

The Impact Of Internal Audit On Improving Risk Management Pursuant To Internal Auditing Standards In Commercial Banks Listed On Amman Stock Exchange In Light Of The Covid-19 Pandemic

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Abstract

The losses caused by the Coronavirus pandemic exceeded all the risks that affected us during the previous years, such as social, material, religious, political, and other crises. It's worth taking a moment, the pandemic is still confusing the world, and most countries seek to have back their normal life. However, the world is yet suffering from this crisis impacts and therefore we need to evaluate all the taken measures and re-examine them, particularly here in Jordan, as we were suffering from an economic crisis, and then the current pandemic has exacerbated it.

This study aims to identify whether the commercial banks in Jordan had precautionary measures to confront the Covid-19 pandemic risks, or were they planning to take the appropriate measures at the meantime? Also, to figure out whether the taken precautionary measures before the Coronavirus pandemic occurred to confront these risks are sufficient or not? As a result, a questionnaire was distributed to the internal auditors and risk managers in commercial banks. And through the study sample, we concluded that Jordanian banks were not much affected by government decisions related to the Coronavirus pandemic. It comes out that financial stability in Jordan is firm and abiding. Additionally, banks were taking precautionary measures to protect their employees and the interests of their customers, lenders, and investors.

Also, it can be proved from the current study that Jordanian banks were able to adapt to health, environmental and other risks. And thus whether before or during the Coronavirus pandemic, which led to financial stability, and this was confirmed by Standard & Poor's global agency, where sovereign credit rating for Jordan - it is an independent assessment of the creditworthiness of a country- was BB +, namely, with a stable future outlook despite the low credit rating of the surrounding countries.

Keywords: Internal audit (internal auditor) - risk management - internal audit standards - commercial banks - in light of the Coronavirus pandemic.

I-Introduction:- Meanwhile, the losses resulting from the Coronavirus pandemic are considered health risks that did not result from any other kind of risk, but rather are catastrophic. Ordinarily brought about a change in our social, healthy, and so forth way of life. As a consequence, unemployment has increased, many businesses have closed, and some of them are bankrupt. However, many third-world countries have plans, in particular precautionary plans to face any risks, but the question remains, should we have waited for the disaster to occur in order to start activating our precautionary plans to confront these risks? Were we really prepared for these risks?

Regardless of the circumstances that Jordan experienced before the Coronavirus pandemic as a result of the surrounding regional conditions, but it was able to deal with the Coronavirus pandemic in a way that did not affect the banking performance, and these banks were able to activate precautionary plans to confront the knock-on impacts of the Coronavirus pandemic. While, this is due to the prominent role that internal audit plays in monitoring and providing timely advice to risk management. So, this was confirmed by the Certified Institute of Internal Auditors and according to standard 2110; which indicated (the need for internal audit to evaluate the effectiveness of risk

management procedures and to contribute to their improvement).

The objective of the internal audit in banks is to ensure compliance with governance, auditing administrative and financial matters, compliance with the bank's internal policies, international standards, and relevant legislation, as well as ensuring the existence of internal control systems, with the need to maintain the independence and objectivity of the internal auditor. Experiences help in developing the performance of internal audits in decreasing risks and setting priorities according to the degree of risks and their importance, with the need to follow up with the technological development, communication and the Internet. Concurrently with the Coronavirus pandemic, internal audit has become a safety valve for banks in Jordan, due to the confidence it enjoys at all administrative levels in banks, and through its commitment to the standards of the internal auditors' professional qualities and characteristics.

1.1-Study importance:-This study aims to enhance confidence in Jordanian banks and economy as well as make investment in all sectors due to the security, political and economic stability that the country enjoys. However, financial stability is not like other sectors that have been clearly affected, and the aim of studying internal audit is to monitor these risks as a policeman and to stand for them in order to limit or reduce them, especially if he abides the rules of professional conduct.

1.2-Study limitations:-

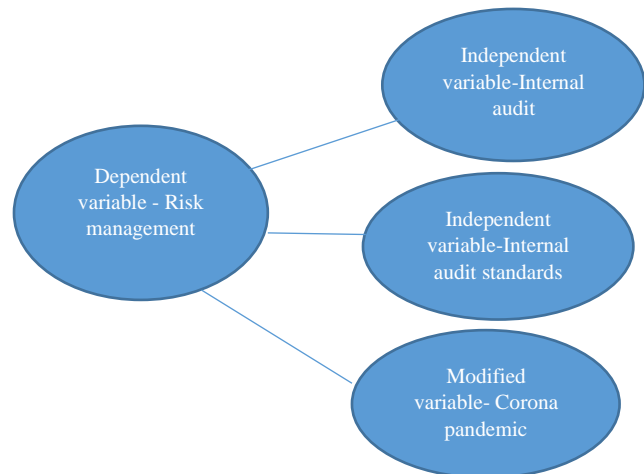
1. This study was limited to commercial banks in Jordan.
2. The used financial data extracted from Amman Stock Exchange financial reports, for the period between 2017-2020 as well as some data from the Central Bank and the Jordanian Banks Association.

1.3-Hypotheses:

The first hypothesis: - There is no statistically significant impact of internal auditing role in improving risk management in commercial banks listed on Amman Stock Exchange before the COVID-19 pandemic.

The second hypothesis: - There is no statistically significant impact of internal auditing role in improving risk management in commercial banks listed on Amman Stock Exchange after the COVID-19 pandemic.

Study variables (study model) Figure No. (1)



1.4-Previous Studies:- An article published in the Chartered Institute of Internal Auditors Journal (April-2021) mentioned the rapid audit, which includes an updated schedule of audits which are arranged according to risks, where the focus is on evolving and changing risks, also ensuring audit effectiveness and enhancing the value of internal audits based on benefits through experiencing the new Coronavirus pandemic, taking into account the use of technologies and methods before, during, and after the Coronavirus pandemic. Meanwhile during the pandemic, the procedures focused on protecting employees, customers, sustainability, and flexibility in performing work (work from home) and so amendments were made to the financial and operational procedures. Currently, these procedures must be evaluated and developed after some time from the beginning of the pandemic, taking into account the negative ones, discuss the causes of their occurrence, find the appropriate ways to solve it, and continue the evaluation periodically, as well as the need to amend each of credit risks, technology, communication, and others. The article also highlighted the increase in cybercrime, fraud, and exploitation of workers' who work from home, so there was a need to develop employees' performance with the stage, including train

and develop employees' performance to face the risks of technology, cybersecurity and fraud and be able to deal with them. The researcher (Deborah F. Kretchmar, 2020) pointed out through a survey he conducted on the chief executives of internal auditing in North America as well on senior audit leaders in one of the seminars, it was found that there are clear impacts of Covid-19 on most industries that have suffered from the risks, as revenues were affected by 61%, human resources by 34% and supply chain by 28%. This indicates that many industries have modified the industrial costs, besides, its impact on human capital of these industries, thus in terms of protecting their employees and developing performance in line with the conditions of the pandemic. The researcher found that this is an opportunity to develop the work of internal audit and participate in improving risk management during the preparation of the audit plan. Whereas, (Martini & others, 2020) study indicated that there are changes in the strategies of the audit plan before the Coronavirus pandemic, including digital transformation, and priorities must be rearranged after this pandemic. However, the internal audit must provide assistance and advice to risk management, reassess it annually, and rearrange its priorities and submit a report to audit committees or the management, then discuss it and find the appropriate solutions. Through the global knowledge summary issued by the Chartered Institute of Internal Auditors (May -2020), the article considered that the Coronavirus pandemic is a good opportunity for internal audit to display its skills and considered them the heroes of this stage in order to manage crisis, and that the statement (now is the time to act, not to say) should be raised, and internal auditors should develop themselves and their performance by participating in discussions, seminars and forums, also it is time to depart from the traditional performance of the profession and be prepare for smart operations, especially in the event of temporary and continuous risks. At the present time, the internal audit has become a key player in governance more than at any other time. An article, supervised by (Liz Sanwith, 16-4-2020) who is a consultant at the Chartered Institute of Internal Auditors, stated that internal audit provides a great additional value for organizations by providing four basic things, namely (providing consultancy and

vision supported by data to help in making decisions related to goals achieving and reducing risks. Additionally, it helps in focusing on future risks and at the same time reducing current risks, and thus including the impact on future audit plans for the year 2020-2021 and the change in the internal audit approach to provide additional value to small organizations. We may turn to remote auditing and emerge from the traditional audit, since we need a simple approach, especially that the risks change rapidly. The risks of Coronavirus pandemic are now unexpected and auditors are facing difficult challenges, but with experience, training, attendance at forums, discussions, dialogues, and cooperation at work, this stage can be overcome. Knowing that they are trusted advisors as well. We must take into account the technological development and its impacts, and study what serves the nature of the current stage of the Coronavirus pandemic, because we do not know the extent of its impact so far, as can be seen the risks are still changing and continuing due to this pandemic. The study of (Abdul Rahim, 9-2020) talked about the three-dimensional model or what so called the three lines of defense, where the model is based on six principles, including (governance, roles of the ruling authority, roles of first and second lines' management, roles of the third line, independence of the third line, value creation and preservation). Meanwhile, the objective of the audit is to assist risk management and educate stakeholders on how to take care of non-traditional risks. The researcher also referred to the model and said that it is not possible to take decisions on the basis of risks, knowing that the auditor does not participate in decision-making. Where the model focused on the need for cooperation and communication between all parties if related to risks, and perhaps the sixth principle is value creation, resulted in the cooperation of all parties work together to achieve this principle. The study of (Al-Ghubari, 2019) suggested that the Internal Audit Department should implement a workshop on the risks associated with the emerging Coronavirus pandemic, and therefore to help the administration identify the most important risks resulting from this pandemic and how to address them. Also it discussed the existence of three dimensions regarding that; the first dimension talks about the audit of the organization work

sustainability and the extent of the internal audit's readiness to address the pandemic since its inception. While, the second dimension is the rearrangement of the strategic audit plan as well as maintaining the independence and objectivity of the auditor. At this stage, the focus is on the high risks in terms of its influence degree and probability of occurrence. The third dimension, it's the expansion of the internal auditor role after assessing the risks and plans and the time of the pandemic end, in order to arrange the role

of the auditor in an appropriate manner while maintaining his independence and objectivity.

1.5-Theoretical framework:-Where, Internal Audit Standards are the guidelines and standards that the internal auditor must abide by when carrying out his duties and the aim of which is to show the best practice of internal auditing.

Professional standards for internal auditing, which are divided into two groups- Table No. (1) (Al-Ramahi, 2017) p. 27

Internal Audit Standards according to IIA Institution	
Attribute Standers, serial 1000	Performance Standards, serial 2000
Objectives and powers 1000 Determine the objectives, powers and responsibilities of the internal audit activity	Managing the internal audit activity 2000 Effective management of the activity by the chief audit executive
Independence and objectivity 1100 The audit activity must be independent and the performance is objective	The nature of the work 2100 Evaluation and improvement of governance, risk management and control performance
Skill and Professional Care 1200 Completing the tasks skillfully and with the required professional care	Planning the tasks 2200 Planning for every task from all aspects
Quality Improvement Program 1300 The Chief Audit Executive shall maintain, ensure and improve quality, which covers all internal audit activity	Execution of tasks 2300 Identifying, analyzing, evaluating and documenting information
	Delivering results 2400 Inform the results to the concerned authorities
	Monitoring and follow-up 2500 Follow-up to communicate results, track and improve the follow-up system
	Management acceptance of risk 2600 Discuss the matter with the management, and if cooperation is not achieved, the CEO must be informed

Also, from each main standard a set of sub-standard emerges. It is also worth noting that the internal auditor must abide by these standards in order to improve and develop the quality of internal auditing.

There are also implementation standards that apply to two types of tasks, which are as follows:

1- Assurance: The internal auditor's evaluation of evidence for the purpose of giving an opinion or an independent conclusion on a process or topic for each of governance, risk management, or control. It occurs among the owner of the process, the internal auditor, and the beneficiary of the assessment.

2- Consulting services: Consultations that take place between the client benefiting from the

consultation and the auditor. Also they are implemented according to the client's request, where their nature and scope are determined.

Internal audit:- According to the definition of the American Institute of Internal Auditors (it is an independent activity that provides assurance and consultancy designed to add value to the organization with a systematic approach to improve the effectiveness of each of risk management, control, and governance processes) According to the previous definition, the internal audit has the following characteristics:

Independence - objectivity - providing assurances - providing consulting

1- Independence, namely, the independence of the audit activity and that it is refer to authority that allows it to carry out its tasks without external influence or bias.

2- Objectivity, avoiding any bias while performing their duties, and avoiding conflicting interests.

3- Providing assurances to the commitment to the ethical and professional conduct rules and to the scientific methodology in performance.

4- Providing consulting services to the senior management and the board of directors. The consultations are limited to non-executive aspects only in order to preserve independence.

The role of strategic audit is how it can help the organization achieve its goals in light of changes, whether due to technological development, intense competition, the Coronavirus Covid-19 pandemic and others.

The main objectives of the internal audit activity:

1- Helping the organization achieve its goals

2- Adding value to the organization and increasing the efficiency of systems.

3- Improving the organization's operations by evaluating the internal control systems and the recommendations given by the audit.

The organizational status of the internal audit: to be an independent department with direct report to the Board of Directors and through the Audit Committee (the Audit Committee is independent, non-executive, and it is a sub-committee emerged from the Board of Directors that supervises the internal audit and receives reports and communications from them as well as coordinates and manages the relationship with the external auditor). Noting that the chief audit executive documents the internal audit charter, in which it explains how the internal audit activity is exercised in the organization, and thus after the approval of the senior management, the board and the audit committee, and it is communicated to the clients.

The charter must include the following:

1- Scope of work.

2- The objectives of the internal audit.

3- Audit authority to access records, property and employees.

4- Accountability and responsibility of the internal audit activity.

Qualities that the internal auditor should possess in accordance with the internal auditing standards:

1- Commitment to integrity and honesty in the performance of duties.

2- Objectivity and impartiality.

3- Confidentiality is not to disclose any information without the approval of the administration or the appropriate and necessary authorization.

4- Competence, namely, all skills, experience, and information that are used in the performance of tasks.

5- Commitment to the application of professional ethical conduct rules, which were urged by the Association of Internal Auditors.

The internal auditor and internal control relationship: It is a direct relationship, as the internal auditor is concerned with the efficiency and strength of the internal control system. Whereas, the control system is

related to the establishment as a whole, and the board of directors supervises the internal control system, therefore the control system can be defined as a process designed and influenced by management and those concerned with management through which reasonable assurance can be obtained by achieving the following objectives: - (Thneibat, 2021 - p. 173).

- 1- The reliability of the financial statements.
- 2- Efficiency and effectiveness of operational processes.
- 3- Commitment to the policies, laws and regulations.

Risk Management and Compliance Department is responsible for putting, implementing and reviewing the overall framework for holistic risk management, which includes mechanisms for identifying, evaluating, monitoring, managing risks and controlling them on an ongoing basis, which ensures the sustainability of achieving the bank's objectives in an efficient and effective manner. (Central Bank / RISKMGMT@cbj.gov.jo) The internal auditor acts as a consultant, where he assists the management and the audit committee in examining, evaluating, reporting and recommending improvements to the adequacy and effectiveness of risk management processes, and thus based on the role assigned to him by senior management or the board of directors. Whilst, (Pickett, 2004) indicated that there is consensus between the audit committees, the internal auditor, and risk management, however, each department maintaining its self-form and independence and following a clear policy in the flow of data and information among them, as well as the necessity of the internal auditor's participation in risk management meetings and assistance in developing a risk management strategy for the organization and providing the necessary advice.

Pickett, K. H. Spencer, (2004), "Auditing the risk management process", New York, Johan Wiley.

The objective behind risk management is to estimate the value of risks in a way that does not affect the

profitability of the bank and hedge it in a way that serves the management in achieving its strategic objectives.

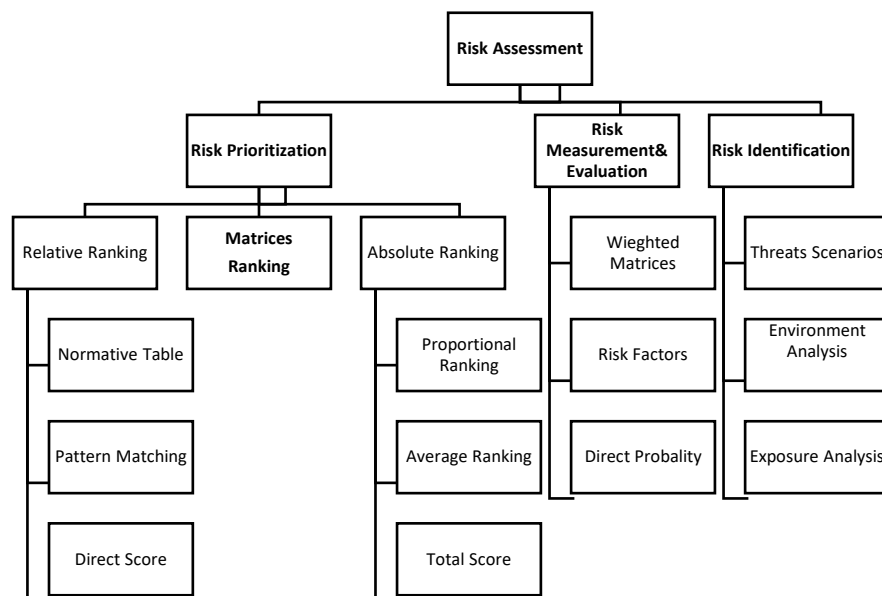
Risk types: -

First: Financial risks, including:

- 1) Credit risks: It arises due to the inability of borrowers to meet their financial obligations, which are of several types (customer risks, management risks, industry risks, and macroeconomic risks).
- 2) Market risks: which are losses that arise from price fluctuations or price movements in the market, including (interest rate risk, credit margin risk, stock price risk, exchange risk).
- 3) Liquidity risks: They are the bank's inability to fulfill its obligations, with its inability to finance the increase in assets without realizing a loss. This type of risk is related to the lender, not the borrower.

Second: Non-financial risks, including:

- 1) Operational risks: The loss resulting from insufficiency or failure of internal processes, people and systems against external events (Basel Committee), including (information technology risks, business sustainability, fraud, money laundering, outsourcing, terrorism financing, behavior risk, electronic risks).
- 2) Legal risks: Non-compliance with the laws and legislations issued by the legislative authority, the regulating bodies of banking work, and the institution's main system.
- 3) Strategic risks: The risk arising from an inappropriate business strategy or a negative shift in standards or objectives.
- 4) Reputational risks: negative views from outside the bank.
- 5) Cyber risks: Internet risks, which are the risks of information technology failure.

Figure No. (2) Shows the measurement stages and methods of risk assessment (Al-Ramhi, 2017 / p. 458)

Coronavirus Disease covid-19 pandemic:-They are viruses that cause respiratory diseases, such as the common cold, severe acute respiratory syndrome (SARS) and Middle East Respiratory Syndrome (MERS). The pandemic has spread all over the world, and infections have exceeded 175 million, while the number of deaths reaches 4 million. Several countries have manufactured effective vaccines to combat this disease, which has given hope to the world to return to normal life, but most countries of the world are still worried from the worldwide rapid openness. Before the Coronavirus pandemic, the economic conditions in Jordan were bad, as a result of the regional conditions surrounding Jordan, as well as the lack of financial support from the Arab Gulf countries. However, the emergence of this pandemic, made the situation worse, especially that the Jordanian government alleviated the citizens by taking bold decisions, as the strength of the financial situation in Jordan helped to confront the impacts of Coronavirus via measures taken by the government through the Central Bank and in coordination with the Jordanian Banks Association, and among these measures, the following:

1. Hemmat Watan Fund was established to help Jordanians stranded outside Jordan to return to their country and provide them with the appropriate health care.

2. The central bank cut interest rates by 100 basis points.
3. Allowing the banks to postpone the installments due from the affected companies, provided that this is should not be considered as a restructuring for the facilities.
4. Postponing the installments of retail customers, including credit cards, housing loans and personal loans without any penalty commission or interest.
5. Allowing banks to schedule receivables for clients to whom it applies.
6. Injecting liquidity in the amount of 1050 million dinars by reducing the required reserve ratio on deposits from 7% to 5%.
7. Conducting repurchase agreements with banks amounting to 500 million dinars for terms of up to one year to provide the financing needs of the public and private sectors.
8. Reducing the commission for guaranteeing the industrial financing program and services for all loans from 1.5% to 0.75%.
9. Reducing the loan commission for emerging projects for loans that will be granted until 2020 from 1% to 0.75%.
10. The government has also agreed with the Social Security Fund to issue a Solidarity 1 and Solidarity 2 program and a support program in order to help employers pay the salaries and wages of employees

who work for them and to reduce the unemployment rate in light of the Coronavirus Covid-19 pandemic.

Although the economic conditions that Jordan went through before Coronavirus and even during it, but the measures taken by the Jordanian government strengthened the economic situation. Despite they did not satisfy all members of society, but these measures can be viewed as half a full cup by an optimistic person, especially if we look at the surrounded countries and see the bad economic conditions they are being through, whether because of Coronavirus, wars, or security instability. If we look at the indicators issued by the Central Bank on financial strength and financial stability, then we enhance confidence in the Jordanian economy. The situation of Jordanian banks would have not been good, if it were not for the existence of the internal audit department in the banks, which represents the alarm bell for risk management,

especially as they represent a basic supporter of the Jordanian economy, where the instructions and measures taken by the government and the Central Bank gave confidence to investors and lenders, especially the International Monetary Fund in granting soft loans and grants to Jordan and according to the figures, the growth rate in the current year 2021 represents 0.3%, compared to a recession of 1.6% in the previous quarter of last year. Meanwhile, the economic expects a growth of 1.4% at the current quarter of year 2021, despite the difficult conditions and closures, with the unemployment rate rising to 25%. We are confident that the commercial banks in Jordan and listed on Amman Stock Exchange are well-established and fundamental supporters of the economy, taking into consideration the risks and impacts of the Coronavirus pandemic. Table No. (2) Issued by the Central Bank <https://www.cbj.gov.jo/> shows financial soundness indicators until June-2020

Table (2) Financial Soundness Indicators

	6/2017	2017	6/2018	12/2018	06/2019	12/2019	06/2020
Non-performing Loans/Total Loans	4.4%	4.2%	4.6%	4.9%	5.2%	5.0%	5.4%
Non-performing Loans (excluding interest in suspense)	1046	1019	1159	1236	1342	1299	1473
Coverage Ratio	73.0%	75.4%	74.1%	79.3%	68.2%	69.5%	68.0%
NPLs net of provisions/Equity	4.7%	4.1%	5.0%	4.2%	6.98%	6.27%	7.31%
Capital Adequacy Ratio	17.87%	17.80%	17.15%	16.94%	16.99%	18.28%	17.93%
Leverage Ratio	12.9%	13.2%	12.6%	12.6%	12.4%	12.4%	12.6%
ROE*	9.6%	9.1%	9.8%	9.6%	9.40%	9.44%	5.20%
ROA*	1.2%	1.2%	1.2%	1.2%	1.17%	1.18%	0.64%
Interest Margin/gross income	73.7%	75.8%	74.9%	78.5%	75.3%	77.6%	81.3%
Net Profits Before Taxes	412.1	813.3	441.3	840.6	427.3	878.8	266.1
Net Profits After Taxes	286.4	554.2	300.3	589.7	287.3	586.5	165.4
Liquidity Ratio	129.2%	130.1%	126.7%	131.9%	129.5%	133.8%	128.9%

Growth Rate of Total Assets	0.3%	1.6%	1.1%	3.0%	1.9%	5.4%	0.5%
Growth Rate of Customer Deposits	-0.4%	0.9%	1.6%	2.0%	0.46%	4.35%	-1.00%
Growth Rate of Credit Facilities	5.0%	8.0%	4.0%	5.3%	2.6%	3.1%	4.3%

The relationship between internal audit and risk management: - We must mention the 10 most important risks that were talked about during the years 2018-2019-2020, as we note that the health, environment and

safety risks did not exist in the first place and that the risks of the Coronavirus Covid-19 pandemic are the first of their kind.

Table No. (3) The most important risks during the past 10 years

From the Internal Audit Journal - Jordan No. 11, Sep. 2020

Arrange the risks according to the expected impact on the institutions	Type of Risk	2020	2019	2018
Regulatory Changes and Audit	Operational	1	3	4
Economic conditions and their impact on growth	Macroeconomics	2	11	8
Job replacement and talent retention	Operational	3	2	6
Meeting current operations and programs with performance expectations and competing with emerging digital companies	Operational	4	1	10
Resistance to changing operational processes	Operational	5	5	2
Cyber security threats	Strategic	6	4	3
Privacy Management - Identity and Information Security	Strategic	7	7	7
Institution culture may not help identify and escalate issues in a timely manner	Operational	8	9	5
Maintaining and satisfying customers	Strategic	9	10	12
The adoption of digital technology requires new skills or great efforts to refine the skills of current employees - rehabilitation	Macroeconomic	10	new	New
Ability to use large analytics and data	Operational	11	8	9
The rapid development of technology and new innovations (creative chaos)	Operational	12	6	1

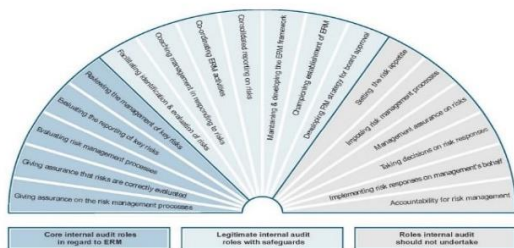
The question that always needs to be answered is what is required from the internal audit to face the unexpected? Especially since the Coronavirus pandemic came after the bad economic conditions that Jordan went through in light of the surrounding regional conditions, and the impacts of the Coronavirus pandemic on the Jordanian economy were great losses, increased unemployment, a great stumble of

companies, bankruptcy of merchants, exit from the market, and changing the way of life in terms of social and economic terms, lifestyle, ways and methods of teaching and doing work, and others.

The role of the internal auditor in risk management can be divided into:

1. He takes no role.

- <https://na.theiia.org/standards-guidance/public> page 4



The Three Lines of Defense Model



(<https://inspectorgeneral.glueup.com/resources/protected/organization/1254>)

2.2-Data collection tool:-The research relied on the questionnaire as a tool for collecting primary data, where it consists a set of paragraphs divided into two parts; the first part is the demographic data of the sample members. The second part is the research

variables, which are (32) items, as shown in Table (4). The questionnaire was distributed electronically to the

sample members, which was designed via (Google Drive) program.

Variable	Paragraphs
Internal auditors take the necessary actions to monitor the effectiveness of risk management	12
Qualities that an internal auditor should possess	8
The extent to which the performance of the audit department has been affected by the COVID-19 pandemic	12

However, the questionnaire paragraphs were answered through the five-point Likert scale; where the responders specify their level of agreement to a

statement typically in five points: (1) Strongly disagree; (2) Disagree; (3) Neither agree nor disagree; (4) Agree; (5) Strongly agree.

Table (5) Five-point Likert scale

Answer	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
Code	5	4	3	2	1

2.3-Validity and reliability:- Validity It is one of the important characteristics that must be concentrated on in preparing questionnaires, in order to ensure that the test measures the phenomenon that it wants to study or diagnose. There are several ways to measure validity, the

most important of which is construct validity, namely, the extent to which the measure 'behaves' in a way consistent with theoretical hypotheses and represents how well scores on the instrument are indicative of the theoretical construct. Table No. (6) shows the results.

Table (6) Results of the questionnaire's construct validity analysis

No.	Variables	Correlation coefficients	Significance level
1	Internal auditors take the necessary actions to monitor the effectiveness of risk management	0.882	0.000
2	Qualities that an internal auditor should possess	0.888	0.000
3	The extent to which the performance of the audit department has been affected by the COVID-19 pandemic	0.865	0.000

Table (6) results showed that all the correlation coefficients among the variables and the total score of the questionnaire are statistically significant at the level of significance (0.01), in addition to that, all correlation coefficients are classified as having a strong relationship, and thus the questionnaire is considered to enjoy the construct validity

Reliability:-It is defined as, the internal consistency among the questionnaire paragraphs, which is a sign of reliability in the individual's degree and giving the same answers even if the test is repeated. Also, it is acquired by obtaining approximate stability in the answers to the questionnaire, in case the measurement process is

repeated for the same individual and circumstances (Ezzat, 2011). The reliability of the questionnaire

is measured through the Cronbach's Alpha coefficient, and table No. (7) shows the results.

Table (7) Reliability measurement- Cronbach's alpha coefficients

Variables	Paragraphs No.	Cronbach's Alpha coefficient
Internal auditors take the necessary actions to monitor the effectiveness of risk management	12	0.925
Qualities that an internal auditor should possess	8	0.890
The extent to which the performance of the audit department has been affected by the COVID-19 pandemic	12	0.907
Total reliability	32	0.953

It appears from table No. (7) that Cronbach's alpha coefficients for the variable paragraphs are between (0.890-0.953), and all of them have fulfilled the condition of reliability by exceeding a value of (0.7) (Al-Qahtani, 2015), and this indicates that all the paragraphs of the questionnaire are reliable.

2.4-Demographic data of the research sample members :- A set of demographic characteristics was measured for the members of the research sample in order to know more about the characteristics of the sample. The results showed that the age group of the sample members, which was divided into five groups in the questionnaire, where the youngest are less than 25 years old, and the oldest are older than 55 years old. Which means that there is no individual under 25 years among the sample members, and the majority of the sample members were within the age group (36-45) years with a percentage of approximately (45%), followed by the age group (46-55) years, and thus because the study targeted a specific group of employees who work in internal audit and risk management department, who are considered from the managerial category.

Whereas, the vast majority of respondents hold a bachelor's degree with a percentage of approximately

(52%), followed by a master's degree (23%), and none of the sample members were of diploma or higher diploma holders, it is a protocol of commercial banks to employ those with advanced scientific knowledge. With regard to the job title, the questionnaire included twelve job titles, and the sample members were almost equally distributed among the job titles. For instance, the Head of the Internal Audit Division and the Chief Internal Auditor were the most with a percentage of (22%, 20%) respectively, while the risk-related job such as the Head of the Operational Risks unit and the Head of the Market Risks unit were with a percentage of (17%,15%), respectively. However, the years of experience for the sample members varied, and the common characteristic was that all of them have at least five years of experience, and so the majority had (10-15 years of experience) with a percentage of (38%), followed by (5-10 years of experience) with a percentage of (32%).

2.5-Data analysis and hypothesis testing:-The arithmetic mean and standard deviation were used to analyze the results, and to identify the relative importance of the variables, and Table No. (8) shows the results.

Variables	Arithmetic mean	Standard deviation
Internal auditors take the necessary actions to monitor the effectiveness of risk management	3.86	0.270

Qualities that an internal auditor should possess	3.94	0.148
The extent to which the performance of the audit department has been affected by the COVID-19 pandemic	4.05	0.162

From table (8), it can be seen that auditors show great keenness to follow the necessary procedures aim at monitoring the effectiveness of risk management, where this variable achieved a high arithmetic average (3.86), and the results showed that auditors are most concerned to ensure the existence of risk management strategies. Also, from the sample members' point of view, there is a set of qualities that must be found in the internal auditor, and this variable achieved a high arithmetic average (3.94). One of these most important qualities that the internal auditor enjoys the organizational independence of the internal audit activity, and much attention must be paid to the internal auditor in terms of developing his capabilities through enroll him in training and skills development. The sample members believe that the performance of the internal department was positively affected due to the

Coronavirus pandemic, and the interest in it increased, where it achieved an arithmetic average (4.05), which is considered a high value.

During the period of the Coronavirus pandemic, which began to cast its shadow on Jordan at the beginning of the year 2020, notably, it had negative effects on all sectors, and to ascertain the impact of the pandemic on the financial strength of the banks through Table No. (9). And in order to figure out the differences in the financial strength over the four years, by comparing it with the year of the Coronavirus pandemic for the purpose of discovering if there is a difference in the financial strength before and after the pandemic. The (t) test was used to clarify the comparison and table (9) shows the results.

Comparison year	Variation in the arithmetic average	(t) value	Significance level
2021-6/2017-6	10.66	-0.332	0.745
2020-6 / 2017	32.140	0.582	0.570
2020-6 /2018-6	0.258	-0.010	0.992
2020-6 /2018	50.799	-0.010	0.328
2020-6 /2019-6	10.139	0.618	0.546
2020-6/2019	57.330	1.137	0.275

The results in table (9) show that the level of significance for performance variations among years is not statistically significant, and that the (t) values are low and less than their tabular value (2.226), and thus we conclude that the level of durability and

performance of commercial banks has not changed and is affected by the Coronavirus pandemic. To test whether there is a role for internal audit in improving risks, the hypothesis was tested through linear regression analysis and Table (10) shows the results.

Table (10) Results of Linear regression test

Coefficient of correlation R	Coefficient of determination R ²	B value	Calculated t	Significance level
0.575	0.331	0.497	9.384	0.000

- The results from Table (10) shows that the significance level of the test was (0.00), which is less than the significance level adopted in the study (0.05), and thus we conclude that there is a statistically significant impact of the existed role for internal audit in improving risk management in commercial banks listed on Amman Stock Exchange. The results proved that the relationship between internal auditing and improving risk management is positive and strong relationship, which reached (0.575), and it is R value greater than (0.5) (Cohen,1988).
- The coefficient of determination, namely, the value of R^2 was (0.331), which indicates the explanatory ability of the independent variable: internal audit from the dependent variable (improving risk management), as an indication that internal audit is able to explain (33.1%) of improving risk management.
- The value of the constant B is (2.133), which is necessary to build the regression equation for the variables. And some review of the above results shows that the regression equation of the independent and the dependent variable is as follows:

$$\text{Improving risk management} = 2.133 + 0.497 \text{ internal auditing}$$

- In order to identify the predictive ability of the equation, the value of B was relied upon, which represents the extent of the expected change on the dependent variable in the event of a change in the independent variable. The table shows that B value was (0.497), and it indicates that changing one unit of internal audit will positively reflect the improvement of risk management by (0.497).

3-Results:-

- Commercial banks were not affected much by the Coronavirus pandemic, as they continued at the level of financial strength during the pandemic, and maintained their performance during it.
- There is no variation in the capabilities and level of internal auditing of commercial banks before and after the pandemic. Where the internal audit was keen to ensure the capabilities of commercial banks in facing crises.
- Internal audit has a significant impact on improving risk management. Since the continuous follow-up and ensuring the readiness of banks to face and manage crises in regards of audit role and represent 33% of the impact, and if commercial banks paid more attention to developing internal audit and its characteristics, it would be reflected positively on risk management, which would improve by (0.497).
- Commercial banks have high capabilities in internal auditing and follow-up the

implementation of risk management standards. From the sample members' point of view, the internal auditor must have a set of qualities and powers that enable him to perform his duties.

4- Recommendations: - The study recommends the need to move forward through developing the internal audit profession in terms of the internal auditor performance and audit procedures, thus via training courses and the accompanying development of communications, Internet and technology. Where we must be prepared for any unexpected action, especially since the Coronavirus pandemic is not over yet, as there is a talk about remote auditing without specifying the mechanism of procedures and how to practice or work with it. Also, there must be a continuous assessment of risk management and prioritization according to their importance and degree in order to reduce or mitigate them as well. The required objectives of the internal audit must be determined at this stage and how to achieve them. Therefore, no decision should be taken based on the risks because the internal audit does not take any decision, but all relevant units or departments must participate and coordinate in managing risks and achieving the objectives of the institution. Internal audit has become a major player in controlling, following up and taking appropriate measures and decisions to confront risks due to the repercussions of the Coronavirus pandemic.

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