished by the implementation of fundamental processes of communication and human interaction. Properly highlighted, these processes allow the researcher to extract very rich and nuanced information and insights from his interviews." The interview thus takes place for at least half an hour with each external auditor, and allows the person to provide us with as much information as possible, as well as the most desirable answers, and then to analyze all the data collected.

Similarly, it is important to remember that the interview will be recorded using a voice recorder, which will allow us to take into account all the comments and reactions of the interlocutor to each question asked during the interview.

The list of interviewees in the interview guide are:

- Statutory auditor, member of the Moroccan Association of Accountants, belonging to a firm of type "BIG 4".
- Four external auditors, Graduates of Higher schools of business in Morocco.

6.4 The research ground:

Within our research theme, there is little work that addresses the contribution of external audit to improving the governance of public enterprises. For this reason, our study focuses on the choice of a public company that is considered to be fertile ground for this research.

It is a public limited company with a board of directors created on June 28, 1957, subject to Law 17-95 on public limited companies. It is a strategic Moroccan national company, which really participates in the creation of the national wealth of the Moroccan economy.

7. Presentation and discussion of results:

7.1. Presentation of results:

For reasons of confidentiality and discretion, the name of the company as well as the External Auditors will be anonymous during this study.

Theme 1: The role of external auditor quality in corporate governance:

What is the role of the external auditor in the shareholder/management agency relationship?

The Statutory auditor stated that "*... the external auditor is a guarantee of confidence, guaranteeing the quality of the information provided*". The Statutory auditor also confirms that "*... The external auditor is genuinely involved in establishing the balance between shareholders and managers within the company.*"

Similarly, the external auditors interviewed confirm the view that "*... the external auditor makes it possible to minimize the risk of information asymmetries in the enterprise so that he gives it and ensures the reliability of financial and accounting information within the enterprise*".

Can certification of the external auditor be a lever for improving corporate governance?

The Statutory auditor of this company confirm the idea that "*...the certification of the external auditor is important, as his observations, while relevant, are often put in place, therefore they improve the decisions taken by the company's board of directors and the company's audit committee*".

Similarly, all the auditors interviewed for this company confirm that "*...the certification of the Statutory auditor is important and contributes to improving corporate governance, if it is taken into account by the board of directors of this company or its audit committee*".

Does the competence and independence of the external auditor positively influence the quality of external audit in corporate governance?

The Statutory auditor interviewed for this company confirms that "*... competence and independence positively influence the quality of external audit within corporate governance, and is part of the ethical rules and without the competence and independence the opinion expressed may not reflect the reality of things within this company, in addition our firm has the high qualified senior executives, with the competence and experience necessary to ensure this example of mission within this public company*".

The all-external auditors interviewed also confirm the same idea that "*... competence and independence are among the important qualities of a statutory auditor within the company, since training, experience, know-how and membership of a reputable accounting firm are important elements to ensure a high-quality audit, allowing the improvement of corporate governance*".

Theme 2: External audit as a signaling mechanism for monitoring within the agency relationship.

How do you think external auditing reduces conflicts and agency costs within the company?

The Statutory auditor confirm that "*... the external audit makes it possible to assess whether employees comply with the rules and procedures of the internal control of the company, and to ensure a good distribution of tasks in the information processing circuits, in order to reduce conflicts of interest between the head of the company and the shareholder which is the State*".

The other interviewees also confirm that "*...external audit makes it possible to reduce agency costs and conflicts of interest by the correct application of the audit approach, in order to ensure the transmission of accurate financial and accounting information to the shareholders of the company which is the State in our case*".

How does external auditing empower individuals to act in accordance with the interests of the organization?

The Statutory auditor believes that "*...the external audit also seeks to observe formalized and properly applied procedures, and places a great deal of emphasis on clarifying the powers and responsibilities of the actors.*"

The external auditors indicate that "*...the external audit enables us to hold individuals accountable by detecting anomalies and errors in the company's financial statements, while complying with the instructions of the Statutory auditor*".

Theme 3: The external audit report as a tool for all stakeholders

How can the external auditor, through his audit report, communicate with all stakeholders?

According to the External Auditor "... *the audit mission is in the public interest. Its independent and competent implementation allows all stakeholders to benefit from the findings raised and the reservations expressed in relation to the financial statements of the enterprise*", thus the external auditors and the Statutory auditor indicate that "... *when an error or anomaly is detected in the summary statements, information on its degree of risk is informed and communicated to the Board of Directors, the latter sets up consecutive meetings to propose actions necessary to limit the adverse effects of this anomaly on the quality of the enterprise's relationship with all stakeholders*".

The financial audit report is used as a decision support for all stakeholders?

The Statutory auditor replies "... *yes, often a good assessment of the internal control framework and an audit in accordance with the benchmarks applicable to the audited financial statements allowing users of audit reports to decide on the major and minor elements in their decision-making with this public undertaking*".

The external auditors reply "... *yes, the financial audit report is a decision support tool for all stakeholders, in particular related to their relationship with the company*".

Does the statutory audit report help the state to make decisions in these macro and micro economic analyzes, as well as on companies' compliance with the accounting law?

The Statutory auditor and all the auditors interviewed confirmed that "...*the statutory audit mission is in the public interest. All stakeholders in the company can use the results of the statutory audit report to draw the necessary conclusions that they feel meet their objective.*"

Similarly, the External Auditor answers "... *the State through its audit committees monitoring the external audit reports of public enterprises is able to know the degree of compliance with the procedures and governance rules governing the public sector*".

7.2. Discussion of the results:

In summary, by analyzing the content of the interview guide administered to the Auditor and the external auditors of this company, important results were obtained for each topic. With regard to the first theme, the quality role of the external auditor in corporate governance, depending on the results obtained, it can be concluded that a quality audit is an audit that requires the competence and independence of the auditor to carry out its mission with sincerity and transparency, in order to produce sincere and high-quality financial information, the

ultimate aim of which is to build a sound and effective corporate governance system within the company. At the level of the public sector, the work of the external auditor, in particular his recommendations, advice and reports..., is a signal for improving governance at the level of public enterprises.

In addition, the presence of the auditor, who carries out a set of tests and controls according to working methods defined by precise audit standards, is a factor that consolidates the audit report's significant role as a lever for improving governance in the public sector. A certification of the annual accounts, without reservation, by an independent and competent professional can be interpreted as a positive signal that reassures both the trust between the management and the shareholder of the company and thus between all the stakeholders of the company.

Thus, with regard to the second topic, which concerns external audit, as a signal mechanism allowing oversight within the agency relationship, depending on the results obtained, it can be concluded that, in order to verify the accounting information put in place by the company's managers and to reduce the asymmetry of information with them, the shareholders make use of external auditors, in order to reduce the discretionary power and opportunistic behavior of the managers, in this context external audit plays a central role in strengthening the principles of transparency and governance within the companies, as well as the consolidation of the managers' managerial responsibility, by guaranteeing the reliability of the accounting and financial information produced and communicated by the entity.

As regards the third theme, which concerns the external audit report as a tool for all stakeholders, it serves as a decision-making aid for stakeholders external to the company with the most external clients: current shareholders, potential investors, suppliers, customers and the State.

In this respect, we can conclude that external auditing is essential for shareholders, it provides reassurance to shareholders on the reliability of the financial position and the financial information contained in the balance sheet and income statement of the company, as well as a general overview of non-financial information within the company, which generates a general vision for the company's shareholders.

Conclusion

Corporate governance is an important element in ensuring that the principles of transparency, accountability and stakeholder trust are respected. It ensures the improvement of the quality of the financial and accounting information of the enterprise. The external auditor, as a guarantor of the balance of the agency relationship and the establishment of effective governance systems

within the company, participates in a continuous manner in reducing conflicts and agency costs within the company.

Thus, with the objective of improving corporate governance, public enterprises act to improve the quality of external audit, which is considered important to ensure an efficient and high-quality audit. For this reason, the independence, competence and specialization of the external auditor in the business area of the company remains essential to provide assurance on the reliability and sincerity of the financial statements of the company.

Thus, the external audit report, which forms part of the statutory and/or contractual financial audit to assess the company's internal control system, plays an important role in pushing the company's managers to act in accordance with the organization's interests. It provides a means of communication and decision support for all stakeholders in the enterprise in general and for strategic decisions made by the governance body of the enterprise in particular. In this respect, the auditor shall act continuously to improve the quality of the accounting information disseminated within the undertaking, which is necessary for the growth of the national economy, in particular in the context of compliance by undertakings with the accounting law. In this context, our empirical contribution in this scientific research is to clarify and explain the main contribution of the quality of external audit in the improvement of the governance of public companies through the improvement of the transparency of the information disclosed within public companies, the reduction of conflicts and agency costs and finally the major role of the external audit in the reinforcement of confidence between all the stakeholders of the company.

Future research

We recommend carrying out further research based on a quantitative methodology using a questionnaire aimed at the external auditors of strategic Moroccan public companies, considered to be a strategic sector that really participates in the creation of wealth and the development and growth of the Moroccan economy.

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