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Internal audit and governance of Moroccan local authorities: Drafting a conceptual model

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Abstract: This article proposes a conceptual model analyzing the contribution of internal audit to the governance of Moroccan local authorities. Based on a qualitative comparative analysis of 22 empirical studies, the model explores how internal auditing strengthens transparency, accountability, and efficiency in local governance. It identifies mediating factors such as organizational climate and process optimization, as well as moderating factors, including leadership and citizen engagement. The framework emphasizes the strategic role of internal audit as the third line of defense, highlighting its independence, competence, communication, and follow-up mechanisms. Findings from recent Moroccan and international studies show that internal audit enhances resource management and policy implementation but faces challenges related to limited autonomy, weak enforcement of recommendations, and lack of professionalization. This article provides a theoretical foundation for future empirical research through interviews and surveys with local officials and managers. By integrating diverse perspectives, the model contributes to a better understanding of governance dynamics in developing countries and offers practical insights to improve transparency and citizen participation within Moroccan local governments.
Keywords: *Conceptual model, Internal audit, Local authorities, Morocco, Public governance.*

1. Introduction

In a global context characterized by the modernization of public governance, governments are increasingly adopting mechanisms aimed at enhancing efficiency, transparency, and accountability in public sector management. Morocco, through a process of deep reforms, aligns itself with this dynamic by implementing internal control systems. Since its introduction in 1993 through a Royal Letter addressed to the Prime Minister, internal audit has established itself as a strategic tool for optimizing the use of public resources and promoting rigorous and transparent governance.

Public governance in Morocco was further reinforced in 2008 with the adoption of the Moroccan Code of Good Governance Practices for public institutions and enterprises. This framework strengthened the role of internal audit, positioning it as a fundamental instrument for ensuring institutional performance and the sound management of public funds. This evolution has been supported by key legislative texts, including Decree No. 2-12-349 on public procurement, which mandates the audit of state contracts exceeding five million dirhams, and Dahir No. 1-03-195 promulgating Law No. 69-00 on the financial oversight of public enterprises and other organizations. These provisions establish a solid legal foundation for internal audit within Moroccan public institutions.

As autonomous administrative entities endowed with legal personality and financial independence, Moroccan local authorities play a crucial role in managing local affairs and fostering territorial development. Comprising regions, provinces, prefectures, and municipalities, these entities possess specific competences defined by the Constitution and organic laws. However, despite this institutional

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and legal framework, they continue to face persistent challenges related to resource allocation, transparency, and accountability.

In this context, internal audit emerges as a key mechanism in the public governance of Moroccan local authorities. However, its deployment remains a challenge due to organizational difficulties, budgetary constraints, and a lack of qualified human resources. Furthermore, although local authorities are essential actors in public governance, academic research dedicated to this issue remains limited, particularly in the Moroccan context [1].

This article is part of an ongoing doctoral research project that seeks to develop a theoretical framework for analyzing the contribution of internal audit to the governance of Moroccan local authorities. Drawing on a comprehensive review of national and international literature, this study aims to establish a conceptual foundation that clarifies the interactions between internal audit and the principles of public governance.

The central research question guiding this study is: What are the theoretical and conceptual foundations that help to understand the role and contribution of internal audit to the governance of Moroccan local authorities?

The development of the conceptual model follows a rigorous methodology, including a qualitative comparative analysis of 22 empirical studies. These studies were selected for their thematic and contextual relevance as well as their scientific value. They offer diverse perspectives on the role of internal audit in governance in general and public governance in particular, taking into account organizational and structural specificities. The analysis of these studies identifies mediating factors, such as the optimization of internal processes and organizational climate, and moderating factors, including the leadership of elected officials and citizen engagement. This conceptual model serves as a hypothetical foundation to be validated and refined through an upcoming empirical study, which will include semi-structured interviews with elected officials and administrative managers, as well as an extensive survey to test and confirm the underlying theoretical propositions.

The article is structured into four main sections. The first section presents the conceptual framework and examines the research context by exploring key concepts related to internal audit and public governance. The second section discusses theoretical approaches to understanding the contribution of internal audit to local governance, with a particular focus on agency theory and public choice theory. The third section provides a comparative analysis of major studies and research conducted on this topic in Morocco. Finally, the fourth section introduces a conceptual draft of the research model.

2. Conceptual Framework and Research Context

2.1. The Role and Scope of Governance

The concept of governance originates from the Latin term *gubernare*, meaning "to steer" or "to direct." This notion dates back to antiquity, where it referred to the art of governing a city or a state. Over the centuries, its meaning has expanded to encompass mechanisms and management processes within complex organizations. This evolution, reflecting transformations in economic, political, and social contexts, has led to a plurality of definitions, often influenced by the disciplines and settings in which governance is applied [2].

One of the earliest institutional attempts to define governance was proposed by the World Bank in 1989, which described it as "the exercise of political power in the management of a nation's affairs" Later, the Organisation for Economic Co-operation and Development Public Management Service [3] Enriched this definition, emphasizing that governance encompasses interactions between public and private institutions in the management of collective affairs, with a focus on transparency, accountability, and efficiency. In this regard, Bovaird and Löffler [4] highlight the fundamental role of stakeholder participation and the interdependence between them in the policymaking process.

In the private sector, governance has evolved around managing relationships between shareholders, executives, and other stakeholders, aiming to optimize performance and minimize conflicts of interest

[5]. This approach has led to the development of control and incentive mechanisms designed to ensure more transparent and efficient management.

However, public governance extends far beyond the economic logic of the private sector. It involves complex interactions between the state, citizens, non-governmental organizations, and businesses, forming what is often referred to as multi-level governance. Rhodes [6] describes it as a networked system where public and private actors collaborate to achieve common objectives while maintaining a certain level of autonomy.. Periac [7] notes that this multi-actor governance reflects an organizational hybridization, where public entities sometimes adopt private sector practices, but with a focus on public service and the general interest.

Despite its advantages, the implementation of public governance principles faces significant challenges. El Idrissi [8] highlights structural limitations, particularly within public administrations and local authorities, where the absence of market mechanisms reduces competitive pressure, thereby hindering performance improvement. Additionally, the fragmentation of responsibilities across various administrative entities creates overlaps and inefficiencies, hampering coordination and the achievement of strategic objectives.

A recurrent criticism of governance, whether public or private, lies in its polysemic nature. Rhodes [6] describes governance as a "catch-all term," used to refer to diverse realities without a unified theoretical definition. This ambiguity is particularly problematic in public systems, where the multiplicity of actors and contexts makes it difficult to apply governance principles uniformly.

Furthermore, although public governance aspires to enhance citizen participation, it is sometimes accused of reinforcing power asymmetries. Participatory mechanisms, despite appearing inclusive, may marginalize certain groups due to technical complexity or limited accessibility. El Idrissi [8] argues that such barriers undermine equity and transparency, which are fundamental to good public governance.

These reflections call for a reassessment of existing models and an exploration of new approaches to better address the recurring challenges associated with the implementation of public governance.

2.2. Internal Audit as the Third Line of Defense

Internal audit is an independent and objective activity designed to evaluate and improve governance processes, risk management, and internal control. The Institute of Internal Auditors (IIA) defines it as a value-adding function that assists an organization in achieving its objectives. This definition underscores the strategic importance of internal audit, extending beyond its traditional role of verification.

The origins of internal audit can be traced back to ancient accounting practices, where it served to protect public resources from misappropriation and ensure their proper use. However, it was not until the 20th century that internal audit evolved into a distinct profession. Parker and Johnson [9] explain that this evolution was marked by internal auditors' pursuit of professional recognition, aiming to distinguish themselves from the accounting profession. The establishment of the Institute of Internal Auditors (IIA) in 1941 was a pivotal milestone, providing a normative framework and promoting the professional identity of internal auditors. Through initiatives such as professional certification and the publication of international standards, internal audit gradually strengthened its position as a key function within organizations.

A major conceptualization of internal audit is the Three Lines of Defense model, proposed by the IIA. This model, now central to modern governance approaches, structures responsibilities into three levels. The first line of defense consists of operational functions, which are responsible for direct risk management. The second line of defense includes specialized functions such as risk management and compliance, which oversee and support the controls implemented by the first line. Finally, internal audit serves as the third line of defense, providing independent assurance on the overall effectiveness of internal control and risk management systems. As such, this function extends beyond mere verification to encompass strategic oversight, playing a crucial role in governance Tarabay [10]. The Committee of

Sponsoring Organizations of the Treadway Commission (COSO) [11] positions internal audit at the core of governance structures, emphasizing essential components such as the control environment, risk assessment, and monitoring mechanisms.

However, as Power [12] and Cakar [13] explain, the positioning of internal audit within this model is not without challenges. Power [12] highlights an inherent paradox: while internal audit claims total objectivity, it remains dependent on normative frameworks that impose rigid structures, potentially limiting its adaptability in dynamic or complex environments. Cakar [13] further explores the tension between the internal audit's role as an independent evaluator and its strategic proximity to senior management. This dual function can lead to conflicts of interest, as auditors must often collaborate closely with management while maintaining the critical distance required for their mission.

Roussy and Rodrigue [14] expand on these critiques by examining the specific challenges faced by Chief Audit Executives (CAEs). Due to their administrative dependence on senior management, CAEs sometimes engage in impression management strategies. These strategies involve downplaying identified issues, idealizing successes, or dissociating responsibilities in the event of failure to preserve the organization's reputation. While these practices may fulfill perceived transparency expectations, they often compromise the independence and effectiveness of the internal audit.

Moreover, Parker and Johnson [9] note that institutional pressures can exacerbate these tensions. The need for auditors to comply with sometimes contradictory expectations from audit committees and senior management weakens their ability to exercise fully objective oversight. These pressures highlight the importance of revisiting organizational structures and clarifying expectations regarding internal audit.

Despite being rooted in historical control practices, internal audit has evolved into a strategic and dynamic function. As the third line of defense, it plays a central role in governance and risk management while facing significant challenges related to its independence, adaptability, and credibility. Strengthening its role requires organizational reforms and a governance framework that ensures its ability to fully carry out its mission.

2.3. Local Authorities in Morocco

Local authorities in Morocco, as defined by the 2011 Constitution, are public entities vested with legal personality and financial autonomy. Governed by Articles 135 to 146, their mission is to democratically manage local affairs and promote balanced economic, social, and cultural development. These entities operate based on fundamental principles, including self-administration, cooperation, solidarity, and the principle of subsidiarity, which ensures that decision-making is brought closer to citizens [15].

Currently, Morocco comprises twelve regions, seventy-five prefectures and provinces, and 1,503 municipalities. The regions, as the highest administrative level, play a strategic role in territorial planning and economic development (Organic Law No. 111-14). Prefectures and provinces act as intermediaries in implementing national policies, while municipalities focus on managing local public services, such as waste collection and infrastructure maintenance (Organic Laws No. 112-14 and No. 113-14).

Historically, local governance in Morocco traces its roots to customary structures such as "jemaâs," which ensured community-based governance [16]. The transition to a modern administrative system began during the Protectorate era with the creation of municipalities in 1912. Following independence, Morocco maintained a highly centralized administrative system, despite the first municipal elections in 1976, which marked a significant step toward greater local participation. The 2011 Constitution introduced decentralization as a fundamental principle, leading to institutional reforms aimed at modernizing local governance.

Criticism regarding excessive centralization, unclear distribution of powers, and limited financial autonomy [16] has been partially addressed through reforms. The 2018 National Charter for Administrative Deconcentration was designed to bring decision-making centers closer to local

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territories and enhance coordination between decentralized state services and local authorities [1]. These efforts have been complemented by initiatives to modernize public administration and strengthen local governance, notably through the National Portal for Local Authorities, which serves as an information and communication platform for elected officials and local government employees. This portal highlights achievements in local governance and promotes best practices. Additionally, other digital tools have been developed to improve the efficiency of local public services, including Rokhas.ma, which facilitates urban planning and economic authorizations, and Chikaya.ma, a platform that allows citizens to submit and track complaints [17].

The 2015 organic laws introduced citizen participation mechanisms to increase public involvement in local governance. Some municipalities have experimented with participatory budgeting, enabling citizens to co-design local budget priorities. Additionally, consultative commissions have been established to engage residents in key decision-making processes, responding to concerns about citizen exclusion [15].

Several reforms have also been implemented to enhance internal control and governance transparency. The 2013 Public Procurement Decree introduced clear rules for transparency and competition in local bidding processes, while the Regional Court of Auditors was assigned the responsibility of overseeing financial management within local authorities and penalizing financial misconduct [1]. These measures aim to improve accountability and governance efficiency at the local level.

Despite these reforms, organizational challenges persist, particularly in terms of coordination among different territorial levels and human resource management. While legal provisions encourage greater citizen engagement, participation remains limited due to accessibility constraints and the lack of sufficiently inclusive frameworks [17].

To improve the effectiveness of local authorities, it is essential to increase their financial and institutional autonomy, modernize administrative and digital infrastructures, and enhance coordination between different levels of governance [18]. Additionally, ensuring broader and more inclusive citizen participation through transparent and accessible participatory mechanisms will reinforce the legitimacy and efficiency of local governance. These combined efforts, alongside ongoing reforms, will help Morocco achieve its long-term objectives of sustainable development and democratic local governance.

3. Theoretical Approaches to the Contribution of Internal Audit to Local Government Governance

The governance of local authorities, essential for managing public affairs at the local level, is based on key principles such as transparency, accountability, and efficiency. Within this framework, internal audit serves as a strategic tool to strengthen governance by providing decision-makers with objective analyses, relevant recommendations, and rigorous monitoring of public policies.

However, to fully understand the role of internal audit, it is crucial to examine the theoretical frameworks that support its application and effectiveness. Agency theory, which explores principal-agent relationships, provides a fundamental perspective for analyzing information asymmetries and opportunistic behaviors that may undermine effective local governance. Meanwhile, public choice theory, by highlighting the individual motivations of public actors and the institutional mechanisms shaping their decisions, offers valuable insights into the challenges specific to local government management.

3.1. Agency Theory

Agency theory, introduced by Jensen and Meckling [5] is based on the analysis of principal-agent relationships, where a principal (mandator) delegates authority to an agent (mandatary) to act on their behalf. This theory highlights the inherent risks in such relationships, as agents, endowed with discretionary power, may pursue their own interests at the expense of those of the principals, thereby generating agency costs. These costs include monitoring expenses, incentive mechanisms, and residual losses stemming from the opportunistic behavior of agents. The central objective of agency theory is to identify mechanisms that align the interests of principals and agents while minimizing agency costs.

In the private sector, agency theory has provided significant insights into corporate governance. Jensen and Meckling [5] demonstrated that the separation between ownership (shareholders) and management (executives) can create conflicts of interest. For example, executives may prioritize unprofitable but prestigious projects or maximize their personal benefits, such as compensation and perks. Jensen's [19] work on free cash flow illustrates that, in the absence of control, executives may use financial surpluses for inefficient investments. Such opportunistic behaviors can be mitigated through mechanisms such as independent boards of directors, external audits, and performance-based incentives, including bonuses and stock options.

The effectiveness of these governance mechanisms has been confirmed by empirical studies. Kaplan [20] found that firms with strong governance structures, including active boards of directors and regular audits, tend to achieve better financial performance. Similarly, Williamson [21] emphasized the importance of clear institutional structures in reducing agency costs by minimizing information asymmetries and enhancing transparency.

While agency theory is widely applied in the private sector, its application to the public sector presents unique challenges due to the complexity and diversity of principal-agent relationships. In public governance, principals include not only citizens but also government oversight bodies, international donors, and non-governmental organizations. The multiplicity of principals, analyzed by Dixit [22] complicates interest alignment and makes the design of monitoring mechanisms more challenging.

Information asymmetries are even more pronounced in the public sector, as citizens generally have limited access to information about the decisions and actions of elected officials or public administrators. Zimmerman [23] demonstrated that this opacity hinders the implementation of reforms aimed at enhancing transparency and accountability. Elected officials, for instance, may exploit information asymmetry to allocate resources based on electoral or personal interests, rather than efficiency or necessity.

Another limitation of agency theory in the public sector lies in the difficulty of measuring agent performance. Unlike the private sector, where financial indicators are clear, public sector objectives are often multidimensional and qualitative, encompassing aspects such as equity, sustainability, and social inclusion. These goals, though crucial, are difficult to quantify, limiting the effectiveness of incentive and monitoring mechanisms.

Moreover, classical agency theory does not fully account for internal organizational dynamics within public institutions. Galbraith [24], through his technostructure theory, argued that decision-making in large organizations is not solely driven by agents (elected officials or administrators) but is strongly influenced by technical experts and bureaucrats. These individuals, despite being subordinate, play a key role in policy design and implementation. This influence increases information asymmetries and necessitates specific monitoring mechanisms to oversee technical personnel as well.

To address these limitations, several adaptations of agency theory have been proposed. Dixit [22] introduced the multi-principal framework to account for the plurality of principal interests in the public sector. This framework helps identify specific solutions for managing conflicts among different stakeholders. Participatory mechanisms, such as participatory budgeting and digital governance platforms (e.g., Chikaya.ma in Morocco), provide solutions to reduce information asymmetries by directly involving citizens in decision-making processes. Fung and Wright [25] work on deliberative governance demonstrates that such mechanisms enhance transparency and the legitimacy of public decisions.

In this regard, agency theory offers a powerful analytical framework for understanding the role and significance of internal audit in governance. However, its application to the public sector requires adjustments to account for the plurality of principals, exacerbated information asymmetries, and multidimensional governance objectives.

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3.2. Public Choice Theory

Public choice theory, developed by Buchanan and Tullock [26] expands the analysis of governance by incorporating institutional dynamics and the individual motivations of public actors. Unlike agency theory, which focuses on bilateral relationships, public choice theory examines collective interactions and decision-making processes at an institutional level. It is divided into two main branches: constitutional theory and the theory of political institutions.

The constitutional branch of public choice theory explores the design of rules and institutional structures that govern political interactions. Buchanan and Tullock [26] demonstrated that constitutions are based on compromises among actors, aimed at establishing stable and efficient institutions for political exchange. In the context of local governance, this branch is essential for understanding how institutional rules, such as decentralization or deconcentration, shape local governance structures. For instance, Morocco's 2018 National Charter for Administrative Deconcentration represents an effort to improve coordination between central and local levels by establishing clear institutional rules. This framework seeks to streamline decision-making and resource allocation across different levels of government, thereby reducing bureaucratic inefficiencies and strengthening local autonomy.

The second branch, focusing on political institutions, examines the functioning of institutions and decision-making mechanisms. It highlights concepts such as the median voter theorem, introduced by Downs [27], which suggests that public policies tend to reflect the preferences of majority groups, often at the expense of minority interests or long-term objectives. This logic is particularly relevant in electoral cycles, where politicians prioritize short-term, visible projects to maximize their chances of re-election, sometimes at the cost of sustainable development.

At the bureaucratic level, Niskanen [28] analyzed opportunistic behaviors among public officials, arguing that bureaucrats seek to maximize their agency budgets to increase their power and influence. These dynamics are frequently observed in local governments, where significant resources are sometimes allocated to politically appealing but economically questionable projects. Empirical studies by Ferraz and Finan [29] and Treisman [30] demonstrate that transparency mechanisms, such as public audits and well-designed accounting systems, can help curb these practices by enhancing accountability and oversight.

Despite its valuable insights, public choice theory has several limitations. Its focus on individual motivations often overlooks the collective and ethical dimensions of public decision-making. Ostrom [31] criticized this approach, arguing that local communities can effectively manage common resources through cooperative mechanisms based on trust and shared rules. This perspective challenges the assumption that public actors are primarily self-interested and instead highlights the potential for collaborative governance structures. Additionally, public choice theory tends to oversimplify the motivations of public actors, underestimating the influence of social and institutional dynamics. While it effectively explains bureaucratic inefficiencies and electoral behaviors, it does not fully account for norms, values, and participatory mechanisms that can shape public governance.

To address these shortcomings, scholars have proposed adaptations that integrate participatory and deliberative mechanisms. Fung and Wright [25] emphasized the importance of citizen forums and participatory budgeting as tools for enhancing inclusion and reducing information asymmetries. In Morocco, digital platforms such as Chikaya.ma and Rokhas.ma embody these principles by facilitating citizen engagement and administrative transparency. However, their impact remains constrained by institutional barriers and unequal access to technology, highlighting the need for broader governance reforms to maximize their effectiveness.

4. Qualitative Comparative Analysis of Research on Internal Audit and Public Governance in Morocco (2020-2024)

A review of academic research conducted between 2020 and 2024 highlights a gradual increase in both the number and complexity of studies in this field. During this period, nine major studies were

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identified, focusing on the effectiveness of internal audit in the public sector, particularly within local authorities, as well as its institutional constraints and its role in financial transparency and organizational performance. The main contributions are summarized in Table 1.

Table 1.
Selected Studies and Research.

Authors	Context	Methodology
Naimi and Aoujil [32]	Morocco, the local authorities of the El Haouz province	Interviews, 10 rural local authorities
Gharrafi [33]	Morocco, 8 public institutions	Qualitative analysis, internal audit reports (2022–2023)
Gharrafi, et al. [34]	Morocco, public companies	Quantitative survey, 35 internal auditors
Toubtou and Naimi [35]	Morocco, Safi Municipality	Interviews with administrative officials and the internal audit unit, and documentary analysis.
Sadiki, et al. [36]	Morocco, 6 regions	Quantitative survey, 301 respondents (municipal presidents, council presidents, internal auditors, financial officers, and administrative department heads).
Gharrafi [37]	Morocco, Moroccan commercial public offices	Quantitative survey, 35 internal auditors
Nebie and Tbitbi [38]	Morocco	Qualitative documentary analysis
El Kadiri and Gallouj [17]	Morocco, 81 local authorities	Questionnaire survey and interviews
Azzarradi and Fikri [39]	Morocco, Ministry	Group interviews with 10 internal auditors from a ministry, analysis of recruitment practices for 232 auditor and management controller positions.

As shown in Table 1, the literature demonstrates a clear progression toward empirical approaches, particularly through surveys and statistical modeling. This evolution reflects a growing academic interest in measuring the concrete impact of internal audit on governance practices, resource management, and financial transparency in Morocco.

4.1. Evolution of Research on Internal Audit and Public Governance in Morocco

The evolution of research on internal audit and public governance in Morocco can be divided into two main phases, each characterized by different methodologies and orientations.

Between 2020 and 2022, research primarily focused on analyzing the regulatory and institutional framework of internal audit, employing a largely qualitative and descriptive approach. These studies aimed to identify existing mechanisms and assess their shortcomings. Zaam and Hainous [40] highlight structural deficiencies in internal audit within Moroccan local authorities, emphasizing the absence of a clear institutional framework. Gharrafi [37] extended this analysis to public enterprises, demonstrating that internal audit remains underutilized and its effectiveness is hindered by regulatory constraints and a lack of auditor professionalization. El Kadiri and Gallouj [17] proposed an adaptation model for internal audit tools based on multiple correspondence analysis, showing that audit effectiveness varies according to the structure and resources of local authorities.

From 2023 onward, research has adopted a more applied approach, incorporating field surveys and case studies to examine the concrete impact of internal audit on local governance. Toubtou and Naimi [35] analyzed the role of internal audit in the municipality of Safi, revealing institutional weaknesses in independence and follow-up on recommendations. Azzarradi and Fikri [39] shed light on the challenges of professionalizing internal audit in public administration, stressing the need for specialized training and more rigorous oversight mechanisms. Nebie and Tbitbi [38] conducted an in-depth documentary analysis to assess the implementation of governance principles and their impact on the performance of local governments. Sadiki et al. [36] applied a structural equation model to a sample of 301 municipal officials to quantitatively measure the effect of internal audit on local governance. Naimi and Aoujil [32] examined the role of internal control in disaster-affected municipalities following the 2023 earthquake, conducting semi-structured interviews with ten local governments in the El Haouz region. Finally, Gharrafi et al. [34] investigated the effectiveness of audit committees in public institutions, analyzing internal audit reports from eight Moroccan institutions.

4.2. Key Findings and Contributions of Research

The research conducted on internal audit and public governance in Morocco converges on a shared conclusion: internal audit is a crucial tool for public governance, yet its impact remains limited by institutional constraints, a lack of auditor professionalization, and weak implementation of audit recommendations. The absence of a strict regulatory framework, highlighted by Zaam and Hainous [40] and Gharrafi et al. [34], hinders the effectiveness of internal audit mechanisms. Additionally, Toubtou and Naimi [35] and Sadiki et al. [36] demonstrate that audit recommendations are rarely implemented, either due to a lack of political will or insufficient human and financial resources.

El Kadiri and Gallouj [17] emphasize that adapting audit tools to local realities is a key success factor. By structuring a differentiated audit model based on the size and resources of local governments, they highlight the importance of a contingent approach to improving governance. Similarly, Gharrafi et al. [34] stress the need to strengthen the role of audit committees and ensure better follow-up on recommendations.

However, analyzing these studies within the Moroccan context alone does not fully capture the broader challenges and issues related to internal audit and its impact on local governance. While research in Morocco has successfully identified several structural and institutional constraints, it remains focused on local perspectives and lacks a comparative analysis with similar governance models worldwide.

The challenges of internal audit and local governance are not unique to Morocco; they are shared by developing countries and emerging economies striving to modernize administrative structures while enhancing transparency and local government efficiency. Studies conducted in Brazil, Uganda, Kenya, Tanzania, and Tunisia provide valuable insights into the mechanisms that enable the successful integration of internal audit into local governance, offering a comparative framework to further refine best practices and policy recommendations.

5. A Conceptual Model to Explore the Impact of Internal Audit on Local Governance

The development of a conceptual model for assessing the contribution of internal audit to local government governance in Morocco is based on a comparative analysis of 22 empirical studies conducted in diverse geographical and institutional contexts, particularly in developing countries. To ensure scientific rigor and relevance, these studies were selected from scientific databases accessible via the IMIST E-Resources platform, including Scopus. This approach enabled a comparative assessment of challenges faced in Morocco against similar experiences in other regions, while identifying factors that influence the effectiveness of internal audit in public governance.

The selected studies cover a broad range of contexts, including Brazil, Uganda, Kenya, and Morocco, and employ various methodologies such as quantitative surveys, qualitative research, and experimental studies. Their main contributions are summarized in Table 2.

Table 2.
Key Selected Empirical Studies.

Authors	Context	Methodology
Naimi and Aoujil [32]	Morocco, the local authorities of the El Haouz province	Interviews, 10 rural local authorities
Gharrafi [33]	Morocco, 8 public institutions	Qualitative analysis, internal audit reports (2022–2023)
Gharrafi, et al. [34]	Morocco, public companies	Quantitative survey, 35 internal auditors
Toubtou and Naimi [35]	Morocco, Safi Municipality	Interviews with administrative officials and the internal audit unit, and documentary analysis
Sadiki, et al. [36]	Morocco, 6 regions	Quantitative survey, 301 respondents
Gharrafi [37]	Morocco, Moroccan commercial public offices	Quantitative survey, 35 internal auditors
El Kadiri and Gallouj [17]	Morocco, 81 local authorities	Questionnaire survey and interviews
Azzarradi and Fikri [39]	Morocco, Ministry	Group interviews with 10 internal auditors, analysis of recruitment practices
Mbelwa, et al. [41]	Tanzania, 3 ministries	Survey, 204 accountants and auditors
Ali, et al. [42]	Malaysia, municipal managers	Survey, 150 municipal managers
Asiedu and Deffor [43]	Ghana, public officials	Qualitative survey
D'onza, et al. [44]	International, internal auditors	Quantitative survey, 1800 internal auditors
Kinyua, et al. [45]	Kenya, listed companies	Quantitative survey, 55 listed companies
Karanja and Ngugi [46]	Kenya, local government officials	Survey and interviews, local government officials
Björkman and Svensson [47]	Uganda, local communities	Survey, local communities
Ferraz and Finan [29]	Brazil, 373 municipalities	Quantitative analysis, 373 municipalities
Zarai and Bettabai [48]	United States, American companies	Quantitative analysis, 100 American companies
Mihret and Wondim Yismaw [49]	Ethiopia, public institutions	Interviews and documentary analysis, public institutions
Wampler [50]	Brazil, participatory budgets of 9 cities	Qualitative analysis, participatory budgets
Andrews and Shah [51]	Developed and developing countries	Comparative study
Rauch and Evans [52]	Developing countries	Comparative study
Zimmerman [23]	United States, municipal accounting systems	Analysis of accounting systems

As illustrated in Table 2, these studies converge on the idea that internal audit can play a catalytic role in improving governance, provided that contextual moderators such as institutional support, political commitment, and resource availability are taken into account. Building on this evidence, our conceptual model integrates the dimensions of internal audit with organizational mechanisms and contextual factors that determine its impact on local governance. This framework is particularly relevant for addressing the specific challenges faced by Moroccan local authorities.

5.1. Local Governance as the Ultimate Objective

Local governance is based on four fundamental principles: transparency, accountability, efficiency, and citizen participation.

Transparency plays a key role in combating corruption and promoting public trust. Ferraz and Finan [29] conducted a quantitative study in Brazil on 373 municipalities, and it was demonstrated that publishing municipal audits significantly reduces corruption by exposing fraudulent practices. Björkman and Svensson [47], in a study conducted in Uganda among local communities, it was found that disseminating information on the quality of healthcare services improved both service delivery and the accountability of local managers. In Morocco, Nejjari et al. [53] show that budgetary and administrative transparency helps reduce information asymmetries between stakeholders. Similarly, Sadiki et al. [36] emphasize that transparency strengthens citizens' trust in public decisions and enables better monitoring of local policies. However, several studies, including those by Gharrafi et al. [34] and Toubtou and Naimi [35], reveal that despite regulatory progress, transparency remains limited due to local governments' reluctance to publish sensitive information, fearing controversies or political pressures.

Accountability is essential for holding public managers responsible and preventing misconduct. Zimmerman [23] in his analysis of New York City's accounting systems, he demonstrated that complex accounting practices enabled significant fiscal abuses, facilitated by a lack of transparency in financial reporting. In Brazil, Ferraz and Finan [29] showed that publishing audit results increases social pressure on elected officials, reducing irregularities in public fund management. Toubtou and Naimi [35] argue that accountability depends on the effective implementation of internal audit recommendations, which are often ignored due to the absence of sanctions or rigorous follow-up mechanisms. Nejjari et al. [53] demonstrate that accountability is directly linked to budgetary and administrative transparency. When local governments publish their audit reports and implement recommendations, local governance becomes more effective and credible.

The efficiency of local governments reflects their ability to optimize available resources to provide high-quality public services. Rauch and Evans [52] in a comparative study of 35 developing countries, it was found that administrations with competent personnel and well-defined recruitment and promotion mechanisms ensure more effective and higher-quality service delivery. Andrews and Shah [51] highlight that the capacity to deliver quality services such as water supply, sanitation, healthcare, and education while ensuring sound financial management is a key indicator of local governance.

Nejjari et al. [53] argue that the efficiency of local governments is directly linked to the implementation of a structured internal audit system, which allows for better budget allocation and enhanced expenditure control. El Kadiri and Gallouj [17] emphasize that adapting audit tools to the specific characteristics of local governments improves their performance by identifying organizational weaknesses and proposing tailored adjustments. Toubtou and Naimi [35] highlight the impact of audit recommendations on municipal operational efficiency, but note that their implementation remains insufficient due to a lack of follow-up and commitment from local elected officials. Gharrafi et al. [34] stress the role of audit committees in optimizing decision-making processes and reducing administrative dysfunctions, while pointing out that their limited autonomy constrains their effectiveness.

Citizen participation strengthens the legitimacy of public decisions by directly involving citizens in decision-making processes. Wampler [50] made a significant contribution to understanding citizen participation in local governance. Through his study of Brazilian municipalities, including Porto Alegre, he demonstrated how citizen participation, particularly through participatory budgeting, enhances the legitimacy of elected officials and promotes more inclusive governance, where marginalized populations gain a voice in crucial decisions.

Nejjari et al. [53] emphasize that citizen involvement in monitoring internal audits improves the adoption of recommendations and reduces the risks of mismanagement. However, citizen participation remains limited in Morocco due to restricted access to information and the lack of suitable platforms. El Kadiri and Gallouj [17] stress the need for an institutional framework that structures citizen participation through consultative mechanisms and interactive digital tools that facilitate access to audit reports. Toubtou and Naimi [35] argue that social pressure from an informed population can encourage local officials to implement audit recommendations, although such initiatives remain sporadic. Gharrafi et al. [34] note that the absence of a participatory culture hinders citizen involvement in decision-making processes and recommend the development of participatory budgets and local consultation bodies.

5.2. Dimensions of Internal Audit Contributing to Local Governance

Internal audit plays a strategic role in enhancing local governance by operating through key dimensions such as independence, auditor competence, transparency in audit reporting, and the follow-up of recommendations.

Independence is a critical dimension of internal audit, ensuring impartiality and objectivity in recommendations, thereby reducing opportunistic behaviors and reinforcing public managers' accountability. Various empirical studies across different contexts illustrate the importance of independence using rigorous methodologies. In Ghana, Asiedu and Deffor [43] conducted extensive surveys among public officials, revealing that independent internal auditors are more effective in reporting irregularities, thereby enhancing transparency and limiting corrupt practices in public administration. D'onza et al. [44] in an international survey of 1,800 internal auditors from the private and public sectors, using a quantitative approach to demonstrate that auditor independence is crucial for providing objective assessments of organizational processes, which directly improves governance and resource efficiency.

In the private sector, Zarai and Bettabai [48] conducted a quantitative study on 100 U.S. companies, using financial data to show that audit committee independence determined by the proportion of external members correlates positively with the quality of financial statements and management practices. Although conducted in a private-sector context, this study underscores the significance of independent audit bodies, a principle equally vital for enhancing transparency and efficiency in the public sector.

In Morocco, Toubtou and Naimi [35] emphasize that a lack of independence undermines auditors' ability to provide impartial recommendations, as local elected officials and managers exert pressure on audit units. Gharrafi et al. [34] highlight that in several Moroccan municipalities, internal audit units are directly attached to executive bodies, compromising their neutrality and authority in overseeing public finances. Nejjari et al. [53], through quantitative analysis, demonstrate that auditor independence significantly influences the effective implementation of audit recommendations and strengthens good local governance. El Kadiri and Gallouj [17] advocate for mechanisms that ensure auditor autonomy, such as independent audit committees and a reinforced legal framework regulating their duties.

Auditor competence is another essential factor in ensuring the relevance and applicability of audit recommendations. Barney [54] highlights the importance of human skills as a strategic resource for organizations. He argues that for competence to become a competitive advantage, it must be rare, valuable, and difficult to imitate. In this context, an internal auditor with specialized skills, such as critical process analysis or latent risk identification, represents a major strategic asset for an organization. These skills, due to their distinctiveness and complexity, help organizations strengthen governance and differentiate themselves in the long run.

Several empirical studies confirm this importance in different contexts. Kinyua et al. [45], through a quantitative survey of companies listed on the Nairobi Stock Exchange, it is emphasize that internal auditor competence is essential for effective internal controls, which positively impact corporate financial performance. In Tanzania, Mbelwa et al. [41] highlight the role of auditor competence in implementing accrual accounting in the public sector, identifying it as a key factor in ensuring the success of accounting reforms and managerial accountability. Andrews and Shah [51] demonstrate that expert internal auditors contribute to more efficient public service management, leading to greater citizen satisfaction.

In Morocco, Toubtou and Naimi [35] indicate that a lack of specialized training among internal auditors limits their ability to identify dysfunctions and propose recommendations suited to local realities. Nejjari et al. [53] demonstrate that municipalities with qualified auditors experience better implementation of recommendations and improved financial governance. El Kadiri and Gallouj [17] recommend the establishment of certification programs and continuous training to further professionalize the internal audit function.

Transparency and communication of audit results are crucial for strengthening public trust and enhancing institutional legitimacy by fostering an open dialogue between stakeholders. Freeman [55] initially developed stakeholder theory within the corporate context, but this approach has expanded to public governance, emphasizing the importance of clear and accessible information to ensure accountability and encourage responsible management.

Björkman and Svensson [47] demonstrate that publishing public service performance data reduces abuses of power and increases user satisfaction by empowering citizens to evaluate service delivery.

Similarly, in India, Paul [56], through qualitative interviews, found that transparency in resource allocation enhances trust in local authorities and improves public resource utilization.

In Morocco, Nejjari et al. [53] show that disseminating audit reports facilitates the implementation of recommendations and improves public managers' accountability. Toubtou and Naimi [35] argue that a lack of communication about audit results significantly reduces their impact, as local governments are often reluctant to disclose audit findings. Gharrafi et al. [34] reveal that the absence of systematic dissemination of audit reports limits citizen oversight and hampers governance improvements.

Follow-up on audit recommendations ensures that internal audits lead to tangible and lasting outcomes, thereby strengthening organizational efficiency. Mintzberg [57], through organizational process theory, it is highlights that systematically integrating audit recommendations significantly enhances organizational performance, particularly by improving internal coordination.

Empirical studies confirm this impact across various contexts. Ferraz and Finan [29] in a study on municipal audits in Brazil, it is demonstrate that rigorous follow-up on recommendations reduces corrupt behaviors by enabling greater public and media oversight of public resources. In South Africa, Andrews and Shah [51], through a survey of municipal managers, it is show that audit follow-ups strengthen budgetary discipline and improve public service quality by aligning budget priorities with citizen needs.

In Kenya, Karanja and Ngugi [46], in a study based on surveys with local officials, it was found that audit recommendation follow-ups enhance managerial accountability and lead to better resource allocation. Mbelwa et al. [41] in Tanzania, through a combination of interviews and quantitative analysis, it is confirmed that local governments that proactively follow audit recommendations experience a significant reduction in administrative and financial inefficiencies.

In Morocco, Toubtou and Naimi [35] indicate that the absence of follow-up mechanisms significantly reduces audit effectiveness, as recommendations often remain unimplemented due to a lack of political commitment. Gharrafi et al. [34] highlight that in several Moroccan municipalities, weak coordination between internal audit units and decision-making bodies impairs the implementation of recommendations. Nejjari et al. [53] demonstrate that municipalities with structured audit follow-up processes achieve significant improvements in budget management and administrative transparency.

5.3. Organizational Mechanisms as Mediators Between Internal Audit and Local Governance

Internal audit, historically perceived as a mere control tool, is now recognized as a strategic lever for improving local governance. Its effectiveness depends on its ability to operate through organizational mechanisms that act as mediators in strengthening transparency, accountability, efficiency, and citizen participation. Among these mechanisms, organizational climate and process optimization stand out for their ability to transform audit recommendations into tangible and measurable outcomes.

Organizational climate, as a mediator, reflects the quality of relationships and interactions within local governments. A positive organizational climate, characterized by trust and collaboration, is essential for the effective implementation of internal audit recommendations. Argyris [58], in his research on organizational behavior, he emphasized that well-designed control mechanisms foster trust among stakeholders and reduce internal tensions. Although his conclusions were based on qualitative observations in private sector settings, they are relevant for understanding the impact of internal audit on relationships within public organizations. More recently, Ali et al. [42], in an empirical study conducted in Malaysia involving 150 municipal managers, it was found that internal audits enhance interdepartmental communication and improve organizational collaboration, ultimately leading to increased municipal performance. This improvement in organizational climate acts as a catalyst for aligning organizational behaviors with the objectives of local governance.

In Morocco, Nejjari et al. [53] demonstrate that local governments characterized by an open and proactive organizational culture are more effective in adopting corrective measures from internal audits, thereby strengthening public sector performance. Toubtou and Naimi [35] argue that when the internal

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climate fosters a culture of continuous improvement and acceptance of oversight, audit recommendations are more effectively integrated into administrative and budgetary practices. Gharrafi et al. [34] emphasize that a work environment promoting collaboration between audited departments and internal auditors accelerates the implementation of reforms and the resolution of identified inefficiencies.

Process optimization is the second key mediating mechanism explaining how internal audit positively influences local governance. This mechanism is reflected in streamlining operations, reducing inefficiencies, and improving coordination. Mihret and Wondim Yismaw [49] in a study conducted in Ethiopian public institutions, it was found that diligently implemented audit recommendations lead to better resource management and more effective public project execution, particularly in resource-constrained environments. Their methodology combined interviews with public officials and in-depth document analysis. Similarly, Mbelwa et al. [41], through surveys and interviews with local authorities in Tanzania, it was demonstrated that proactively integrating audit recommendations reduces administrative redundancies and enhances strategic planning, ultimately strengthening local governments' ability to meet citizens' needs.

In Morocco, Nejjari et al. [53] show that integrating internal audit recommendations helps streamline budgetary processes and reduce organizational inefficiencies. Toubtou and Naimi [35] argue that optimization requires standardized control mechanisms, ensuring better resource allocation and reduced administrative redundancies. Gharrafi et al. [34] highlight that local governments implementing internal audit methods focused on continuous improvement experience better interdepartmental coordination and more efficient financial management.

These organizational mechanisms complement each other in enhancing local governance. A positive organizational climate establishes a strong foundation by fostering constructive collaboration and stakeholder acceptance of reforms, while process optimization translates these efforts into measurable operational outcomes.

5.4. Moderating Factors of Internal Audit's Contribution to Local Governance

The impact of internal audit on local governance is not solely dependent on audit methods and processes but is also influenced by moderating variables such as local elected officials' leadership and citizen engagement. These two factors play a crucial role in ensuring that audit recommendations are effectively implemented, leading to tangible improvements in local governance.

The leadership of local elected officials plays a crucial role in the successful implementation of internal audit recommendations. Effective leadership can transform audit recommendations into concrete actions, thereby generating a tangible impact on local governance. Bass [59] transformational leadership theory emphasizes that leaders capable of inspiring and mobilizing stakeholders around a shared vision facilitate the adoption of reforms proposed by internal audits.

A study conducted by Kpundeh et al. [60] in Sierra Leone and Liberia, it was found that in fragile governance contexts, local leadership directly influenced the success of administrative reforms. The study used in-depth interviews with 100 government officials and 50 civil society members. The findings revealed that in regions where local leaders were able to inspire trust and motivate teams around audit recommendations, reforms were implemented more effectively. This led to improved public management and greater trust in government processes. This dynamic was also confirmed by Bratton and Mattes [61], who demonstrated in their study on sub-Saharan Africa that citizens' support for democracy and public reforms is stronger when local leaders are perceived as capable of delivering tangible results, such as more transparent public management and reduced corruption.

In Morocco, Nejjari et al. [53] demonstrate that when elected officials strongly commit to transparency and internal control, local governments achieve better reform implementation and improved financial performance. Toubtou and Naimi [35] emphasize that leaders' commitment directly influences governance culture within local administrations, either facilitating or hindering the adoption of audit recommendations. Gharrafi et al. [34] highlight that in municipalities where elected officials

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adopt a strategic vision of internal control, departmental cooperation improves, and resistance to organizational change decreases. El Kadiri and Gallouj [17] stress the importance of training and raising awareness among elected officials about audit and control issues, to strengthen their ability to lead reforms effectively and to foster a governance dynamic based on transparency and accountability.

Citizen engagement in local governance processes is a crucial moderating factor for ensuring the effectiveness of internal audits. According to Arnstein's [62] theory of citizen participation, active citizen involvement in decision-making strengthens transparency and accountability, which are key elements for the successful implementation of audit recommendations.

A study conducted by Fox [63] in Bolivia, the impact of citizen participation on the implementation of internal audit recommendations was examined. This research, conducted in a fragile governance context, utilized surveys and interviews with 200 citizens, 50 political leaders, and public management experts. Fox [63] observed that citizen participation not only enhances transparency but also ensures rigorous monitoring of audit recommendations. The study concluded that when citizens are involved in gathering audit-related information and monitoring decisions, pressure on local authorities to implement recommendations increases, thereby strengthening local governance. This research demonstrated that citizen participation helps reduce corruption and improve public service management by reinforcing the accountability of elected officials.

In Africa, a study conducted by Njiru [64] in Kenya, it was also found that citizen involvement in monitoring internal audits had a direct impact on the quality of local government management. This study used interviews and surveys involving 250 citizens and 50 local officials. The results showed that internal audits became more effective when citizens participated in the process. The dissemination of audit results and increased citizen participation heightened pressure on authorities to be accountable. This dynamic had significant effects on public resource management, contributing to greater transparency and enhanced accountability at the local level.

In Morocco, Toubtou and Naimi [35] highlight that social pressure from informed citizens can push elected officials and managers to implement internal audit recommendations, particularly in areas such as budget management and anti-corruption efforts. Gharrafi et al. [34] indicate that the lack of a participatory culture and limited access to information restrict citizens' ability to actively assess local government performance. El Kadiri and Gallouj [17] recommend the implementation of citizen participation mechanisms, such as participatory budgeting, digital platforms for monitoring audit recommendations, and public consultations, to increase public involvement in local governance.

By activating social pressure, citizen engagement plays a crucial role in enhancing the effectiveness of internal audits. It reinforces local governance processes by making authorities more accountable and transparent in their actions.

These dynamics are summarized in the conceptual research model presented in Figure 1. The model highlights how internal audit influences local governance not only through its methods and processes but also via moderating variables such as leadership and citizen engagement, which determine the effective implementation of audit recommendations.

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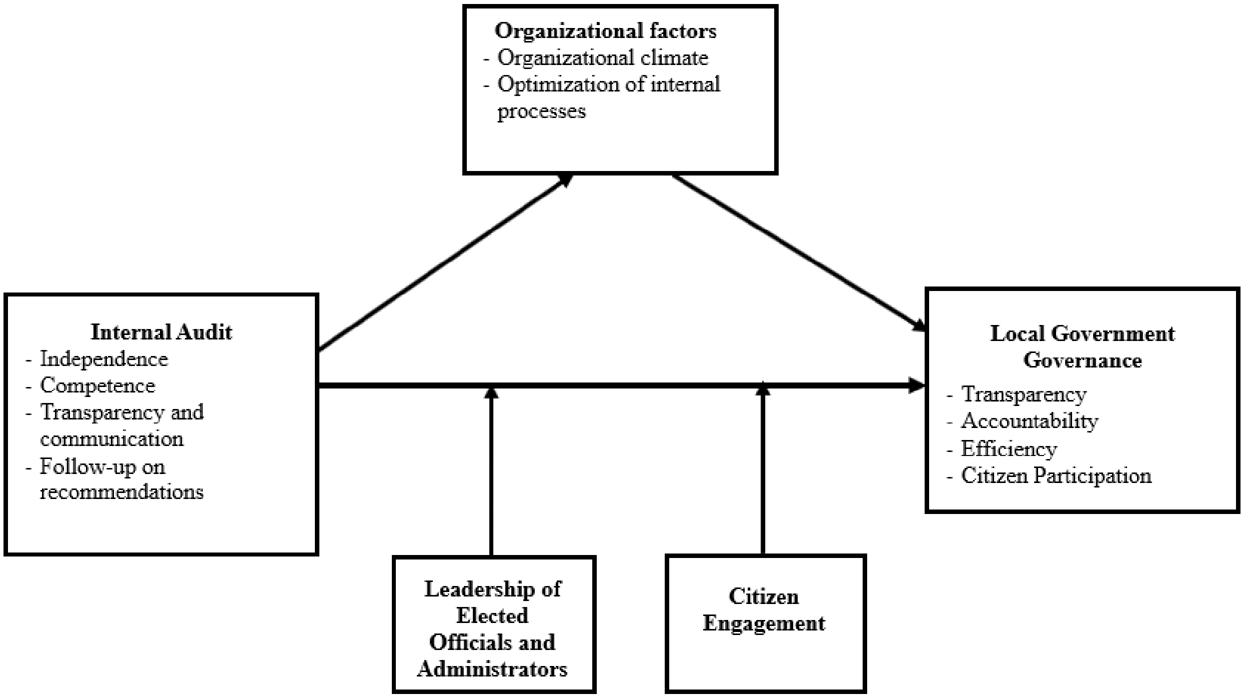

Figure 1.
Conceptual research model linking internal audit, leadership, citizen engagement, and local governance outcomes.

6. Conclusion

This article presents a conceptual model aimed at analyzing the contribution of internal audit to the governance of Moroccan local governments. The model is based on a theoretical integration of multiple conceptual approaches and empirical studies dedicated to internal audit and local governance. The objective is to better understand the mechanisms that enable internal audit to play a key role in strengthening governance principles such as transparency, accountability, and efficiency within local governments. The model proposes that, for an internal audit to be effective, it must be understood through two categories of factors: mediating factors and moderating factors.

The mediating factors integrated into this model include internal process optimization and organizational climate. These factors facilitate the implementation of internal audit recommendations and ensure a more transparent and efficient management of public resources. As for the moderating factors, namely the leadership of local elected officials and citizen engagement, they play a fundamental role in the intensity and scope of the internal audit's impact on local governance.

The proposed theoretical model is built upon a methodology that incorporates an in-depth analysis of 22 empirical studies. These studies were selected for their contextual and scientific relevance, particularly those focusing on local governments in developing countries. The integration of these findings has made it possible to identify key dimensions of internal audit and local governance, while also highlighting organizational and structural dynamics.

From a practical perspective, while this article provides a solid theoretical foundation, it is essential to conduct empirical research to validate its scientific relevance, particularly in the context of Moroccan local governments. Once validated, this model could serve as a framework for public sector reform, identifying specific levers to improve the effectiveness of internal audit and, consequently, local governance.

The limitations of this study primarily stem from its conceptual nature. Although the model is built

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on a comprehensive literature review, it still needs to be tested and refined through empirical research, especially across varied local contexts.

There are multiple avenues for future research. In the short term, contextualizing and empirically validating the model through field studies is a priority to refine and test its proposed hypotheses. In the long term, comparative studies with other developing countries would help broaden the understanding of the internal audit's impact on local governance and explore solutions to common governance challenges.

Transparency:

The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

Copyright:

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