

Chapter I

Basic of research and previous study

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1.1 Introduction

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and system processes (International Professional Practices Framework, 2013).

The internal audit team is very important inside a firm that the internal audit is regarded as the key element in the application of quality management systems which in turn, helps in evaluating the work of the organization.

Internal audit makes a large contribution to the achievement of company goals, and the implementation of strategies for their achievement (Ljubisavljević & Jovanovi, 2011). In addition, the internal audit function is responsible for reinforcing management and audit committee (Hutchinson & Zain, 2009).

Likewise, internal audit determines the reliability, reality, and integrity of operational information that comes from different organizational units, on which appropriate business decisions at all levels of management are based. Successful implementation of internal audit tasks means that it must be independent, i.e., company management should in no way be influenced by its work, information, conclusions, and evaluations. In this way the internal audit report becomes a means of communication between internal audit and management, and an important guideline for the successful management of the company (Ljubisavljević & Jovanovi, 2011).

Furthermore, the internal audit function facilitates the operation and effective working of the audit committee as the audit function goals are consistent with the former's financial reporting oversight responsibilities (Goodwin and Yeo, 2001;

Goodwin, 2003; Scarbrough, Rama &Raghunandan, 1998). The creation of an internal audit function is supported by the system reports (NYSE, 2002) and previous studies (Collier & Gregory 1996; Goodwin & Kent, 2003) as a mechanism to enhance internal system processes.

The study was conducted in FAISAL ISLAMIC BANK in the period of November 2017 to March 2018. The chapter also deals with giving the background of the FAISAL ISLAMIC BANK, statement of the problem, objective s of the study, significance of the study, scope, limitation of the study, Research hypotheses, The Research Methodology and Information Sources

1.2 Research problem:

The main problem of this study is to know is there is impact of internal audit on the efficiency of QMS in the FAISAL ISLAMIC BANK to improve its organizational performance. Also there have been no substation previous attempts to promote internal quality auditing with a performance focus.

1.3 Significance of the study:

The significance of the study:

- Know the extent of internal audit from FAISAL ISLAMIC BANK
And the impact of this trend on the organization performance.
- This study will help banks that seeking to embrace the principles of internal audit in the way methods used in study to develop and improve its image in community that work in it, and win the other banks respect. Other ways, to increase its competitive advantage on their counterparts from other banks.
- Can help the researchers who want to take benefit of this study in several aspects, to get more data to identify the nature of the study and the method.

1.4 Research objectives:

The main objectives of this study are:

- 1-To determine whether internal audit practices will affect the QMS efficiency.
- 2-To emerge the role of internal audit in leading organizations to the better performance.
- 3-To promote the improvement in business process and QMS.
- 4-To develop different methods, tools and techniques to improve auditing practices.
- 5-To help the organization in the process of performance measurement.

1.5. Research hypotheses:

- H1: There is significant impact of internal audit on the efficiency of QMS.
- H2: There is a positive relationship between qualification of internal auditor and bank performance.
- H3: FAISAL ISLAMIC BANK is committed to implement internal audit.

1.6. The Research Methodology:

In this research I will use the descriptive analysis method because it is fit with the subject nature.

1.7. Information Sources:

1.7.1 Primary sources:

Questionnaire as a key tool to search, designed specifically for this purpose

1.7.2 Secondary sources:

- Books
- Researcher, academic studies and references.
- Report and record of FAISAL ISLAMIC BANK and relevant authorities.
- Specialized studies in the study field.
- Web sites relevant.

1.8 Study Limits:

Time limits:

November 2017 – March 2018

Place limits:

FAISAL ISLAMIC BANK- Khartoum Sudan

1.9 Previous study:

1- Study of (EBRAHIM MOHAMMED, 2014) state that relationship between internal audit and firm performance. The past literature reveals there is a paucity of studies exploring the association between internal audit characteristics (IAC) and firm performance whether conceptual or empirical. The main objective of this study is to fill up the gap in the literature and provide an opportunity for future research to deeply investigate this relationship.

2- study of (Mohammad Tariq Ali Alflahat ,2017) state that, The present paper examines the impact of internal audit on the organizational performance of Jordan Electric Power, Jordan Telecom, and National Petroleum. A sample of 290 employees has been selected for the study. Data have been collected through questionnaires and analyzed with the help of multiple linear regression. Internal audit is used as the independent variable whereas organizational performance is the dependent variable. The analysis of data revealed that there is a significant impact of internal audit on the organizational performance in companies under study.

3- Study of (Carton, 2004) define organizational performance the measurement of the change of the financial state of an organization, or the financial outcomes that results from management decisions and the execution of those decisions by members of the organization. Auditor Independence refers to the auditor's ability to express his conclusions honestly and impartially. Auditor's independence is the

primary justification of the existence, and thus the hallmark of the auditing profession.

4- Study of (Jeong, 2005) state if the auditors find accounting irregularities in previous financial statements, it is assumed that high quality auditors are more likely to make corrections and report the changes in current financial statements. However, if the economic environment and institutional setting does not demand high-quality audit services, auditors may not restrict the opportunistic behavior of management but rather may behave opportunistically themselves to attract more clients.

5- Study of (ABDULAH AHMED DAHIR, 2016) state that internal audit practice drivers were found to significantly and positively influence organizational performance of remittance companies in Mogadishu, Somalia. It is recommended that managers should study and select the driver that best suits their companies in order to achieve maximum performance.

6- Study of (Nabil Hassan Ayed , 2016) The aim of the study was to evaluate the impact of the internal audits of the quality management system in accordance with ISO 9001 on the performance of the institutions as expressed in the following variables: Continuous improvement - Spreading the culture of quality This was established as a case study on the Chamber of Commerce and Industry as a model for Yemeni civil society organizations, The researcher used descriptive analytical method using the method of case study and relying on the method of the comprehensive survey of the sample society due to the lack of the sample of the study sample consisting of (20) individuals. The study was based on a questionnaire specifically designed to achieve the objectives of this study. The implementation of the ISO 9001 quality management system has a significant impact on the overall performance of the institutions, The effect of the study variables on the general performance was as follows: continuous improvement

came in first place with an average of (82.5) and a high degree of approval. This means that the sample believes that there is a significant impact on the process of continuous improvement on the overall performance of the commercial establishments according to the sample. With an average of (67) and with a medium degree of approval. This means that the sample believes that there is a significant impact on the process of spreading the culture of quality on the general performance of the institutions according to the opinion of the sample. Enterprises should not neglect that quality is determined by the requirements of customers and meet their needs, Institutions should conduct a continuous review of all processes and activities with a view to improving and simplifying them , Institutions must adhere to the continuous development and upgrading of staff, Institutions should undertake training and awareness programs for all those involved in the importance of institutional work, Institutions should inform their clients of all their services and how to obtain them in various ways, Institutions should intensify the posters and leaflets accompanying the audit because they have an impact on promoting a culture of quality.

7- Study of (AmelAbd Elgadir-2014) This study carried out in Khartoum state during the period of April 2012 to December 2013. The study aimed to evaluate the role of internal quality audits as facilitator of continuous improvement in Sudanese organizations that accredited ISO 9001:2008. Survey questionnaire designed and administered to 30 organizations which their activities are industrial or service. The researcher received only 25 filled questionnaires with response rate of 83 % for both types of organizations. 100% was obtained for industrial organizations and 66 % obtained for service ones. The study was tried to answer the following questions: 1- For how long Sudanese organizations recognizing that the audit process is one of the best tools for continuous improvement? 2- To know if everybody in the organization share a belief in the positive discussion of

problems and deficiencies as necessary first step in achieving continuous improvement? The statistical analysis using Chi-square showed that: There is significant difference with statistical indicator within the answers of sample individual around the answer with high frequency which strongly agree by which we accept the two hypotheses. From this study we conclude that Sudanese organizations learn that the high value of internal audit in achieving continuous improvement and recognize that audit process is one of the best tools for continuous improvement. From this study the researcher recommends that, the Sudanese organizations should maximize their benefits from internal audits. And for the audit to be an effective improvement and compliance tool, it must be conducted on an on-going basis, and the management should ensuring that corrective and improvement are completed in a timely manner and the root cause where necessary is determined. The auditors and auditees they have to work together in achieving a common goal – improved performance.

Chapter II

LITRETURE REVIEW

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2.1 Brief & History of Auditing :

According to dennisRarter(2002) auditing, as practiced today , has it roots in financial application

Financial auditors are expected to examin the acconts and records to see that they are truthful they match recorded information against accounting requirement to arrive at the fact.

Operational audits were developed in1978 to examine the control and risks of organization .

Throughout 1970s and early in 1980s,increased pressure demanded accountability for government operations and spending programs.

In response to the new global completion in 1980 manufacture needed to change their wayse of conducting business. They needed to do better control their manufacturing processes requirements . they needed to do job of defining customer requirement they needed to gather data and make decisions from those data . they needed auditors .

Insert on quality auditing for business application really in the second half of the 1980s . the cold war was ending communication technologies were developing into an internt . world trade agreements were signed. All of these led to the first comprehensive international standard on quality management iso 9001 (1987).

Inform work on an integrated ISO 19011 auditing standard began in the mid-1990 and officially stated in 1998.

2.1.1 Quality Audit :

2.1.1.1 Definition :

a) The joint international quality and environmental auditing standard ISO 19011-2011 Guidelines for quality and /or environmental management system define audits as: A systematic, independent documented process for obtaining audit evidence and evaluating it objectively to determine extent to which audit as : (A systematic , independent documented process for obtaining audit evidence and evaluating it objectively to which audit criteria are fulfilled)

b) The institute auditor has defined internal auditing as (an independent , objective assurance and consulting activity designed to add value and improve an organization's operation .it help an organization accomplish its objectives by bringing systematic , disciplined approach to evaluate and improve the effectiveness of risk management control and governance process (Dennis R. Arter, 2002).

2.1.1.2 Purpose :

Audit can be categorized by Purpose . The following categories are particularly relevant to FDA regulated and ISO certified companies :

Compliance audit: audit looks at for conformance to rules and regulation. Performance audit: audit looks at three things: Compliance to the rules, effectiveness of those rules for use, and suitability of those rules for achieving an and organization "s goal. (Jason Clegg, 2012)

2.1.2 Type of audits:

a) First-party audit is performed within an organization to measure its strengths and weaknesses against its own procedures methods and /or against external standards adopted by (voluntary) or imposed on (mandatory) the organization . the first – party audit is an internal audit conducted by auditors who are employed by the

organization being audited but who have no vested in the audit results of the area being.

b) Second – party is an external audit performed on a supplier by customer or by contracted organizations in place , and the goods or services are being ,or will be , delivered . second – party audits are subject to the rules of contract law as they are providing contractual direction from the customer to the supplier.

c) Third party audit is performed by an audit organization independent of the customer – supplier relationship and is free of any conflict of interest. independence of the audit organization is key component of a third party audit. Third – party audits may result in certification, registration, recognition, an award, license approval, a citation, a fine or a penalty issued by the third-party organization or an interested party.

(<http://asq.org/learn-about-quality/auditing/>)

2.1.3 Phases of an audit:

a) Audit preparation – Audit preparation consists of everything that is done in advance by interested parties, such as the auditor, the lead auditor, the client, and the audit program manager, to ensure that the audit complies with the client’s objective. The preparation stage of an audit begins with the decision to conduct the audit. Preparation ends when the audit itself begins.

b) Audit performance – The performance phase of an audit is often called the *fieldwork*. It is the data-gathering portion of the audit and covers the time period from arrival at the audit location up to the exit meeting. It consists of activities including on-site audit management, meeting with the auditee, understanding the process and system controls and verifying that these controls work, communicating among team members, and communicating with the auditee.

c) Audit reporting – The purpose of the audit report is to communicate the results of the investigation. The report should provide correct and clear data that will be

effective as a management aid in addressing important organizational issues. The audit process may end when the report is issued by the lead auditor or after follow-up actions are completed.

d) Audit follow-up and closure – According to ISO 19011, clause 6.6, “The audit is completed when all the planned audit activities have been carried out, or otherwise agreed with the audit client.” Clause 6.7 of ISO 19011 continues by stating that verification of follow-up actions may be part of a subsequent audit (<http://asq.org/learn-about-quality/auditing/>)

2.1.4 Internal audit

Internal audit is a long-standing function and an effective tool of management in many organizations. It has been a recognized component of organizations in both the public and private sectors and in most industries for many years. Internal auditing is often seen as an overall monitoring activity with responsibility to management for assessing the effectiveness of control procedures which are the responsibility of other functional managers. The internal audit function is not limited to the operation of any particular function within an organization. Rather, it is all-embracing and accordingly is structured in the organization as a separate entity responsible only to a high level of management. As Okezie(2004) puts it, the main objective of internal auditing is “to assist management in the effective discharge of their responsibilities by furnishing them with analysis, appraisal, recommendations and pertinent comments concerning the activities reviewed”.

It is generally recognized that the proper organization, staffing and methodology of internal audit presents the board with the best means of focusing on its obligation to ensure proper controls in the business, However, the need for an internal audit function will vary depending on company specific factors including the scale, diversity and complexity of the company’s activities and the number of employees as well as cost/benefit considerations (ICAEW, 1999). Moreover,

Venables and Impey (1991) had argued that for an internal audit function to be effective to enable an organization realize its full benefits, the function must have clearly defined objectives, authority, independence and appropriate resources.

As organizations and the world they operate in become more complex, so internal audit is gaining a steadily higher profile in the public, private and not-for-profit sectors for the evaluations they provide about how well risks are being managed within the organization.

The profession of internal audit is fundamentally concerned with evaluating an organization's management of risk. All organizations face risks. For example, risks to the organization's reputation if it treats customers incorrectly, health and safety risks, risks of supplier failure, risks associated with market failure, IT risks and financial risks to name some key areas. The key to an organization's success is to manage those risks effectively - more effectively than competitors and as effectively as stakeholders demand.

To evaluate how well risks are being managed the internal auditor will assess the quality of risk management processes, systems of internal control and corporate governance processes, across all parts of an organization and report this directly and independently to the most senior level of management.

By reporting to senior management that important risks have been evaluated and highlighting where improvements are necessary, the internal auditor helps senior management to demonstrate that they are managing the organization effectively on behalf of their stakeholders.

Hence, internal auditors, along with executive management, non executive management and the external auditors, are a critical part of the top level governance of any organization.

Internal audit engagements are conducted in diverse legal and cultural environments; within organizations that vary in purpose, size, complexity, and

structure; and by persons within or outside the organization. While differences may affect the practice of internal auditing in each environment, conformance with International Standards for the Professional Practice of Internal Auditing (The Standards) is essential if the responsibilities of internal auditors are to be met. If internal auditors are prohibited by laws or regulations from conforming with certain parts of the Standards, they should conform with all other parts of the Standards and make appropriate disclosures.

If internal auditors use the Standards in conjunction with the standards issued by other authoritative bodies, they may also cite the use of other standards in their audit communications, as appropriate. If inconsistencies exist between the Standards and other standards, internal audit must conform with the Standards, and may conform with the other standards if they are more restrictive.

Modern, leading edge Internal audit services are characterized by “a shift toward more proactive auditing rather than after-the-fact detective auditing. The intention is to identify risks, trends or breakdowns before problems occur”. Key strategies aimed at ensuring that internal audit services are leading edge are as follows:

- a- Establish an Internal Audit Committee with some members who are external to the organization.
- b- Adopt and comply with professional standards.
- c- Recruit and retain capable staff.
- d- Establish and communicate a clear vision and strategy.
- e- Demonstrate the value of internal audit.
- f- Understand client/stakeholder needs.
- g- Focus on risk.
- h- Monitor internal controls.
- i- Educate management on risks and controls.
- j- Improve audit processes.

k- Improve the communication of results.

l- Continuously strive to improve quality in internal audit services.

An internal audit team should demonstrate the following characteristics:

a- Maintain an appropriate level of independence and objectivity.

b- Have clear roles and responsibilities.

c- Provide audit staff with guidance that is consistent with professional standards in planning and executing work.

d- Have sufficient and appropriate resources to carry out its work.

e- Have regular and timely communication on its findings and recommendations.

f- Systematically conduct regular follow-ups on audit recommendations.

g- Have sufficiently comprehensive processes for continuously monitoring its effectiveness, including periodic internal and external quality assessments of all aspects of its operation.

h- Adding value through its work.

2.1.6 ROLES OF INTERNAL AUDIT

The role of internal auditing in enterprise risk management (ERM)

Internal auditing is an independent, objective assurance and consulting activity. Its core role regarding to ERM is to provide objective assurance to the board on the effectiveness of risk management. Indeed, research has shown that board directors and internal auditors agree that the two most important ways that internal auditing provides value to the organization are in providing objective assurance that the major business risks are being managed appropriately and providing assurance that the risk management and internal control framework is operating effectively. Internal auditing may provide consulting services that improve an organization's governance, risk management, and control processes. The extent of internal auditor's consulting in ERM will depend on the other resources, internal and external, available to the board and on the risk maturity²

of the organization and it is likely to vary over time. Internal auditor's expertise in considering risks, in understanding the connections between risks and governance and in facilitation mean that the internal audit activity is well qualified to act as champion and even project manager for ERM, especially in the early stages of its introduction. As the organization's risk maturity increases and risk management becomes more embedded in the operations of the business, internal auditing's role in championing ERM may reduce. Similarly, if an organization employs the services of a risk management specialist or function, internal auditing is more likely to give value by concentrating on its assurance role, than by undertaking the more consulting activities.

Consulting roles

Some of the consulting roles that the internal audit activity may undertake are:

- a- Making available to management tools and techniques used by internal auditing to analyse risks and controls;
- b- Being a champion for introducing ERM into the organization, leveraging its expertise in risk management and control and its overall knowledge of the organization;
- c- Providing advice, facilitating workshops, coaching the organization on risk and control and promoting the development of a common language, framework and understanding;
- d- Acting as the central point for coordinating, monitoring and reporting on risks; and
- e- Supporting managers as they work to identify the best way to mitigate a risk.

The key factor in deciding whether consulting services are compatible with the assurance role is to determine whether the internal auditor is assuming any management responsibility. In the case of ERM, internal auditing can provide consulting services so long as it has no role in actually managing risks that is

management's responsibility – and so long as senior management actively endorses and supports ERM. We recommend that, whenever the internal audit activity acts to help the management team to set up or to improve risk management processes, its plan of work should include a clear strategy and timeline for migrating the responsibility for these services to members of the management team.

Safeguards

Internal auditing may extend its involvement in ERM by providing certain conditions apply. The conditions are:

- a- It should be clear that management remains responsible for risk management.
- b- The nature of internal auditor's responsibilities should be documented in the internal audit charter and approved by the audit committee.
- c- Internal auditing should not manage any of the risks on behalf of management.
- d- Internal auditing should provide advice, challenge and support to management's decision making, as opposed to taking risk management decisions themselves.
- e- Internal auditing cannot also give objective assurance on any part of the ERM framework for which it is responsible. Such assurance should be provided by other suitably qualified parties.
- f- Any work beyond the assurance activities should be recognized as a consulting engagement and the implementation standards related to such engagements should be followed.

2.2 ORGANISATION PERFORMANCE

Organizational performance can be judged by many different constituencies, resulting in many different interpretations of "successful performance". Each of these perspectives of organizational performance can be argued to be unique. Further, each organization has a unique set of circumstances, making performance

measurement inherently situational (Cameron & Whetton, 1983). Both of these issues are problematic for researchers, since theory building involves making and testing assertions that explain or predict a particular phenomenon (generally represented as a value of a dependent variable in a model) that holds true across a broad range of specific instances (Van de Ven, 1989; Weick, 1989). While it is possible to develop a multiattribute model of organizational performance, building a model that addresses multiple constituencies becomes problematic, since each group may have contradictory objectives. Therefore, a unified perspective of overall organizational performance is necessary to execute this research. Accordingly, this dissertation examines organizational performance from a single constituency perspective, that of the common stockholder of for-profit organizations. From this perspective, successful organizational performance can be equated to successful value creation for common stockholders.

2.2.1. WHAT IS PERFORMANCE?

Performance is a contextual concept associated with the phenomenon being studied (Hofer, 1983). In the context of organizational financial performance, performance is a measure of the change of the financial state of an organization, or the financial outcomes that results from management decisions and the execution of those decisions by members of the organization. Since the perception of these outcomes is contextual, the measures used to represent performance are selected based upon the circumstances of the organization(s) being observed. The measures selected represent the outcomes achieved, either good or bad.

2.2.2. THE CONCEPT OF ORGANIZATIONAL PERFORMANCE

In general, the concept of organizational performance is based upon the idea that an organization is the voluntary association of productive assets, including

human, physical, and capital resources, for the purpose of achieving a shared purpose(Alchian&Demsetz, 1972; Barney, 2001; Jensen &Meckling, 1976; Simon, 1976). Those providing the assets will only commit them to the organization so long as they are satisfied with the value they receive in exchange, relative to alternative uses of the assets. As a consequence, the essence of performance is the creation of value. So long as the value created by the use of the contributed assets is equal to or greater than the value expected by those contributing the assets, the assets will continue to be made available to the organization and the organization will continue to exist. Therefore, value creation, as defined by the resource provider, is the essential overall performance criteria for any organization. How that value is created is the essence of most empirical research in management. Conversely, how that value is measured is the essence of this research.

2.2.3. FIVE PERSPECTIVES OF ORGANIZATIONAL PERFORMANCE

The nature of organizational performance and its measurement has been a topic for both scholars and practitioners since organizations were first formed. How to determine if the efforts of the organization are being put to their best use and are achieving the desired outcomes is at the heart of several disciplines. Accountants devote their attention to fairly presenting the historical financial performance of organizations, while the management disciplines focus on how to improve current and future organizational performance. More specifically, for the purposes of management research, and in particular entrepreneurship and strategic management research, post hoc performance must be measured to determine the effectiveness of the managerial decisions. The “Balanced Scorecard” approach developed by Kaplan (1984) combines both historical accounting perspectives as well as operational measures that capture information about expected future organizational performance. The following sections briefly examine organizational

effectiveness and performance from the accounting, balanced scorecard, strategic management, entrepreneurship, and microeconomic perspectives.

2.2.3.1 THE ACCOUNTING LITERATURE PERSPECTIVE

In measuring organizational performance, accounting scholars focus on the information content of the organization's financial statements and measures. In fact, the *raison d'être* for the accounting profession is to present the past financial performance of an organization both fairly and consistently. To this end, volumes of accounting rules and procedures have been developed over the years to make the information contained in organizational financial statements both meaningful and comparable over time and across organizations.

2.2.3.2 THE BALANCED SCORECARD PERSPECTIVE

In an attempt to bridge the gap between theory and practice, Kaplan (1984) proposed that effective organizational performance should be measured using a "balanced scorecard". They suggested that organizational performance measurement requires measures that are not purely financial in nature, because many of the financial indicators are a result of critical operational measures. For example, accounting measures only report what has happened in the past, and not the investments in future opportunities. Therefore, they argue that a combination of financial and operational measures is necessary for measuring overall organizational performance.

Accordingly, the balanced scorecard is a multi-disciplinary view of organizational performance. Balanced scorecard measures include market share, changes in intangible assets such as patents or human resources skills and abilities, customer satisfaction, product innovation, productivity, quality, and stakeholder performance. Most of these measures require primary data from management in the form of their assessment of their own performance, which may lead to questions of the validity of the responses. The primary advantage to using

operational measures in conjunction with financial performance measures is when they provide information about opportunities that have been created, but not yet financially realized. Since GAAP does not permit companies to recognize the expected value of new discoveries until the benefits are actually realized, accounting-based measures do not capture this information on organizational performance.

2.2.3.3 THE STRATEGIC MANAGEMENT PERSPECTIVE

Fundamental to the study of management is an understanding of the goals and objectives of the organization and the processes used to measure their accomplishment (Drucker 1954; Ansoff 1965; Hofer and Schendel 1978; Schendel and Hofer 1979; Andrews 1987). Unfortunately, despite all of the scholarly and practitioner attention paid to the subject, the best way to characterize our current understanding of the concept of organizational performance would be to paraphrase the Supreme Court's definition of pornography, i.e. "I can't tell you exactly what it is, but I will know it when I see it." Thus, even though accountants have developed GAAP for reporting performance, GAAP are constantly changing in part due to the dynamic nature of organizations, but also as a result of experience with the current state of performance reporting.

However, accountants at least have a common set of rules for telling firms how to present organizational performance data. Based on the examination of empirical articles published in the fields of entrepreneurship and strategic management over a recent five-year period presented in Chapter 2, it is clear that for these two disciplines, there is no commonly agreed upon foundation for measuring organizational performance.

Drucker (1954) also argued that the ultimate measure of organizational performance is survival. To this end, Drucker proposed eight different

performance dimensions that he felt were essential for the survival and prosperity of a firm. These dimensions included (1) market standing relative to the market potential both now and in the future, (2) innovation, (3) productivity, (4) physical and financial resources, (5) profitability sufficient to cover the risk premium for being in business, (6) manager performance and development, (7) worker performance and attitude, and (8) public responsibility. According to Drucker, these eight dimensions are all necessary for the long-term survival of the organization, which is the ultimate test of performance. As with Barnard, Drucker's perspective is both multi-constituency and multi-dimensional.

Ansoff (1965) proposed that the ultimate measure of organizational performance is return on investment. While this was argued to be the aim of the organization, Ansoff acknowledged that the organization was constrained by individual stakeholder objectives. As a consequence, the organization must also have non-economic objectives that lead to maximization of return on investment as constrained by stakeholder constraints on organizational flexibility. In contrast to Drucker, Ansoff's perspective can be seen as multi-constituency and one-dimensional. Although Ansoff proposes one primary dimension of performance, he does propose that there are several sub-dimensions of that construct.

Freeman (1984) proposed that for an organization to accomplish its objectives, it had to utilize its relationships with stakeholders to accomplish both organizational goals and stakeholder goals. Stakeholders are not considered organizational constraints. Rather, they are a resource to accomplish organizational objectives. This requires satisfying at least the minimal interests of all stakeholders. Freeman's perspective is both multi-constituency and multi dimensional.

2.2.3.4 THE ENTREPRENEURSHIP PERSPECTIVE

The same problems that affect the strategic management perspective of organizational performance also affect the entrepreneurship perspective of

performance. It can be argued that the goals of the founding entrepreneur are the goals of the organization, a one-dimensional perspective of organizational performance (Bracker and Pearson 1986b; Chandler and Jansen 1992; Slevin and Covin 1995). However, it is also clear that entrepreneurship researchers examine other stakeholder perspectives of performance, such as venture capitalists', angel investors', and family business owners' perspectives. As with strategic management research, the entrepreneurship researchers adopt a multi-dimensional view of performance, recognizing that there are inherent tradeoffs between such issues as growth and profitability (Gartner 1990; Chandler and Hanks 1993; Chandler and Hanks 1994; Murphy, Trailer et al. 1996). Consequently, as with strategic management, the entrepreneurship perspective of performance is both multi-constituency and multi-dimensional.

2.2.3.5 THE MICROECONOMICS PERSPECTIVE

Many scholars have argued that owners of productive assets associate in an organization for the purpose of gaining economic advantage (as examples see Barney, 2002; Jensen & Meckling, 1976; and Simon, 1976). The owners of the assets will contribute to the organization so long as the return they receive or expect to receive is satisfactory relative to the risk they take.

Satisfaction is in part determined by the alternate uses that the owner has for the assets. In other words, the value that an organization creates for the owners of contributed assets must be at least as large as the value expected. When the value created is less than the expected or required return, owners of assets will, if possible, withdraw their support for the organization and put their assets to alternative uses where they can achieve the required return.

2.2.4 The Systems Model of Performance

The systems approach to measuring effective organizational performance considers multiple, generic performance measures (Chakravarthy 1986; Steers

1975; Venkatraman and Ramanujam 1986; Yuchtman and Seashore 1967). The systems approach suggests that performance is multi-dimensional, and must be examined using a set of measures simultaneously, which are appropriate to the population and phenomenon of interest, to allow for comparison across organizations. As with the goal-based approach, this model of performance is criticized for failing to adequately account for differences between stakeholder groups' perspectives on performance (Ford & Schellenberg, 1982; Freeman, 1984). While it can be argued that the use of multiple measures is also appropriate to goal-based models of performance, without specifically connecting performance measures to explicit organizational goals, the use of a system of measures to represent performance is more correctly classified as a systems approach. Based upon the review of recent empirical articles in Chapter 2, entrepreneurship and strategic management researchers typically use multiple performance measures, but without explicit connection to organizational goals. Consequently, it is appropriate to conclude that the systems approach is by far the most commonly used approach in empirical research in recent entrepreneurship and strategic management. Unfortunately, as was also shown in summary empirical articles, there is no agreement as to which measures of performance should be used to represent overall organizational performance

2.3 Positive Contribution of Internal audit to Organization performance:

Karaperttrvic & Willborn, (2000) state that ' The results of conducting of results of conducting Internal audit and their potential for setting measures that contribute to better company performance therefore depends on the company's purpose or motivation for introducing the quality management system and consequently on the purpose of the internal audit. In the companies introducing the quality management system merely due to pressure from customers the usual goal is simply to acquire a certificate. These companies implement only a compliance

internal audit satisfy the minimum certification criteria. Such an internal audit only checks formal conformity with the quality standard and normally has no impact on improving company's effectiveness and efficiency. As the quality management system becomes more mature, management expect the internal audit to be more "business oriented " (ISO 9001 Auditing Practices Group,2004). So the purpose and orientation of the internal audit should shift from a compliance internal audit to a continuous improvement audit (searching for improvement possibilities) and to management audit (assessing effectiveness of the QMS and its business benefits).

Razzetti, (2003); Baure, (2005) suggested that measuring contribution of IA to achievement of the company's business goals (CBG) is relevant for companies that have a mature "quality culture "and a mature QMS as it improves the possibilities of using internal audit as a helpful managerial tool . The importance and effects of QMS' IA are largely dependent or the management's understanding of IA, on management attitude towards the IA ,and how management responds to IN findings

With the development of the standard ISO 9000 there is real opportunity for IA to become a managerial tool for improvement (Holyle and Thomson,2001)

2.4 Faisal Islamic Bank (SUDAN):

➤ Establishment:

- Faisal Islamic Bank (SUDAN) established in accordance with Temporary Order No (9) (1977) dated 4/4/1977.
- In May 1977, 86 Sudanese and Saudi founders as well as other nationals of some Islamic States, met and adopted the idea of establishing the Bank. They prescribed and paid up half of the authorized capital.
- On 18/08/1977, Faisal Islamic Bank was registered as a public incorporated Co. (ltd) according to the Co. Ordinance 1925.

- The Bank commenced operations in May **1978**.
- Authorized Capital **One Billion SDG**.
- Paid-up Capital **435 million SDG**.

➤ **Vision:**

An Islamic Bank, of Islamic orientation, Sudanese features, adhering to quality and excellence in performance, satisfaction of customers, confidence in suppliers, and community development, takes care of owners' equity and the welfare of employees.

➤ **Mission:**

A bank with both Islamic face and Sudanese features, aiming to assume the best financial position through its efficiency and outstanding institution contemporary legal banking products, processing foreign relations, modern techniques. With a working team of high esteem.

➤ **The 10 Values:**

- Legitimacy of the Transactions.
- Leadership.
- Excellence in the Transactions.
- Professionalism.
- Teamwork.
- Continuous Improvement.
- Transparency in Transactions and Relationships.
- Customer Satisfaction.
- Cooperation with partners.
- Partnership with the community.

➤ **Basic Information:**

Activity:

To conduct all forms of banking activities, financial, commercial, investment as well as participation in economic development and social projects. To promote transactions and cooperation in the field of foreign trade, in conformity with Islamic Sharia law, and advanced modern developed banking techniques.

Bank Branches:

Faisal Islamic Bank (SUDAN) owns set of distinct branches that have chosen according to scientific studies, so as to provide the best services to its valued customers. It well suited to provide outstanding service to its clients.

➤ **Capital Contributions:**

Capital Contributions inside SUDAN:

- Islamic Insurance Company.
- Islamic Company for Trading and Services, Ltd.
- Al-Faisal of Financial Transactions, Ltd.
- Al Faisal Real Estate.
- Grain Mills Ltd - Atbara.
- ElectronicBanking Services Company (EBS).
- Financial and Banking Systems Co.

Capital Contributions outside SUDAN:

- Faisal Islamic Bank (Egypt).
- Islamic Advisory Group - Switzerland.

Table 2.1: Basic Information about Faisal Islamic Bank

	2013	2012	2011	2010	2009	2008
Branches	32.0	31.0	31.0	31.0	29.0	28.0
ATMs	118.0	112.0	91.0	80.0	72.0	64.0
Employees	1063.0	942.0	907.0	886.0	805.0	789.0
Percentage of profits distribution to Shareholders	46.1%	67%	73%	55.1%	45.5%	40.0%
Percentage of profits distribution to depositors	12.0%	11.5%	10.0%	10.0%	10.0%	10.0%
Growth rate of Assets	25.7%	46.2%	25%	40.1%	57%	50%
Growth rate of Deposits	22.3%	48.6%	24.0%	40.0%	60.6%	54.1%
Growth rate of Income	37.0%	28.0%	40.0%	48.6%	57.0%	49.0%
Return on Assets	3.2%	4.0%	4.0%	3.1%	3.0%	3.1%
Return on Capital	64.0%	66.7%	73.0%	75.1%	64.4%	59.0%
Return on Equity	38.0%	33.0%	39.1%	42.8%	41.0%	37.0%
Operational	23.7%	21.9%	24.7%	22.8%	22.6%	26.4%

Source: www.fibsudan.com

➤ **ISO Certificates:**

Faisal Islamic Bank - SUDAN obtain the conformity certificates for three systems: (ISO9001: 2008,2015, ISO14001: 2004) and ISO conformity certificate with the British occupational health and safety system (OHSAS 18001: 2007), that conferred on it by international accredited companies: Germany's National Accreditation Body (DAKKS), The United Kingdom Accreditation Service(UKAS) and Turkish QA Technic.so the bank is the only institution obtaining these certificates in Sudan. The bankto obtainthese certificatescome to assure that thebank hadpassed thebestsstandards of conformitywiththe international management systems, that increasing the competitive advantage in the banking market, and the leadership of the international Islamic banking. This was done in the celebration that organized by theInternational OrganizationforAccreditation, inAl-FaisalCultural Center onThursday20/03/2014.

Quality assurance department in Faisal Islamic Bank of Sudan (January – 2014)

Established the integrated management system (ISO 9001-2015-ISO 14001-2015-OSAS 18001-2007) in Faisal Islamic Bank and I managed this system , conducted internal audit many times (two audit per year) also reviewed the corrective action and monitored the actions to complete the process.

Make the measurement analysis and improvement of all processes and procedures of ISO system in the bank .

Its updated in audit process .

ISO standards helped Faisal Islamic Bank to manage its resources and processes and procedures efficiently and effectively.

CHAPTER THREE

Materials and Methods

CHAPTER THREE

Materials and Methods

This chapter contains description of the materials and methods followed by the researcher for determining the study population and sample, the study tool, the verification steps of the accuracy and stability of the search tool, also a description of the study design and statistical methods that used in data analysis.

3.1 Study methodology:

This study based on theoretical background of methodology and the quantities design using a hypothesis testing approach.

3.2 Study population:

The study population consisted of a sample of Faisal Islamic Bank's -Sudan employees.

3.3 Study sample:

The study sample consisted of (60) from Faisal Islamic Bank's –Sudan employees, were selected as the stratified random method.

3.4 Study tool:

The researcher has developed a study tool to become a tool for data collection in this study, and that a review of previous literature on the subject of the impact of internal audit on the organization performance. The study tool include on the four axis are (Appendix 1):

The first: internal audit .

The second: qualification of internal auditor.

The third: BANK is committed to implement internal audit.

The forth: organization performance.

The fifth: The researcher used the Likert scale, which calculates the weights of those paragraphs as follows:

(80 - 100)%	Very high
(70 – 79.9)%	High
(60 – 69.9)%	Medium
(50 – 59.9)%	Low
(Less than 50%)	Very low

3.5 Believe study tool:

The study was presented on number of validators in the field of study, so the measure became in the final form.

3.6 Study procedures:

I have been conducting this study, according to the following steps:

1. Preparation of the study measurements of the final image.
2. Identify the study sample.
3. Distribute the study tool on the study sample, and retrieval, where distributed (60) questionnaires, have been retrieved (60), which formed the study sample.
4. Enter the data into the computer and processed statistically using the Statistical
5. Package for Social Sciences (SPSS).
6. Extracting, analyzing and discussing the results

3.7. Statistical methods used:

Data are encoded and processed statistically using the Statistical Package for Social Sciences (SPSS), to achieve the objectives of the study and to verify hypotheses, statistical methods were used the following:

- charts.
- frequency distribution of the answers.
- percentages.
- alpha equation, to calculate the reliability coefficient.
- Median.

- Chi-square test for the significance of differences between the answers.

3.8 Descriptive of the Variables Study:

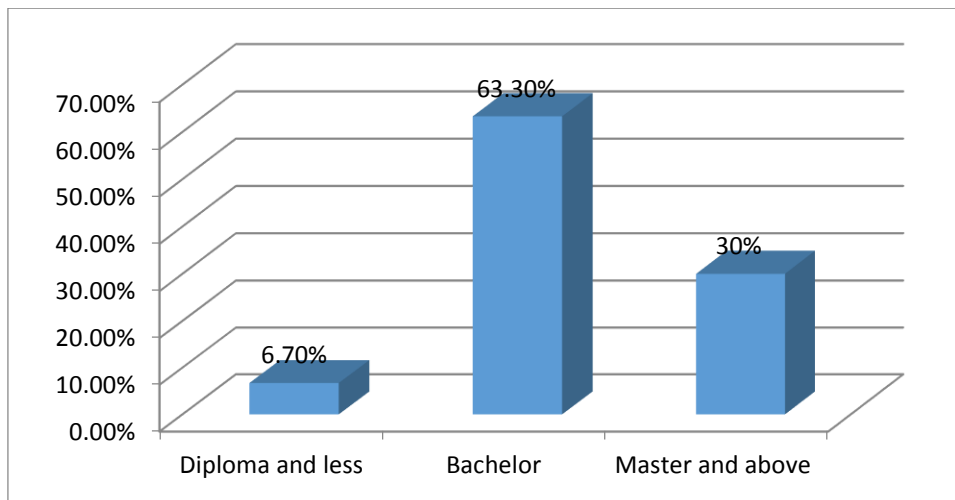
General information:

Table (3-1) Education level:

Education level	Frequency	Percentage
Diploma and less	4	6.7%
Bachelor	38	63.3%
Master and above	18	30%
Total	60	100%

Source: prepared by researcher, using SPSS, 2018

Figure (3-1):



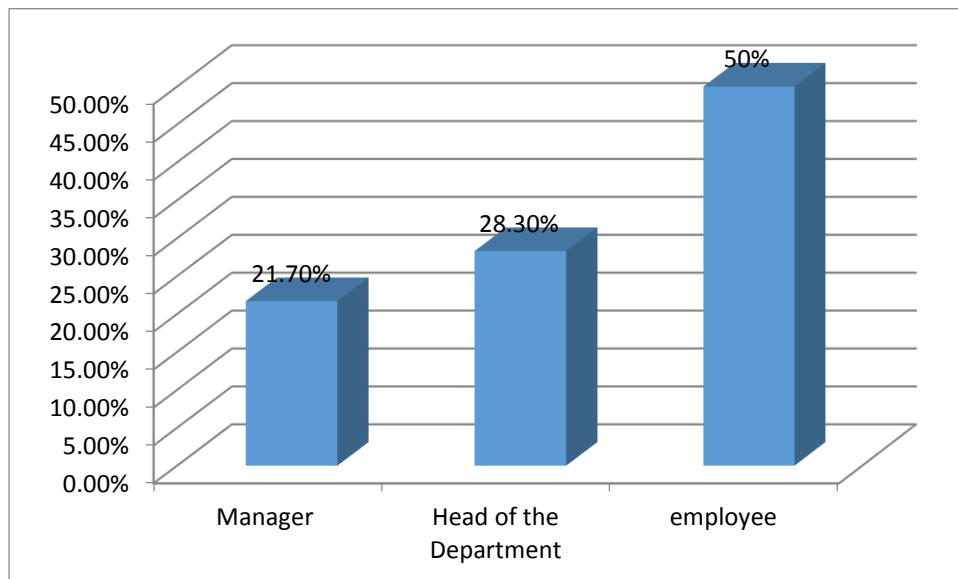
From table (1) and figure (1) we note that the education level of most individuals study is Bachelor by (38) and with (63.3%), followed by whom education level is Master and above by (18) and with (30%) while the total number of whom education level is Diploma and less (4) by (6.7%).

Table (3-2) Position

Position	Frequency	Percentage
Manager	13	21.7%
Head of the Department	17	28.3%
Employee	30	50%
Total	60	100%

Source: prepared by researcher, using SPSS, 2018

Figure(3-2) :



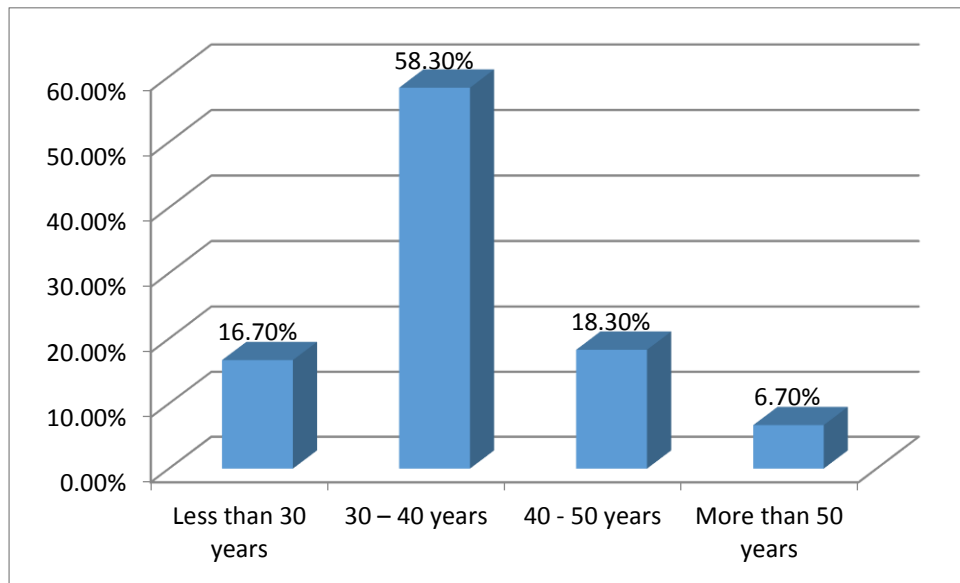
From table (2) and figure (2) we note that the position of the most individuals study are employee by (30) and with (50%), followed by whom position is Head of the Department by (17) and with (28.3%) while the total number of whom position is manager (13) by (21.7%)

Table (3-3) age:

Age	Frequency	Percentage
Less than 30 years	10	16.7%
30 – 40 years	35	58.3%
40 - 50 years	11	18.3%
More than 50 years	4	6.7%
Total	60	100%

Source: prepared by researcher, using SPSS, 2018

Figure(3-3) :



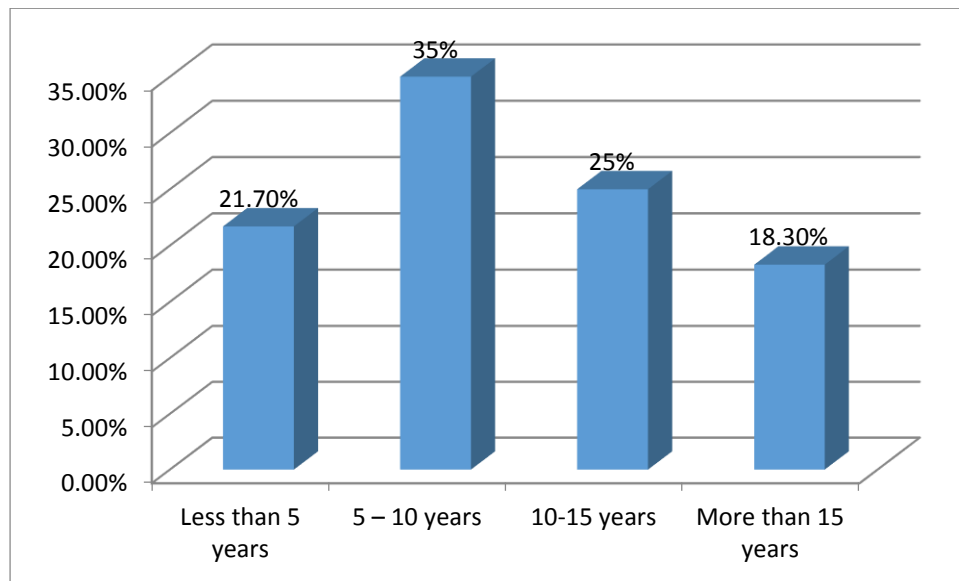
From table (3) and figure (3) we note that the age group of most individuals study are (30-40 years) by (35) and with (58.3%), followed by whom age group is (40-50 years) by (11) with (18.3%) while the total number of whom age group is (less than 30 years) is (10) by (16.7%)

Table (3-4) Experienceyears:

Experience years	Frequency	Percentage
Less than 5 years	13	21.7%
5 – 10 years	21	35%
10-15 years	15	25%
More than 15 years	11	18.3%
Total	60	100%

Source: prepared by researcher, using SPSS, 2018

Figure(3-4) :



From table (4) and figure (4) we note that the Experience years of most individuals study are (5-10 years) by (21) and with (35%), followed by whom Experience years is (10-15 years) by (15) with (25%) while the total number of whom Experience years is (less than 5years) is (13) by (21.7%) both.

3.9 Reliability and Validity:

stability means that measure give the same results if used more than once under similar conditions.

Reliability is defined as the extent to which a questionnaire, test, observation or any measurement procedure produces the same results on repeated trials.

Validity is defined as the extent to which the instrument measures what it purports to measure. and calculate in many ways represents the easiest being the square root of the reliability coefficient

$$\text{Validity} = \sqrt{\text{Reliability}}$$

researcher calculates the reliability coefficient of the scale used in the questionnaire by alpha equation and the results as follows:

Table (3-5): Reliability and Validity:

reliability coefficient	validity coefficient
0.95	0.97

Source: prepared by researcher, using SPSS, 2018

Notes from the results table (5) that all reliability and validity coefficients for hypotheses and all phrases of questionnaire is greater than (50%) and close to the one, This indicates that the questionnaire is characterized by high reliability and validity, and makes statistical analysis acceptable.

3.10 Test hypotheses:

To answer the questions of the study and verification of hypotheses will be calculated median for each of the phrases in the questionnaire and which show views of individuals the study, which was given Grade (5) as a weight for each answer " strongly agree", and grade (4) as a weight for each answer "agree" grade

(3) as a weight for each answer " neutral ", grade (2) as a weight for each answer, " Disagree " and grade (1) as a weight for each answer " strongly disagree".

To know Trends answer, by calculated median. and then it will use the Chi-square test to know the significance of differences in answers.

• **3.11 Discussion the first axis**

Table (3-6): Frequency distribution of the first axis phrases Answers:

No	Phrases	Frequency and percentages%				
		Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	The internal audit objective is continuous improvement and to enhance the organization of quality management system	34 56.7%	24 40%	1 1.7%	0 0.0%	1 1.7%
2	audit criteria reflects the quality management system requirement	27 45%	30 50%	3 5%	0 0.0%	0 0.0%
3	The organization create and retain documented information to have confidence that the process are being carried out as planned	19 31.7%	39 65%	2 3.3%	0 0.0%	0 0.0%
4	The internal audit done periodically	26 43.3%	30 50%	3 5%	1 1.7%	0 0.0%
5	organization implement any action needed to quality management system document depend on internal audit result	22 36.7%	34 56.7%	4 6.7%	0 0.0%	0 0.0%

Source: prepared by researcher, using SPSS, 2018

Table (3-7): Chi-square test results:

No.	Phrases	Chi-square value	P-value	Media n	Trend
1	The internal audit objective is continuous improvement and to enhance the organization of quality management system	55.6	0.000	4	Agree
2	audit criteria reflects the quality management system requirement	21.9	0.000	4	Agree
3	The organization create and retain documented information to have confidence that the process are being carried out as planned	34.3	0.000	4	Agree
4	The internal audit done periodically	45.7	0.000	4	Agree
5	organization implement any action needed to quality management system document depend on internal audit result	22.8	0.000	4	Agree
Axis		386.7	0.000	4	Agree

Source: prepared by researcher, using SPSS, 2018

From the table above:

- The value of chi-square for the first phrase is (55.6) with (p-value=0.000 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.

- The value of chi-square for the second phrase is (21.9) with (p-value=0.000 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.
- The value of chi-square for the third phrase is (34.3) with (p-value=0.000 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.
- The value of chi-square for the fourth phrase is (45.7) with (p-value=0.000 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.
- The value of chi-square for the fifth phrase is (22.8) with (p-value=0.000 < 0.05), this indicates that there are significant differences at the level (5%) between answers of study individuals and in favor of agree.

The value of chi-square for all phrases in the first axis (386.7), with (p-value =0.000 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.

We conclude from the above that the first axis has been achieved and in favor of agree.

• **3.12 Discussion the second axis**

Table (3-8): Frequency distribution of the second axis phrases Answers:

No	Phrases	Frequency and percentages%				
		Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	The audit team have an internal audit certification and training to be able to conduct auditing	21 35%	30 50%	9 15%	0 0.0%	0 0.0%
2	The audit team select appropriate auditing tools and techniques, and use them effectively	23 38.3%	31 51.7%	6 10%	0 0.0%	0 0.0%
3	The auditor possess interpersonal skills to resolve conflict, conduct interview and make presentation during audit	21 35%	29 48.3%	10 16.7%	0 0.0%	0 0.0%
4	The audit team able to doing audit in professional, ethical and objective manner using standards or requirements	19 31.7%	37 61.7%	4 6.7%	0 0.0%	0 0.0%
5	The audit team knowledgeable about your core business in the bank	23 38.3%	36 60%	1 1.7%	0 0.0%	0 0.0%

Source: prepared by researcher, using SPSS, 2018

Table (3-9): Chi-square test results:

No.	Phrases	Chi-square value	P-value	Median	Trend
1	The audit team have an internal audit certification and training to be able to conduct auditing	11.1	0.004	4	Agree
2	The audit team select appropriate auditing tools and techniques, and use them effectively	16.3	0.000	4	Agree
3	The auditor possess interpersonal skills to resolve conflict, conduct interview and make presentation during audit	9.1	0.011	4	Agree
4	The audit team able to doing audit in professional, ethical and objective manner using standards or requirements	27.3	0.000	4	Agree
5	The audit team knowledgeable about your core business in the bank	31.3	0.000	4	Agree
Axis		89.2	0.000	4	Agree

Source: prepared by researcher, using SPSS, 2018

From the table above:

- The value of chi-square for the first phrase is (11.1) with (p-value=0.004 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.
- The value of chi-square for the second phrase is (16.3) with (p-value=0.000 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.
- The value of chi-square for the third phrase is (9.1) with (p-value=0.011 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.

- The value of chi-square for the fourth phrase is (27.3) with (p-value=0.000 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.
- The value of chi-square for the fifth phrase is (31.3) with (p-value=0.000 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.

The value of chi-square for all phrases in the second axis (89.2), with (p-value =0.001 < 0.05, this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree. We conclude from the above that the second axis has been achieved and in favor of agree.

• **3.13 Discussion the third axis:**

Table (3-10): Frequency distribution of the third axis phrases Answers:

No	Phrases	Frequency and percentages%				
		Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	Management ensuring that the resources needed for quality management system are available	26 43.3%	29 48.3%	3 5%	2 3.3%	0 0.0%
2	Management ensuring that the quality policy and objectives are established for quality management system and are computable with the strategic direction and organization context	27 45%	27 45%	6 10%	0 0.0%	0 0.0%
3	Management promoting the use of process approach and continual improvement	28 46.7%	29 48.3%	3 5%	0 0.0%	0 0.0%
4	Management supporting internal audit and committed internal audit	27 45%	27 45%	6 10%	0 0.0%	0 0.0%
5	Management ensuring that the audit findings are treated . ex Non conformity	20 33.3%	31 51.7%	9 15%	0 0.0%	0 0.0%

Source: prepared by researcher, using SPSS, 2018

Table (3-11): Chi-square test results:

No.	Phrases	Chi-square value	P-value	Median	Trend
1	Management ensuring that the resources needed for quality management system are available	42.0	0.000	4	Agree
2	Management ensuring that the quality policy and objectives are established for quality management system and are computable with the strategic direction and organization context	14.7	0.001	4	Agree
3	Management promoting the use of process approach and continual improvement	21.7	0.000	4	Agree
4	Management supporting internal audit and committed internal audit	14.7	0.001	4	Agree
5	Management ensuring that the audit findings are treated . ex Non conformity	12.1	0.002	4	Agree
Axis		200.9	0.000	4	Agree

Source: prepared by researcher, using SPSS, 2018

From the table above:

- The value of chi-square for the first phrase is (42.0) with (p-value=0.000 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.

- The value of chi-square for the second phrase is (14.7) with (p-value=0.001 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.
- The value of chi-square for the third phrase is (21.7) with (p-value=0.000 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.
- The value of chi-square for the fourth phrase is (14.7) with (p-value=0.001 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.
- The value of chi-square for the fifth phrase is (12.1) with (p-value=0.002 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.

The value of chi-square for all phrases in the third axis (200.9), with (p-value =0.000 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree .

We conclude from the above that the third axis has been achieved and in favor of agree.

3.14 Discussion the fourth axis:

Table (3-12): Frequency distribution of the fourth axis phrases Answers:

No	Phrases	Frequency and percentages%				
		Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	There is an increase in the competitiveness of the institution as a result of the application of internal audit	23 38.3%	32 53.3%	5 8.3%	0 0.0%	0 0.0%
2	The company's profits increased as a result of the internal audit implementation	19 31.7%	29 48.3%	12 20%	0 0.0%	0 0.0%
3	Reduce the cost of providing service, which does not affect the service quality	19 31.7%	31 51.7%	7 11.7%	2 3.3%	1 1.7%
4	There is an increase in employee's productivity as a result of internal audit implementation	23 38.3%	30 50%	7 11.7%	0 0.0%	0 0.0%
5	Customer service is at a high level as a result of internal audit implementation	24 40%	30 50%	6 10%	0 0.0%	0 0.0%
6	There is an increase in customer satisfaction as a result of internal audit implementation	24 40%	29 48.3%	7 11.7%	0 0.0%	0 0.0%

Source: prepared by researcher, using SPSS, 2018

Table (3-13): Chi-square test results:

No.	Phrases	Chi-square value	P-value	Media n	Trend
1	There is an increase in the competitiveness of the institution as a result of the application of internal audit	18.9	0.000	4	Agree
2	The company's profits increased as a result of the internal audit implementation	7.3	0.026	4	Agree
3	Reduce the cost of providing service, which does not affect the service quality	54.7	0.000	4	Agree
4	There is an increase in employee's productivity as a result of internal audit implementation	13.9	0.001	4	Agree
5	Customer service is at a high level as a result of internal audit implementation	15.6	0.000	4	Agree
6	There is an increase in customer satisfaction as a result of internal audit implementation	13.3	0.001	4	Agree
Axis		364.0	0.000	4	Agree

Source: prepared by researcher, using SPSS, 2018

From the table above:

- The value of chi-square for the first phrase is (18.9) with (p-value=0.000 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.
- The value of chi-square for the second phrase is (7.3) with (p-value=0.026 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.
- The value of chi-square for the third phrase is (54.7) with (p-value=0.000 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.
- The value of chi-square for the fourth phrase is (13.9) with (p-value=0.001 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.
- The value of chi-square for the fifth phrase is (15.6) with (p-value=0.000 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.
- The value of chi-square for the sixth phrase is (13.3) with (p-value=0.001 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree.

The value of chi-square for all phrases in the fourth axis (364.0), with (p-value =0.000 < 0.05), this indicates that there is significant differences at the level (5%) between answers of study individuals and in favor of agree .

We conclude From the above that the fourth axis has been achieved and in favor of agree.

CHAPTER FOUR

Discussion, conclusion& recommendation

Chapter IV

Discussion, conclusion & recommendation

4.1 Discussion:

This chapter includes a presentation and discussion of the most important findings of the study and providing the conclusion and a set of recommendations that came out from the study results. The study was conducted on a sample of Faisal Islamic Bank (Sudan) employees.

The researcher distributed the questionnaires to (60) employees and received (60), which formed the study sample. The data were input into the computer and processed statistically using the Statistical Package for Social Sciences (SPSS), Frequency distribution, Non-parametric, chi-square test.

After extracting and analyzing the results have been interpreted as the following:

The first hypothesis: The internal audit objective is continuous improvement and to enhance the organization of quality management system, audit criteria reflects the quality management system requirement, the bank create and retain documented information to have confidence that the process are being carried out as planned, the internal audit done periodically and bank implement actions needed to quality management system document depend on internal audit result.

The second hypothesis: The audit team have an internal audit certification and training to be able to conduct auditing, audit team select appropriate auditing tools and techniques, and use them effectively, auditor possess interpersonal skills to resolve conflict, conduct interview and make presentation during audit, the audit team able to doing audit in professional, ethical, objective manner using standards or requirements and knowledgeable about your core business in the bank.

The third hypothesis: Management ensuring that the resources needed for quality management system are available and the quality policy and objectives are established for quality management system and are computable with the strategic direction and organization context, management promoting the use of process approach and continual improvement, supporting internal audit and committed internal audit and ensuring that the audit findings are treated. ex Non conformity

4.2 conclusion:

In the banking industries quality is an important matter and quality management method like internal audit is an effective tool for improving performance and has a direct influence on the organization performance.

According to this study in which the researcher aimed to measure the impact of implementing internal audit on organization performance on the Faisal Islamic Bank(Sudan), implementing internal audit method on this Bank leads to customer satisfaction and increase the performance of the bank, this leads to the recommendation for generalizing implementation of this method in all the banking industries on Sudan. Also, practicing the internal audit method has a direct impact on the quality of service by appraisal and inspection the bank services along the processes, which may decrease the defect in these service and minimizing the failure whether is internal or external.

4.3 recommendation:

After analyzing the results of the questionnaires distributed to Faisal Islamic Bank (Sudan) employees this research recommends that further research will help solving limitations of it's by taking the following points in account:

- 1- The bank should use audit criteria that reflect properly the requirements of QMS
- 2- The bank should select appropriate auditing tools and techniques.
- 3- The bank should enhance the personal skills of their auditor to resolve conflict

and any problems.

4- The bank shall ensure that the internal audit will increase the profits.

5- The bank should reduce the cost of providing service.

6- The internal audit should focus on the customer satisfaction.

- Recommendation for future studies:

In this research I collect the data from one branch and neglect the other

Branches in Khartoum and other state to take in account other branches

For more accurate results .

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Appendix (A)

Questionnaire

جامعة السودان للعلوم والتكنولوجيا

كلية الدراسات العليا

عمادة الجودة والتطوير

ماجستير ادارة الجودة الشاملة والامتياز

استبانة بحث علمي

السادة / بنك فيصل الإسلامي

تحية طيبة وبعد ،،،

نضع بين ايديكم استبانة لاغراض البحث العلمي لموضوع (اثر التدقيق الداخلي علي كفاء الاداء المؤسسي)
يرجى التفضل والتعاون بالاجابة على جميع العبارات الواردة في الاستبانة, ونؤكد بان المعلومات التي سيتم
جمعها من خلال اجاباتكم ستحاط بالسرية التامة وتستخدم لاغراض البحث العلمي والصالح العام لذلك نامل
تعاونكم والاجابة على هذه الاسئلة بموضوعية.

معلومات عامة

- 1- المؤهل العلمي : دبلوم فافل بكلايوس ماجستير فاكتر
- 2- المركز الوظيفي : مدير رئيس قسم موظف
- 3- العمر : اقل من 30 30 و اقل من 40 40 و اقل من 50 اكثر من 50
- 4- سنوات الخبرة : اقل من 5 سنوات 5 و اقل من 10 10 و اقل من 15 اكثر من 15 سنة

م	العبرة	موافق بشدة	موافق	محايد	غير موافق	غير موافق بشدة
المحور الأول : التدقيق الداخلي						
1.	الهدف من التدقيق الداخلي التحسين المستمر وتعزيز نظام إدارة الجودة					
2.	معايير التدقيق الداخلي تعكس متطلبات نظام إدارة الجودة					
3.	يقوم البنك بإنشاء والإحتفاظ بمعلومات موثقة بالقدر اللازم للثقة بان العمليات تنفذ وفق ما هو مخطط لها					
4.	يقوم البنك بإجراء التدقيق الداخلي بصورة دورية					
5.	يقوم البنك بمراجعة وتعديل وثائق نظام إدارة الجودة حسب نتائج التدقيق الداخلي					
المحور الثاني : تأهيل المدققين الداخليين						
1.	فريق التدقيق حاصل علي الشهادات والتدريب اللازم الذي يمكنه من أداء عمله					
2.	فريق التدقيق قادر عل تحديد ادوات وتقنيات التدقيق الداخلي وإستخدامها بشكل فعال					
3.	فريق التدقيق يمتلك المهارات الشخصية لحل الخلافات وإجراء المقابلات وتقديم العروض اثناء التدقيق					
4.	فريق التدقيق يعمل بطريقة مهنية واخلاقية وموضوعية بإستخدام المعايير والمتطلبات					
5.	فريق التدقيق علي علم ومعرفة بنشاط البنك					
المحور الثالث : التزام البنك بتطبيق التدقيق الداخلي						
1.	توفير الموارد اللازمة لنظام إدارة الجودة					
2.	الإدارة تضع سياسة الجودة واهدافها علي ان تتوافق مع التوجة الإستراتيجي وسياق البنك					
3.	الإدارة تشجع علي إستخدام منهجية العمليات والتحسين					

					المستمر
					4. الإدارة تقوم بدعم التدقيق الداخلي وملتزمة ببرامج التدقيق الداخلي
					5. الإدارة تضمن ان مخرجات التدقيق الداخلي تمت معالجتها (حالات عدم المطابقة)
المحور الرابع: الأداء المؤسسي					
					1. هنالك زيادة في القدرة التنافسية للمؤسسة نتيجة لتطبيق التدقيق الداخلي
					2. زادت ارباح البنك نتيجة لتطبيق التدقيق الداخلي
					3. تقليل تكاليف تقديم الخدمة بما لا يؤثر علي جودة الخدمة
					4. هنالك زيادة في انتاجية العاملين نتيجة لتطبيق التدقيق الداخلي
					5. تقدم خدمة العملاء بمستوي عالي نتيجة لتطبيق التدقيق الداخلي
					6. هنالك زيادة في رضا العملاء نتيجة لتطبيق التدقيق الداخلي

Statement	Very agree	Agree	Neutral	Disagree	Very Disagree
The first Axis :internal audit					
1-The internal audit objective is continuous improvement and to enhance the organization of quality management system					
2- audit criteria reflects the quality management system requirement					
3-The bank create and retain documented information to have confidence that the process are being carried out as planned					
4- The internal audit done periodically					
5- The bank implement any action needed to quality management system document depend on internal audit result					
The second Axis:internal auditor qualification					
1- The auditor have an internal audit certification and training to be able to conduct auditing					
2- The auditor select appropriate auditing tools and techniques, and use them effectively					
3- The auditor possess interpersonal skills to resolve conflict, conduct interview and make					

presentation during audit					
4- The audit team able to doing audit in professional, ethical and objective manner using standards or requirements					
5- - The audit team knowledgeable about your core business in the bank					
The third Axis :The bank committed to implement internal audit					
1- Management ensuring that the resources needed for quality management system are available					
2- - Management ensuring that the quality policy and objectives are established for quality management system and are computable with the strategic direction and organization context					
3- management promoting the use of process approach and continual improvement					
4- management supporting internal audit and committed internal audit					
5- management ensuring that the audit findings are treated . ex Non conformity					
The fourth Axis: Organization Performance					
1-There is an increase in the competitiveness of the institution as a result of the application of internal audit					
2-The company's profits increased as a result					

of the internal audit implementation					
3-Reduce the cost of providing service, which does not affect the service quality					
4-There is an increase in employee's productivity as a result of internal audit implementation					
5-Customer service is at a high level as a result of internal audit implementation					
6-There is an increase in customer satisfaction as a result of internal audit implementation					

Appendix B:

The questionnaire 's referees and their jobs and places of work:

No	Name	Job	Title
1	DR. IBRAHIM FADELMOOLA	Assistant Professor	Sudan University of Science and Technology
2	DR. AbdemutalabIbrahim Abdelrasoul	ISO Auditor	Sudan University of Science and Technology