

Effect of Internal Audit Characteristics on the Quality of Financial Information in SMEs in Côte d'Ivoire

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How to cite this paper: Toure, O. A., & Sylla, M. (2026). Effect of Internal Audit Characteristics on the Quality of Financial Information in SMEs in Côte d'Ivoire. *Modern Economy*, 17, 285-301. <https://doi.org/10.4236/me.2026.172015>

Received: October 18, 2025

Accepted: February 3, 2026

Published: February 6, 2026

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Abstract

The objective of our study is to analyze the influence of internal audit characteristics on the quality of financial information produced by SMEs in Côte d'Ivoire. Interviews were conducted with five (5) audit experts, as well as a survey of 180 SMEs selected using the convenience sampling method in Abidjan. Methodologically, we adopted a mixed study (qualitative and quantitative). The structural equation modeling technique allowed us to process our data and thus determine the influence of internal audit characteristics on the quality of financial information of SMEs in Côte d'Ivoire. According to our results, our three hypotheses were confirmed. We recommend that SMEs implement an accounting and financial procedures manual, ensure the independence of internal auditors, establish audit committees, and make them independent in order to improve the quality of financial information produced by SMEs.

Keywords

Internal Audit, Quality, Financial Information

1. Introduction

The origins of accounting practices, or more generally, those of accounting and financial information, stem from ancient civilizations. The majority of researchers agree that contemporary accounting has its origins in Italy in the 14th century. Consequently, it is necessary to point out that the rise of accounting occurs simultaneously with that of economic activities. Financial accounting is the primary practice for producing and collecting financial information, a method of observa-

tion, interpretation, and description in terms of values of all economic activities or facts that define the functioning of the entity. The history of accounting conceptual frameworks is closely linked to the need, at a given time, to adapt the quality of accounting information to user expectations. Thus, the 1929 crisis marked a decisive turning point in the accounting history of the United States. In particular, it was at this time that the birth of the North American accounting framework and the establishment of organizations responsible for supervising the quality of published accounting data, such as the Securities and Exchange Commission (SEC), should be placed (Dezoort et al., 2002). In the current situation, it is important to highlight the significant role that financial information plays within a liberal economic system, in a constantly changing economic context that particularly requires adaptation to current global developments. In recent decades, it has been weakened by several fraudulent misappropriations. Thus, we can see that, following the financial crises in the United States, notably the cases of ENRON and WORLDCOM, it was evident that financial information remains the real focus of interest for economic actors and especially for capital markets. In other words, it is difficult to dismiss the predominant role played by financial information in the process of resource allocation and, consequently, in the operation of our companies. During decisions of ordinary and even extraordinary general meetings, companies systematically present their assets, expenses, and revenues to shareholders or members. As for banks, financial information is always analyzed and assessed before granting credit to entities that request it. Finally, the taxes paid by companies must necessarily be determined based on accounting financial data. Therefore, the future of this information must be sincerely debated for at least two reasons: The first reason is directly related to the necessity of producing reliable, necessary, and relevant information for companies, as expressed by various stakeholders in economic life who are keen to efficiently optimize their resources. The second reason concerns the honesty and reliability of financial information and the quality of reports prepared by audit services. Although these are governed by current standards and laws, recent scandals (Enron, Xerox, etc.) have clearly shown that company executives always have the ability to present a much more favorable financial situation in the statements. Following these financial scandals, auditing was designated as the main culprit, and its reliability and quality were, rightly or wrongly, challenged. The role of internal auditing and its function in the proper management of companies has significantly deteriorated. Hence, the crucial question: "What is the responsibility of internal and external auditors in the various financial scandals?" With creative accounting, the question of assurance and the credibility to be given to entity accounts arose, causing several concerns about the proper functioning of the liberal economic system and contributing to a renewed need for economic agents to reflect on audit matters. Furthermore, this challenge has been the basis for implementing significant international changes, such as the Financial Security Act in France and the Sarbanes-Oxley Act in the USA. In order to have a balanced assurance of fundraising, it is essential that the investor has credible and reliable information about the financial

health and profitability of the company of interest. This reliability concerns the quality of financial information and the control of accounts. In the Ivorian context, SMEs play a crucial role in financial and economic growth due to their share in job creation, commercial activities, and especially in contributing to the GDP. Thus, SMEs actively hold a prominent place in the Ivorian economy through a very high contribution to GDP and also in reducing unemployment. To date, SMEs account for approximately 87% of companies in Côte d'Ivoire, 24% of national wealth, 14% of investment, and 25% of the active population. Despite this good performance in activities, they face several problems that lead to their disappearance. Anassé (2013) shows that SMEs are at the core of the growth of African economies, as well as that of Côte d'Ivoire. These SMEs remain very fragile because tens of thousands of SMEs close down every year. It also shows that out of ten SMEs created in Côte d'Ivoire, six disappear within three years and eight within five years. Vangah (2017) show that the difficulties experienced by these SMEs are due to resource management problems, particularly a glaring lack of modern and appropriate tools. Some authors show through their research that internal audit is not necessary for the production of financial and accounting information for SMEs, as internal audit generates enormous additional financial costs for SMEs. Therefore, they recommend outsourcing the accounting and audit function as a solution. Others (such as Bescos & Mendoza, 1999; Aboubakar, 2021), however, have differing views. In light of the above information, the issue of the quality of financial information in the SME context arises. The central question to address is: What is the influence of internal audit characteristics on the quality of financial information produced by SMEs in Côte d'Ivoire? To answer the central question guiding this research, the main objective of this study is to analyze the influence of internal audit characteristics on the quality of financial information produced by SMEs. In the first section, we conduct a literature review to define key concepts and to analyze the different theories and empirical studies that align with our research work. In the second section, we present the data and the methodology adopted before concluding with the presentation and discussion of results in the third section.

2. Literature Review

The literature review is a crucial step in the research process. To do this, we survey the state of the art on the topic after defining and clarifying the key concepts of this research.

2.1. Clarification of Concepts

In this section, we develop the concepts of internal audit and then the quality of accounting information.

2.1.1. Internal Audit

The Francis Institute of Audit and Internal Control (IIFACI, 2009) presents audit as follows: "Internal audit is an independent and objective activity that provides an organization with an assurance on the degree of mastery of its operations, pro-

vides advice to improve them, and contributes to creating added value. It helps this organization achieve its objectives by evaluating, through a systematic and methodical approach, its risk management and control processes, and strengthening their effectiveness. From this definition, it emerges that the role of the internal auditor is to ensure compliance with existing rules and procedures. Furthermore, they must ensure risk management and actively participate in fraud reduction. In short, the auditor must contribute to the creation of added value in companies. Hopwood (1987) shows that governance bodies and general management rely on the internal auditor to provide assurance and an objective viewpoint on the effectiveness and efficiency of governance, risk management, and internal control processes. Hence, the following equality: Internal Audit = Assurance, viewpoint, and objectivity.

- Internal audit gives its opinion on the entity's governance, risk management, and control processes, aiming to help it achieve its objectives.
- Internal audit acts as a catalyst to improve an organization's effectiveness and efficiency through viewpoints and recommendations.
- By demonstrating integrity and fulfilling its accountability duty, the internal audit creates added value for governance bodies.

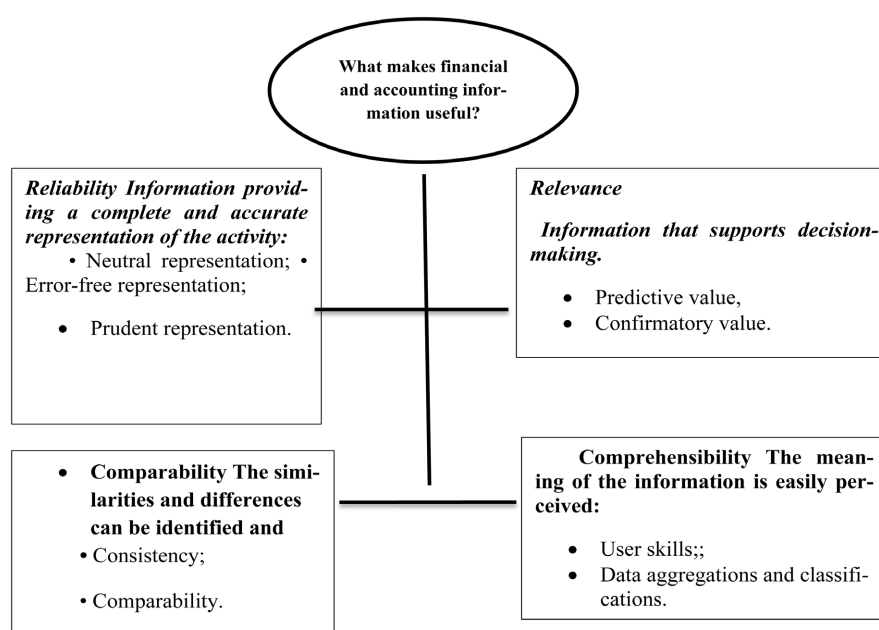
2.1.2. Quality of Financial Information

According to Spang (2023), accounting information must primarily be produced in compliance with the rules, and the two principles of regularity and sincerity can be considered the quality criteria adopted by the standard-setter. Regularity is the respect for prevailing rules and procedures. It requires conformity to achieve the objectives of quality and reliability of financial documents. Regularity ensures the intelligibility of financial documents as well as their comparability over time and space. However, the application of the rules by the accountant must be carried out in a spirit of sincerity. Documents are prepared by a good-faith accountant, both in the elements of reality of the enterprise that they report and in the choice and application of rules, making this reality understandable. Sincerity is therefore a quality that relates both to the documents themselves, as they must be as accurate as possible, and to the accountants who prepared them, as they must faithfully and honestly reflect reality. The FASB conceptual framework proposes a set of characteristics, hierarchically organized, to help the investor make a decision to invest resources in a company. Four characteristics are required for information:

- Relevance is the ability of information to influence users' decisions by allowing them to assess past, present, and future events either to confirm or to correct their past assessments.

- Reliability is based on the absence of bias or significant error in the information provided and the representation of reality, on the pursuit of the substance of facts, verifiability, objectivity, prudence, and completeness; understandability is the comprehensibility of the information for users who are expected to have a reasonable knowledge of economic activity and accounting and be willing to study the information with appropriate diligence; comparability of information is as-

essed both over time and across entities. Over time, comparability allows for identifying trends in the company's financial position and performance. Across entities, comparability of the financial statements of different companies allows for evaluating their relative financial positions and progress, as well as their performance. However, these four quality criteria are difficult to achieve perfectly. It is therefore essential to determine the level of quality and reliability of the financial and accounting information produced by SMEs, the degree of quality required, and finally, the reconciliations needed to reach a generally acceptable level of quality. Furthermore, these four quality indicators are effective only depending on the date of production of the financial information and the costs incurred by disclosure (these costs can be financial, competitive, or political) compared to the benefits obtained. Finally, these characteristics can be prioritized relative to one another (Valant Gandja, 2011). **Figure 1** below summarizes the concept of financial and accounting information quality.



Source: Financial reporting faculty, new reporting models for business, 2003.

Figure 1. Factors explaining the quality of financial and accounting information

2.2. The Use of Theories

2.2.1. The Positive Accounting Theory

Our theoretical framework is primarily based on the Positive Accounting Theory of **Watts and Zimmerman (1978)**. This theory serves as the true foundation of all research in accounting, as well as in accounting and financial auditing. It provides clarification and predictions about the behavior of both producers and users of accounting and financial information. Its main objective is to provide justification and evidence regarding the preparation of financial statements. This theory has enriched the literature through the following research: the PAT as a theoretical basis in the determinants of Accounting Information Systems in SMEs and companies.

2.2.2. Neo-Institutional Theory

This theory, used in this research, is based on the system developed by Simons. It follows a purely contingent approach. Kuszla (2005) shows that Simons' work (1990) was very influential in the development of control systems implemented by regulatory authorities, namely managers, audit committees, and boards of directors. This work made it possible to propose several appropriate and adapted control systems. The contingent factor of control tools has not only been developed but also highlighted by the rules and standards established by supervisory and regulatory authorities. This theory also demonstrates the validity of control practices with suitable and adapted tools to achieve the financial performance of these entities. This is mainly explained by the fact that internal and external audits inevitably lead to the creation of added value. The use of control and audit systems is a significant driver of overall corporate performance. However, these tools need to be applied with considerable management expertise. The emphasis is on the fact that control and audit actors must be independent and experienced to perform effectively according to the Big Five principles. For Bampoky (2013), auditing plays several roles in good governance; it makes actors highly disciplined and responsible in carrying out their functions. It allows for control and is a source of influence. Institutional theory argues that auditing, accounting, and management control take the environment into account. Thus, accounting and auditing make management visible and improve the overall functioning of the company. Entities choose techniques and methods that professional attitudes to legitimize their control actions in response to their environment. Compliance with the rules and general standards established by institutions ensures social support and the survival of all entities (Meyer & Rowan, 1977). Audit is a true internal control tool. Moreover, it actively contributes to producing high-quality financial information and monitoring the activities of various stakeholders within entities.

2.3. Empirical Review

In this section of our study, we attempt to review some work related to our topic. We will try to present the state of the art on the link between internal auditing and the quality of financial and accounting information prepared in companies. Researchers (Hermanson & Rittenberg, 2003) have shown that the auditor protects the entity from bad and illegal practices by acting as a "watchdog". As such, they actively participate in controlling a very high percentage of future production and gains. Internal auditing is therefore an essential and specific function of organizations, which cannot be confused with any other and must, more than any other, enjoy the greatest independence. According to Hermanson and Rittenberg (2003), internal auditing primarily focuses its actions on risk analysis and potential losses with a view to making recommendations and decision-making policies. The internal auditor, in the course of their duties, identifies significant anomalies within organizations. According to some authors, internal auditing is characterized by several elements, including the profile of the chief auditor; their level of education; their expertise; their interpersonal skills, etc. (Nelius & Ambrose, 2017), which

impact the financial performance of companies. Indeed, [Kajola \(2008\)](#) conducted research on the link between internal auditing and organizational governance. The results of this research showed that there is a positive and statistically significant relationship between the quality of the internal audit function and the quality of the governance of entities. To achieve this, internal auditors must be qualified and certified in order to be able to decipher what works and what does not, the strengths and weaknesses of standards, systems, codes, and procedures in SMEs. The experience of internal auditors is also important. Indeed, when a person has several years of experience, they can make the right decision, decide quickly, and handle all situations. The qualification of internal auditors improves audit quality. An internal audit member with a high qualification can address any problem within the organization. [Glazer and Jaenicke \(1980\)](#) show that auditing work rigorously contribute to the efficiency of organizations. Similarly, [Alphonse et al. \(2010\)](#) found in the United Kingdom that compliance with professional practice standards is the most important contribution to added value. The audit committee has been developed in various ways and in several contexts. According to the SOX law, the audit committee represents a structure established by the board of directors with the ultimate goal of overseeing the financial reporting processes and providing financial information. In light of this definition, it is clear that the main objective of the audit committee is to ensure the production of financial information and to establish an atmosphere of autonomy and independence for external auditors. For [Valant Gandja \(2011\)](#), two aspects arise from this definition. The first aspect highlights the committee's contribution to promoting the independence of non-executive managers, as well as that of controllers, internal auditors, and external auditors. The second aspect argues that the committee enhances the quality of accounting, financial information, and auditing within entities. Regarding the interpretation of audit committee effectiveness, [Sierra García et al. \(2012\)](#) defined three (3) criteria: the independence of directors, the size, and the expertise of committee members. There is a positive and statistically significant relationship between the independence characteristics of the audit committee and the financial performance of entities. [Vinten and Lee \(1993\)](#) show in their research that the effectiveness of the audit committee depends on the size of the organizations. However, the literature indicates that the size of the audit committee has been the subject of empirical debate among researchers concerning its relationship with performance. Some claim that a smaller committee size significantly reduces financial performance, while others believe that size has no impact on financial performance. [Defond and Francis \(2005\)](#) concluded that a large audit committee can improve the quality of financial reporting. Several authors suggest that a smaller audit committee has many more advantages. For example, literature concludes that small committees have the capacity to enhance financial performance because entities are large. Similarly, [Jensen \(1993\)](#) emphasizes that small audit committees produce reliable and true financial statements. In light of this empirical review, we formulate the following hypotheses:

HS1: Audit resources positively and significantly influence the quality of financial information of SMEs in Côte d'Ivoire.

HS2: The auditor's profile positively and significantly influences the quality of financial information of SMEs in Côte d'Ivoire.

HS3: The existence of an audit committee positively and significantly influences the quality of financial information of SMEs in Côte d'Ivoire.

HS4: Auditor independence has a positive and significant influence on the quality of financial information of SMEs in Côte d'Ivoire

3. Methodology

This study opted for a mixed approach that successively combines an exploratory qualitative phase and a confirmatory quantitative phase focused exclusively on structural equation practices. The first section presents the qualitative approach, and the second section presents the confirmatory qualitative phase. 2.1. Presentation of the qualitative phase of this research. The qualitative phase was conducted through semi-structured interviews with five (5) experts. The interviews were conducted within a time frame of twenty-five (25) to thirty-five (35) minutes. The aim was to gather their insights, to validate, and potentially to enrich our conceptual and theoretical framework with new variables and new items. For this purpose, a well-organized interview guide was used to present a series of pre-established topics in line with these researchers (Thiétart, 2022). The following **Table 1** presents the characteristics of the interviewees.

After outlining the course of the interviews, we move on to the results from this phase. The results of the qualitative study helped to confirm our theoretical model formulated above.

The results of this exploratory phase will be used to develop a questionnaire for the complementary confirmatory quantitative phase (**Table 2**). The questionnaire is designed based on this qualitative phase and on scales derived from the literature.

Table 1. Characteristics of the experts.

Experts	Experience	Function	Duration of the interview
Exp1	27 years	Chartered Accountant and Tax Specialist	25 min
Exp2	11 years	Chartered Accountant and Financial Expert	21 min
Exp3	14 years	Senior Auditor	32 min
Exp4	12 years	Expert in Auditing and Management Control	31 min
Exp 5	17 years	Chartered Accountant and Financial Expert	35 min

Source: Our exploratory study (2025).

Table 2. Collection of individual interview data.

Verbatim	Section	Code
<p>“... We believe that auditors should have substantial tools and resources to carry out their mission. They should have an audit charter, a procedures manual, and be completely independent...”;</p> <p>‘...For me, internal auditors must highlight the necessary diligence, have an audit charter, a procedures manual, establish a good audit plan, and be independent’; ‘... We need good auditors (...), when I say good auditors, it's not just about what they know. They should carry out proper planning, be free in their mission, use a charter, a procedures manual’;</p> <p>‘...For me, SMEs need to have management software, otherwise they will produce erroneous reports. Moreover, the staff should be trained in developing and using management software...’ ‘...For me, internal auditors must highlight the necessary diligence, have an audit charter, a procedures manual, establish a good audit plan, and be independent’ ...</p> <p>“...In principle, SMEs must have the right audit service, otherwise they will produce incorrect statements. The staff must be well trained. Having proven experience, competence, an audit degree, ...”</p> <p>“...a good level of study in auditing, experience, know-how, and older auditors also serve as advisors...”; “...experience in a firm is very important to properly perform internal audit duties. They must maintain professional confidentiality. They must carry out all necessary diligences.” “...It's not just about drawing up an audit plan, but one must have good experience. Have completed training certified by a recognized diploma. Have experience in a firm...”</p>	Audit Methods	MOY
<p>“...In principle, SMEs should have the right audit service, otherwise they will produce inaccurate statements. The staff must be well trained. Having proven experience, competence, a degree in auditing, ...”</p> <p>“...a good level of education in auditing, experience, know-how, and older auditors also act as advisors...”;</p> <p>“... experience in a firm is very important for properly carrying out the internal audit mission. He must maintain professional secrecy. He must implement all necessary diligences.”</p> <p>“...It's not just about drawing up an audit plan, but you need to have solid experience. You need to have completed training recognized by a diploma. You should have spent time in a firm.”</p>	Profile of the audit service members	PROF
<p>“... The audit committee must hold regular meetings and implement the reports from audit missions. They must have very active members. They must operate with complete independence...”</p> <p>“... the committee must be made up of experienced people, it should include the CEO, audit director, and the financial director, good experience is very important...”;</p> <p>“... frequent meetings are important, the number of people on the committee includes the CEO or their representative, the chairman of the board, and the chief auditor...”;</p> <p>“... the committee must be made up of experienced people, it should include the CEO, audit director, and the financial director, good experience is very important. The team needs to be expanded to include several people...”</p>	Audit committee.	COM
<p>.. We recommend strengthening the independence of internal auditors and also reinforcing compliance with accounting principles and conventions... Furthermore, auditors should have the support of management in order to implement the recommendations.</p>	Recommendations	REC

Continued

“Personally, I think that the quality of accounting information is determined by its reliability, verifiability, objectivity, and relevance...”;
 “(...) Good financial information can be identified by its understandability, relevance, sufficiency, objectivity, and authenticity...”;
 “...for my part, all accounting and financial information is of quality if it complies with conventions and assumptions. It must respect the regularity and truthfulness of the information...”;
 “...It must be said that the quality of accounting information is determined by its reliability, verifiability, objectivity, and relevance... It must also be relevant, sufficient, objective, and authentic...”;
 “... to facilitate the production of quality information, SMEs must have a manual of accounting and financial procedures...”; “... moreover, for internal auditing to truly contribute to the development of quality information and the creation of added value, it must be independent...”;
 “... the establishment of audit committees in SMEs should be mandatory so that the recommendations from audit missions are taken into account...”;

Quality of Financial Information **QIF**

Source: From our interviews conducted in 2024.

Presentation of the Quantitative Phase of This Research

The quantitative phase made it possible to identify facts, variables, and relationships that will serve as the basis for understanding the studied phenomenon, formulating hypotheses, and constructing a theoretical and conceptual framework to develop a questionnaire. Subsequently, this questionnaire was used to conduct a face-to-face survey. The questionnaire targets a non-probability sample, specifically a convenience sample (Gavard-perret et al., 2012). That is, a sample of 180 SMEs with an internal audit department. The majority of items are adapted from existing contemporary literature. The AMOS software facilitated the handling, reliability, and validity of the measurement scales through exploratory and confirmatory factor analyses. The hypotheses formulated from the literature and the qualitative phase were validated using structural equations following preliminary statistical and econometric tests. **Table 3** and **Table 4** below provide a summary of the expected main signs of the variables in this research.

Table 3. Summary of the study variables and expected signs.

Endogenous variable: Quality of Financial Information (QFI)		
Explanatory variables	Grading	Expected signs
Internal Auditors Profile	PROF	(+)
Audit methods	MOY	(+)
Audit Committee	COM	(+)
Control variables	Grading	Expected signs
independence of internal auditors	INDEP	(+)
Audit committee size	TA_CAUD	(+)

Source: Author, based on the literature review and the qualitative phase.

Table 4. Summary of the quality of financial information (QFI) variables.

Codes	Items	Quality of representation
QIF1	Financial reliability of information	Results of the review of the qualitative phase and the literature review
QIF2	Financial authenticity of information	
QIF3	Objectivity of financial information	
QIF4	Financial relevance of information	
QIF5	Financial verifiability of information	
QIF6	Understanding Financial Information	

4. Results

In this section, we present the findings of this research. We begin with the descriptive statistics and end with the results of the econometric tests.

4.1. Descriptive Statistics Results

Among the 180 SMEs in our sample, 100% have a functional internal audit department, 90% have an audit committee, 45% of these companies have between 10 and 50 employees, 30% have between 50 and 200 employees, and 25% have between 3 and 9 employees. 97% of these SMEs have been operating for more than 5 years. The existence of bias can be avoided because, as expected, we observe a larger number of companies belonging to the trade sector, which accounts for 35% of the base sample. This is followed by the industry sector with 30%, then ICT with 20%, and transport with 15%.

4.2. Results of the Econometric Study Based on Structural Equation Modeling

4.2.1. Overall Model Quality

Any study conducted using structural equation modeling requires the use of fit indices.

A summary is presented in **Table 5** below.

Table 5. Adjustment of the global model indices.

	χ^2	101.739
	Ddl	48
Absolute Indices	GFI	0.941
	AGFI	0.904
	SRMR	0.0030
	RMSEA	0.0051
	Incremental indices	NFI
TLI		0.928
CFI		0.948

Continued

	χ^2/dll	2.120
Sparsity indices	AIC	161.739
	CAIC	299.356

Source: Our results from AMOS 23.

The analysis of **Table 5** shows that the data fit indices are generally significant for the most part. This confirms and validates the very high quality of the research model. The values of the Jöreskog Rho indices, and of convergent and discriminant validity, confirm the validity and reliability of the different measurement scales. In view of these results, we retain the scales as they are.

4.2.2. Model Validation Results

The Pearson correlation matrix facilitates the explanation and interpretation of the various relationships existing between internal audit variables and financial performance (**Table 6**).

The results indicate a good link between the variables characterizing the quality of financial information and those characterizing internal audit. The validity test of the general model shows that the data follow a normal distribution, as justified by Mardia's coefficient, which is ($1.81 < |3|$). Furthermore, the VIF (Variance Inflation Factor) test shows an absence of multicollinearity, with all coefficients being less than 2 ($1.17 < 2$).

Table 6. Pearson correlation matrix.

		QIF	MOY	COM	IND	PROF	TAI COM
QIF	<i>Pearson correlation</i>	1					
	Sig. (<i>bilateral</i>)						
MOY	<i>Pearson correlation</i>	0.618**	1				
	Sig. (<i>bilateral</i>)	0.000					
COM	<i>Pearson correlation</i>	0.545**	0.029	1			
	Sig. (<i>bilateral</i>)	0.005	0.516				
INDP	<i>Pearson correlation</i>	-0.745**	0.416	0.094	1		
	Sig. (<i>bilateral</i>)	0.000	0.332	0.235			
PROF	<i>Pearson correlation</i>	-0.645**	0.283	0.025	0.313	1	
	Sig. (<i>bilateral</i>)	0.000	0.321	0.381	0.234		
TAIL COM	<i>Pearson correlation</i>	0.64	0.284	0.285	0.286		1
	Sig. (<i>bilateral</i>)	0.124	0.123	0.231	0.233	0.235	0.243

Source: Data processing, based on the survey conducted in 2024. ** $p \leq 5\%$.

4.2.3. Results of the Research Hypotheses Tests

After testing the hypotheses using structural equations, we summarize them in the following **Table 7**:

Table 7. Results of hypothesis tests.

			Estimate	S.E.	(t)	<i>p</i>	Standardized factorial weight
QIF	←	MOY	0.380	0.001	1.992	0.000	0.232
QIF	←	COM	0.261	0.041	2.093	0.002	0.110
QIF	←	IND	0.368	0.003	3.290	0.002	0.341
QIF	←	PRO	0.284	0.004	3.182	0.001	0.263
PER	←	TAIL	0.284	0.204	1.002	0.23	0.263

Significance ($(|t| \geq 1.96)$ and $p \leq 5\%$). Source: Results of surveys conducted (2024).

The results in **Table 7** of the hypothesis tests reveal that audit resources have a statistically positive and significant effect on the quality of financial information in SMEs ($t = 1.992$, $p = 0.000$). The link between the quality of financial information produced in the SMEs of our sample is evident. The proper functioning of the audit committee is significant and positive ($t = 3.093$; $p = 0.002$). The auditors' profile positively and significantly influences the quality of financial information in SMEs ($t = 3.182$; $p = 0.001$). Auditor independence has a positive and significant impact ($t = 3.290$; $p = 0.002$) on the quality of SMEs' financial information. Finally, the size of the audit committee has no influence ($t = 1.002$; $p = 0.204$) on the quality of financial information produced by SME.

5. Discussion

Based on the results of our model, regarding the hypothesis that audit resources positively and significantly influence the quality of financial information in SMEs in Côte d'Ivoire, we notice that the coefficient of our model is 0.267, which is positive. This shows that the application of audit resources positively influences the quality of information. Moreover, our p -value is $0.002 < 5\%$, showing significance. From these results, the positive influence of audit resources on the quality of financial information in SMEs can be measured through certain factors, namely: auditor independence, the audit charter, the internal audit plan, and the internal audit manual, as they influence the company's results. The success of an internal audit primarily depends on auditor independence. Standard 1100 states that "The internal audit activity must be independent, and internal auditors must be objective in performing their work". The internal auditor:

- must have a direct relationship with the highest level of management (with no dependency, whether operational or functional);
- cannot be involved operationally;
- must not exercise control over people (internal control or inspection).

To support the information quality process, in addition to auditor independence, there must be the audit charter, the plan, and the internal audit manual. These additional factors will:

Provide the position of the internal audit function within the organization; allow the auditor access to personnel and physical properties concerning the execution of assignments; define the scope of internal audit activities. Ensure compliance with current accounting standards, allow an understanding of the orientation of tasks to be performed, and ensure that it is in accordance with [Goodwin and Yeo \(2001\)](#). To be able to conduct an internal audit effectively, with the aim of improving the quality of financial information in SMEs, the profile of the internal auditor is essential. The profile of internal auditors positively and significantly influences the quality of financial information in SMEs in CI. This shows that the profile of internal auditors positively and significantly influences the quality of financial information in SMEs in CI. Similarly, our model, regarding the significance test, shows a p -value = 0.000 < 0.05, indicating the significance of the variable and confirming that the profile of internal auditors has a positive and significant influence on the quality of financial information in SMEs. In terms of internal audit, this requirement is highly significant, given that the internal auditor must master not only auditing standards but also auditing techniques, which implies proficiency in IT, finance, law, and accounting, and generally everything related to business management. The internal auditor is required to adhere to standards and laws regarding objectivity, skills, and individual professional conscience. Additionally, they must comply with standards related to their job responsibilities. They should provide the best possible alternative to their client concerning the profitability of their business, provided that the service rendered does not compromise their objectivity or integrity. As a result, the internal auditor must have a high level of competence, requiring both a specialist and a versatile generalist profile because auditing regulations provide sanctions for auditors who are complicit in fraud. This result coincides with the author ([Valant Gandja, 2011](#)). Also, to improve the quality of financial information, the existence of an audit committee would bring considerable weight to the development of the SME. These different results show that the existence of an audit committee has a positive and significant influence on the quality of financial information in SMEs. The independence of the audit committee is an excellent indicator of its quality. Indeed, the independence of the audit committee is measured by the presence of non-executive members in the committee. In fact, the independence of the audit service will allow it to reduce the probability of having a combative management approach regarding the company's results. [Kibel \(2012\)](#) points out that the audit committee provides a significant contributive influence in minimizing fraud and ensuring the quality of financial accounting information. For example, the results of financial reporting are of very high quality compared to the results produced by SMEs without an internal audit function and accounting irregularities. Furthermore, the size of the audit committee is determined based on the number and quality of its

members, and it is found, in this sense, that the effectiveness of the audit committee depends on its size (Vinten & Lee, 1993), so that it can effectively monitor and oversee general management and risks. Likewise, the size criterion gives it a certain effectiveness in its control. Nevertheless, the results of this research are contrary to those of the review mentioned above. Indeed, SMEs do not really need a large number of members in audit committees or audit departments, considering the size of these SMEs. Our results are consistent with those of Anderson et al. (2003), as seen in our literature review, which states that audit services are not positively related to the quality of financial information in SMEs. In SMEs, service quality is predominant.

6. Conclusion

At the end of this research work entitled “Influence of Internal Audit Characteristics on Information Quality in Côte d’Ivoire,” any serious company concerned with its sustainability must ask itself the following fundamental questions: Where am I going? With what resources? How and when will I get there? Internal audit, through its characteristics, is an ideal lever to answer all these questions. This topic, which is the focus of our study, has, on one hand, allowed for clarification of the various concepts related to SMEs, the quality of financial and accounting information, and auditing. On the other hand, it has mobilized theoretical and empirical literature highlighting the link between these three key variables. We opted for a mixed study (qualitative and quantitative) conducted with SME experts and managers. Thus, the qualitative phase not only allowed us to identify the three characteristic dimensions of audit through interviews with five experts. As for the quantitative phase, a survey using a questionnaire was conducted with a sample of 180 SMEs located in Abidjan, and the data from this survey were analyzed using Factor Analysis.

The exploratory study allowed us to confirm the information gathered during the individual interviews of the qualitative phase. The structural equation techniques confirmed all our hypotheses. This research presents both a theoretical and methodological contribution:

- From a theoretical perspective, our literature review showed that researchers have focused on internal auditing in large companies, but in our opinion, no research in accounting and control has been conducted to date in Côte d’Ivoire within SMEs. We were able to show the influence of internal audit characteristics on the financial performance of SMEs in Côte d’Ivoire. Indeed, this research highlights the levers of internal auditing that managers should emphasize to significantly improve their overall performance, produce high-quality financial information, and perform more specifically in financial terms. More precisely, this involves the mandatory establishment of an audit department, an audit committee, having experienced and competent auditors, and especially independent ones. Furthermore, SMEs must have qualified and experienced auditors.

- From a methodological perspective, this research is based on a hypothetico-deductive logic and was conducted by integrating exploratory qualitative methods and confirmatory quantitative analyses. Our aim, within this exploratory research, was to take full advantage of both methods, namely, leveraging the ‘scouting’ function of a very little explored or poorly understood phenomenon from the qualitative study and the possibilities of increasing the external validity of our work through the use of statistical methods. This research also enabled us to construct the measurement scale for the variable of financial information quality. The instrument proposed, based on the verbatim from the qualitative study, although it benefited from both exploratory and confirmatory factor analysis, allows us to validly make reservations. As for future directions, it would be useful to revisit some aspects of this study with a larger sample and to include other variables related to the internal audit of SMEs in Côte d’Ivoire.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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