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6. Limitations and Contributions

As with all research, this particular study has some limitations and discussion of the results of this study would not be complete without addressing the limitations of the research. this study was based on the listed auditor in Libya which may limit the Generalization of results is more possible in the field of auditing such as internal training and managerial support because of the different nature of factors or other countries such as to developed countries because of the different environment.

The most of previous studies on external audit report were in the developed and advanced countries. This study intends to contribute in this area through the study of factors that help to improve the external audit report in Libya. Libya is chosen because it is a developing country that calls for more practical studies that may assist it in enhancing external audit report.

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Braun RL, Davis HE. (2003). Computer-assisted audit tools and techniques: Analysis and perspectives. Manag Audit J;18(9):725–31.

It is clear from Figure (2) that the size of effect was (0.89), that is the rate of effect of the three independent factors (Audit Committee Factor, Internal Training Factor, Managerial Support Factor) on the dependent variable (audit report) was (0.89). In other words, such result indicates that (89%) of the audit report was explained by the three factors as this rate or percentage is high and it provides strong evidence that the availability of these factors will lead to the increase audit report quality. Referring to Figure (2) and Table (1), it is evident that the most important factor having most effect on the dependent variable (audit report) was the internal training factor with the highest effect (37%) and with a value of parameter estimates of (0.51), This was followed by the Audit Committee factor since its effect on the dependent variable was (20%) and the value of the parameter estimates was (0.42). The third most important factor was the availability of the managerial support factor with effect of (15%) and a value of parameter estimates of (0.16), finally the result of testing direct relationships of study hypotheses was accepted.

Table (1): Parameter and non-parameter estimates of the main Structural model

Factors	Link	Factors	Result	Estimate	S.E.	C.R.	P	S.R.W	Size Effect
Audit Committee Factor	⟶	External Audit report	Accepted H1	0.1998	0.0377	5.2960	***	0.42	37%
Internal Training Factor	⟶	External Audit report	Accepted H2	0.3668	0.0607	6.0457	***	0.51	20%
Managerial Support Factor	⟶	External Audit report	Accepted H3	0.1470	0.039	3.7724	***	0.16	15%

(1.964). Moreover, the value of the level of significance was (P=0.000) which is less than (0.05), hence, indicating that this hypothesis was accepted too. The value of the parameter estimates was also (0.51) showing a positive trend and confirming that the internal training factor leads to the increased of the audit report.

5.1.3 Hypothesis 3: There is significant positive effect between managerial support factor and audit report.

The third research hypothesis is about the assumed direct positive effect of the managerial support on the audit report. By looking at the results shown in Figure (2) and Table (1), it is evident that there was statically significant effect since C.R-value was (3.7724) which is higher than (1.964) and the value of the level of significance was (P=0.000), less than (0.05). Moreover, the value of the parameter estimates was (0.16) with a positive trend, and it confirms that the managerial support leads to the audit report.
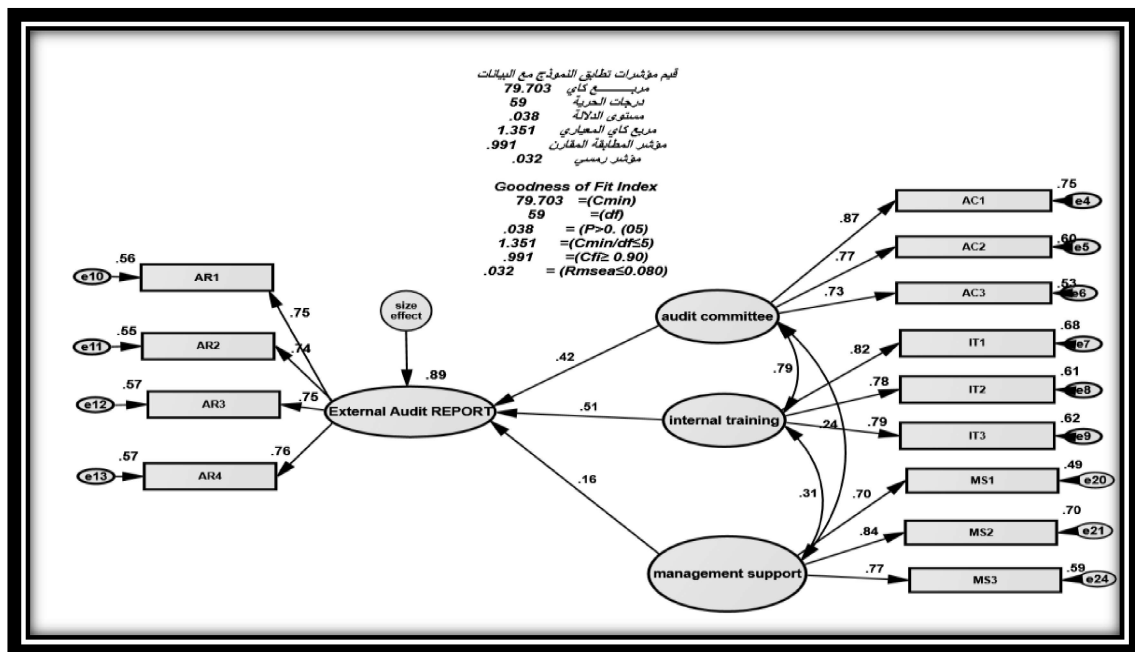

Figure 2: The main Structural model

5.2. The Size of the impact and to identification of the most important factors affecting in the main Structural model.

factors affecting it, the results also revealed that the value of the index (RMSEA) was (0.032) as seen in Table (1) and Figure (2), which is less than (0.080). Such value indicates that the main Structural model and the factors affecting exist in the overall population from which the sample was taken. In brief, it can be stated that the values of such above indices suggest that main Structural model and the factors affecting it are consistent with the real Libyan environment through the collected data and based on such results, it was possible to test the proposed research hypotheses.

5.1. Testing direct relationships of study hypotheses

After ensuring the efficiency of the relations or corrections among the variables as remarked by their underlying factors, direct relationships of study hypotheses were tested.

5.1.1 . Hypothesis 1: There is significant positive effect between Audit committee and audit report.

The first hypothesis assumed that the Audit committee factor have positive effect on the audit report. Based on the results shown in Figure (2) the outline of the theoretical model and Table (1) the output of the Amos, the hypothesis was statistically significant since the C.R-value was (5.2960). Such value was higher than (1.964) and it indicates that this hypothesis was accepted at a level of significance (P= 0.000), It is also statically significant since it is less than (0.05). In addition, the value of the parameter estimates was (0.42) with a positive trend, which confirms that the increased availability of the Audit committee factor will lead to the success of the audit report.

5.1.2 Hypothesis 2: There is significant positive effect between internal training factor and audit report.

The second hypothesis states that the scientific factors have positive effect on the audit quality. The results in Figure (2) and Table (1) showed that this relationship of effect as stated in this hypothesis was statistically significant since the C.R-value was (6.0457), higher than

4..4 Model fit

The fit of the measurement model was assessed using the following statistics and indices: Chi-square, the ratio of the Chi-square to the degrees of freedom (DF), Goodness-of-fit index (CFI), Root-mean-square residual and Root Mean Squared Error (RMSEA). Chi-square/df values less than or equals 3 indicates a good model fit, and between 2.0 and 5.0 is acceptable level (Hair, et al., 2010; Schumacker and Lomax, 2010). CFI values should be greater than 0.9 (Wang and Wang, 2012; Hair, et al., 2010). RMSEA values less than 0.10 indicate good fit Kline, R. B. (2011). The goodness of fit indices of the measurement model is presented in (table 3); according to these results we can infer that the measurement model was reasonably fitted to the data set.

5. Findings and Discussion.

Based on the values of the model fit indices as in Table (1) and Figure (2), it is clear that the structural model does not differ much from the measurement model. Such results showed that there is a good fit between the hypothesized main Structural model and the data collected. The value of the Chi-Square was (79.703) and the degree of freedom was (59), and the level of significance was (P=0.038), which means that it is statically significant and there is not any difference between the hypothesized model and the collected data. By looking at the normative Chi-Square (Chi-Square /degrees of freedom) (1.351) which was lower than (5), it can be noticed that the value of the relative strength index (CFi) was (0.991), which is higher than (0.90). Such results indicate that there are correlations between the main Structural model and the identified factors affecting it.

Such values are also far from the value of zero which underlies the lack of correlations between the main Structural model and the

phenomenon being investigated in a given study. It provides a description of the variables in a particular situation and, sometimes, the relationship among these variables rather than focusing on the cause-and-effect relationships (Johnson & Christensen, 2012:366).

4.2 Development of questionnaire:

This study used a questionnaire which was developed from previous research in order to measure the relationships among the investigated variables. As an approach to the easy collection of data, the survey used in this study encompasses four main Variables internal support factor, internal training factor, managerial support factor, and audit report. These Variables were adopted from the literature review of previous related research from these studies (Frambach and Schillewaert,) 2002); Bhattacherjee, (1998); Talukder et al,(2008); Al-Gahtani and King, (1999), Igbaria et al., (1996); Jasperson et al., (2005); Yuan et al., (2005); Nilakant and Rao, (1994); Braun and Davis, (2003); Braun and Davis, 2003, Shoommuangpak (2007); Gallegos & Carlin (2004); Cheng et al, (2009); AESB (2009) IAESB (No.(IES 7) (2006)); .

4.3 survey sample and analysis of questionnaire.

The entire survey used in this study comprises 20 items which had to be responded to by the respondents using a five- point's Likert scale: 1= strongly disagree to 5 = strongly agree. Before distributing the survey to the participants, it was translated into Arabic because the participants cannot read in English. The questionnaire was distributed to Employees in the Al- Libyan Association of Accountants and Auditors (LAAA); Total of (485) questionnaires were distributed. (374) questionnaires were returned, of which (347) were valid, which represents 71.5% response rate. The data was collected over a period of time from December (2019) to April (2020).
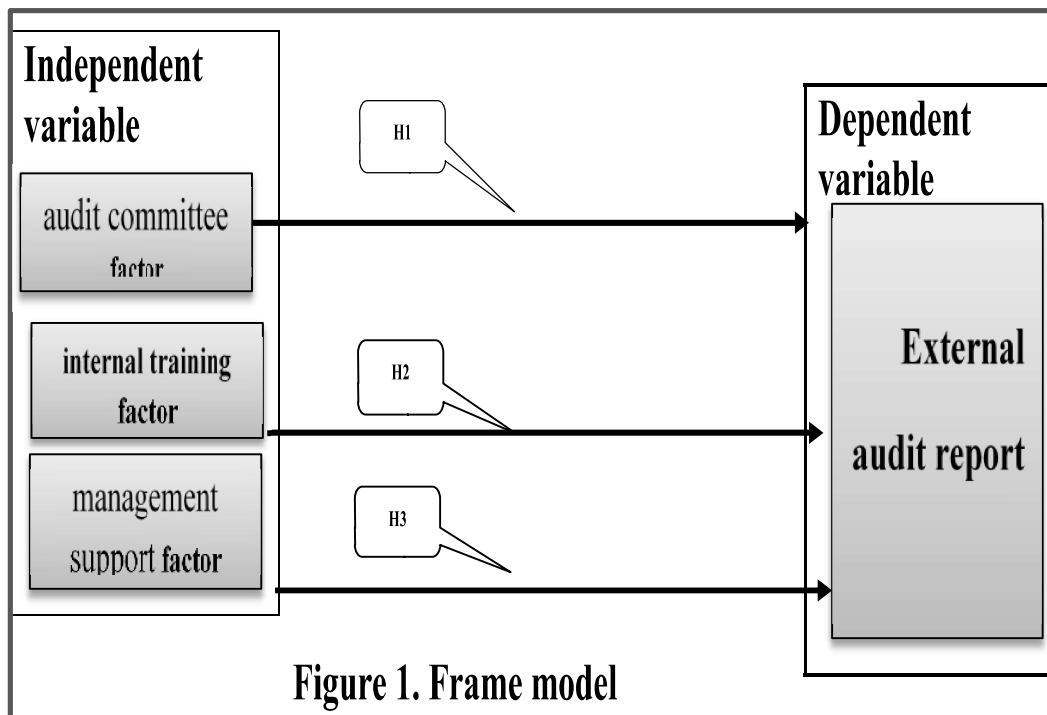
Figure 1. Frame model

The following hypotheses were to address the research objectives:

The following hypotheses were to address the research objectives:
Hypothesis 1: There is a significant positive correlation between audit committee factor and external Audit report.
Hypothesis 2: There is a significant positive correlation between internal training factor and external Audit report.
Hypothesis 3: There is a significant positive correlation between management support factor and external Audit report.

4. Research Methodology
4.1 Sampling Design and Data Collection
The present study used a quantitative research design, specifically the descriptive survey design. This is because such design accurately and objectively describes the characteristics of a situation or

resources and transportation, when and if required, training, new technology and procedures introduction, appropriated funds for certification and other related facilitates that bring about the activities of internal auditing.

In addition, management support has extensive reach when it comes to internal auditors' (IA) effectiveness in organizations as evidenced in literature. To begin with, Mihret and Yismaw (2007) examined the IA effectiveness in the context of the public sector and revealed that management support comprises of the response to audit outcome and the commitment towards strengthening internal audit, which in turn, influences IA effectiveness. Because internal audit activities are conducted in a dynamic environment, management has to take all the steps required to support promote the IA process effectiveness. This is because the overall acceptance and appreciation of IA in the organization largely depends on the senior management support (Sarens & Beelde, 2006). In the viewpoint of internal audit, it proactively works towards obtaining management support in the form of resources and commitment towards promoting and communicating their added value. Hence, management support is crucial to the operations of IA owing to the fact that all IA determinants are only effective with the support of top management that facilitates experienced IA staff, develop IA career channels, and provide IA work autonomy (Cohen & Sayag, 2010). This indicates that it is in the full interest of management to build a robust internal audit department and to commit its support towards it (Adams, 1994; Mihret & Yismaw, 2007).

value, taking advantage of the business experience of the directors. It is a key element for an efficient and reliable capital market (attracting investors) and to achieve the trust of creditors and third parties. It is the main engine of a continuous improvement program, without substituting or subsidizing the administration.

3.2 Relationships between internal training factor and external audit report.

In side of internal training, Christensen, Glover, Omer, and Shelley (2016) investigated the audit report indicators by the Public Company Accounting Oversight Board (PCAOB), an scanning on the American audit firms conclude a significant contribution and impact from internal training of the firms and auditing team on the audit quality. Determine the strategic objectives of Internal Audit, both in terms of compliance with the strategic plan of the area and aimed at responding to the current demands of the profession: global vision of the organization and business, anticipation of developments in regulatory / accounting or of Government, communication skills, certain empathy and ability to influence, technology and other skills. Determine how to allocate budgets for training and what sources will be used. It should be borne in mind that investments in existing internal audit talent often fail to achieve satisfactory results because they continue to rely on generalized, often out-of-date, competency frameworks that reward productivity and technical audit skills above all else.

3.3 Relationships between Managerial support factor and external audit report.

Support from management to internal auditors requires management to be in on the daily activities of the auditors. Auditors require management's support and perceptions of effectiveness in order to meet the objectives of auditing. In fact, management support is manifested in light of meeting the required resources, financial

Along to the previous studies, Reid, Carcello, Li, and Neal (2016) confirmed an improvement of audit report quality by the audit committee, the obtained result was from the UK firms two years later from implementation the new reporting regime. Reid et al. (2016) have discussed the reasons for having an audit committee and the characteristics of these benefits that an organization must understand and value in having an independent governing body, whose objective is to contribute in a professional manner and with a high sense of responsibility and ethics in meeting the strategic objectives of the organization, and ensuring that business practices are carried out in accordance with the policies established by the shareholders' meeting through the board of directors. To mention some of the main benefits, without trying to be exhaustive, we can mention the following: it achieves a greater value of the company by attracting investors who seek to invest in businesses that have good corporate governance structures and practices giving, this way, security to your investment. Contribution to the achievement of strategic objectives of the organization. Continuous improvement in the different areas of the business. At the level of the board of directors, adequate communication and follow-up on relevant issues of interest to the organization is achieved by being duly informed through the audit committee

Ghafran and O'Sullivan (2017) have examined the impact of audit committee on the audit quality in the UK, the investigation covered FTSE100 and FTSE250 firms to test the potential affect from audit committee characteristics on the audit report, the result revealed a significant and positive impact from audit committee on the audit report. The importance of the audit committee can be summarized in the following aspects: It constitutes an independent forum for analysis, which allows the board of directors (Board) to know what is happening and react accordingly. It is a possibility to transform a traditional audit approach to a consulting activity of high added

2. Research Objectives

2.1 To study the relationship between of the audit committee (internal support) factors and external audit report.

2.2. To examine the relationship between the internal training factors and external audit report.

2.3. An Analyzing the relationship between of the managerial support factor and external audit report.

3. Background and hypotheses.

The initial elements set comprises of the independent factors that refer to internal support, internal training, and management support, with the relationship among these audit quality characteristics being the focus of discussion in this section. The key element of the audit process is the audit committee (internal support) and, in this regard, it is pertinent for auditors to have support to allow them to properly conduct their duties (Statement 3.283 Auditing Guidance-Guidance for Internal Auditors, 2004). And based on the standards enumerated by the AICPA (2006), IFAC (2010), and PCAOB (2007), the organization's audit process is among the top elements that contribute to the success of auditor performance and achieve sufficient quality levels. For this, it is necessary to provide support and training at the department level as top elements for retaining the quality of the audit report. This is consistent with the Texts in ISA 300, 800, and 805 (2010) that enumerates the internal support and internal training significance and should be realized during the process of auditing. This study assumes that factors positively affect audit report as perceived by the external auditors and therefore, this study proposes the following hypothesis;

3.1 Relationships between the audit committee factor and external audit report.

used by researchers to measure audit quality like audit size, audit hours, audit fees, reputation, litigation rate, and discretionary accruals. Although so many different proxies have been utilized, Lennox (1999) believed that most researchers generally agree that the size or brand name of audit firms is an appropriate indicator of audit quality. Audit quality has been investigated within a variety of perspectives in the literature like independence, ethics, judgments, reduced audit quality, client services, and public sector, There is a vast body of literature relating to audit report quality and the measurement of audit report quality (e De Angelo, 1981; Palmrose, 1988; Davidson, 1993; Lennox, 1999; Colbert et al., 1999; Sori et al., 2006; Choi et al., 2007). Researchers have taken one of two approaches to measure audit quality in empirical work: a direct and an indirect approach. On the same note, Kilgore (2007) finds that; 1) audit report (audit quality) has been measured utilizing a more direct approach and is based on the assumption that the probability of discovery and reporting of contract breaches will be reflected in features of the audit such as errors made by auditors. 2) audit report (audit quality) has been measured indirectly by looking at correlates of audit quality. Research using the indirect approach is of two types, both of which consider an assessment of audit quality from an ex-ante perspective. The first type measures audit quality using surrogates of, or proxies for quality. The second indirect type assesses audit quality by checking the attributes or factors perceived to be associated with audit quality by parties involved in, or affected by, the audit process and audit reports. Studies of this type are also referred to as adopting a behavioral perspective on audit quality (Kilgore, 2007). This article aims to summarize these studies and provide a comprehensive and new classification of researches that have been done about this topic.

الملخص

تهدف الدراسة الحالية إلى اختبار العوامل المؤثرة في تقرير عملية المراجعة،ويتكون نموذج الدراسة من ثلاثة عوامل تمثل المتغيرات المستقلة (عامل الدعم الداخلي ، عامل التدريب الداخلي ، عامل الدعم الإداري) و (تقرير عملية المراجعة) كمتغير التابع. وذلك من أجل تحقيق هدف البحث ، و تم استخدام المنهج الكمي لجمع البيانات. كما تم استخدام اسلوب النمذجة البنائية (SEM) بواسطة برنامج موس (AMOS) لاختبار صحة نموذج البحث. وقد أظهرت النتائج التي تم الحصول عليها في الدراسة أن جميع المتغيرات المختبرة كان لها تأثير إيجابي على تقرير المراجعة. حيث اثرت العوامل الثلاثة بنسبة 89٪ على تقرير المراجع. ومن بين هذه المتغيرات ، أظهر عامل التدريب الداخلي التأثير الأكبر (37٪) ، واظهر عامل الدعم الداخلي (20٪) ، بينما كان لعامل الدعم الإداري أقل تأثير (15٪).

الكلمات المفتاحية: دعم داخلي ، تدريب داخلي ، دعم إداري ، تقرير المراجع

1-Introduction

Corporate scandals like the Enron debacle and Andersen collapse confirmed a requirement for high-quality audit reports and considerable attention to different factors that may affect the audit report. A high-quality audit report refers to the production of financial information without misstatements, omissions, or biases. From an agency theory perspective, Dang (2004) argues that audited financial statements are a monitoring mechanism to provide assurance for users of financial information. De Angelo (1981) defines audit quality by two dimensional definitions: first, detecting misstatements and errors in financial statement and second, reporting these material misstatements and errors. Due to this fact that these characteristics are largely unobservable, different proxies have been

THE AFFECTING OF INTERNAL SUPPORT, INTERNAL TRAINING AND MANAGERIAL SUPPORT FACTORS ON THE External AUDIT REPORT.STUDY ON LIBYA

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Abstract

The current study aims to test the factors affecting an audit report. The model of the study consists of three factors as the independent variables (internal support factor, internal training factor, managerial support factor), and the dependent variable (audit report). To achieve the research aim, the quantitative approach has been employed for data collection. The structural equation modeling (SEM) technique was carried out by Amos software to test the validity of the research model. The results obtained in the study showed that all the tested variables had a positive effect on the audit report. The three factors explained 89% of this impact. Among these variables, the internal training factor showed the greatest impact (37%), which was followed by the internal support factor (20%), while the managerial support factor had the lowest impact (15%), respectively.

Keywords: (internal support, internal training, managerial support, external audit report.).