


CORPORATE GOVERNANCE AND INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS) ON THE QUALITY OF ACCOUNTING INFORMATION IN LIBYAN GOVERNMENT SECTOR

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ARTICLE INFO	ABSTRACT
<p>Article history:</p> <p>Received 14 November 2022</p> <p>Accepted 16 January 2023</p>	<p>Purpose: The objective of this study was to identify the importance of applying the standards of governance and International Public Sector Accounting Standards (IPSAS) in influencing the quality of accounting information.</p>
<p>Keywords:</p> <p>Corporate Governance; IPSAS; Government; Quality of Information; Accounting.</p>	<p>Theoretical framework: Recent literature has reported good results in both corporate governance and IPSAS (Bakhtah & Ammar, 2019). However, there is still much to investigate and learn about IPSAS because it is a recent development.</p>
	<p>Methodology: The study population consists of a number of members of board directors, non-audited members, internal auditors, accountants and department heads in some branches of government entities in the Government Sector of Libya. 400 questionnaires were distributed to them and data was analysed in SPSS and PLS-SEM.</p>
	<p>Findings: The five latent variables (ensuring a sound governance, disclosure, responsibilities of the board of directors, preservation of stakeholders' rights and fair equal treatment) explain substantial 73.5% of the variance for the quality of accounting information among employees of Libyan banks.</p>
	<p>Research, Practical & Social implications: We suggest a future research agenda and highlight the contributions made to knowledge particularly to both auditing literature and the quality of accounting information literature.</p>
	<p>Originality/value: The findings demonstrate that the adoption of IPSAS will impact an external audit in Libya. IPSAS makes external audit reports uniform and affects external audit notes. The adoption of IPSAS will lead to the sharing of Libyan audit companies with global audit firms to acquire experience audit IPSAS-prepared financial statements. This will increase the external auditors' findings and knowledge of international accounting standards.</p>
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GOVERNANÇA CORPORATIVA E NORMAS INTERNACIONAIS DE CONTABILIDADE DO SETOR PÚBLICO (IPSAS) SOBRE A QUALIDADE DAS INFORMAÇÕES CONTÁBEIS NO SETOR GOVERNAMENTAL LÍBIO

RESUMO

Objetivo: O objetivo deste estudo foi identificar a importância da aplicação das normas de governança e das Normas Internacionais de Contabilidade do Setor Público (IPSAS) para influenciar a qualidade das informações contábeis.

Estrutura teórica: A literatura recente relatou bons resultados tanto na governança corporativa quanto nas IPSAS (Bakhtah & Ammar, 2019). No entanto, ainda há muito a investigar e aprender sobre as IPSAS porque se trata de um desenvolvimento recente.

Metodologia: A população do estudo é composta por vários membros do conselho de administração, membros não auditados, auditores internos, contadores e chefes de departamento em alguns ramos de entidades governamentais do Setor Governamental da Líbia. 400 questionários foram distribuídos a eles e os dados foram analisados no SPSS e PLS-SEM.

Conclusões: As cinco variáveis latentes (assegurar uma boa governança, divulgação, responsabilidades do conselho de administração, preservação dos direitos das partes interessadas e igualdade de tratamento justo) explicam 73,5% substanciais da variação da qualidade das informações contábeis entre os funcionários dos bancos líbios.

Pesquisa, implicações práticas e sociais: Sugerimos uma agenda de pesquisa futura e destacamos as contribuições feitas ao conhecimento, particularmente tanto para a literatura de auditoria quanto para a qualidade da literatura de informação contábil.

Originalidade/valor: As conclusões demonstram que a adoção das IPSAS terá impacto em uma auditoria externa na Líbia. A IPSAS uniformiza os relatórios de auditoria externa e afeta as notas de auditoria externa. A adoção de IPSAS levará à partilha de empresas de auditoria líbia com empresas de auditoria globais para adquirir experiência em auditoria de demonstrações financeiras preparadas por IPSAS. Isto aumentará as conclusões dos auditores externos e o conhecimento das normas internacionais de contabilidade.

Palavras-chave: Governança Corporativa, IPSAS, Governo, Qualidade da Informação, Contabilidade.

LA GOBERNANZA EMPRESARIAL Y LAS NORMAS INTERNACIONALES DE CONTABILIDAD DEL SECTOR PÚBLICO (IPSAS) EN LA CALIDAD DE LA INFORMACIÓN CONTABLE DEL SECTOR PÚBLICO LIBIO

RESUMEN

Objetivo: El objetivo de este estudio era determinar la importancia de la aplicación de las normas de gobernanza y las Normas Internacionales de Contabilidad del Sector Público (IPSAS) para influir en la calidad de la información contable.

Marco teórico: La literatura reciente ha informado de buenos resultados tanto en el gobierno corporativo como en las IPSAS (Bakhtah & Ammar, 2019). Sin embargo, todavía hay mucho que investigar y aprender sobre las IPSAS porque es un desarrollo reciente.

Metodología: La población del estudio está formada por una serie de miembros de consejos de administración, miembros no auditados, auditores internos, contables y jefes de departamento en algunas sucursales de entidades gubernamentales del Sector Público de Libia. Se les distribuyeron 400 cuestionarios y los datos se analizaron en SPSS y PLS-SEM.

Resultados: Las cinco variables latentes (garantizar una gobernanza sólida, divulgación de información, responsabilidades del consejo de administración, preservación de los derechos de las partes interesadas y trato equitativo) explican sustancialmente el 73,5% de la varianza de la calidad de la información contable entre los empleados de los bancos libios.

Implicaciones sociales, prácticas y de investigación: Sugerimos una futura agenda de investigación y destacamos las contribuciones realizadas al conocimiento, en particular tanto a la literatura sobre auditoría como a la literatura sobre calidad de la información contable.

Originalidad/valor: Los resultados demuestran que la adopción de las IPSAS repercutirá en la auditoría externa en Libia. Las IPSAS uniformizan los informes de auditoría externa y afectan a las notas de auditoría externa. La adopción de las IPSAS hará que las empresas de auditoría libias compartan experiencia con empresas de auditoría de todo el mundo en la auditoría de estados financieros elaborados con arreglo a las IPSAS. Esto aumentará las conclusiones y los conocimientos de los auditores externos sobre las normas internacionales de contabilidad.

Palabras clave: Gobierno Corporativo, IPSAS, Gobierno, Calidad de la Información, Contabilidad.

INTRODUCTION

Recent demands have been made for increased accountability and dissemination of financial reports to countries across the world in an attempt to improve public trust in financial reporting. A growth in cross-border operations has contributed to a rise in international transactions between countries across the world, requiring greater coordination and exchange through various geographical areas (Ijeoma & Oghogbomeh, 2014). As a consequence of this growth, the need for enhanced clarity, accuracy and comparability in the collection of accounting standards that govern the preparation of financial reporting for public bodies has also been stressed. To make the financial reporting of public bodies more important is the essence of these accounting standards. The public sector applies to a category of economic agents of a nation whose actions are controlled by government-appointed persons on behalf of the public (Acho, 2014). This covers all companies that are formed up, managed and supported on behalf of the public by the government (Adams, 2020).

IPSAS was established by the Public Sector Committee of the International Federation of Accountants (IFAC) to guide the preparation of high-quality financial reporting by government agencies. In order to maintain continuity and comparability of financial reports across nations, IFAC urged public sector agencies to follow accrual accounting bases for their general financial statements (Udeh & Sopekan, 2015). As part of the public sector reform, the latest change to accrual accounting was introduced by developing countries (Hassan, 2021).

A cost-benefit review of IPSAS implementation in Zimbabwe was carried out by Mhaka (2014) through a comparative examination of the existing cash accounting basis and the planned IPSAS-based accounting data. Christiaens et al. (2021) analysed the degree to which IPSAS accrual accounting is embraced by European governments and how the various degrees of implementation can be clarified by means of a study of relevant experts. They demonstrate that the IPSAS and accrual accounting implementation mechanism may not have a standardised system, as well as that certain governments do use cash-based accounting with a smaller fraction adopting IPSAS. The perceptions, advantages and difficulties of the implementation of International Public Sector Accounting Standards (IPSAS) in Libya were investigated by Ijeoma and Oghoghomeh (2014). The results of the study show that IPSAS implementation is projected to improve the degree of openness and transparency in Libya's public sector. It has been observed that IPSAS implementation would boost comparability and international best practises.

Optimal allocation of resources and effectiveness of regulatory and control frameworks are considered one of the most important requirements of the effectiveness of stock markets in

the performance of its role. In addition to the availability of disclosure and transparency standards, which in turn contributes to the efficiency of these markets where transparency and financial disclosure are considered. Among the principles put forward by the Organization for Economic Cooperation and Development (OECD) and emphasized by international bodies and organizations. A key component of corporate governance and transparency is the need for reliable and reliable information. In the sense that it is necessary to need financial disclosure and credible information (Sahnoun ,2018).

The occurrence of financial collapses in recent indicates that it was the result of an administrative imbalance. Due to inadequate planning, regulation, supervision and supervision on all matters related to the company. This imbalance is due to the lack of transparency of accounting information, and non-compliance with the application of sound accounting principles and standards. As accounting information is the focus of attention of many actors for being the main wave. To make many investment and credit decisions and then the quality of accounting information is built on a set of criteria that can be accessed. By applying the principles of governance, it ensures the credibility and reliability of accounting information. The lack of implementation of IT governance has led to a lack of disclosure and transparency, and the lack of real data and information reflecting the financial position of companies, this has been reflected in a number of negative effects, including the loss of confidence in accounting information, therefore, this information has lost the most important elements of excellence, which is its quality. Therefore, it was necessary to pay attention to the application of IT governance because it is the quick exit and the integrated and effective solution to all these negatives, also, increase the confidence of investors and investors in accounting information arising from financial transactions (Rashwan, 2017). The direct impact of applying corporate governance is to restore confidence in accounting information as a result of achieving the comprehensive concept of the quality of this information, which is based on a set of criteria. Moreover, this information is directly or indirectly affected by the stock market. As one of the most important motives to apply the rules of corporate governance is to restore confidence of dealers in financial markets affected by the failures and failures. Which hit many of the giant companies, due mostly to the inaccuracy of the data and accounting information and its errors. Moreover, one of the fundamental principles underlying the corporate governance process is the principle of disclosure and transparency. Therefore, accounting disclosure is one of the most important things in the economic institution. This is to provide it with effective and responsive information for all the needs of its beneficiaries whether they are investors, business owners or

other economic and financial stakeholders (Al-Washah & Shaheen, 2017: Thuhiba, 2017: Ammar, 2016: Al- Dabbagh, 2014: Kadouri, 2012).

Therefore, one of the most important objectives is to solve the problem of quality in accounting information in the government sector is to raise the quality of accounting information and what they contain this information from the credibility and quality. To be more important to decision-makers, through the application of the standards of governance in Government Sectors, namely, (The existence of a sound and effective basis for the rules of governance - disclosure and transparency - the responsibilities of the Board - the rights of stakeholders - rights and fair and equal treatment of all shareholders). Where these standards are the optimal application which solves the problem of the quality of accounting information in government entities in Libya. The results of previous studies show that governance standards have a positive impact on quality accounting information, the quality problem was solved in the institutions studied. Achieving the quality of accounting information in the Libyan environment. Will be reflected on the economy of the country as a whole and more effective control and stabilize the economy.

THEORETICAL REFERENCE FRAMWEORK

Agency Theory and its Relationship to Corporate Governance

The theoretical basis of the historical and corporate governance is due primarily to the theory of the agency (Théorie d'agence, Principal (Agent)). Whose first appearance is to the Americans Means & Berlsf in 1932. Who noted that there is a separation between the ownership of the capital of the company, the process of supervision, supervision. This chapter has an impact on the level of performance of the company. Then came the role of Americans (Mecking & jensen) who won the Nobel Prize for Economics in 1976.

The theory of the agency is known as a relationship under which the principal person uses capital to services another person "agent". In order to replace it with some tasks, this task (relationship) requires a prosecutor in power (Ali & Shehata, 2007).

To counter this deviation which the theory considers to be a breach of contract terms, which connects the company's path. Shareholders therefore resort to modifying the negative path behavior. And to maintain their interests by taking corrective and regulatory measures by establishing a corporate governance system. Which has mechanisms and control tools, and supervisory, and this theory is also based on two basic assumptions: the first includes that the objectives of managers and owners are not necessarily identical. The second states that they are

not equal in obtaining information about the institution and its surroundings (Ben Sassi & Youssef, 2006).

As a result of conflicts of interest between management and owners, and the rest of the stakeholders in the company and in accordance with the principle of rational choice. Under which each party tries to maximize its own benefits. The accounting policy selection process is expected to be influenced by the management's own objectives. Regardless of whether those objectives are compatible or incompatible, with the objectives of other stakeholders, even at the expense of honest representation of events and processes in terms of information delivery.

The theory of the Agency emerged as an attempt to resolve the problem of conflict of interest, by looking at the company as a series of optional contracts between the various parties in the company, which would limit the conduct of the administration by favoring its own interests over the interests of the other parties. In order, will be addressed in this section to the concept of agency theory, and the hypotheses of the Agency's theory, the problems of agency theory and the importance of governance in reducing the problem of conflict of interest (Nannouri & Salman, 2017).

Thus, corporate governance came in response and in response to shareholder appeal. In order to reduce the negative conduct of the managers, and to impose control that protects the common interests of all, it also maintains the sustainability of the institution (Gaddori, 2012).

Stakeholder Theory and its Relation to Corporate Governance

The evaluation of institutional performance from the financial aspect has always been criticized by most researchers and managers. This is because the results of this review consider only the interests of shareholders, thus, it ignores the demands of other parties, which have multiple relationships with the enterprise from workers, customers, suppliers. However, this matter gradually faded after the emergence of the theory of stakeholders. Which were the result of changing the internal and external conditions of the institution and the economy and society as a whole.

Yahchouchi defines it as "the group of individuals and institutions that voluntarily or involuntarily participate in the creation of wealth for the enterprise and in the conduct of its activities". While Y. Pesqueux / S. Damak-Ayadi defined the stakeholders based on Freeman's definition as: "Those groups that will be affected and affected by the work and activities of the institution, and the programs and policies adopted". While G. Hirigoyen / J. Caby defined them as: "Individuals or groups that share the results of the institution".

Through these definitions we find that the stakeholders have some rights, which sometimes rises to the level of demands. Because the institution works within legal, social and environmental frameworks. In order to respond to the aspirations and needs of these parties. Based on the above, it can be said that the institution is surrounded by a complex external environment in which there are many groups of stakeholders. Who view the institution from their own interests, and thus assess their performance in terms of the extent to which these interests are achieved (Gaddori, 2012).

Governance in Libyan Government Sectors

The first step in the Libyan government governance was the issuance of the Central Government Sector “Institutional Governance - Guidebook” 2020. Where he formed the guide to the management of the Government Sector, and the Government Sectors of the Central Government Sector towards the application of governance, where the instructions included a booklet to provide definition includes government governance and its importance. The first of which is on the criteria of the Board of Directors, its values and effectiveness, the second is the selection of management, the third is planning and policy making, and the fourth is supervision and internal auditing. The implementation of governance at the Central Government Sector ensures the establishment of a “compliance unit”. Which oversees the Government Sector’s compliance with the Basel recommendations and the Governance Guide. It also includes an external compliance unit that oversees Government Sectors’ compliance with governance and Basel II recommendations.

The available information indicates a development in the functioning of the Central Government Sector after the formation of the Compliance Unit. Where he became more transparent, and also to distribute tasks within the Government Sector in harmony and integration between the Board of Directors and executive management. It also initiated to confirm the load of responsibility for each department of the Government Sector’s departments. As determined by the Government Sector’s Bylaws and Governance Guide. This is in addition to its openness through publishing all that can be shared with the public of information, statistics and research about the Central Government Sector, the Government Sector has also initiated risk identification studies to facilitate their avoidance.

Following the application of governance in commercial and specialized Government Sectors, it emerged that the Libyan external Government Sector is the most stable Government Sector in the direction of good application of governance. There are references to the Government Sector’s commitment to implementing the instructions booklet issued by the

Central Government Sector of Libya. The Government Sector's management has issued a number of decisions concerning the strengthening of the rules of control and controls. Compliance with transparency and disclosure standards, availability of information and application of International Financial Reporting Standards (IFRS), The recommendations of the Basel Committee on capital adequacy and the enhancement of the performance of the Government Sector's staff. The Government Sector has organized several workshops, training courses and a focus on evaluating and maintaining performance and improving it. In 2021, the Libyan Foreign Government Sector was considered the only foreign Government Sector among the Libyan Government Sectors, which issued a special governance guide based on the Board of Directors of the Government Sector. The principles and criteria set out in this agreement are in line with the Governance Guide issued by the Central Government Sector of Libya. The Government Sector has also formed a Governance Committee emanating from its Board of Directors and assigned the task of periodically adjusting and developing all elements of governance and good governance in the Government Sector. In accordance with the customary rules for strengthening corporate and government governance.

Other government entities, through the survey, its interest appears to be confined to restructuring its management. In accordance with the mechanism of separation between senior management and executive management. But has not made any progress with respect to the formation of corporate governance committees and the issuance of their guides, full compliance with government governance standards of transparency and disclosure, and did not develop its regulatory systems in accordance with the mentioned standards.

The Quality of Accounting Information Under Government Governance

Accounting is currently the language of contemporary business, because of its importance in the life of economic institutions, especially in the light of developments and new developments of the market economy, providing information on the financial and economic situation of the company. This is through the accounting information system in the institution, whose outputs are in financial reports and financial statements, on which all internal and external parties depend, which interested in the company's decision to make economic and administrative decisions.

In view of the importance of accounting information in the financial statements, the financial statements presented should have been clear, understandable, complete and presented in such a way as to help their users understand and benefit from them. In the context of global events. As a result of financial and accounting scandals, which caused weak the confidence of

the financial community in the management of these institutions, which has raised many questions, on the quality of accounting information, the effectiveness of the accounting information system, the validity, fairness and credibility of the financial statements. Several scientific societies, professional associations and technical committees have been interested in laying the foundation for the preparation and presentation of the financial statements. This is one of the international accounting standards (Halis, 2014).

The Role of Corporate Governance in Achieving the Quality of Accounting Information

Good governance is the starting point for any discussion about accounting information. Transparency and accountability are only part of the larger framework of corporate governance (Lutfi, 2005). So, there must be mechanisms and tools depend on them to ensure the quality of accounting information. In addition to the principle of disclosure and transparency that can be applied from the availability of quality information. Which is directly reflected on the financial market in particular (Helwa, 2005).

Experience shows that accounting disclosure, the quality of accounting information contained in the financial reports is a powerful tool to ascertain the behavior of companies, protect the rights of investors. Where the system of adequate disclosure of information can be timely to contribute to attracting capital and maintaining confidence in capital markets. (Al-Saied, 1996). This shows the importance of disclosure and the quality of financial reports. Also, by increasing the need for joint stock companies to finance. Through financial markets and stock and bond exchanges, disclosure is a prerequisite for the establishment of financial markets. Which are often overseen by professional or quasi-governmental bodies companies listed on the financial market are required to follow procedures, laws, determined by the profession. So that disclosure and published financial reports will gain credibility for users and shareholders. This information is of value, quality and benefit to all users (Khalil, 2007).

Empirical Studies

The study of Bakhtah and Ammar (2019) reached the most important results that corporate governance is based on a set of principles, most importantly disclosure and transparency in the company's financial statements. The provision of information by governance is one of the most important factors leading to the efficiency of financial markets.

The study of Kubayli and Budah (2018) came in view of the crises witnessed by the world during the last two decades, the international bodies have sought to establish rules to set the standards of supervision and supervision in government entities, the fact that the

government sector represents the nerve of economic life, this study is intended to address the impact of governance rules on the financial performance of government entities, during the period between 2021 and 2016 and was applied by the Gulf Government Sector of Algeria and the Government Sector of Peace Algeria, in order to reach the objectives of this study, we followed the content analysis method to evaluate the performance of the Government Sectors in question and to try to demonstrate the impact of governance mechanisms on improving their financial performance. The study concluded that government governance is not very different from corporate governance because it also affects the performance of government entities. It is the system that allows the management of Government Sectors to guarantee the rights and interests of shareholders. Government governance mechanisms have also been found to have a significant impact on the Government Sectors' financial performance indicators as we have seen in the two Government Sectors under study. Finally, it can be said that the application of government governance mechanisms in the Algerian government sector, whether public Government Sectors or private and foreign Government Sectors, is still far from what is happening in foreign and developed countries. This requires more efforts to ensure the good implementation of governance in Algerian Government Sectors.

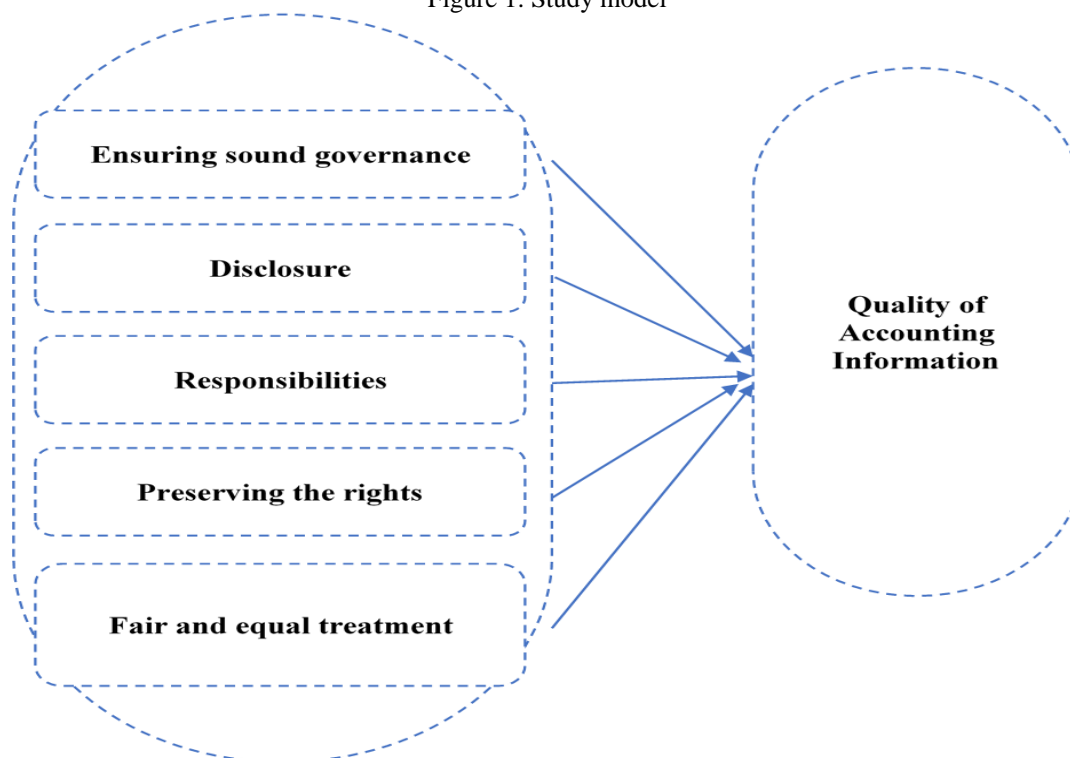
The study of Mohamed (2018) dealt with the impact of the application of corporate governance rules on disclosure of accounting and financial reporting quality, moreover, the research aims to identify the advantages and advantages of corporate governance and how to benefit from them in improving the quality of accounting information. The researcher concluded that the supervisory and supervisory role should be activated and the penalties imposed on companies should be violated.

The study of Maddah (2018) aimed to investigate the impact of the quality of accounting information in the detection of financial corruption in light of the adoption of corporate governance. The study found that the absence of proper application of the principles of corporate governance in economic institutions, as well as the lack of quality in the accounting information was one of the causes of the emergence of cases of financial corruption in the financial institutions under study.

Jabr and Obaid (2019) aimed to identify the impact of corporate governance on the quality of disclosure. Done. The pilot study on the Malaysian Government Sectors of 12 Government Sectors. The study adopted the following institutional governance variables: Structure of the board of directors, composition of the board of directors, size of board of directors, ownership of directors, ownership of enterprises, title deeds. The researchers developed the disclosure index to verify data disclosed in annual reports and to determine the

degree of disclosure. The researchers also developed a questionnaire to identify the views of accountants and financial analysts. The results of the study show that the best disclosure of annual reports can be obtained by separating the board structures, increasing the percentage of independent and non-executive directors, increasing the size of the board of directors. The study recommended future researchers to expand the study, to help investors make investment decisions, regulatory bodies and policy makers to formulate more rules and regulations. The study recommended that non-listed Government Sectors should be used because they represent the quality of disclosure in their reports Annual.

Figure 1: Study model



METHOD

The study population consists of a number of members of board directors, non-audited members, internal auditors, accountants and department heads in some branches of government entities in the Government Sector of Tripoli, Benghazi, Ajdabiya, Brega, Tarhona and Msallata. The total number of the study population according to the latest report issued by the Central Government Sector of Libya of 2017 is 19,320 employees. 400 questionnaires were distributed to members of the Board of Directors, members of non-auditors, internal auditors, accountants and heads of departments. Consequently, after retrieving the questionnaires, 50 of them were excluded due to non-fulfillment of the required conditions and reliance on the principle of

Sekaran which stipulates that any number between 30 and 500 is suitable for all studies. Since the number to be relied on for the results is 350, according to the principle of Sekaran is enough to conduct all statistical tests.

Descriptive analysis of both the demographic variables and the normality of data was carried out in SPSS version 24. In addition to the tests of variance related to demographic variables, correlation tests, regression between the study axes to test their hypotheses, and the extent to which independent variables affect the dependent variables according to the general framework of the study

Sekaran and Bougie (2012) states that “Pearson correlation matrix” provides knowledge specify the direction (positive/negative), significance of the bivariate relationships of all constructs and strength in the study. When the correlation’s range falls in between $-1.0 \sim +1.0$, it has three possible levels of correlation (weak, moderate and high) attached to p-value (<0.05) to indicate the significance or not (Sekaran & Bougie, 2012). It was seen from the study's results that the maximum relation (correlation) between the Quality of Accounting Information (QULT) and the Responsibilities of the board of directors (RESP) is at 0.789, Disclosure (DISC) and Quality of Accounting Information (QULT) is 0.777 and p-value was 0.000. Contrarily, the lowest correlation between the variables was Ensuring a Sound Governance (ENSU) and Preservation of stakeholders’ rights (PRSV) with 0.534. It is shown from the correlation matrix that the values of the correlation are less than 0.80 and are varied from the 0.789 and 0.534. The findings of the study verified that the multicollinearity is not considered as a problem between the study model's constructs (Sekaran, 2003). The Table 1 under represents the correlation matrix among the variables.

Table 1: Pearson Correlation among the Variables

	QULT	ENSU	DISC	RESP	PRSV	FAIR
QULT	1					
ENSU	.589**	1				
DISC	.776**	.655**	1			
RESP	.787**	.557**	.777**	1		
PRSV	.766**	.534**	.699**	.721**	1	
FAIR	.638**	.573**	.649**	.569**	.605**	1

Note:**. Correlation is significant at the 0.01 level (2-tailed).

Constructs have an average variance extracted (AVE) of at least 0.5, and composite reliability (CR) measures of internal consistency reliability is above 0.70. In order to achieve adequate convergent validity, Chin (1980) recommended that the AVE of each latent construct should be higher than 0.50 and ranged from 0.565 (Fair Equal Treatment) to 0.772

(Responsibilities of the board of directors). Thus, convergent validity was confirmed in the study.

Table 2: Items loading, Cronbach's alpha, Composite Reliability (CR) and AVE

Variables		loading	Cronbach's alpha	CR	AVE
Quality of Accounting Information	QULT1	0.766	0.903	0.921	0.566
	QULT3	0.744			
	QULT4	0.804			
	QULT5	0.809			
	QULT6	0.784			
	QULT7	0.777			
	QULT8	0.716			
	QULT9	0.643			
	QULT10	0.711			
		ENSU1			
ENSU2		0.719			
ENSU3		0.778			
ENSU4		0.750			
ENSU5		0.845			
ENSU6		0.809			
ENSU7		0.808			
ENSU8		0.776			
ENSU9		0.716			
Disclosure	DISC1	0.749	0.882	0.908	0.585
	DISC2	0.794			
	DISC3	0.774			
	DISC4	0.744			
	DISC5	0.748			
	DISC6	0.729			
	DISC7	0.768			
	DISC8	0.756			
Responsibilities of the board of directors	RESP1	0.847	0.914	0.932	0.661
	RESP2	0.857			
	RESP3	0.854			
	RESP4	0.767			
	RESP5	0.832			
	RESP7	0.708			
Preservation of stakeholders' rights	PRSV1	0.792	0.902	0.922	0.630
	PRSV2	0.853			
	PRSV3	0.757			
	PRSV4	0.647			
	PRSV5	0.831			
	PRSV6	0.867			
	PRSV7	0.767			
Fair Equal Treatment	FAIR1	0.763	0.888	0.913	0.565
	FAIR2	0.814			
	FAIR3	0.832			
	FAIR4	0.744			
	FAIR5	0.798			
	FAIR6	0.706			
	FAIR7	0.613			
	FAIR8	0.719			

Discriminant validity was indicated, as the AVE values are more than the squared correlations for each set of constructs. In addition, the square root of the AVE for a given construct was greater than the absolute value of the correlation square of the given construct with any other factor ($AVE > \text{correlation square}$). Table 3 shows the square root of the AVE for all constructs greater than the correlations between the construct and other constructs in the model. Moreover, the results show that the values of correlation among independent variables were less than 0.85 (Hair, et al, 2018). The study's findings demonstrated that multicollinearity was not a problem among the constructs (Sekaran, 2003). Table 3 indicates that the square root of the average variances extracted were all greater than the correlation among latent constructs, suggesting adequate discriminant validity. As depicted in Table 3, the results in the correlation matrix ensure that the discriminant validity is confirmed.

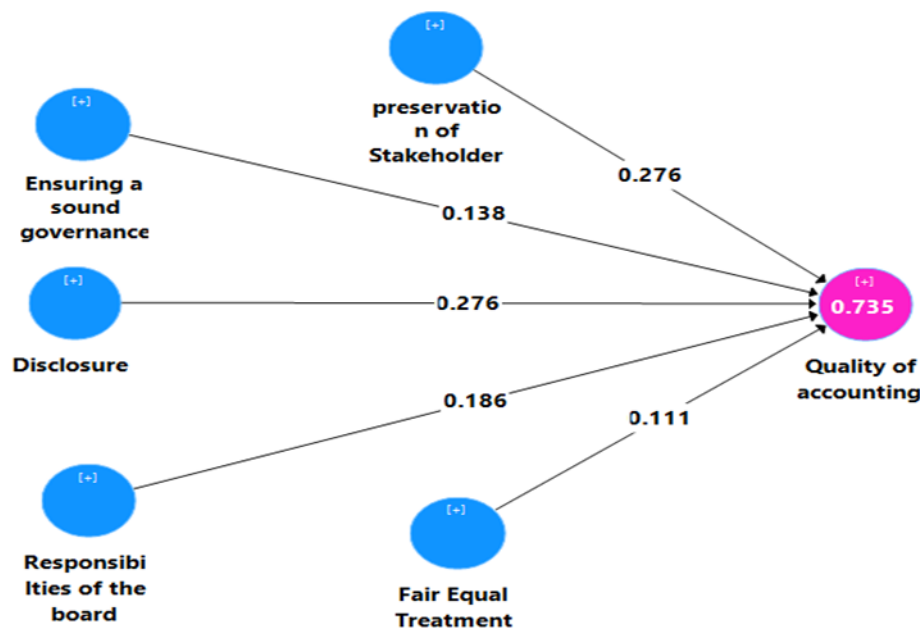
Table 3: Discriminant Validity for Latent Variables

Variable	DISC	ENSU	FAIR	QULT	RESP	PRSV
DISC	0.747					
ENSU	0.677	0.765				
FAIR	0.690	0.616	0.752			
QULT	0.745	0.646	0.666	0.752		
RESP	0.739	0.546	0.587	0.745	0.813	
PRSV	0.715	0.553	0.627	0.742	0.811	0.794

Note: DISC: Quality of Accounting Information, ENSU: Ensuring a Sound Governance, FAIR: Fair Equal Treatment, QULT: Quality of Accounting Information, RESP: Responsibilities of the board of directors, PRSV: Preservation of stakeholders' rights

After the measurement model and structural model were confirmed to be reliable and valid, the next step in PLS-SEM path modeling was to test the hypothesized relationships. To do so, this study utilized the PLS algorithm and the standard bootstrapping procedure with a number of 2000 bootstrap samples and 303 cases to examine the path coefficients significance (Hair et al., 2014; Hair et al., 2011; Hair et al., 2012; Henseler et al., 2009). Figure 2 shows the path coefficient values and explaining the hypothesized relationships among the study variables.

Figure 2: Path Coefficients for Model



Using the PLS technique, the structural model, estimate the path coefficients, the t -statistics, the standard errors, and R^2 to test the research hypotheses relationships. The path coefficients showed the strengths and direction of the relations, and t -statistics and standard errors showed the importance of the effect, while the R^2 value showed the amount of variance explained. The variances correlated with the dependent variables established the explanatory power of the proposed model. This research adopted a bootstrap resampling process to produce t -statistics and standard errors.

Table 4 shows the result of R^2 from the structural model and indicates that all the R^2 values are high enough for the model to achieve an acceptable level of explanatory power. In this study, the model showed a good fit to the data as evidenced by the squared multiple correlations (R^2) values for the dependent variables: quality of accounting information (QULT) ($R^2=0.735$) as shown in Table 4 and Figure 2. Thus, the five latent variables (ensuring a sound governance, disclosure, responsibilities of the board of directors, preservation of stakeholders' rights and fair equal treatment) explain substantial 73.5% of the variance for the quality of accounting information among employees of Libyan banks.

Table 4: Coefficient of determination result R²

Exogenous Constructs	Endogenous Construct	R ²	Hair et al., (2017)	Cohen, (1988)	Chin (1998)
DISC, ENSU, FAIR PRSV and RESP	QULT	0.735	Moderate	Substantial	substantial

DISCUSSION

Harmonization with International Financial Reporting Standards is imperative to promote global economic stability and integration, so many countries have pursued this policy. Some have used convergence by adjusting local accounting standards and obtaining new standards that are the same or similar to IPSAS (Winney, 2010), while others have adopted all IPSAS (Daske et al., 2008, HanCFAh & Singh, 2012). Adoption of IPSAS was either mandated (Soderstrom & Sun, 2007, Wang, 2014, Ahmed et al, 2013) or voluntary by countries based on their interests and special incentives (Orens & Crabbe, 2011, Christensen et al, 2015).

Many accounting literature studies have confirmed that reducing IPSAS as global standards will reduce differences between financial reports in different countries, support comparability of financial information, improve transparency, and reduce information asymmetry (Yip & Young, 2012; Callao et al., 2007; Hodgdon et al, 2008; Mihai et al, 2012). Other studies indicate that adoption of IPSAS will reduce the cost of obtaining financial information and that the cost of the transition to IPSAS proportion to the benefits to users of financial statements to get quality information, regardless of the size and cost of adjustments between countries, the financial information prepared under IPSAS generates benefits for users (Taylor, 2009, Mihai et al, 2012). IPSAS provide management tremendous opportunity to reduce profit management and fraud, as confirmed by studies (Rudra & Bhattacharjee, 2012; Tsalavoutas, 2009). Also, each study (Alkhtani, 2010; Amin & Saleem, 2009; Chen & Jiang, 2010; Alali & Foote, 2012; Chua et al, 2012; Vieira et al, 2011; Agyei-Mensah, 2013; Stent et al, 2010) indicated that the transition to IPSAS improves the quality of accounting information in financial reports. It also links the relationship of moral line with company performance and the ability to make decisions,

In this study, despite changes in the individual factors of each country and the degree of the contribution to accounting quality, the current findings and with different study environments came to confirm the findings of most previous studies regarding the impact of the adoption of IPSAS on the quality of accounting information in the financial statements of companies. Adopting IPSAS will improve the quality of Libya's financial statements. IPSAS delivers reliable and objective accounting information from accurate and efficient financial statements. Simple, flexible, and relevant financial statements issued in accordance with IPSAS

strengthen the ability of financial information for comparison between local companies and companies in different countries, ease of measurement and improve the ability of explanatory information as an indicator of company performance, make the financial information understandable, and unify the Components of financial statements in all countries.

Adopting IPSAS increases the comparability of financial reporting, improves transparency and disclosure, and sends a good signal to investors about a company's financial performance (Abdul Hakim, 2013, Lee & Fargher, 2010). All studies (Seng Cheong et al., 2010, Armstrong et al., 2010) confirmed that financial information according to IPSAS is better suited for investors to utilise when deciding how to invest in capital markets since it gives real-time, trustworthy information. And studies (Defond et al, 2011; Badr, 2013) suggested that differences in local standards among countries and firms' characteristics affect the way of assessing investors to net income specified by IPSAS, and that countries with weak shareholder protection need to unite accounting standards (IPSAS) for access to investors and to promote the integration of local markets to global markets (Hope et al, 2006; Cai & Wong, 2010; Okpala, 2012; Irvine & Lucas, 2006; Defond et al, 2011). Adoption of IPSAS reduces company capital expenses and information costs across countries, promotes international commerce, increases trade interchange, and attracts FDI (Alhanasios, 2011; Gordon et al, 2012; Juna & Ammar, 2014; Marquez-RPLS, 2011; Alsaqqa& Sawan, 2013).

This study found that implementing IPSAS increases clarity and transparency in accounting methods used to prepare financial statements. IPSAS confirms that using fair value accounting as a basis for financial measuring provides high-confidence information that contributes the quality of financial statements to reflect the reality of the company's economic situation and positively impacts investor perceptions about the future vision for the company's survival and continuation, which helps investors improve investment decisions. Also, IPSAS increases the value of companies applying IPSAS standards, which encourages investors to invest in these companies. IPSAS reduces the asymmetry of information between the contracting parties associated with the company, which eases measurement and classification of investments, facilitates mergers with multinational companies, and encourages and facilitates international trade.

About the relationship between external audit process and the transition to IPSAS, found that external auditors pressure their clients from companies to comply with IPSAS in the preparation of financial statements (Srijunpetch, 2004; Hassan, 2014; Joshi & Ramadhan, 2002), although local external auditors still need to acquire many skills for the disclosure requirements according to IPSAS and what requires it from a sizeable technical work (Boolakya,

2010; Albu, N & Albu, C, 2012). Studies show how IPSAS affects fees auditing (Abu Rishah & Al-Saeed, 2014; Vieru & Schadewitz, 2010; De George et al., 2012; Lin & Yen, 2011). The audit increase after the adoption of the IPSAS and there are many interpretative determinants of the increase in audit fees are the size of the company under audit, the complexity of the audit process, the problems associated with some components of the financial statements, and the type of industry. Large IPSAS users pay more audit costs than smaller, simpler ones (Friis & Nielsen, 2010; Kim et al., 2012). Given that IPSAS requires a detailed statement, which increases audit time and effort, a study (Najihah, 2011) found that audit fees and delays increase and that companies that have adopted a higher number of IPSAS bear higher audit fees and take longer to complete the external auditor's report. Another study (Yaacob & Che-Ahmad, 2012). found that the notes of the external auditor and their amendments are associated with the application of IPSAS.

In this study, the findings demonstrate that the adoption of IPSAS will impact an external audit in Libya. Adoption of IPSAS for the first time increases the complexity of the external audit process, which takes longer to complete and requires external auditors to train on auditing IPSAS-prepared financial statements, which increases costs. IPSAS makes external audit reports uniform and affects external audit notes. The adoption of IPSAS led to the sharing of Libyan audit companies with global audit firms to acquire experience audit IPSAS-prepared financial statements. This increased the external auditors' findings and knowledge of international accounting standards.

The techniques of implementing IPSAS by countries in all parts of the globe vary from continent to continent and country to country, depending in large part on driving factors in a given country or set of countries (Alami & Ouezzani, 2014; Cerne, 2009). With multiple positive effects associated with the transition to IPSAS, there are some challenges associated with this transition; each study (Ames, 2013; Zaidi & Huerta, 2014; Haruni, & Sentosa, 2014; Zehri & Chouaihi, 2013; Abdohmohammadi & Tucker, 2002) indicated that accounting systems and their development are subject to significant variables in response to changing economic conditions in the business environment. While many studies (Parlakkaya et al., 2014; Street, 2002; Awayiga et al., 2010; Gallhofer et al., 2009) found that accountants lacked adequate qualifications and knowledge of IPSAS management and application, it requires a high level of education, efficiency, and experience, as well as the ability to understand and interpret, exercise professional judgement, and address complex information. Studies also confirmed (Saito et al, 2012; Wilson et al, 2013; Halbouni, 2005; IkpCFAn & Akande, 2012; Juckling et al, 2012; Zeghal & Mhedbhi, 2006) the weakness of accounting students and

lecturers' knowledge, the lack of training facilities, and the urgent need to revise curriculum in institutions of higher education to integrate IPSAS and dimensions of implementation.

Adopting IPSAS reduces work and money required to build up local accounting standards, therefore it's a reaction to changing economic situations and cooperative partnerships between the Libyan Stock Market and other regional and worldwide markets. In this study, educational level does not impact IPSAS adoption in Libya. Due to lack of curriculum change in line with developments in international accounting standards, lack of qualified academic staff to urge students and make them aware of the importance of applying IPSAS standards, lack of training centres to give vocational courses IPSAS standards, and lack of university professors to prepare and establish research and scientific conferences in the field of IPSAS.

Changes in national accounting standards to international financial change standards impact accumulated taxes, studies show (Soderstrom, 2007; Burgstahler et al., 2006; Haverals, 2007). The study (Mulyadi et al., 2012) found varied reactions to IPSAS' impact on taxes by tax officials and the government. Some countries still utilise national GAAP for tax calculations, while others change tax regulations to allow IPSAS implementation (Mulyadi et al., 2012). According to a study (Elhakry, 2010; Jain, 2011), the plurality and variety of laws across countries might influence the adoption of IPSAS in countries where certain laws give guiding principles for the preparation and audit of financial statements that conflict with IPSAS. Findings reveal that Libyan tax system affects the adoption of IPSAS in Libya due to major differences between Libyan tax laws and IPSAS, yet using IPSAS as the basis for computing tax decreases tax rates. Also, findings suggest that the legal system affects the adoption of IPSAS in Libya due to continuous changes in laws and the lack of a cohesive and effective legal structure controlling the adoption of IPSAS. Libya's accounting laws are incompatible with IPSAS.

The move toward harmonisation of international accounting and how local values impact financial disclosure should be a better understanding of the role and influence of contemporary accounting practises (Finch, 2009). The impact of culture on financial disclosure still prevails even after the use of IPSAS, and the use of a single set of accounting standards does not cancel the influence of culture on financial disclosure (Akman, 2011).

The study (Eghumike & Ogbodo, 2015) confirmed that cultural values have significant predictive ability to identify and select technologies and accountants' behaviour in the performance of their duties, as well as the impact on accounting judgments when interpreting and applying selected IPSAS containing expressions of uncertainty (Chand et al., 2012). Study

(Y. Kesava et al. 2018) focused that banking sector plays a significant role to transform economy towards self-sufficiency hence the corporate governance of the banking sector is significantly important.

As each study (Dowa et al.,2017; Evans, 2004; Larson& Street, 2004; Zeghal & Mhedhhi, 2006; Abd-Elsalam & Weetman, 2003) interprets, language affects IPSAS adoption. There is a favourable relationship between countries where English is the predominant language and the adoption of IPSAS. Findings reveal that culture affects accounting judgements when interpreting and using IPSAS in Libya, the English language hinders adoption of IPSAS, and there is a time lag between the introduction of new or updated IPSAS and its transfer into Arabic.

Contributions of the Study

This study makes several contributions to knowledge particularly to both auditing literature and the quality of accounting information literature. The contributions of the study are divided into two- theoretical and methodological contributions.

Practical Contributions

The PLS-SEM approach is particularly useful when the focus of the study is on the investigation of the major sources of explanation for a certain construct (Ringle and Sarstedt, 2016), such as the success of SMEs. Additionally, IPMA is able to assist managers and decision makers in the process of prioritising their activities (Hair et al., 2013a). For example, IPMA calculates the total impacts of the structural model (importance) with the average values of the latent variable scores (performance) to highlight the crucial regions for e-banking adoption. This is done by considering the success of SMEs as the endogenous goal variable. The results may indicate the determinants that are of considerable relevance (those constructs that have a significant total influence), but they may also indicate that same determinants have comparatively poor performance (low average latent variable scores) (Ringle and Sarstedt, 2016).

Maintaining a sound governance has a statistically significant and favourable influence on the quality of accounting information ($t = 2.403$; $P < 0.05$). As a result, the first hypothesis (H1) was proven correct. Additionally, the path coefficient was found to be 0.138, which indicates a positive relationship between the two variables. This indicates that the quality of accounting information improves by 0.138 standard deviations if there is an increase of 1 standard deviation in the assurance of good governance.

The results revealed that disclosure had a statistically significant and favourable influence on the quality of accounting information ($t = 4.178$; $P 0.001$). As a result, the alternative hypothesis (H2) was validated. Additionally, the path coefficient was found to be 0.276, which indicates a positive relationship between the two variables. This indicates that the quality of accounting information improves by 0.276 standard deviations for every one standard deviation that is added to the level of transparency.

The results suggested that a statistically significant and favourable influence on the quality of accounting information was exerted by the duties of the board of directors ($t = 2.514$; $P 0.05$). As a result, the third hypothesis (H3) was proven correct. Additionally, the path coefficient was found to be 0.186, which indicates a positive relationship between the two variables. It indicates that when the duties of the board of directors increase by one standard deviation, there is a corresponding increase of 0.186 standard deviations in the quality of the accounting information.

The T-statistics and p-value for predicting the quality of accounting information were ($t = 4.130$; $p 0.001$), which indicates that the rights of stakeholders were preserved. To put it another way, the route coefficient of preserving the rights of stakeholders in the process of forecasting the quality of accounting information is significantly positive and favourably significant. Because of this, the fourth hypothesis (H4) was validated. Additionally, the path coefficient was found to be 0.276, which indicates a positive relationship between the two variables. It indicates that an increase in the level of protection of stakeholders' rights by one standard deviation results in an increase of 0.276 standard deviations in the quality of accounting information.

The T-statistics and p-value of fair equal treatment in predicting the quality of accounting information were ($t = 2.089$; $p 0.05$). To put it another way, the route coefficient of fair equitable treatment is significantly positive in terms of its ability to forecast the quality of accounting information. As a result, the fifth hypothesis (H5) was proven correct. In addition, the path coefficient was 0.111, which indicates that there is a positive relationship between the two variables. This translates to a rise in the quality of accounting information of 0.111 standard deviations for every one standard deviation increase in the fairness and equality of treatment.

Methodological Contributions

It contributes new evidence to the auditing literature on the effect of certain related factors on the quality of accounting information in Libya, including audit team factors, audit office factors, and external environment audit factors. These factors include audit committees, audit offices, and external environments.

In terms of the quality of accounting information, the study contributes a contribution to opening up an interchange of ideas within Libya and other countries on the difficulties facing the audit profession. This study made use of the quantitative research approach, and it emphasises the contribution, which might assist improve the quality of accounting information in Libya and other countries. In order to enhance the quality of the study's results, we will be using Integral Structural Equation Modelling (SEM-PLS), as well as personal questionnaires. This was the cutting-edge statistical field, which was completely original to this domain. "The investigation used a method known as structural equation modelling (SEM), which enables a simultaneous research of all the factors that make up the conceptual framework. The most recent research used two distinct forms of group analysis using SEM technique: measurement and structure models utilising the covariance structure analysis to investigate the impact of may be considered a research model in the setting of Libya. The use of SEM in research was a significant methodological addition since it led to an application in the overall quality of the research. This study contributes a contribution to the methodological viewpoint by adopting a survey questionnaire as a means of data collection in order to clarify concerns that were brought up by the results of the questionnaire. The use of secondary sources of data (Previous studies) In addition to using Confirmatory Factor Analysis (CFA), we also employed Confirmatory Factor Analysis (CFA) in PLS in order to enhance the reliability and credibility of the results.

Limitations of the Study

Researchers have a responsibility to describe accurately all aspects of their researcher, including any shortcomings and caveats. (Cohen et al, 2007). This specific study, like all other types of research, has certain restrictions, and any discussion of the findings of this study would be incomplete if it did not take into account those restrictions on the research. The following are some of the constraints it imposes:

In the first place, the study was conducted using the listed auditor in Libya, which might make it difficult to generalise the results. However, this is less likely to be the field in other areas of auditing, such as laws and regulations, due to the fact that the nature of different factors,

or in other countries, such as developed countries, due to the fact that the legal environment is different there.

Second, the study looked at the most significant aspects of the three primary variables that were considered to be groupings of impact factors on the quality of accounting information. These were the organisational factors, the scientific factors, and the person factors. Additionally, the influence of several impact factors on the quality of accounting information obtained from the external environment was explored in this study. These factors comprised the following sub-dimensions: internal support, internal training, managerial support, planning of audit process, acknowledged Standards conformity with professional conduct principle, effective communication, competency, and number of years of experience. Education and career advancement, adherence to rules and regulations, membership in professional organisations, Size of the audit office, Areas of Specialization, Independence, and Cost of the Audit. In conclusion, despite the limitations discussed above, the study has made a significant addition to the body of knowledge that was already there, particularly in the field of the quality of accounting information.

Recommendation

For quantitative data analysis, this study used structural equation modelling (SEM). PLS-SEM is recognized as a second generation of the statistical analytical tool, it incorporates a two- stage procedure, in the first step the measurement model is passed through a set up procedure, if the assessment of measurement model succeeds, and the next step is to estimate the structural model. In general SEM techniques is classified into covariance based SEM and component based SEM. Covariance based SEM, requires that sample data under study be of normal distribution. Contrary, PLS makes no assumption about data distribution, so it can effectively work with unobservable factors and it takes measurement errors into consideration (Aibinu and Al-Lawati, 2010). PLS is certainly gaining more acceptance as an alternative to covariance based SEM analysis procedure, because of its ability to handle heterogeneous data with a small sample size (Rigdon, E. E., Ringle, C. M., & Sarstedt, M. 2010).

PLS has various strengths which make it suitable analysis tool for this study. First, it is recommended for exploratory research (Hair, J. F., Hult, G. T. M., Ringle, C., and Sarstedt, M. 2011). The use of PLS is common in the literature and can be found in Yu (2012), Venkatesh, et al. (2003), Zhu and Kraemer (2005), Lin and Lin 2008; Pu"schel, and Oliveira et al. (2014). The reason behinds its use has to do with its least restrictive character in comparison with other extensions of multiple linear regressions (Yu, 2012).

It is not necessary to apply EFA first. I often do it to examine and understand the structure of the data and to compare to theory. But the statistical objective of EFA is different from CFA and you often will get difference results between the two statistical methods. Thus, theory is the driver in proposing measurement structures to test for reliability and validity.”

The current study will use reflective model to assess of the measurement model includes constructing validity, convergent validity, and discriminant validity of the reflective constructs. The necessity of focusing on the application of IPSAS, which includes defining the characteristics of these standards of credibility and public acceptance of the financial information published in the institutions, as well as the significance of these standards for accounting or auditing offices, as well as for those who benefit from the financial reports.

- 1- In order to achieve a smooth transition to the application of International Financial Reporting Standards, the legislative authorities in Libya need to work on the issuing of new laws as well as revisions to the laws that have already been passed.
- 2- The provision of training centres, the organisation of workshops, and the utilisation of specialists in the field of accounting in order to increase the efficiency of accountants and make them capable of preparing financial statements in accordance with IPSAS.
- 3- Encourage scientific research in the field of preparing and disseminating financial statements by IPSAS through the focus on conducting periodic studies; organise seminars and scientific conferences to identify the strengths and developing by IPSAS, taking into account privacy of the social and economic environment in the State of Libya. In preparation to this, it is important to note that the State of Libya has enacted legislation to protect the personal information of its citizens.
- 4- The work that is being done to change the curriculum and plans for education in the specialisation of accounting in the higher education sector in Libya strengthens the knowledge of lecturers and accounting students about the latest developments in international accounting standards in general and IPSAS in particular.
- 5- Integrate Libyan audit companies with worldwide audit firms in order to acquire experience in the audit of financial statements created by IPSAS, and require auditors to receive professional credentials granted by specialised professional authorities in the field of IPSAS.
- 6- Putting the Libyan Association of Accountants and Auditors in charge of establishing a broad framework for accounting in Libya to combine the various components of financial statements in accordance with IPSAS and giving them the authority to do so.

Future Directions

In this particular study project, the questionnaire sample consisted of academics, accountants working for companies that are listed on the Libyan stock market, and external auditors. Additional research might involve an investigation into whether or whether the IPSAS are appropriate for usage from the perspective of external users, such as lending institutions and governmental agencies.

Investigating the consequences that investors and financial experts anticipate would result from implementing the International Financial Reporting Standards (IPSAS) to the stock market in Libya, with the goal of improving its efficiency and maintaining its stability. The findings of this study should be confirmed or refuted by doing more research comparing companies operating in other industries or analysing studies from other countries with characteristics that are similar to those in the current study.

As a result of the significance of having an audit of a high quality, additional research should be conducted into other aspects that are associated with the quality of accounting information. These aspects include the level of satisfaction with customer service, the level of customer loyalty, auditors switching jobs, and auditors' turnover. The addition of features of corporate governance into the analysis is another another expansion that, if done correctly, has the potential to give more information on the subject of the audit effort (e.g. quality and independence of management and board membership; internal audit considerations, and impact of some others factors such as ownership structure and E-commercial).

CONCLUSION

This study aimed to identify the importance of applying the standards of governance and International Public Sector Accounting Standards (IPSAS) in influencing the quality of accounting information. The five latent variables (ensuring a sound governance, disclosure, responsibilities of the board of directors, preservation of stakeholders' rights and fair equal treatment) explain substantial 73.5% of the variance for the quality of accounting information among employees of Libyan banks. The findings demonstrate that the adoption of IPSAS will impact an external audit in Libya. IPSAS makes external audit reports uniform and affects external audit notes. The adoption of IPSAS will lead to the sharing of Libyan audit companies with global audit firms to acquire experience audit IPSAS-prepared financial statements. This will increase the external auditors' findings and knowledge of international accounting standards.

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