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The Role Of Audit Committees In Bridging The Expectation Gap: A Field Study On Accountants In Algeria

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Abstract:

This study aimed to examine and analyze the concept of audit committees and the expectations gap in auditing, as well as to clarify the role of audit committees in attempting to narrow that gap. To achieve the study's objectives, a descriptive methodology was adopted, which was suitable for the nature of the study. A questionnaire was designed as a tool for data collection from the study population, comprising 27 items distributed across three domains. After verifying its validity and reliability, it was distributed to practicing account governors in the research sample. The researcher calculated the means and standard deviations, and used the t-test for independent samples, as well as Cronbach's alpha for reliability, employing the Statistical Package for the Social Sciences (SPSS).
The results of the study indicated that the supervision of audit committees over the preparation and auditing of financial reports, as well as their evaluation of internal control systems and fraud risk assessment, will contribute to reducing the expectations gap.

Keywords: Audit Committees, Expectations Gap, Account Governors, Users of Financial Statements.

1. Introduction to the Study:

The auditing profession has faced a crisis of responsibility, credibility, and trust in recent years due to the increase in financial and economic crises at both local and global levels. This has led many investors, shareholders, and the public—who have been harmed by the bankruptcy and collapse of numerous companies and banks—to question why account governors did not provide signals about the condition of those companies.
In light of the shaken confidence in those statements and the criticism directed at the accounting profession, followed by lawsuits against audit firms, there is a disparity between the beliefs of users of financial statements regarding the duties and responsibilities of auditors and the auditors' own beliefs about those responsibilities. This has resulted in what is commonly referred to as the expectations gap in the professional practice environment. Hence, this study aims to shed light on the role of the audit committee in narrowing the expectations gap.

2. Problem of the Study:

The research problem lies in the existence of a gap between what the financial community expects from the auditor or the auditing process in discovering fraud and errors in financial statements. This necessitates that audit committees fulfill their assigned roles effectively. The main research question can be expressed as follows: What role can the audit committee play in narrowing the expectations gap? From this main question, the following sub-questions arise:
- What is the extent of the audit committee's contribution to supervising the preparation of financial reports in narrowing the expectations gap?
- What is the extent of the audit committee's contribution to supervising internal control systems in narrowing the expectations gap?
- What is the extent of the audit committee's evaluation of fraud risks in narrowing the expectations gap?

3. Objectives of the Study:

The aim of the study is to identify the areas of contribution of audit committees in narrowing the expectations gap from the perspective of external account governors, through the following objectives:
- To understand the role of the audit committee in supervising the preparation of financial reports in narrowing the expectations gap.
- To identify the role of the audit committee in monitoring internal control systems in narrowing the expectations gap.
- To assess the audit committee's evaluation of fraud risks in narrowing the expectations gap.

4. Hypotheses of the Study:

Based on the study questions and considering the importance and objectives of the study, the following null hypotheses were formulated:

- Hypothesis One: There is no statistically significant relationship at the significance level ($\alpha = 0.05$) between the contribution of audit committees' supervision of the financial reporting process and narrowing the expectations gap.
- Hypothesis Two: There is no statistically significant relationship at the significance level ($\alpha = 0.05$) between the contribution of audit committees' supervision of internal control systems and narrowing the expectations gap.
- Hypothesis Three: There is no statistically significant relationship at the significance level ($\alpha = 0.05$) between the contribution of audit committees in assessing fraud risks and narrowing the expectations gap.

5. Limitations of the Study:

This study was conducted on a sample of account governors in Wadi, Ouargla, Biskra, and Batna, covering the time frame from 2019.

Previous Studies: The researcher will present some previous studies that addressed the research topic or some of its aspects, along with their objectives and results:

1. A study by Qassoum (2009) titled "The Role of Audit Quality in Narrowing the Expectations Gap in Auditing" highlighted the issue of conflict and divergence of interests between the preparers of financial statements and their users, and the loss of trust in those reports prepared by management. The study concluded that the attention of professional organizations to regularly update professional education programs for auditors significantly impacts the effectiveness of auditors' professional competency.
2. A study by Ali (2010) titled "The Impact of the Expectations Gap in Auditing on Investment Decisions" examined the effect of the expectations gap in auditing on the decisions of financial statement users. It found that the use of statistical sampling in auditing increases the expectations gap, resulting from the inadequacy of audit reports to meet the needs of financial statement users.
3. A study by Al-Jak (2011) titled "The Role of the External Auditor and Professional Organizations in Reducing the Expectations Gap in Auditor Reports to Support the Credibility of Financial Reports" addressed the role of the external auditor and professional organizations in reducing the expectations gap to support the credibility of financial reports. The study revealed a clear disparity between the expectations of financial statement users and the responsibilities of auditors, exacerbated by the public's lack of knowledge about the duties and objectives of auditing.
4. A study by Abu Zor (2011) titled "The Impact of Audit Committees on the Perception of Risks in Public Shareholding Companies Listed on the Amman Stock Exchange" aimed to clarify the impact of audit committees on the perception of risks in these companies. It recommended reassessing the roles of audit committees to reduce business risks in public shareholding companies.
5. A study by Al-Haj (2013) titled "Corporate Governance Mechanisms and Their Role in Narrowing the Expectations Gap in Auditing" identified the expectations gap between external auditors and users of financial statements in Yemeni public joint-stock companies. The study found that gathering sufficient evidence about audit items by the internal auditor limits the expectations gap in auditing.
6. A study by Cuebas (2010) titled "The Role and Function of the Public Company Audit Committee" was conducted following the collapse of major companies due to fraud and manipulation by their management. The study aimed to mitigate such cases through examining related legislation and forming effective audit committees capable of preventing fraud and manipulation in accounting systems.

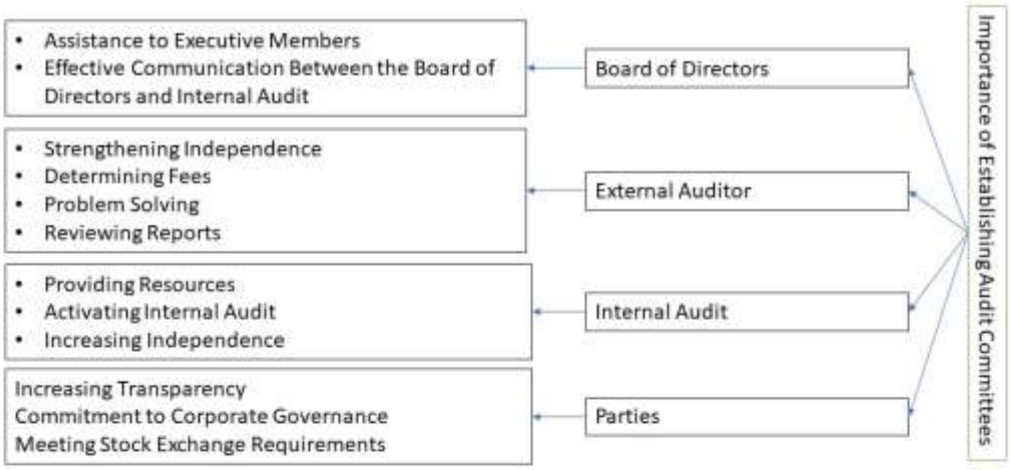
Analysis of Previous Studies and Contributions of the Current Study: From the review and assessment of the key aspects of previous accounting thought regarding the expectations gap, with a focus on audit committees and the expectations gap, the following conclusions can be drawn:

1. The concept of the expectations gap remains a subject of scientific debate in administrative and accounting dimensions.
2. Some previous studies agree on the importance of providing the components and mechanisms that help reduce the expectations gap.
3. Some studies focused on establishing a relationship between audit committees and earnings management and financial reporting.
4. There is a clear variance in how each study addresses its results, as each one tackles one or more aspects of the current study. The researcher attempts to connect various ideas and objectives of these studies to arrive at the current study, which represents an effort to revisit and explore the expectations gap and ways to narrow it through audit committees.

Theoretical Framework of the Research
First: Audit Committees Through:
1. **Concept of Audit Committees:** There is no unified definition for audit committees, but we can review some concepts as follows:
The Canadian Institute of Chartered Accountants (CICA) defined an audit committee as "a committee composed of company directors whose responsibilities focus on reviewing the annual financial statements before they are submitted to the board of directors. The audit committee acts as a link between the auditors and the board of directors, and its activities include reviewing the nomination of the external auditor, the scope and results of the audit, as well as the company's internal controls and all financial information prepared for publication" (Awad, 2008, p. 193). Hamad defined it as "a committee consisting of several non-executive board members, which must have a direct line to the shareholders through a separate report from the annual report. The committee members must be competent individuals to ensure their ability to commit and exert effort in the tasks of oversight, auditing, accountability, and monitoring compliance with ethical values and governance arrangements" (Hamad, 2005, p. 201). Suleiman defined it as "a committee derived from the company's board of directors, and its membership is limited to non-executive members who have experience in accounting and auditing. Its responsibility is to oversee the preparation of financial statements and review the functions of external and internal audits and compliance with corporate governance rules" (Suleiman, 2006, p. 142).

2. **Importance of Audit Committees:** The importance of audit committees for relevant parties can be illustrated as follows (Suleiman, 2006, p. 145):

Figure 01: Importance of Audit Committees



It becomes evident to the researcher from the above figure that audit committees serve multiple parties, each with diverse needs.

3. Justifications for Working with Audit Committees: Among the most important justifications are (Dahmash et al., 2005, p. 25):
- **Effective Supervision:** Effective oversight of the financial reporting process, especially in large companies. Members must possess high expertise in accounting, auditing, and financial management.
- **Protection of Rights:** Protecting rights, eliminating personal interests, and presenting financial reports of high efficiency and quality.
- **Need for Regular Financial Reporting:** There is a need for periodic publication of financial reports, especially since most companies issue quarterly financial statements, which require thorough review.

- **Protection of Shareholders' Interests:** These committees are qualified and competent, thus able to uncover any errors or fraud.

Second: Expectation Gap in Auditing Through:
1. **Concept of Expectation Gap:** The expectation gap in auditing is defined as "the space of difference between the expectations of users of financial statements and the estimations of auditors and stakeholders regarding what they need from auditors versus what is currently provided to them" (Nasr, 2009, p. 11).
Another author defined it as "the difference between the professional performance responsibilities of auditing as expected by users of financial statements and the levels of professional performance as perceived by external auditors. The difference between these two levels is known as the expectation gap" (Al-Badawi and Al-Sayed, 2003, p. 20).

2. **Components of the Expectation Gap:** Auditors and users are fundamental educators of the expectation gap, as this gap relates to either auditor performance or user expectations. The components of the expectation gap can be detailed as follows (Mohammed and George, 2003, pp. 120-121):
- **Reasonableness Gap:** This represents the variance between the expectations of society or users of auditor opinions and what auditors can reasonably perform.
- **Performance Gap:** This represents the variance between the duties that society or users of auditor opinions reasonably expect from auditors and their actual performance.
From here, we realize that the expectation gap has taken on various dimensions that affect all mechanisms defined and framed by the auditing process, stemming from the nature of user expectations as well as the shortcomings in auditor performance compared to established standards.

Third: Narrowing the Expectation Gap in Auditing: Given the impacts of the expectation gap on both users of financial statements and the auditing profession, it is essential to work on narrowing it. Narrowing this gap relies on correcting the unreasonable expectations of users of financial statements and meeting their reasonable expectations. Although it is difficult to completely eliminate this gap due to its nature and components, it can be narrowed to the lowest possible limit through (Nasr, 2001, p. 164):
1. **Improving Communication with Users of Financial Statements:** This can be achieved through the following reports (Al-Rashidi, 2005, p. 89):
a. **Management Report:** Plays an important role in removing misunderstandings among users of financial statements regarding the responsibility for preparing the financial statements, as management confirms its responsibility for improving management practices related to the preparation of those statements (Ghanem, 2006, p. 200).
b. **Audit Report:** The external auditor's report provides users of financial statements with added value from the information conveyed to them through the financial statements prepared by management. The auditor's opinion is a fundamental document in determining many users' decisions regarding the financial statements, serving as evidence of reassurance about management's compliance with applicable laws and regulations. However, some users believe that the current audit report is not an effective communication tool, as auditors focus on describing the nature of the audit as a general activity and use it as a means to protect themselves against any future risks.

2. **Audit Committee:** The primary objective of forming an audit committee is to limit direct communication between the auditor and the company's executive management being audited, reducing the formation of personal relationships between the auditor and executive management on one hand and weakening the executive management's ability to exert pressure on the auditor on the other. This supports the auditor's independence. It has been found that in companies without audit committees, the issuance of an audit report with substantial reservations leads to the isolation of that auditor. The effectiveness of the audit committee in supporting the auditor's independence depends on its independence from executive management, the regularity of its meetings, and the presence of sufficient knowledge and experience in finance and accounting among some of its members (Obaid, 2008, p. 85).

3. **Commitment of External Auditors to General Auditing Standards:** In response to the financial community's desire to narrow the expectation gap, the International Federation of Accountants issued eight standards related to the expectation gap in 1997, compared to nine standards issued by the American Institute of Certified Public Accountants in 1998 (Jumaa, 2000, p. 317).

Fourth: Audit Committees and the Expectation Gap: The audit committee can play an effective role in improving the quality of financial reports for organizations, thereby contributing to reducing the expectation gap by exercising its role with complete independence from executive management and striving to disclose all information in its reports to the board of directors. These activities relate to the following:

1. **Supporting the Independence of External Auditors:** The committee can fulfill this role if its members possess financial and accounting expertise, have the authority to select auditors, monitor their performance, and have a thorough understanding of the steps and nature of the auditing process within the organization.
2. **Examining Internal Control Systems and Relationships with Internal Auditors:** For the committee to carry out this role, it must be independent of the executive management of the organization.
3. **Examining Financial Reports:** The examination of financial reports requires the competence and professional experience of the committee members, thus ensuring that financial reports are accurate and reflect the actual situation of the organization.

The researcher concludes from the above that the audit committee can contribute to supporting the independence of external auditors by recommending the selection and replacement of external auditors, determining their fees, approving management consulting services and their fees, examining areas of disagreement between external auditors and management, and supporting external auditors in case of differing viewpoints with the management of the audited organization on certain technical matters. This leads to reinforcing the independence of these auditors. Additionally, examining the internal control system provides good evidence for the auditors' work, while examining reports contributes to supporting the credibility of the report's contents, thereby helping to narrow the expectation gap in auditing.

Field Study
1. **Study Methodology:** The researcher employed a descriptive methodology as it is suitable for this study. This methodology involves identifying the phenomenon to be studied, collecting information and data about it and the variables affecting it, as it exists in reality without the researcher's interference, analyzing these data, extrapolating results from them, and then making recommendations based on the study's results and objectives.
2. **Study Population and Sample:** The study population consisted of all auditors working in the profession of accounting supervisors in the selected sample, totaling (50) supervisors. A questionnaire was distributed randomly, and after collecting the questionnaires, it was found that (38) supervisors returned the questionnaire, representing 76% of the total study population.
3. **Study Tool:** The researcher used the study tool (questionnaire) after reviewing relevant literature and previous studies related to the topic. The final form of the tool consisted of three domains and (27) items exploring the areas of contribution of audit committees in narrowing the expectation gap.

Statistical Treatment: After collecting and coding the data and processing it using appropriate statistical methods, using the Statistical Package for the Social Sciences (SPSS), the researcher employed frequencies, arithmetic means, standard deviations, percentages, a one-sample t-test (One Sample T-test), and Cronbach's alpha equation.

4. **Study Results and Hypothesis Testing:** This study aims to identify the areas of contribution of audit committees in narrowing the expectation gap. To achieve this, the researcher used a questionnaire consisting of (27) items distributed to a sample of 38 individuals who are practicing accounting supervisors. To interpret the study results, the researcher used the following arithmetic means: (more than 3.5) significant, (from 2.50 to less than 3.5) moderate, (less than 2.5) minimal.

Demographic Description of the Study Sample: The first part of the questionnaire was dedicated to analyzing the distribution of the study sample according to personal and demographic characteristics. The results were as follows:

Table (1): Distribution of the Study Sample

Variable	**Classification**	**Frequency**	**Percentage**
Years of Experience	Less than 5 years	6	15.7
	5 – 10 years	14	36.8
	11 – 15 years	4	10.5
	16 – 20 years	8	21
	20 years and more	6	15.7
Total		**38**	**100.0**

Source: Prepared by the researchers from field study data.

The data in Table (1) regarding the variable of years of professional experience shows that 32.8% of the sample (14 individuals) have experience between 5 and less than 10 years. Additionally, 21% of the sample (8 individuals) have experience between 16 and less than 20 years, while 15.7% of the sample (6 individuals) have experience between less

than 5 years and more than 20 years. Furthermore, 10.5% of the sample (4 individuals) have experience between 11 and less than 15 years.
It is noted that the majority of the sample have practical experience ranging from 5 to 20 years, indicating that they possess substantial experience.

Validity of the Tool: To ensure the accuracy of the study questions, the validity of the tool was verified by presenting it to a group of specialists with expertise in accounting.

Discussion of the Study Results and Hypothesis Testing
Question 1: What is the degree of contribution of the audit committee's oversight of the financial reporting process in narrowing the expectation gap?

Table (2): The arithmetic mean, standard deviation, and degree of agreement for the first hypothesis items arranged in descending order by arithmetic mean.

Item No.	Items	Arithmetic Mean	Standard Deviation	Degree
10	The audit committee examines the professional competence of financial report preparers.	4.41	0.66	Significant
09	The audit committee reviews the financial system in place at the company.	4.21	0.58	Significant
08	The audit committee oversees the preparation of financial reports and statements.	4.05	0.82	Significant
04	Management provides the audit committee with any significant deviations from the budget.	4.03	0.50	Significant
05	Management informs the audit committee of any fraud discovered within the company.	4.01	0.41	Significant
06	The audit committee discusses the suitability of accounting principles with management.	3.98	0.55	Significant
01	Management supplies the audit committee with financial reports prior to board approval.	3.91	0.62	Significant
02	The audit committee discusses the annual financial statements with management before adoption and publication.	3.87	0.54	Significant
03	Management provides the audit committee with any changes in accounting principles differing from previous years.	3.81	0.65	Significant
07	The audit committee monitors the selection of accounting policies.	3.78	0.74	Significant
Total		**4.00**	**0.30**	**Significant**

Source: Prepared by the researchers from field study data.

It is evident from the data in Table (2) that the degree of contribution of the audit committee's oversight of the financial reporting process in narrowing the expectation gap was significant across all items. The arithmetic means ranged from (3.78) to (4.31), indicating that the degree of contribution of the audit committee's oversight was significant, as reflected by an overall mean of (4.00). The researcher believes that given the significant importance of financial statements in financial markets and the relevance of financial reports to their current and future users, the audit committee plays an active role in ensuring the quality of financial reports.

Results of the First Hypothesis Test:

There is no statistically significant relationship at the significance level (a = 0.05) between the contribution of the audit committee's oversight of the financial reporting process and narrowing the expectation gap.

Calculated T	Difference between Means	Significance (sig)	Arithmetic Mean	Standard Deviation	Confidence Interval	Result of the Alternative Hypothesis Test
8.214	0.20	0.000	4.00	0.30	Lower: 0.25	Accept
					Upper: 0.15	

To test the first hypothesis, the One Sample T-test was utilized, and the results were as follows:

Table (3): Results of the First Hypothesis Test

Source: Prepared by the researchers from field study data.

It is noted from the results in the above table that the significance level (*0.000*) is less than 0.05. Since the decision rule is to accept the null hypothesis if the significance value is greater than (0.05) and reject the null hypothesis if the significance value is less than (0.05), the null hypothesis is rejected, and the alternative hypothesis is accepted. This indicates that there is a statistically significant relationship at the significance level (a = 0.05) between the audit committee's oversight of the financial reporting process and narrowing the expectation gap.

Question 2: What is the degree of contribution of audit committees' oversight of internal control systems in narrowing the expectation gap?

Table (4): The arithmetic mean, standard deviation, and degree of agreement for the second hypothesis items arranged in descending order by arithmetic mean.

Item No.	Items	Arithmetic Mean	Standard Deviation	Degree
12	The audit committee reviews management's report on internal control over financial reports with management.	4.39	0.65	Significant
11	The audit committee reviews the internal control system to ensure its suitability for achieving internal control objectives.	4.11	0.56	Significant
15	The audit committee ensures procedures are in place for receiving and addressing feedback from company employees.	4.03	0.45	Significant
14	The audit committee discusses the external auditor's report on management's assessment of the internal control environment.	3.93	0.65	Significant
16	The audit committee establishes procedures for addressing accounting issues.	3.91	0.57	Significant
13	The audit committee reviews management's report on internal control over financial reports with the external auditor.	3.86	0.75	Significant
17	The audit committee reviews the internal control system with the internal auditor.	3.75	0.69	Significant
Total		**3.99**	**0.37**	**Significant**

Source: Prepared by the researchers from field study data.

It is evident from the data in Table (4) that the degree of contribution of audit committees in evaluating internal control systems to narrowing the expectation gap was significant across the board, with the mean scores ranging from (3.75) to (4.39). This result indicates that the degree of contribution of audit committees in evaluating internal control systems to narrowing the expectation gap was substantial, as evidenced by the mean score of (3.99).

Results of Testing the Second Hypothesis:

There is no statistically significant relationship at the significance level ($\alpha = 0.05$) between the contribution of audit committees in evaluating internal control systems and narrowing the expectation gap.

To test the second hypothesis, the One Sample T-test was used, and its results are as follows:

Table (5): Results of Testing the Second Hypothesis

Calculated T	Difference Between Means	Sig	Mean	Std. Dev.	Test Confidence Interval	Result of Alternative Hypothesis Test
					Lower	Upper
6.894	0.21	0.000	3.99	0.37	0.27	0.15

Source: Researchers' preparation from field study data.

From the results in the table above, it is observed that the significance level (*0.000) is less than the value of 0.05. Since the decision rule states: accept the null hypothesis if the significance value is greater than (0.05), and reject the null hypothesis if the significance value is less than (0.05), the null hypothesis is rejected, and the alternative hypothesis is accepted. This means that there is a statistically significant relationship at the significance level ($\alpha = 0.05$) between the oversight of audit committees on internal control systems and narrowing the expectation gap. The oversight of the audit committee in monitoring internal control systems in the company enables it to provide an unbiased opinion on its strengths and weaknesses, along with proposing alternative solutions to enhance its efficiency and effectiveness.

Question Three: What is the degree of contribution of audit committees in evaluating fraud risks to narrowing the expectation gap?

Table (6): Mean, Standard Deviation, and Agreement Degree for the Third Hypothesis Items Ranked in Descending Order According to the Mean

Item Number in Questionnaire	Items	Mean	Std. Dev.	Degree
26	The audit committee receives a report on the fraud risks faced by the company from the external auditor.	4.21	0.62	Significant
24	The audit committee ensures that management has taken appropriate measures to address fraud risks.	4.15	0.71	Significant
20	The audit committee discusses fraud risk management policies with management.	4.05	0.73	Significant
27	The audit committee receives a report on the fraud risks faced by the company from the internal auditor.	4.03	0.58	Significant
21	The audit committee monitors the internal control system to assess fraud risks.	3.97	0.49	Significant
23	The audit committee considers the potential for management to override internal controls.	3.97	0.54	Significant
19	The audit committee discusses with management the measures taken to reduce fraud risks.	3.92	0.77	Significant
22	The audit committee ensures management's oversight of the fraud risk assessment process.	3.87	0.53	Significant
18	The audit committee helps establish norms that emphasize the importance of integrity and ethical behavior.	3.86	0.75	Significant
25	The audit committee receives a report on the fraud risks faced by the company from management.	3.82	0.79	Significant
Total Score		**3.98**	**0.34**	**Significant**

Source: Researchers' preparation from field study data.

The data in Table (6) indicates that the degree of contribution of audit committees in evaluating fraud risks to narrowing the expectation gap was significant overall, with mean scores ranging from (3.82) to (4.21). This result suggests that the degree of evaluation of fraud risks by audit committees contributes significantly to narrowing the expectation gap, as indicated by the mean score of (3.98). Therefore, the researcher believes that it is the responsibility of the audit committee to consider the potential for management to override internal controls, oversee management's fraud risk assessment process, and supervise fraud prevention programs.

Results of Testing the Third Hypothesis:
There is no statistically significant relationship at the significance level (α = 0.05) between the evaluation of fraud risks by audit committees and narrowing the expectation gap.

Calculated T	Difference Between Means	Sig	Mean	Std. Dev.	Test Confidence Interval	Result of Alternative Hypothesis Test
8.004	0.22	0.000	3.98	0.34	0.28	0.16

To test the third hypothesis, the One Sample T-test was used, and its results are as follows:
Table (7): Results of Testing the Third Hypothesis
Source: Researchers' preparation from field study data.

It is observed from the results in the table above that the significance level (*0.000) is less than the value of 0.05. Since the decision rule states: accept the null hypothesis if the significance value is greater than (0.05), and reject the null hypothesis if the significance value is less than (0.05), the null hypothesis is rejected, and the alternative hypothesis is accepted. This indicates that there is a statistically significant relationship at the significance level (α = 0.05) between the evaluation of fraud risks by audit committees and narrowing the expectation gap.

Discussion and Analysis of Results:

The issue of the expectation gap has garnered significant attention from researchers in the field of auditing, especially in the last two decades of the twentieth century, where this gap cannot be ignored. Algeria, like other countries, is not free from this gap, which represents one of the problems facing the accounting profession in general and the auditing profession in particular, and efforts must be made to narrow it. The formation of audit committees is one of the most important factors that require companies to implement a set of laws and procedures that can help reduce the expectation gap in the field of legal auditing in Algeria.

Conclusion: Therefore, we can conclude from this research as follows:
1. **Results:**
- Strengthening the independence of auditors, rationalizing the needs of stakeholders who utilize their opinions, and establishing procedures related to auditing are elements capable of narrowing the expectation gap.
- The establishment of audit committees in economic institutions and the adaptation of national auditing frameworks to meet international standards is a matter that allows for controlling and reducing the expectation gap to its minimum limits.
- The independence of auditors and their lack of desire to maintain their position in the company contribute to narrowing the expectation gap in auditing.
- Continuous qualification and training of auditors and internal control personnel help in narrowing the expectation gap in auditing.
- The existence of clear and applicable regulations and legislation within the company, which comply with standards, assists in narrowing the expectation gap in auditing.
- A strong focus on continuous training for audit committee members contributes to the detection of violations as they occur, leading to clean reports.
- The audit committee's review and evaluation of the audit plan before appointing the auditor helped improve the quality of professional performance in the auditor's report.
- The coordinating role of the audit committee between the external auditor and the internal auditor contributed to reducing audit risks and narrowing the expectation gap in auditing.

2. Recommendations
- The necessity for legislation from the relevant Algerian authorities that clearly defines the auditor's responsibilities and mandates compliance with them.
- Support for the implementation of audit committees as a mechanism for corporate governance aimed at activating good management practices within the organization, such as requiring companies to provide quarterly financial reports with transparency and quality, governed by recognized and accepted accounting and auditing standards.
- The need to enhance the monitoring of audit committees' performance by the board of directors on one hand, and by professional organizations and bodies on the other hand.

- The necessity of establishing a professional center specialized in training and developing the performance of audit committee members, requiring them to engage in continuous professional education and organize necessary training programs.
- The need for collective efforts from professional bodies to raise awareness among shareholders and investors about the role of audit committees in improving the quality of financial reports and increasing their credibility and transparency to reduce the expectation gap.

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