

Corporate Governance Role of Audit Committees in the Banking Sector: Evidence from Libya

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Abstract : This study aims at identifying the practices that should be taken into consideration by audit committees as a tool of corporate governance in Libyan commercial banks by investigating various perceptions on this topic. The study is based on a questionnaire submitted to audit committees 'members at Libyan commercial banks, directors of internal audit departments as well as members of board of directors at these banks in addition to a number of external auditors and academic staff from Libyan universities. The study reveals that the role of audit committees has to be shifted from traditional areas of accounting to a broader role including functions related to financial reporting, audit planning, support the independence of internal and external auditors, acting as a channel of communication between external auditors and board of directors, reviewing external audit, and evaluating internal control systems. Although the study is a starting point in developing a framework of good audit committees' practices in Libya, it is believed that the adoption of its results can result in enhancing the corporate governance practices not only in the banking sector but also in the entire corporate sector in Libya.

Keywords : audit committees, corporate governance, commercial banks, Libya

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