



## THE ROLE OF AUDIT QUALITY IN ACHIEVING SUSTAINABLE DEVELOPMENT- AN APPLIED STUDY IN INSURANCE COMPANIES

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<p><b>Received:</b> 8<sup>th</sup> September 2024 <b>Accepted:</b> 7<sup>th</sup> October 2024</p>	<p>The quality of auditing is a necessity imposed by life on companies, especially in light of the circumstances in which the conflict of interests of the actors in economic operations arose, whether they are investors, workers or managers in those companies, and the purpose of adopting this concept is to fight financial and administrative corruption, and reduce the state of conflict between the parties dealing with economic units, and that one of the most important pillars on which the quality of audit is built is transparency and credibility of reports published by companies, Hence, the role of auditing emerges as a neutral body that works to increase the credibility of reports by conducting a high-quality audit process in order to provide appropriate information and raise the degree of reliability to achieve sustainable development, hence the objective of the study is to urge the concerned authorities to issue laws and legislation regulating accounting and auditing work, which leads to raising the quality of financial reports and then applying audit quality standards in the Iraqi public units in general and the research sample units in particular. Developing the performance of accounting offices in the Republic of Iraq with the provision of some guidelines to government agencies and associations organizing the profession helps to find effective professional control over auditing accounts to promote sustainable development in institutions, and their reflection in achieving sustainable development.</p> <p><b>The study reached a set of conclusions, the most important of which</b> is that the quality of audit adds value to the company through the functions that it has become performed within the framework of corporate governance, which includes providing information to management at all levels, evaluating the internal control system, risk management and the company's commitment to auditing principles, to achieve sustainable development.</p> <p><b>Based on the conclusions, a set of recommendations were made , the most important of which</b> is that state-owned companies determine the goals of achieving sustainable development that they seek to achieve and disclose this to the community, and the company must submit a report explaining the extent to which it was able to achieve those goals, so that performance can be followed up and evaluated continuously, which helps in correcting errors first-hand</p>

**Keywords:** Quality of Auditing, Sustainable Development, Governance

### INTRODUCTION

The issue of audit quality is one of the topics that have witnessed great interest in many advanced and emerging economies during the past few decades, especially in the wake of the economic transformations in the late nineties and the subsequent series of financial crises and collapses that hit major institutions in the world, the most important of which is the global economic crisis in 2008, in addition to the sudden financial collapses of a number of banks and large companies, as a result of manipulating the credibility of financial statements. And the weak level of audit, control, and the degree of disclosure and transparency, but the proper application of the quality of audit in institutions needs many mechanisms adopted in this field, because of its contributing role in ensuring the development of the



overall performance of institutions, and improvements in control methods, considering that auditing is a fundamental pillar of the internal control system, and one of the main requirements for activating the governance system, and a basic pillar of sustainable development, so the need arose to demonstrate the role of audit quality in contributing to Achieving sustainable development, as the audit function is no longer abbreviated to the financial audit, but included all the functions and activities carried out by the economic unit, which made these institutions under pressure not only about their social and environmental performance, but about information related to sustainable development, which takes into account the economic, social and environmental aspects, to serve the current and future generations, and here the researcher will try to analyze the role of audit quality in achieving sustainable development through The researcher relied in data analysis on a set of statistical methods, including: (percentages, arithmetic mean, standard deviation, simple regression coefficient and correlation, and ready-made statistical programs (SPSS28) and (AMOS25) were used to process data and extract results,

**Research problem :** The problem of the study revolves around the failure to adopt the audit quality system as a framework or method to address the weakness in the performance of Iraqi institutions and the spread of the phenomenon of financial and administrative corruption, and the accompanying shaking of community confidence in the regulatory authorities and audit procedures in preserving public money and achieving the interests of those concerned and imparting confidence in the outputs of the financial statements, and the accompanying weakness in achieving sustainable development, Which raised the researcher the idea of researching this topic, focusing on the problem that can be formulated through the following question: **Is there a possibility for the quality of auditing to achieve and improve sustainable development?**

**The importance of research:**

- 1- Developing auditing practices that make the accounting information contained in the financial reports reflect the financial position of the company without any manipulation or alteration.
- 2- Raising the efficiency of the performance of companies from the Board of Directors, executive management, internal and external auditors through the application of auditing standards to achieve and improve sustainable development.

**RESEARCH OBJECTIVES:** The study aims to achieve a number of integrated sub-objectives that serve the final goal of the study (the quality of audit in achieving and improving sustainable development) and several objectives branch, including:

1. Identify the importance of audit quality and sustainable development.
2. Urging the concerned authorities to issue laws and legislations regulating the accounting and auditing work, which leads to raising the quality of financial reports and then applying audit quality standards in the Iraqi public units in general and the research sample units in particular. Developing the performance of accounting offices in the Republic of Iraq with some guidelines for government agencies and associations regulating the profession helps to find effective professional control over auditing accounts to facilitate sustainable development in institutions.
3. Study and analyze the impact of audit mechanisms in narrowing the expectations gap between users of financial statements and the parties responsible for preparing financial statements, namely (the company and the auditor) and indicating the role of each of them in narrowing that gap, imparting objectivity and credibility to the financial statements and enhancing users' confidence in them to achieve sustainable development.
4. Shedding light on the experiences of some countries (foreign and Arab) in the field of sustainable development, while identifying the possibility of Iraqi government institutions in its application and the role of the auditor's quality in this field.

**RESEARCH HYPOTHESIS:**

**There is a significant impact of audit quality in sustainable development.**

**Research Procedural Outline**

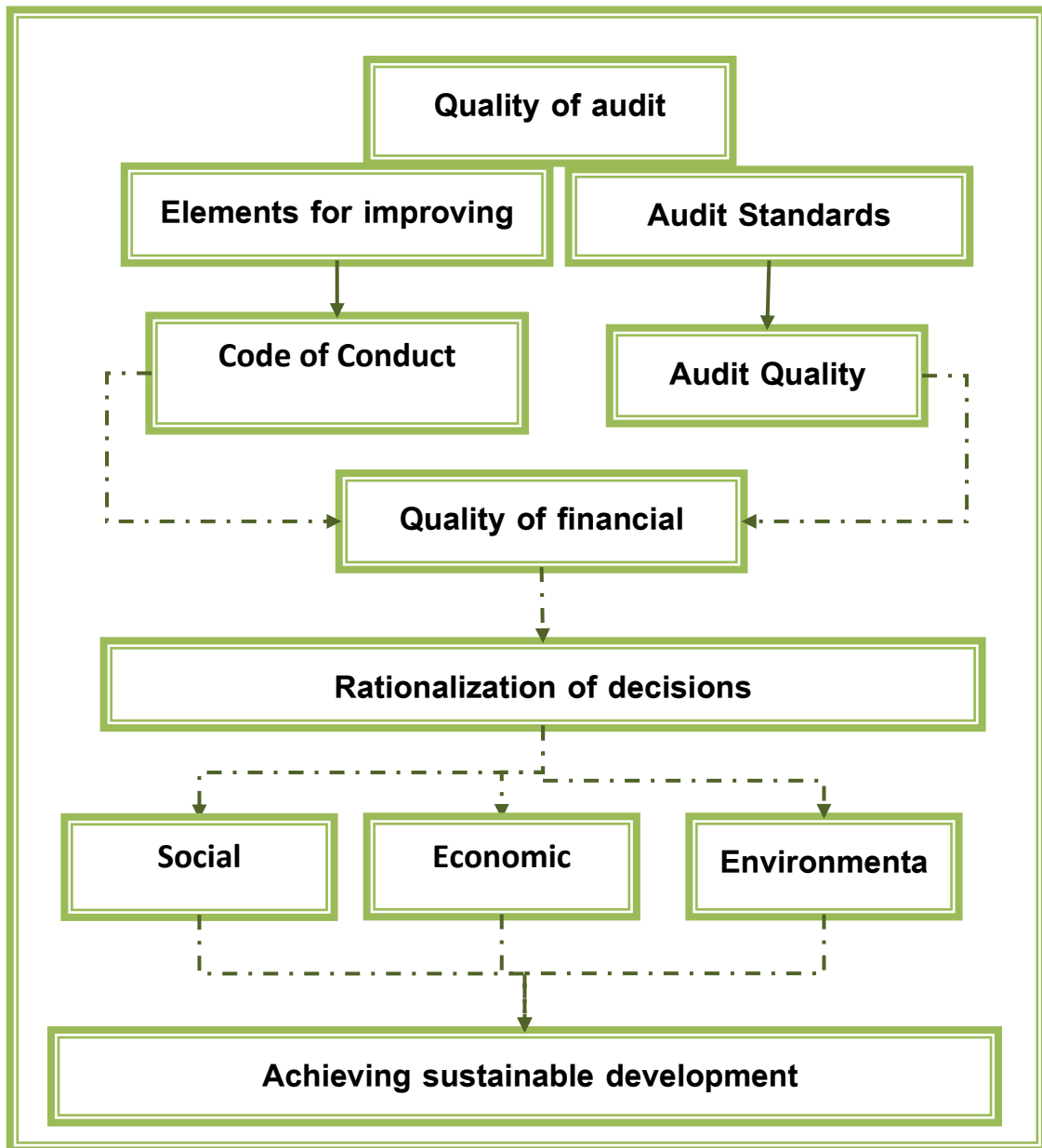


Figure (1) Procedural outline of the research / source prepared by the researcher

**Research population and sample:**

1. **Research Community:** The study population is represented by public insurance companies operating in Iraq except the Kurdistan region.
2. **Research sample:** The research sample is represented by the National Insurance Company being the best representative of the research community and consisted of (135) singles included (managers, head of department, director of division and unit), of the employees of the company surveyed.

**The theoretical side of the research:**

**Definition of audit quality: The definition of audit quality**

Many researchers addressed the definition of audit quality by linking it to the variables that would affect that quality, and there are different views on the definition of audit quality, and this difference stems mainly from a difference in the field or scope that must be covered by the quality of auditing and the following trends have been identified in that:

**Direction I: Definition of audit quality through audit-related termination organizations**

Professional organizations focus on the need to adhere to professional standards and standards for the quality of professional performance control issued in this regard in order to improve the level of services provided (Awad, 2008:



15). Bulletin No. (4) issued by the American Society of Certified Public Accountants (AICPA) in 1974 explained that the quality of auditing is achieved through adherence to auditing standards and through the application of a set of considerations related to quality control in the audit office, and by adhering to the rules of ethics and conduct of the accounting and auditing profession. (Ali Weshata, 2013: 118) As defined by the Audit Manual No. (7) issued by the Accounting and Control Standards Board in Iraq are the policies and procedures adopted by the audit firm (office) to provide reasonable assurance that all audits carried out by the company (office) are carried out in accordance with the auditing principles approved by the Accounting and Control Standards Board.

The International Federation of Accountants (IFAC) referred to the concept of audit quality in International Auditing Standard (220) "Quality Control for Auditing Financial Statements" issued by the International Auditing and Assurance Standards Board (IAASB) that "the tools for auditing quality controls are the policies and procedures applied in the audit firm to verify that the audit work carried out has been performed in accordance with generally accepted auditing standards. (Shehata, 2014: 8), and the International Standard on Auditing No. (1) Quality Control has indicated the most important requirements governing the audit process is the due diligence or the availability of skill and competence of the auditor and this is clearly related to the concept of quality, as it stipulated that the auditor should seek the help of persons who have experience, acceptable competence, necessary training, competence and specialized skill.

#### **The second direction: Definition of audit quality through the results of the audit process:**

One researcher explains that audit quality is a complex concept and cannot be reduced to a simple definition, however, he points out that auditing standards mean that audit quality is achieved by issuing an appropriate audit report on the client's compliance with generally accepted accounting principles, issuing the correct opinion regarding the client's financial statements at an appropriate level of audit risk, and indicates that audit quality is affected by many factors (testing procedures, team staff, audits, accounting firms). , the audit industry, and organizations that affect auditing, such as AICPA, PCAOB FASB... etc) (Francis, 2011:130)

It was defined that a good audit has a high probability of discovering errors and irregularities, as the quality of the audit was defined as "the extent to which the financial statements do not contain a deletion or distortion of relative importance, the greater the probability, the greater the provision of high-quality audit services and vice versa , and the quality of the audit was defined as the possibility that the auditor will find appropriate evidence to support his report when the general situation of the audit process is inappropriate , It was also defined as "the degree to which an audit process meets a client's expectations for discovery.

#### **The third direction: defining the quality of auditing through adherence to professional standards:**

The auditors' commitment to audit standards during the audit process fundamentally affects the quality of auditing, as it is the tool through which the quality of auditing can be judged, because it clarifies the method by which the auditing profession is practiced, and the quality of auditing has been defined as "representing the extent of commitment to professional standards of auditing", and the quality of auditing was defined as "ensuring the achievement of the required performance in accordance with audit standards and ensuring compliance with the specified and pre-set policies and procedures that lead to achieving the tasks required by the audit process". (Dards, 2010: 40).

#### **Sustainable Development:**

This concept appeared to appear in the international development literature in the mid-eighties of the last century under the influence of new interests, preserving the environment and as a result of the concerns raised by the studies and reports of the famous Club of Rome in the seventies of the last century about the need to preserve depletable natural resources, and the environment and essential balances in ecosystems, and the use of the concept has spread due to the proliferation of events harmful to the environment and the high degree of pollution globally, The concept of sustainable development is multi-use and diverse in meanings, so diverse, multiple and overlapping definitions have emerged, and this overlap between definitions is the most characteristic of the sustainable development literature at the current stage, and many names for sustainable development have been received, including: continuous development, continuous development, mutually supportive development, and sustainable development, but as a concept it goes back in its first roots to what was stated in the report of the multidisciplinary committee mandated by the United Nations program and special to formulate a definition of a new concept of development, which was accomplished in In late 1994, the World Resources Report issued in 1992 defined sustainable development according to successive stages represented in the following (Al-Shami and Nouri, 2019: 247):

**1. The first stage:** This phase began at the beginning of the seventies, where the world was suffering severely from environmental challenges, which required the attention of the world as a whole, especially the developed countries as a product of the remnants of the Second World War and the spread of urbanization and the technological and industrial revolution that the world witnessed at that time. The world was prepared to accept and



emerge new thinking that could be dealt with by dealing with the environmental problems that were facing it at that time. The term sustainability has been traced back to 1973 where the This term to Dasmanen, Milton and Freeman (1973) through the study of environmental criteria for economic development, sustainability was then dealt with from the environmental aspect only, and due to the limitations of this aspect, interest in it as a general concept quickly faded at the end of the seventies.

**2. The second stage:** With the beginning of the eighties, the world faced sharp criticism of the need to link natural conservation operations with development processes in order to maximize the economic return on countries, until the year 1980 came to witness the second stage of the development of sustainability and the first and real emergence of sustainable development achieved by adopting the global strategy for conservation through joint work of each of (the International Union for Conservation of Nature, the World Finance Organization and the United Nations Environmental Program), where sustainable development was declared as an approach through which conservation goals can be achieved And sustainable development with the participation of thirty-five countries, and in 1987, which is the real beginning of the fame of sustainable development, which is now addressed by the whole world in its concept and definition through the Portland Report (1987), which defined sustainable development as (development that achieves the needs of current societies without prejudice to the opportunities of future societies in achieving their needs), up to the peak of this stage in 1992 through the United Nations Conference on Environment and Development as well as the United Nations Conference on Sustainable Development and the subsequent Rio Declaration of 1992, through which the difficulties and challenges facing the activation of sustainable development in the countries of the world were identified and the consequent proposal of Agenda 21 as an international charter to be applied through all countries of the world as a charter to activate sustainable development worldwide.

**3. The third stage:** The beginning of this stage with the conclusion of sustainability scientists convinced after twenty years since the beginning of the first stage of sustainable development that the definition of sustainability of the Portland report as well as the Rio Declaration of 1992 and Agenda 21 is a set of general goals and aspirations that are difficult to achieve or measure and that was starting in 2000 through the Millennium Conference and the subsequent Millennium Declaration and the Millennium Summit in 2002, and then followed by affirmations of the results of the Millennium Declaration through The 2003 World Conference on Sustainable Development, where global attention focused on how to activate sustainability, that is, its concept was far from the skills and scientific fields in terms of definition .Based on it, the science of sustainable development achieved the second peak in 2010 to date, where the whole world is looking at the means of achieving sustainability, in addition to the adoption of the fourth pillar of the sustainable development process, which is the institutional dimension, and in general, development means to be fair to the future generation, it aims to leave the present generation for future generations a balance of resources similar to the balance that inherited or better than it, so sustainable development was known by Edward Barbier, the first Who used the term sustainable development as ((that economic activity that leads to the rise of social welfare with the greatest concern for the available natural resources and with the least amount of damage and environmental abuse)) (Mohammed et al., 2015: 341).

ESCWA defined sustainable development as "promoting economic development while preserving natural resources, and ensuring the continuation of social, environmental, political, economic and institutional development on an equal basis", while sustainable development was defined as "development that responds to the needs of current generations without jeopardizing the ability of future generations to meet their own needs." It is (the constant pursuit of developing the quality of human life taking into account the capabilities and capabilities of the ecosystem that embraces life), as well as defined as (a measure to sustainably reduce the consumption of energy and natural resources in developed countries, and rationalize the use of resources in order to reduce poverty and raise the standard of living in developing countries), as defined by (Khaldia, 2018: 169) as (real development with the ability to continue and communicate from the perspective of its use of natural resources, which can occur through a strategy that takes a balance environmental as its control axis).

From all that has been done, sustainable development can be defined as ((It is development that has the ability to respond and continue to meet current needs without prejudice to the needs of future generations through strategies that are followed characterized by environmental and societal balance)).

However, this concept has faced many criticisms that made it a station of intellectual and theoretical discussion among various scientists and researchers, so that the evaluation of the concept of sustainable development was divided between opponents and supporters, each according to his point of view and according to his justifications, and perhaps one of the most important criticisms is that it is a term shrouded in ambiguity and confusion, and some said sarcastically that the prevalence of this term lies behind its ambiguity and that its unspecified goals are what give ambiguity to the concept in addition to the infinity of the specified time in order to achieve infinite development contrary to what It is required by applied development planning that determines the duration of development goals,





and some may attribute this ambiguity to political or strategic reasons in an attempt to build an indicator system to measure sustainability (Guillaume, 2010:13).

Some also see it as development that serves the interests of the countries of the North at the expense of developing countries, which was justified by the geographer and specialist in the countries of the third world, Sylvie Brinal, by giving legitimacy to some barriers and providing protectionist arguments to the developed countries so that they become an explicit package for capitalism, and these criticisms are due to several justifications represented in the currents critical of sustainable development in order to defend the interests of large corporations and the capitalist approach, and in return the currents loyal and defending the environment, and in justifying this logic, he says follow this The current that a world like ours with 20% of its population controlling 80% of its natural resources, makes the right position for the wealthy to adopt a policy based on sustainable development decline, and despite these differences on the definition of sustainable development, everyone agrees on the importance of what this concept achieves from the goals, which are the goals of sustainable development.

### **3.1.3 Sustainable Development Goals:**

Through its mechanisms and content, sustainable development seeks to achieve a number of goals, which are as follows (Manati and Majeed, 2017: 6):

1. **Achieving a better quality of life for the population** : focusing on the relations between the activities of the population and the environment, and dealing with the system of nature and its content on the basis of human life, through measures to preserve the quality of the environment and reform and work to make the relationship in the end a relationship of integration and harmony, by encouraging the establishment of peaceful societies in which no one is marginalized in order to achieve sustainable development and provide access to justice for all and build effective, accountable and inclusive institutions for all at all levels.
2. **Enhancing the awareness of the population of the existing environmental problems** : as well as developing their sense of responsibility towards them and urging them to actively participate in finding appropriate solutions to them through their participation in the preparation, implementation, follow-up and presentation of sustainable development programs and projects to address climate change and its effects in order to make cities and human settlements inclusive, safe for all, resilient and sustainable.
3. **Respect for the environment Nature** : by focusing on the relationship between the activities of the population and the environment and dealing with the system of nature and its content on the basis of human life, and therefore sustainable development is the one that accommodates the sensitive relationship between the environment shown and works to develop it to become a relationship of integration and harmony, through the conservation of oceans, seas and marine resources, in addition to protecting and restoring terrestrial ecosystems and promoting their use, managing forests in a sustainable manner, combating desertification, stopping and reversing land degradation and stopping the loss of biodiversity.
4. **Achieving rational exploitation and use of resources:** Here, development treats resources as limited resources, so they prevent their depletion or destruction, and work to use and employ them rationally.
5. **Linking modern technology to the goals of society** : Sustainable development tries to employ modern technology to serve the goals of society, by educating the population about the importance of various technologies in the development field, and how to use the available and new ones to improve the quality of life of society and achieve its desired goals, without leading to negative environmental risks and effects, or at least that these effects are controlled in the sense of having appropriate solutions to them.
6. **Appropriate change in the needs and priorities of society** : by following a method that suits the possibilities and allows to achieve a balance by which economic development can be activated, and all environmental problems can be controlled.
7. **Achieving technical economic growth** : preserving capitalism, which includes natural and environmental resources, which in turn requires the development of institutions, infrastructure and appropriate management of risks and fluctuations to ensure equality in the sharing of wealth between successive generations and in the same generation.

### **The practical side of the research**

#### **Audit Quality Presentation and Analysis:**

The quality of the second independent variable audit, summarized in (14) paragraphs, was investigated in national insurance companies, and was represented by the overall behaviors aimed at expressing the image in which internal audit should be practiced in a professional manner. The development and implementation of standards also make the organization professionally accepted within the global internal audit community. Compliance with the concepts expressed by these standards is necessary in order to fulfill the responsibilities of internal audit, and the quality of the



audit has obtained a high arithmetic mean (4.04), a standard deviation (0.434), relative interest (80.9%), and a relative coefficient of variation (10.7%).

At the level of paragraphs, they appeared as in Table (1), while paragraph (11) (**advisory services provide important benefits to the audit process in a way that enhances its quality**) topped the ranking with a relative coefficient of difference (12.2%) and a calculated mean (4.17) high, while paragraph (3) (**the quality of auditing is related to the quality of financial reports, as well as the quality of profits**) ranked fourteenth and last with a relative coefficient of difference (22.4%) and arithmetic mean (3.81) high.

- Paragraph (6) (the size of the auditee affects the quality of the audit process) has obtained an arithmetic mean (4.03) and this value indicates that the opinions of the burden in the agreement area are located by a large percentage with what was stated in the text of the paragraph and this is confirmed by the value of the standard deviation and the value of the coefficient of variation of (0.669) and (0.166) which are the two functions of the low percentage of dispersion and variation of the opinions of the sample surveyed.

- The value of the arithmetic mean of paragraph (8), which states (the size of the auditor's fees affects the quality of the audit negatively if there is no practical way to determine them) has reached (4).08 It is a value higher than the value of the hypothetical mean on the five-degree Likert scale and indicates that the sample surveyed is largely consistent with what was stated in the text of the paragraph and this is confirmed by the value of the standard deviation and the value of the coefficient of variation of (0.601) and (0.147) respectively, which indicates a decrease in the dispersion of the sample's opinions and variation and concentration in a certain weight on the scale.

- The value of the arithmetic mean of paragraph (12) (contributes to the functional doubt of the auditors working in the company who make more skeptical judgments about the quality of the audit) of (3.05) that the sample adhered to neutrality to some extent towards the text of the said paragraph, and the value of the standard deviation indicated a high dispersion in the opinions of the sample, as it amounted to (1.018), approaching the value of the coefficient of variation of (1.035).

Table 1 Presentation and analysis of audit quality data (n=126)

Order	Variation coefficients	Relative interest	Standard deviation	Calculated mean	Paragraphs	t
5	0.158	0.836	0.662	4.18	The quality of audit as a service provided by audit firms is related to the outputs of the audit process.	1
12	0.194	0.796	0.774	3.98	The quality of auditing is related to the extent to which the standards and codes of conduct set by the American Institute of Accountants are met.	2
14	0.224	0.762	0.855	3.81	The quality of audit is related to the quality of financial reporting, as well as the quality of profits.	3
11	0.192	0.796	0.764	3.98	The quality of the audit is related to external factors, represented by the working relationship between the auditors and other key participants in the audit market, especially the audit clients and the audit committee.	4
13	0.219	0.772	0.846	3.86	The quality of the audit contributes to determining	5



					the amount of time spent in the audit process.	
7	0.166	0.806	0.669	4.03	The size of the auditee affects the quality of the audit process	6
9	0.181	0.790	0.714	3.95	The auditor's good reputation contributes to the quality of the audit in a positive way.	7
3	0.147	0.816	0.601	4.08	The size of the auditor's fees negatively affects the quality of the audit if there is no practical way to determine it.	8
10	0.183	0.794	0.726	3.97	Auditor independence plays a positive role in the quality of the audit.	9
8	0.180	0.830	0.749	4.15	The academic and functional qualification of the auditor affects the quality of the audit.	10
1	0.122	0.834	0.507	4.17	Consulting services provide important benefits to the audit process in a manner that enhances its quality.	11
2	1.035	0.826	1.018	3.05	Job skepticism for auditors working in the company who make more skeptical judgments contributes to the quality of the audit.	12
6	0.164	0.836	0.686	4.18	Leading an audit partner is important to achieve audit quality in the company.	13
4	0.147	0.832	0.612	4.16	Functional specialization affects the quality of auditing as it distinguishes between the audit services provided by audit offices and consulting services provided by the same offices.	14
	0.107	0.809	0.434	4.04	Quality of audit	

#### **Presentation and analysis of sustainable development:**

The dependent variable is sustainable development, and it was measured in insurance companies through the dimensions (**economic sustainability, environmental sustainability, social sustainability**) and summarized by (13) paragraphs expressed those dimensions after deleting paragraph (49,40), and was embodied in an expression of taking into account the social and environmental dimensions as well as the economic dimensions of the good use of available resources to meet the needs of individuals while retaining the right of future generations, to get a calculated mean (3.87) high, relative attention (77.4%), standard deviation (0.669), and a relative coefficient of difference (17.3%), but at the level of dimensions were as follows:

#### **1- Economic Sustainability:**





Economic sustainability is measured through five paragraphs in insurance companies operating in the Iraqi insurance sector, as Table (23) shows the descriptive statistical analysis of economic sustainability data, as a follow-up dimension that investigated its availability in insurance companies, so it obtained an arithmetic mean (4.19) high, with a standard deviation (0.504), and a relative difference coefficient (12%), about the relative interest of insurance companies (83.7%) in The ability to keep capital intact and improve the standard of living, and the effective use of assets to maintain the profitability of the enterprise over time, focused on a portion of natural resources that provide material inputs for economic production. At the level of paragraphs, paragraph (38) (**the company adopts specific strategies that contribute to achieving economic sustainability**) ranked first with a relative coefficient of difference (12.2%) and an arithmetic mean (4.37) that is very high, while the last order of paragraph (36) (**the company takes into account the standards of quality of work in providing its services**) with a relative coefficient of difference (16.7%), and with a high arithmetic mean (4.12).

Paragraph (39) (The company uses environmentally friendly alternative energy sources.) on an arithmetic mean whose value on the Likert scale was (2.11) evidence that the sample did not agree to a large extent with the text of the mentioned paragraph, in addition to that the value of the standard deviation and coefficient of variation of (1.090) and (1.188) respectively have indicated a large dispersion and high variance.

### **2- Environmental sustainability:**

Environmental sustainability was measured through four paragraphs, and it obtained a total arithmetic mean (3.71) high, with a standard deviation (0.868), and a relative coefficient of difference (23.4%), about the relative interest of insurance companies (74.2%) in the ability of the environment to continue to work in a correct manner while trying to reach the least deterioration in the surrounding environment and the concept of sustainability in this pattern can be achieved when planning the development process so as not to harm natural capital as a minimum. At the level of paragraphs, paragraph (41) (**environmental awareness among employees plays an important role in preserving the company's resources**) ranked first with a relative coefficient of difference (22.6%) and a high arithmetic mean (3.82), while the last order of paragraph (42) (**the company focuses on educating employees to contribute to reducing waste and disposing of it safely and soundly**) with a relative coefficient of difference (31.9%), and with a high arithmetic mean (3.56).

Paragraph (42) (the company focuses on educating employees to contribute to reducing waste and disposing of it safely and soundly) got an arithmetic mean of (3.24), which indicates the commitment of the sample vocabulary to the position of neutrality by a large percentage with what was stated in the text of the paragraph, as the value of the calculated mean is close to the value of the hypothetical mean of (3) on the Likert scale, and the value of the coefficient of variation of (1.159) showed a high variation in the answers of the sample surveyed and not concentrated at a certain weight.

Paragraph (44) (limiting the control procedures adopted by the company from environmental violations) also obtained a neutral arithmetic mean of (3.18) in a way that indicates the concentration of the sample answers in the neutrality area as it is close to the value of the hypothetical mean (3) in addition to that the results indicated a high dispersion in the opinions of the sample and their variation, which confirms the stability of the opinions of the sample surveyed at a certain weight of the scale.

### **3- Social Sustainability:**

The third dimension of sustainable development is social sustainability, as the dimension has obtained a high arithmetic mean (3.71) and is practiced with relative interest (74.3%) good through the feeling of workers that they are part of the development process and their belief that they and their offspring will benefit from it necessary to address the current development challenges, and represents the objective equivalent at the social level of environmental and economic sustainability, with a relative coefficient of difference (23.9%), and a standard deviation (0.889), as shown in the results of Table (2).

At the level of paragraphs, paragraph (27) (**employees are allowed to participate in educational programs that help them develop their skills**) ranked first with a relative coefficient of difference (20%) and a calculated average of (3.80) high.

- While paragraph (28) (**the company encourages teamwork to achieve social sustainability**) had the last rank with a coefficient of difference (35.9) and a high arithmetic mean (3.47).

- Paragraph (26) (management takes decisions with the participation of its employees in order to increase organizational affiliation) achieved an arithmetic mean of (3.04) on the scale, meaning that the sample surveyed tended to neutrality on what was stated in the text of the paragraph in addition to that the opinions of the sample were characterized by high dispersion and high variation, which indicates that they do not agree with a large

percentage with the paragraph, and this is confirmed by the value of the standard deviation and coefficient of variation of (1.155) and (1.334) respectively.

Table 2 Presentation and analysis of sustainable development data (n=126)

Order	Variation coefficients	Relative interest	Standard deviation	Calculated mean	Paragraphs	t
4	0.167	0.824	0.688	4.12	Cost reduction is one of the main economic objectives adopted by the company.	15
5	0.179	0.784	0.700	3.92	The company takes into account the standards of quality of work in providing its services.	16
3	0.134	0.872	0.586	4.36	The company is keen to rationalize energy consumption.	17
1	0.122	0.874	0.531	4.37	The company adopts specific strategies that contribute to achieving economic sustainability.	18
2	1.188	0.834	1.090	2.11	The company uses environmentally friendly alternative energy sources.	19
<u>First</u>	0.120	0.837	0.504	4.19	<b>Economic Sustainability</b>	
<b>Deleted by structural modeling</b>					The values and culture of the company's employees contribute to the protection of the environment.	20
1	0.226	0.764	0.862	3.82	Environmental awareness among employees plays an important role in conserving company resources.	21
4	1.159	0.712	1.077	3.24	The company focuses on educating employees to contribute to reducing waste and disposing of it safely and soundly.	22
3	0.283	0.788	1.115	3.94	The company's human resources department is keen to reuse the used paper.	23
2	1.094	0.704	1.046	3.18	The control procedures adopted by the company reduce environmental violations.	24
<u>Second</u>	0.234	0.742	0.868	3.71	<b>Environmental sustainability</b>	
2	0.250	0.766	0.956	3.83	The company's procedures are fair and objective in the distribution of resources and wages.	25
3	1.334	0.752	1.155	3.04	Management makes decisions with the	26



					participation of its employees in order to increase organizational affiliation.	
1	0.200	0.760	0.759	3.80	Employees are allowed to participate in educational programs that help them develop their skills.	27
4	0.359	0.694	1.244	3.47	The company encourages teamwork in order to achieve social sustainability.	28
Deleted by structural modeling					Training courses on technical and technological aspects of work help improve employee performance.	29
<b>Third</b>	<b>0.239</b>	<b>0.743</b>	<b>0.889</b>	<b>3.71</b>	<b>Social Sustainability</b>	
	<b>0.173</b>	<b>0.774</b>	<b>0.669</b>	<b>3.87</b>	<b>Sustainable Development</b>	

From reviewing the data available to the researcher on the main variables (**quality of auditing, sustainable development**), it was found that the most agreed opinions about their availability in the applied reality, tended towards the quality of auditing in terms of the priority of agreement and attention by insurance companies, with a relative difference factor (10.7%), which indicates the agreement of (89.3%) of the sample members on its availability and practice by national insurance companies, while sustainable development came in terms of agreement (82.7%), with a relative coefficient of difference (17.3%) and a calculated mean (3.87) high, while its dimensions were arranged (economic sustainability, environmental sustainability, social sustainability) as shown in the results of Table (3).

**Table (3) Arrangement of study variables data according to their relative coefficient of difference**

Testing	Coefficient of variation	Materiality	Standard deviation	Arithmetic mean	Variables	and
	10.7	80.9	0.434	4,04	Quality of audit	
	17.3	77.4	0.669	3.87	Sustainable Development	

**analyzing the impact relationships between research variables (audit quality, sustainable development)**

The researcher discussed the analysis and description of the research variables, and we will discuss in this part the calculation of the impact of the dimensions of audit quality and sustainable development separately using simple linear regression, and then calculating the effect, testing and interpretation of the results of regression analysis based on the functions and statistical coefficients associated with the regression analysis process shown in Table (4), and the stages of regression analysis will be completed by calculating the following:

**Table (4) shows the statistical functions and coefficients adopted in interpreting the results of linear regression.**

Table of statistical parameters	
Pointer	Coefficient / Function
Refers to the value of the correlation coefficient between the independent variable and the dependent variable.	R
It refers to the value of the coefficient of determination that measures the quality of the regression model, the closer the value of the coefficient of determination to 100%, this	R Square



indicates the quality of the regression model to represent the studied phenomenon.	
It refers to the value of the corrected coefficient of determination, as the value of the coefficient of determination increases as the number of variables increases in the regression model, even if those variables have no effect, so the value of the corrected coefficient of determination is taken into account, which takes into account the decrease in degrees of freedom, so its value is less than the value of the coefficient of determination R square.	Adjusted R square
Refers to the value of the standard error of the estimate, the smaller the value of the standard error of the estimate, the smaller the random errors, and therefore the quality of the regression line representation of the points of the propagation shape.	Std. Error of Estimate
Indicates the intersection of the regression line, and represents the estimated Y value when (X=0).	A
Refers to the value of the regression coefficient that measures the magnitude of change in Y when X changes one unit.	B
Refers to the standard B value which is more accurate and more understandable when interpreting	Beta
Used to determine whether we will accept the null hypothesis or the alternative hypothesis, where the tabular value of T is used to compare it with the calculated T-value, to determine which of the two hypotheses we will accept.	T
Refers to the calculated F value that is also used to test hypotheses as the F test is equivalent to the T test, where $F=T$ square	F
Indicates the level of morale at which hypotheses will be accepted or rejected.	Sig

Testing the impact of audit quality in sustainable development:

The main hypothesis of the research was **(there is a significant effect of audit quality in sustainable development)**, and to verify the acceptance or rejection of the hypothesis, a simple linear regression model was implemented, as well as indicators of the tabular value (T) (1.979), and the tabular value (F) (3.916) at the level of significance (0.05) and the degree of freedom (125).), to reject and accept the hypotheses, for the main hypothesis and its sub-hypotheses emanating from the second main hypothesis as follows:

Testing the main hypothesis of the research:

The results of Table (5) showed the ability of audit quality to explain (63.9%) of the changes in sustainable development, while the remaining percentage of the model (36.1%) is attributed to other variables, so the value of the interpretation coefficient was (0.639) and the corrected interpretation (0.636), so the value of (f) for the calculated model was (219.852), at the degrees of freedom (1,124,125).) increases the tabular value (3.916) at the degree of freedom (125) and the p-value (0.05), as shown by the predictive simple linear regression equation of the model:

$$\text{Sustainable Development (Y)} = 0.428 + 0.800 * (\text{audit quality})$$

The existence of an effect **(audit quality)** in **(sustainable development)** of (0.800), and the calculated value of (T) (14.827), which is greater than its scheduled value (1.979), and from all of the above results accept the main hypothesis of the research **(there is a significant effect of audit quality in sustainable development)**.

**Table 5: Impact of audit quality on sustainable development (n=126)**



Dependent variable (sustainable development)							Independent variable
F	T	P-V	AGRA <sup>2</sup>	R <sup>2</sup>	B	A	
219.852	14.827	.000	.636	.639	.800	0.428	Quality of audit

Source: SPSS V.28 outputs.

## CONCLUSIONS

1. Sustainable development is a way of life, a way of life and a philosophy based on thinking in a holistic and integrative way through the use of the method of macro and sub-systems and the relationships and interactions that bind them and the consequent results and feedback processes in dealing with the problems of human societies, so that the development of a solution to each problem individually is insufficient and did not lead to the achievement of development goals in many societies under the different concepts of development.
2. The quality of auditing adds value to the company through the functions that it has become performed within the framework of sustainable development, which includes providing information to management at all levels, evaluating the internal control system, risk management and the company's commitment to achieving sustainable development.
3. The application of the method of sustainable development requires that official and local bodies develop integrated management methods through which society is treated as an integrated system and includes a set of systems such as the economic, social and natural system... Which affect and are affected by each other continuously, and therefore the dynamism of these systems requires continuous control and guidance operations to reduce the negatives and maximize the positives, and this is the role of sustainable development that depends heavily and directly on the participation of companies in all their activities and in their various stages from the logic that the owners of the problem are the most knowledgeable people and able to develop appropriate solutions to address it.
4. National insurance companies have proven their interest in the quality of auditing and have sought to enhance it by providing advisory services with important benefits for the audit process in a way that enhances its quality, in light of the link between the quality of auditing and the quality of financial reports, as well as the quality of profits.
5. Companies have adopted economic sustainability to promote sustainable development, resulting from their adoption of specific strategies that contribute to achieving that sustainability, especially as they take into account the standards of quality of work when providing their insurance services.
6. National insurance companies have given priority to environmental sustainability by having a high environmental awareness among their employees to play an important role in preserving their resources, in light of their focus on educating them and contributing to reducing waste and disposing of it safely.
7. National insurance companies have resorted to social sustainability, by allowing the participation of employees in educational programs that contribute to the development of their skills, as well as encouraging teamwork in order to achieve collective sustainability.
8. National insurance companies have employed audit quality to improve sustainable development.

## RECOMMENDATIONS

1. State-owned companies should set the goals of achieving sustainable development that they seek to achieve and disclose this to the community, and the company should submit a report explaining the extent to which it was able to achieve those goals, so that performance can be followed up and evaluated continuously, which helps in correcting errors first-hand.
2. There was a state of neutrality in the opinions of the surveyed sample on the clarity of information provided by the surveyed company with regard to the insurance service, and therefore the researcher recommends that the company design its data prepared for the bulletin more clearly and understandably so that the information is compatible with all cultural levels of its users.
3. The opinions of the sample have shown that there is a lack of agreement with a large percentage with the clarity of accountability mechanisms in force at all administrative levels, and therefore the researcher recommends that the company for a researcher review the mechanisms adopted when accounting and try to develop them so that they become more agile and abbreviated to avoid any deviation in the accountability process or exploit the gaps in the accountability mechanism to circumvent them.





4. There is a lack of the process of evaluating the internal control system, and this matter is not compatible with the global trend in adopting accounting and auditing standards, and therefore the researcher recommends the need for the surveyed company to keep pace with international standards related to control and internal audit mechanisms by adopting the standards concerned.
5. The sample did not agree with a high percentage that the company puts opportunities for the development of its employees and their career growth among its priorities, and accordingly the researcher recommends that there be a clear and announced strategy in this area because administrative development is a strategic goal that adopts the achievement of successful organizations.
6. The sample agreed that there is an inverse direct proportion between the quality of the audit and the size of the auditee, and the size refers to the quantity in the audited data in addition to the sensitivity of the audited data. Accordingly, the researcher recommends that the application of audit standards and the adoption of formal and objective audit mechanisms would raise the degree of credibility and reliability of the data and raise the classification of the audited entity.
7. The sample agreed that questioning the validity of the data when completing the stages of the audit process affects the quality of the audit, so the researcher recommends to adhere to the official audit mechanisms authorized by the regulatory and auditing authorities, because questioning the data leads to two directions, the first of which leads to the disclosure of the truth of the data and the removal of fog from it, and the second direction confuses the audit process and the entity subject to it, in addition to the high degree of error and delay in drawing conclusions.
8. The control measures taken by the surveyed company did not reduce the environmental violations as desired, and therefore the researcher recommends reconsidering the procedures followed by the company in this regard and developing them in a way that enables their evaluation, evaluation and application.

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