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1. Introduction

In 2018 Saudi Arabia was found to be fully compliant with recommendations of the Financial Action Task Force (FATF) in terms of the adequacy of laws and regulations for the prevention of money laundering (Naheem, 2019). As the body responsible for implementing FATF recommendations across the domestic financial services sector, the Saudi Arabian Monetary Authority (SAMA) has extensive investigative and enforcement powers. Recommendations have been made in the Corporate Governance Code of 2016 aimed at ensuring the effectiveness of audit committees (ACs) in fulfilling their oversight roles and that reporting obligations conform to FATF expectations (Alzharani and Aljaaidi, 2015). Ostensibly, the Kingdom complies with international standards. However, in 2015 the country was listed by the European Commission as being among 23 nations with deficiencies concerning the detection and prevention of money laundering (ML) and terrorist financing (TF) (European Commission, 2015). The FATF has also observed that although the country has a high degree of inter-agency coordination, robust supervision of financial institutions, and a good level of understanding amongst supervisors and senior bank personnel of the characteristics of ML and TF, it does not investigate for and prosecute ML/TF activities to a standard which meets FATF expectations (Pol, 2018). Saudi Arabia’s vulnerability to AML/FT mainly lies outside the formal banking sector, in the hawala system, which effectively renders these activities beyond the scope of audit committees (Standing and Van Vuuren, 2003; Petracuca and Tieanu, 2014). Hawala, the Arabic word for transfer or trust, is an informal, unregulated value transfer system which is not based upon cash payment but on the performance and honour of a network of money brokers known as hawaladars. Claims are not legally enforceable but instead the system functions on the basis of trust or honour between hawalardars to perform the agreed transfer between beneficiaries and recipients, who may be located in different cites or countries. Informal records are kept by the intermediaries but these are not
publicly available, nor are they accessible by state agencies. According to Cordesman and Obaid (2005) illegal money is channeled through this system by inadequately supervised religious charities, as well as Hajj and Umrah pilgrimages, before being laundered into the banking system through legitimate accounts (El-Rehim Mohamed Al-Kashif, 2009).

Audit committees (ACs) in financial institutions provide the ‘lynchpin’ between boards, SAMA, and the channeling of laundered funds through the domestic banking system are largely dependent on the effectiveness of these committees in two ways. First, in translating international standards as prescribed by the FATF into effective internal systems through which information can be disseminated within, across, and outside financial organisations (Naheem, 2016). Second, in encouraging the reporting of suspicions of financial crime both internally to the board and externally to SAMA. The independence of audit committees from influence by boards and senior management is essential if they are to discharge their responsibilities with the degree of impartiality necessary to make disclosures reliable in accordance with national strategies (Menon and Williams, 1994; Al-Najjar, 2011). Non-executive directors (NEDs) on ACs enhance oversight, AML/TF regulatory compliance, and the development and enforcement of proper internal risk management frameworks (Haniffa and Hudaib, 2007; In'airat, 2015; Naheem, 2016). However, ACs may be rendered ineffective if members lack the formal qualifications or technical skills to identify complex money laundering transactions or if they are subject to undue influence by boards or senior management, for example to ameliorate reports or findings to present the bank in a better light to external stakeholders. AC members may also be ambivalent as to whom their duties are owed: to the board and the bank, or to external stakeholders and wider society? This dichotomy can result in an expectations gap between the AC, the board, and SAMA, which can undermine national efforts to combat financial crime (Petraşcu and Tieanu, 2014; Alzeban, 2015).

The purposes of this paper are twofold. First, is to investigate the extent to which ACs in Saudi Arabian banks reconcile sometimes conflicting duties owed to boards, SAMA, and external stakeholders in the context of reporting financial crime in general and money laundering specifically. Second, to explain how AC members perceive boards’ perceptions of the role of the committees and the requirement of independence (Spira et al., 2004); if they believe that boards have a view of their role and loyalties which differs from how they see them, then there is potential
for an expectation gap (Houghton et al., 2011; Vinten et al., 2005). Independence from influence by the board underpins the effectiveness of ACs: without the ability to investigate freely and without restriction, and then to report findings through formal channels notwithstanding that these may trigger investigation by SAMA, the raison d’etre of the committees comes into question. The research questions can be stated thus. First, what are the reporting obligations of ACs in detecting and reporting ML and TF in financial institutions in Saudi Arabia as perceived by, first, committee members, and second, by the board as interpreted by AC members? Second, to what extent are disagreements between ACs and boards, for example regarding the reporting of systemic failings or weaknesses to SAMA, resolved through formal or informal mechanisms? If the latter, then a greater risk is presented to the independence of the AC and its reporting duties if the board can silence criticism or bring pressure to bear to prevent unfavourable information reaching outsiders. Third, in which ways can AC independence be protected? The methodology is qualitative, drawing upon results of a questionnaire administered to past and present AC members of Saudi financial institutions. The remainder of the paper is organised as follows. The next section provides a literature review of the functions of ACs in financial institutions in the context of detecting and reporting suspicions of ML and TF, with reference to Saudi Arabia. Section 3 provides the paper’s empirical investigation, and discussion of findings. Section 4 discusses the issues of numerical composition of ACs and technical expertise of members, based upon autobiographical information provided by respondents. Section 5 concludes.

2. Literature review

In'airat (2015), and Alzeban (2015) described how organisations which have independent internal audit functions are more likely to adopt effective risk management strategies, find evidence of fraud, and allocate adequate resources to the internal audit function. In Saudi banks the nature, function, and standing of ACs, and the appointment and role of NEDs, are less determined by formal legal and regulatory frameworks or codes than by the complex organisational, cultural, and situational contexts in which they operate (Al-Twaijry et al., 2002; Al-Twaijry et al., 2003; Jayasuriya, 2006). For example, Bartlett (1993) proposed that independence relates to a mental attitude that is impossible to formally define and verify; to presume that NEDs are independent because of an absence of explicit connections at board level through which influence can be
exerted may be naive. For Zaman and Sarens (2013), independence is more of a state of mind that an outcome of compliance with formal and legalistic requirements. Al-Twaijry et al. (2002), and Al-Twaijry et al. (2003) extended this notion of mental attitude, asserting that the AC’s ability to perform its function is ultimately dependent on the quality of information available to it which in turn depends on the informal and formal interactions across, and communication within, organisational structures. Behavioural and sociological aspects of corporate governance and the interactions between boards and committees has been considered extensively in the literature (Davis, 2005; Huse, 2005; Ahrens and Khalifa, 2013). These informal interactions are powerful when formal external regulations and codes are generalised and relatively non-specific in terms of prescribing the nature of and boundaries to accountability.

Although the autonomy of the AC and its independence from influence by the board or management are essential to its role in detecting and reporting ML, these may be weakened if there is ambivalence regarding its status or functions either amongst its members, or on the part of the board. Collier (1992), Al-Moataz (2003), and Adams and Ferreira (2007) suggested that the AC may encroach upon and dilute the executive management’s function and authority to the extent that it may pre-empt managerial responsibility. This has the potential to result in internal conflict, as well as board reticence towards it or willingness to share information with it. The AC requires self-confidence to challenge the adequacy of internal systems and to question the board regarding shortcomings in compliance with external standards and expectations as set by, for example, the FATF. This potentially adversarial role may undermine co-operation with it by senior management and other accounting officers within the organisation (Wolnizer, 1995; Eulerich et al., 2017). Effective AML requires an atmosphere of collaboration, disclosure, and a sense of common purpose between the AC and the board, and other parts of the organisation. Al-Moataz (2003) and Adams and Ferreira (2007) suggested that internal pressures, principally informal and behavioural in nature, can result in ACs becoming ‘lapdogs instead of watchdogs’. The board expects the AC to guide it and to make recommendations, but ultimately owing its first responsibility and loyalty to the economic wellbeing of the organisation. This paper tests this proposition in the context of Saudi Arabia. Independence becomes desirable but not if it results in embarrassing disclosures to outsiders regarding shortcomings in AML systems. However, the wider public as well as regulators may have a different perspective, seeing ACs as part of an essential set of checks and balances, and guarantors of accurate disclosure to stakeholders, which are prerequisites to good corporate
governance (Al-Tawil, 2016). This can result in an expectations gap (Standing and Van Vuuren, 2003). Differences between the public and ACs about the responsibilities and duties of the latter, as well as the message conveyed in its reports, have persisted (Fadzly and Ahmad, 2004). Standing and Van Vuuren (2003) suggested that AC members are not always aware of AML and TF laws and accounting rules, their formal purpose, and procedures and channels through which suspicions of money laundering should be reported to external law enforcement agencies. While a more proactive role for ACs in combatting ML may be desirable, Standing and Van Vuuren (2003) proposed that effectiveness is dependent on part-time NEDs who are often ill-equipped to process and act on surveillance information. Even if they could, the inherently complex nature of ML, limited audit durations and scope, legal protection for confidential information, and even collusion between corrupt employees and customers, undermine effectiveness (Ruhnke and Schmidt, 2014). The resulting expectations gap corrodes the legitimacy of statutory audits (Porter et al., 2012), and comprises two components: reasonableness and performance. Reasonableness derives from the differences between society’s expectations of ACs and what they may reasonably be expected to deliver, while performance pertains to the public’s expectations of the auditors and its assessment of the auditors’ actual performance (Masoud, 2017; Ruhnke and Schmidt, 2014). The next section describes and critiques the functions of ACs in Saudi Arabia, the distinction between formal requirements as prescribed in relevant codes and the informal as resulting from cultural and behavioural factors, this being one of the principal themes of this paper (Turley and Zaman, 2007).

3. Audit committee effectiveness in Saudi Arabia: empirical investigation

Article 54 of the Saudi Arabian Code of Corporate Governance 2016 provides for the establishing of an AC comprising three to five members by a resolution of the Company’s Ordinary General Assembly. These persons must not be members of the firm’s executive management or external auditing team, or employees in the company’s finance department. Article 54(b) requires that the AC is chaired by a NED, while Article 54(c) mandates the General Assembly, on the recommendation of the board, to issue regulations and terms for the AC. Articles 55 and 59 set out the powers, role, competencies, and responsibilities of the AC. Other than the existence of information asymmetry between executive directors and NEDs, Saudi’s unitary board structure
and collective responsibility as stipulated in Articles 76, 77, and 78 of the Companies Act, predispose NEDs to protect executive management (Witney, 2016). Although Article 56 provides that whenever there are conflicts which cannot be resolved between the board and the AC the subsequent report shall be qualified, it is unclear whether this will be sufficient to exonerate NEDs should ML subsequently be found to be present. The independence expected of ACs may be further undermined by organisational subcultures which predispose NEDs and ACs to align themselves with executive management (Zaman and Sarens, 2013). This in turn undermines the ACs willingness to scrutinise internal systems in an objective manner: informal ties of friendship, loyalty, and a desire to avoid embarrassment of the board, can lead to the supression of damaging disclosures to SAMA and a striving to remedy systemic weaknesses in a secretive way. In the context of these informal dichotemies between public expectations of independence and pressures to function within management’s contraints and limitations exercised informally, Al-Twaijry et al. (2002), and Ruhnke and Schmidt (2014) argued that the formality of mandating and instituting ACs is insufficient to achieve effectiveness. Specific attitudes amongst auditors regarding the role of ACs, and independence from the board, are considered next as part of the empirical investigation.

3.1 Methodology and sample selection

Saudi Arabia has 25 licensed banks operating in the Kingdom, 13 of which are domestic banks, while the rest are branches of foreign banks (SAMA, 2020). Collectively, these banks had 2071 branches by the close of 2019. Article 54 of the Code of Corporate Governance 2016 provides for between 3 to 5 members of the AC, and it is expected that members of the AC are less than 100 and the proportion of corporate managers is less than 15% of the branch managers. For the purposes of this paper a list of bank branches in Saudi Arabia was compiled from relevant websites and internet search engines. A total of 1754 branches were identified and then contacted. Data was collected by way of questionnaires emailed to randomly selected respondents. 180 complete responses were received out of 537 respondents contacted. Where applicable, descriptive statistics were computed to summarise and present the survey data. The rank-ordered data were analysed using non-parametric Friedman’s test. This test is appropriate in ascertaining whether there is a
significant difference in the rank given to a different set of items by a group of respondents (Pereira et al., 2015). The one-sample t-test was used to test whether there is an overall agreement with a particular statement. The data on agreement scale questions used a range of strongly agree (5) to strongly disagree (1) options to collect the data, thus, the overall agreement with the statement is tested by performing a one-sample t-test with null hypothesis $\mu = 4.0$ (agree) ($p > .05$).

More than 80% of the respondents were either internal auditors or members of the AC and 65% had more than 6 years of experience in their positions. Only 1.67% were NEDs. Others were external auditors (12.8%). The results show 80% of the ACs had 5-6 members. Only 7.8% of the members were permanent, while the rest were temporary (41%) or outsourced (50.6%). Most of the committees (99.4%) held at least two meetings annually and had access to specific operational/transaction data and other internal/external information to assess inherent ML/FT risks present in its customer base, products, delivery channels, and services offered. Only 16.7% of the committee had more than five meetings annually. The questionnaire was administered to auditors and AC members rather than to a wider audience comprising, for example, board members for two reasons. First, to determine how auditors perceive the role of ACs in detecting and reporting ML and TF under the Corporate Governance Code of 2016 and Companies Act 2015. Second, to determine how auditors interpret board perception of the functions of the AC (how respondents as auditors think the board sees the AC, and whether it diverges from their own view).

3.2. Board and auditor perceptions of the role of audit committees

Results from the questionnaire indicated that, from the perspective of respondents who are active or former members of ACs, boards generally perceive audit committees as being part of the organisation rather than an independent entity within it (Mean = 4.31, SD = .72, t = 5.81, p < .001). Although most respondents were not of the opinion that boards regarded AC criticism of internal risk management as being negative and to be resisted, and indeed perceived it as being constructive, a majority believed that boards assumed that the first duty of ACs was to the company: shareholders were secondary to this. This has significant implications. First, to be effective ACs must be formally independent, for example in not having positions on the board or
in management, but also and of perhaps more importance, they must be independent of informal pressures and influence, for example, social or familial connections at board level. If the perception at board level is that ACs owe the first duty to the organisation and only after this to other stakeholders such as shareholders, this can result in subtle expectations that AC members will withhold or conceal, or address through opaque channels, disclosures which may have tangible negative effects upon the business, triggering a SAMA investigation or perhaps a decline in the share price. The results are shown in Table 1.

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<tr>
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<th>SDA</th>
<th>DA</th>
<th>Neutral</th>
<th>AG</th>
<th>SAG</th>
<th>Mean</th>
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<td>Board perception: the AC is a part of the organisation rather than an independent unit within it.</td>
<td>0(0.0)</td>
<td>2(1.1)</td>
<td>21(11.7)</td>
<td>75(41.9)</td>
<td>81(45.0)</td>
<td>4.31(+)</td>
<td>.72</td>
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<td>AC should present a favourable impression of the firm</td>
<td>69(38.3)</td>
<td>76(42.2)</td>
<td>24(13.3)</td>
<td>9(5.0)</td>
<td>1(0.6)</td>
<td>1.87(+)</td>
<td>.87</td>
</tr>
<tr>
<td>Criticising internal risk management processes is helpful, and is not negative or damaging to the organisation</td>
<td>0(0.0)</td>
<td>15(8.3)</td>
<td>52(28.9)</td>
<td>76(42.2)</td>
<td>36(20.0)</td>
<td>3.74</td>
<td>.88</td>
</tr>
<tr>
<td>AC owes the first duty/loyalty to the business, and a secondary duty to shareholders and society.</td>
<td>54(30.0)</td>
<td>73(40.6)</td>
<td>42(23.3)</td>
<td>9(5.0)</td>
<td>1(0.6)</td>
<td>2.05(+)</td>
<td>.89</td>
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Table 1: Board perception of the role of the AC as interpreted by auditor respondents.

### 3.3 Disagreements between management and the AC regarding disclosure obligations

To identify the formal-informal dichotomy between ACs and boards in terms of dispute resolution, six factors were tested in the questionnaire. If disagreements, for example regarding systemic weaknesses or errors which may have facilitated money laundering, were resolved informally through subtle and opaque channels, then this could militate against AC effectiveness. It could also compromise the degree of transparency necessary to give confidence in processes to stakeholders and, of greater importance, drawn the attention of SAMA and in this way close loopholes which may be exploited by organised crime and terrorist organisations. If instead disagreements were formally recorded in documents which are publicly available, and boards did
not shy away from disclosure of weaknesses or failings, in this way other financial institutions would learn from their experience and greater confidence would be engendered amongst domestic stakeholders as well as potential foreign counterparts in the quality of investigative and prosecutorial processes. The questionnaire made propositions to respondents as to the likely outcome of disagreements or criticisms regarding anti-money laundering processes between ACs and boards, and the results are shown in Table 2. A principal result was that in the event of disagreement, respondents believed that these would not be resolved through informal discussions between the board or management and the AC ($M=2.56$, $SD = 1.00$). A t-test showed that the mean score of the responses on this item was significantly less than 4.00 ($t (172) = -19.21$, $p = <.001$). Instead, they would be resolved through formal channels and mechanisms, and would be disclosed in board meeting minutes which would subsequently be available to shareholders which in turn would be available to SAMA. Respondents were also of the view that the AC should be at liberty to bypass the board and report their findings and suspicions to external auditors, and directly to SAMA. However, respondents were by a significant majority of the view that if the disagreement between the AC and the board could not be resolved, the committee should not resign. These findings are significant in several ways. First, respondents eschewed resolution of disputes in camera or through informal meetings between the AC and the board the decisions of which would not be available to stakeholders or SAMA. In an environment in which cultural and behavioural factors are significant in the relationship between ACs and boards, this gives cause for optimism: disagreements regarding findings relating to systemic weaknesses or suspicions of money laundering will be brought into the public domain via board minutes and notification of external auditors and SAMA if necessary. Second, respondents who are or have been involved in ACs or have acted as NEDs have shown a robust approach in their attitudes towards boards: they evidence an independence of mind in which the board is not able to silence their concerns or to intermediate between them and the external environment, determining which information is disclosed and to whom, and when. However, this must be considered alongside the earlier finding in Table 1 that respondents believed that boards regarded ACs as owing their first duty to the organisation and not to shareholders. This presents a potential conflict point. The results regarding the processing of disagreements are shown in Table 2.
| If there is a disagreement between the board and the Audit Committee, the Committee should informally discuss this with the board and reach a common position. | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | Std Deviation | T | T* |
|---|---|---|---|---|---|---|---|---|
| 27 (15.0) | 60 (33.3) | 60 (33.3) | 28 (15.6) | 4 (2.2) | 2.56 | 1 | -19.21* | -19.21* |

*significant at .05 level of significance.

| If there is a disagreement between the board and the Audit Committee, the Committee should formally identify the disagreement in minutes of meeting with the board, and these should be made available to shareholders. | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | Std Deviation | T | T* |
|---|---|---|---|---|---|---|---|---|
| 0 (0.0) | 1 (0.6) | 6 (3.3) | 33 (18.3) | 139 (77.2) | 4.73 | 0.55 | 17.92* | 17.92* |

| If there is a disagreement between the board and the Audit Committee, on matters concerning suspected money laundering or other financial crime, the Committee should bypass the board and report its suspicions directly to the external auditors. | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | Std Deviation | T | T* |
|---|---|---|---|---|---|---|---|---|
| 0 (0.0) | 7 (3.9) | 44 (24.4) | 76 (42.2) | 52 (28.9) | 3.97 | 0.83 | -0.54 | -0.54 |

| If there is a disagreement between the board and the Audit Committee, on matters concerning suspected money laundering or other financial crime, the Committee should bypass the board and report its suspicions directly to SAMA. | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | Std Deviation | T | T* |
|---|---|---|---|---|---|---|---|---|
| 0 (0.0) | 7 (3.9) | 20 (11.1) | 80 (44.4) | 72 (40.0) | 4.21 | 0.79 | 3.58* | 3.58* |

| If there is a disagreement between the board and the Audit Committee, the Committee should resign if the disagreement cannot be resolved. | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | Std Deviation | T | T* |
|---|---|---|---|---|---|---|---|---|
| 122 (67.8) | 52 (28.9) | 5 (2.8) | 0 (0.00) | 0 (0.0) | 1.35 | 0.33 | -66.64* | -66.64* |

Table 2: Disclosure of disagreements between board and AC. Note: values in parenthesis are percentages. *significant at .05 level of significance.
4. AC numerical composition, and technical competence of members

Regarding compositional aspects of the AC system in Saudi Arabia and technical skills and competencies as manifested in the qualifications of appointees, numbers on boards, and previous working experience, background information provided by respondents indicated strengths and weaknesses. Previous literature has identified factors contributing to the general effectiveness of the AC, including technical qualifications and training of members (Hurtt, et al., 1999), financial literacy, experience or certification in accounting, finance, and/or law (Defond et al., 2005), and understanding of internal controls (Walker, 2004; DeZoort, 1997), and provision of adequate training in the specific field of practice to ensure the AC members are adequately updated (Al-Twaijry, et al., 2002). The results from the questionnaire suggest that several of these factors are either absent or weak in Saudi financial institutions. Although 80% of ACs had more than five members, the existence of three and four member committees as well as the variations in the time spent on auditing activities (which may be a function of size), experience, permanence, and technical and educational qualifications, suggest substantial discretion, and an unwillingness by firms to do more than that stipulated in the corporate governance regulations (Sharman, 2008).

However, unlike earlier findings by Al-Moataz (2003) that 85.2% of AC members lacked professional qualifications in accounting or finance, nearly all respondents held professional qualifications in accounting. This evidences a significant improvement in AC membership competence in a relatively short period of time. Further, while the Al-Moataz study found that 83.2% of ACs comprised three or fewer members, this has increased substantially in recent years; now, only 4.4% of the ACs comprised three or fewer members. These changes have been driven by Article 54 of the Code of Corporate Governance 2016 which provides for three- to five-member committees, with at least a single adequately qualified member, but the regulations remain broad and general in application and prescription. For DeZoort (1997), and Mahadevaswamy and Salehi (2008), widely drafted laws and regulations which lack specificity invite the personal and informal exercise of discretion that ultimately serves short-term interests for the individuals involved and not the broader stakeholder body. Given the prevalence of hawala in Saudi Arabia, as well as the informal channels such as hajj through which physical cash is channeled and which, for this reason, is susceptible to money laundering, loosely drafted regulations which provide a high degree of discretion to organisations as to how and by whom ACs are composed, present a risk of tokenistic and relatively easy compliance. The Basel Committee on Banking Supervision (2016) recommend that the AC’s effectiveness for ensuring AML/TF compliance demands continual monitoring of banking activities (access to transactional data), proactivity, provision of independent assurance to the board and senior management, and effective oversight over the internal audit function (Al-Twaijry, et al. 2002). These specific and focused requirements are arguably at odds with present regulatory and legislative provisions in Saudi Arabia which tend to be non-specific in nature, affording significant discretion to boards as to appointments and remit of ACs.
5. Conclusion

Audit Committees in financial institutions in Saudi Arabia appear to have sufficient independence from board influence, and function in a conducive organisational culture. The questionnaire was administered to AC members and auditors, and although it may be the case that board members would have arrived at a different view, reporting greater conflict between the AC and themselves than the findings indicate, this would have been reflected in responses by those auditor respondents who have routinely dealt with boards throughout their professional careers. This cooperative working relationship between the board and the AC is important because the latter need the goodwill, support, and authority of boards to be effective when requesting information from across the organisation and requiring constructive and open dialogue with management regarding systemic weaknesses (Hamdan, et al., 2018; Hassink, et al., 2009). If ACs lacked this legitimacy and board imprimatur of authority, it would be difficult for them to enlist management and internal auditors in efforts to counteract money laundering and ensure that internal systems are sufficiently robust to do so. The unitary board envisaged under Articles 76, 77, and 78 of the Companies Act 2015 binds together the NEDs, the AC, and the management in terms of legal liability and responsibilities: none are exempt, and all are equally culpable. This may explain the finding in Table 1 that according to respondents the board perceived the AC as being an intrinsic part of the organisation, even though it undertook a differentiated role (DeZoort, 1997). As seen in Table 1, the fact that ACs perceive their duty as being to society and to shareholders first is in contrast to how they consider boards perceive their role, which is as an integral part of the organisation rather than being independent of it. This contrast feeds through into the finding, again in Table 1, that for AC members the reputation of the organisation is not a paramount consideration: if damaging information regarding systemic weaknesses enters the public domain and causes embarrassment, then this will be the route which respondents would be willing to take. This result evidences an expectations gap, albeit from respondents as they look through their own eyes, and then through the eyes of the boards which they serve (DeZoort, 1997). Future research could test this perception by administering the same questionnaire to board members to determine whether this gap exists in practice rather than solely within the minds of AC members alone. Regulations and best practices must strike the correct balance between the need for there to be close and cooperative working relationships between the board and the AC, and the AC’s need to maintain its independence (Hamdan, et al., 2018; Hassink, et al., 2009). This independence is best protected when ACs’ responsibilities to wider society and external stakeholders are clearly prioritised in codes and laws above those owed to the organisation of which they are part.
REFERENCES


