**Does internal auditing impact the achievement of sustainable development**

**in the banking industry?**

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**Abstract**: The objective of this research was to investigate the impact of internal auditing practices within banks listed on the Palestine Exchange on the attainment of sustainable development goals. The study sample comprised 60 individuals selected randomly from the internal audit departments of the banks. To fulfill the study's aims, a descriptive methodology was employed. A questionnaire, designed explicitly to address the study's objectives, was utilized. Additionally, after conducting data analysis, the findings demonstrated a significant influence for each of the (internal audit's independence, objectivity, and professional care) on achievement of sustainable development ,therefor, the study recommended that it is It is imperative to persist in improving the expertise and knowledge of internal auditors by expanding and diversifying training programs focused on sustainable development in banks. This will equip them with updated skills in these areas.

 **Keywords**: Internal audit, sustainable development, Banks sector.

**1. Introduction:**

The banking industry faces increasing pressure from stakeholders to address sustainability issues and demonstrate their commitment to corporate social responsibility. “It is therefore essential that the issue of sustainability and the implementation of CSR into core activities in banking operations gain the confidence of stakeholders” [1].

Achieving sustainable development poses a challenge for banks in terms of their ability to preserve their systems, transactions, and operations across various economic, social, and environmental levels. Banks must incorporate sustainability Integrating risks associated with climate change into their risk management strategies to mitigate such risks, environmental degradation, and social inequality. They must also develop sustainable lending and investment practices to promote sustainable and inclusive growth. banks must encourage the adoption of sustainable business practices among their clients. In recent years, there has been a growing recognition of the importance of sustainable development and corporate social responsibility in various industries, including the banking sector [2].

One of the theories associated with institutional governance is agency theory, which is an economic and management theory that focuses on the relationship between agents (employees or managers) and principals (owners or shareholders) in organizations or companies. This theory assumes that there is a potential conflict between agents and principals due to differences in their goals and interests, illustrates how conflicting interests and asymmetric information can lead to agency problems [3]. The presence of multiple stakeholders in a bank lead to a rise in agency conflicts, while the intricacy of its operations results in significant information asymmetry, thus heightening the challenges associated with monitoring processes. [4].

Therefore, internal auditing can help alleviate agency problems. Where Internal audit plays a crucial role in promoting sustainable development within the banking industry as one of its governance mechanisms. By focusing on compliance with environmental regulations, social and ethical responsibilities, risk management, and transparency and accountability, internal auditors contribute to improving the bank's sustainability performance. By doing so, internal audit strengthens the banking industry's overall contribution to sustainable development. [5].

Internal audits help banks identify and address potential risks and opportunities associated with their operations. They can provide the bank with insight into its financial performance and corporate governance. Furthermore, internal audits can also provide feedback on the bank's sustainability efforts. [6].

Furthermore, internal audit contributes to reporting accuracy and transparency by assessing the reliability of sustainability-related data. They ensure that sustainability metrics align with relevant regulations and frameworks, such as ESG (Environmental, Social, and Governance) reporting. This commitment to accuracy helps foster trust in the organization's sustainability efforts and promotes accountability to stakeholders. [7].

The banking sector offers a significant framework for our study, with a substantial amount of research focusing on the influence of internal audit on the attainment of sustainable growth in non-banking organizations. Nevertheless, there is a dearth of literature examining this correlation within banking institutions, especially in the context of Palestine. The primary objective of this article is to bridge this gap and enrich the current body of knowledge by presenting empirical proof regarding the impact of internal audit on the achievement of sustainable growth in the banking sector of Palestine. This inquiry leads us to ponder whether internal audit contributes to the realization of sustainable development. The research endeavors to address the ensuing pivotal query:

Does internal audit impact the achievement of sustainable development in the banking industry?

**This study aims** to identify the potential impact of internal audit practices (the internal audit's independence, objectivity, and professional care) on achieving sustainable development goals. Specifically, the study will explore how internal audit functions can contribute to sustainable development in areas such as environmental sustainability, social responsibility, and economic stability. This study will investigate the internal audit factors that impact the achievement of sustainable development in the banking industry and quantify sustainable development achievement in Palestinian Banks.

Accordingly, **the significance of the study,** assisting bank management boards in recognizing the contribution of internal auditing to sustainability in the banking industry, and providing the Palestinian Monetary Authority with an incentive to focus on enhancing the competencies of internal auditors in banks, highlights its importance as an addition to existing literature on the reality of internal auditing and its role in achieving sustainability in banks.

This study stands as the sole examination delving into the influence of internal audit activities on the attainment of sustainable development within the banking sector. Furthermore, it represents the pioneering effort to gauge the extent of sustainable development achievements within banks listed on the Palestine Exchange. Consequently, the paper contributes significantly and innovatively to scholarly literature on the accomplishment of sustainable development.

 **2. Literature reviews and Development Hypotheses:**

**2.1 Literature reviews:**

The banking sector plays a critical role in the economic development of countries and has a significant impact on sustainability initiatives. The role of internal audits in promoting and ensuring sustainable development within banks has become a topic of interest in literature. Several studies have explored the relationship between internal audit and sustainable development in the banking industry.

The study [9] showed that the quality of internal audit systems directly impacts the financial performance of banks, Effective internal audit functions have been found to moderate the relationship between corporate governance and sustainability reporting practices, leading to higher levels of sustainability disclosure. Furthermore, sustainability assurance, internal control, and audit failures significantly influence auditing practices, highlighting the interconnectedness of these factors in driving sustainable development in the banking industry, the study [10] has highlighted that the impact of internal audit on sustainable development in the banking industry is multifaceted. Firstly, internal audit quality is closely linked to financial performance, as it ensures the effectiveness of risk management and internal control systems. This, in turn, contributes to the long-term sustainability of banks by mitigating risks and enhancing overall performance. Secondly, the moderating role of internal audit functions in corporate governance and sustainability reporting practices underscores the importance of internal audit in promoting transparency and accountability, which are essential elements of sustainable development.

As well, a study [11] has shown that despite the positive impact of internal audits on sustainable development in the banking industry, there are potential debates regarding the extent of its influence. Some may argue that other factors, such as external market forces or regulatory requirements, play a more significant role in driving sustainable development. However, it is essential to recognize that internal audit functions act as a critical internal mechanism for ensuring compliance with external regulations and aligning organizational practices with sustainable development goals. A previous study [12] demonstrated a favorable correlation between independent internal audit and risk management governance, leading to improved evaluations of external audit risks. Moreover, effective risk management governance was found to have a direct positive influence on external audit risk assessments, further augmented by its indirect positive impact on risk evaluation.

Regarding The findings of study [13] indicated that both independence and competence exerted a notable influence on the efficacy of internal audit. Additionally, top management support was found to indirectly impact the effectiveness of internal audit through its effects on competence and independence. However, the direct impact of top management support on the effectiveness of internal audit was not statistically significant. The findings of study [14] highlighted those resources significantly influenced the integrity, which in turn affected the effectiveness of internal audit. Moreover, senior management support was observed to enhance integrity, objectivity, and moral courage, consequently contributing to the effectiveness of internal audit. The study [15] revealed that the competence and objectivity of internal auditors, along with management support, exert a significant influence on the effectiveness of the internal audit function. Furthermore, the competence and objectivity of internal auditors, as well as the effectiveness of the internal audit function, were found to significantly impact the quality of financial reporting.

as well the research [16] demonstrates that competence, objectivity, and independence exert a significant impact on the effectiveness of internal audit. Additionally, management support moderates the influence of competence, objectivity, and independence on the effectiveness of internal audit. while the study [17] has drawn several conclusions, with the most significant being the absence of a causal relationship between the agile internal audit work style and the sustainable development reporting of the sampled banks. This validates the research hypothesis, indicating that there is no statistically significant causal relationship between the agile internal audit work style and the sustainable development reporting.

 The conclusion drawn from study [18] was that internal audit and corporate governance have a substantial impact on the real estate sector, given their positive correlation with the industry's sustainable development. Estate Industry, while the study [19] the major r that the auditor plays when auditing the sustainable development and sustainability reports has been identified in achieving the requirements of sustainable development, in addition to that there are several auditing standards that can guide the performance of the audit of sustainable development. While a study [20] showed Internal auditing positively affects the firm's long-term value and performance, indicating its role in promoting sustainable business practices and contributing to the achievement of sustainable development goals,

In conclusion from the above, internal audits significantly impact the achievement of sustainable development in the banking industry. The empirical evidence supports the notion that internal audit quality is positively associated with financial performance and sustainability reporting practices. As such, fostering effective internal audit systems is essential for promoting sustainable development in the banking sector, ultimately contributing to the stability and resilience of the financial industry.

 **How is the current study different?**

What sets the current study apart is its focus on examining the impact of internal auditing on the attainment of sustainable development within the banking industry, with a particular emphasis on previously unexplored independent factors such as independence, objectivity, and due professional care. Moreover, it introduces a mediating factor in the form of top management support. This study is conducted in Palestine, making it unique as it is the first of its kind to investigate the relationship between internal auditing and sustainable development achievement within the banking sector in this context.

**2.2 Development Hypotheses:** Based on previous studies and agency theory**.** the following hypotheses were formulated:

**H1: There is a positive impact of internal audit on the achievement of sustainable development in the banking industry.**

The first hypothesis ramifies the following hypotheses:

1. There is a positive influence of internal audit independence on the achievement of sustainable development in the banking industry.
2. There is a positive impact of the internal auditor's objectivity on the achievement of sustainable development in the banking industry.
3. There is a positive impact of due professional care on the achievement of sustainable development in the banking industry.

**H2: There is a positive impact of internal audit on the achievement of sustainable development in the banking industry, by mediating role of top management support.**

**3. Model of the study:**

**achievement of sustainable development**

**)ASD)**

 IV  **Top Management Support**  DV

**Control Variables:** Environmental Internal Audit, Compliance Audit, Environmental Management System Auditing, Environmental Financial Auditing, Governance, Risk Management.

**4. Theoretical Framework:**

**Internal Auditing:** “Internal auditing obtains an available, impartial assurance and consultation process intended to enhance an organization's performance. It contributes to the achievement of organizational goals by applying a methodical, disciplined approach to assessing and enhancing the efficacy of risk management, control, and governance systems Internal auditors provide assurance to the Board of Directors and executive management that the organization's internal controls are working effectively”. They also help to identify weaknesses in these internal controls and provide recommendations for improving them, helping the organization to become more efficient and effective. [21].

**Sustainability development in bank industry:** Sustainable development refers to development that is carried out in an environmentally responsible manner, focusing on expansion and promoting overall well-being within an ecologically sound framework. It involves implementing practices that go beyond financial, ecological, and social barriers and are aimed at meeting the needs of the present without jeopardizing the requirements of future generations. Sustainable development aims to achieve economic growth while considering social equality and environmental preservation. It emphasizes the satisfaction of human needs, social equality, and respect for environmental limits as the foundation for prioritizing economic issues [20].

**Top Management Support:** Management support refers to the actions and behaviors of senior management in an organization that demonstrate their commitment to and endorsement of a particular initiative, project, or process. In the context of internal audit, management support can take the form of providing resources, setting clear expectations, promoting a culture of accountability and transparency, and actively engaging with auditors to ensure their independence and objectivity. Effective management support is essential for the success of internal audits, as it helps to create an environment in which auditors can perform their duties with confidence and effectiveness. [16].

**5. Methodology:**

**5.1 Data Collection:**

The data for the study was gathered from primary sources utilizing a questionnaire as the primary research instrument. This questionnaire was developed based on previous studies that have examined the relationship between internal auditing and sustainable development. Furthermore, data was also collected from secondary sources such as books, academic journals, and pertinent online resources.

**5.2 Population and Sample Study:**

The study's population comprises seven banking institutions that are publicly traded on the Palestine Stock Exchange. Specifically, the study's participants are internal auditors employed within these financial institutions. A simple random sampling method was employed to select 60 individuals out of a total of 78, representing 77% of the population. Subsequently, questionnaires were disseminated to these selected employees, all of which were accurately completed.

**Table 1. Description of the study sample:**

|  |  |  |  |
| --- | --- | --- | --- |
|  (**Percentage%)** | **(Frequency)** | **Categories** | **Factors** |
| 10 | 6 | **Departmental Director** | **Job title** |
| 23 | 14 | **The department's head** |
| 67 | 40 | **Internal Auditor** |
| ***100*** | ***60*** | *Total* |
| 67 | 40 | **Master's degree or higher** | **Educational background** |
| 33 | 20 | **Bachelor** |
| 0 | 0 | **Intermediate Diploma** |
| ***100*** | ***60*** | ***Total*** |
| 10 | 6 | **less than 5 years** | **Years of Experience** |
| 57 | 34 | **5 – 15 years old** |
| 33 | 20 | **More than 15 years** |
| ***100*** | ***60*** | ***Total*** |
| 27 | 16 | **Yes** | **Obtaining Professional Certification in Auditing** |
| 73 | 44 | **No** |
| ***100*** | ***60*** | ***Total*** |

Table 1 illustrates that all the specimens consist of individuals working as staff members within the internal audit divisions, occupying different positions. These individuals have obtained specific academic credentials in the fields of finance and management and have acquired expertise in the domain of internal audit. Nonetheless, 73% lack official certifications in the field of auditing. Consequently, the group of subjects selected for this research is deemed to be a suitable representation of the original demographic.

**5.3 Tool of the study:**

In order to accomplish the research aims, data will be gathered through the utilization of a self-constructed questionnaire in English and Arabic (generated online via Google). Respondents were requested to provide responses to inquiries regarding the research and assess their hypotheses within the questionnaire. The questionnaire, which functioned as the main instrument for data collection in the study, comprised multiple sections outlining the study objectives and the anticipated responses from the participants. Moreover, a Likert scale methodology with five dimensions was employed to assess the comparative significance of each answer. Subsequently, the data underwent collection, input into a computer system, and underwent statistical analysis utilizing the SPSS software. The research was carried out during the initial quarter of 2024, covering the period from January 1, 2024, to March 31, 2024. The instrument was devised based on existing theoretical literature and prior investigations.

The questionnaire is the main research tool and consists of four parts:

The first section: Demographic information of the study sample participants is included, based on four criteria (position, academic background, years of experience, and certification in the auditing profession) used to describe the characteristics of the study sample.

The second section: the measure of the impact of each (the internal audit's independence **(IND)**, objectivity **(OBJ)**, and Due professional care **(DPC)**) on achievement of sustainable development across (12) paragraphs gauge.

Third section: It measures the level of the Top Management Support **(TMS)** foe internal auditing in the banks registered on the Palestine Exchange across (6) paragraphs.

Fourth section: The gauge of the grade of the achievement of sustainable development **(ASD)** in the banks registered on the Palestine exchange included (7) items to represent the gauge.

Answers between (1-5) on a five-point Likert scale are as follows:

1. Belief level (5). 2. Acceptance: Level (4). 3. Balance: Level (3). 4. Objection: Level (2). 5. Strongly inclined to level (1).

Therefore, the final form of the questionnaire (research instrument) consisted of 25 items on a 5-point Likert scale.

**5.4 Data examinations:**

5.4.1 According to the descriptive statistics results: Use the following table to explain the results:

1. Greater than 4.2: Very good. 2. Greater than 3.4 and less than 4.2: very good. 3. Greater than 2.6 and less than 3.4: medium. 4. Greater than 1.8 and less than 2.6: low. 5. Below 1.8: Very low.

5.4.2 According to the results described by the inference, if the p-value is close to 5% and statistically significant, the hypothesis is accepted; if the p-value is greater than 5% and not statistically significant, the result is rejected.

**5.5 The Reliability of the study tool:**

The Cronbach's Alpha test utilized in evaluating the questionnaire's internal consistency yielded a result of 0.95. Given that this value exceeds the 0.70 threshold, it suggests that the research instrument is reliable, and the data gathered is suitable for assessing variables, providing a dependable basis for conducting statistical analysis. [22].

**6. Statistical Analysis of Data:**

A series of statistical methods were employed to analyze the data and test the hypotheses of the study. These methods include:

6.1 Data Analysis and Discussion:

**1. Descriptive Statistics Measure:**

The statistical examination of the study included applying frequency and percentage calculations to characterize the research participants, along with evaluating the data using mean and standard deviation to interpret the participants' answers. The demographic details of the study group were displayed in Table 1, while Table 2 outlined the average values and the spread of the responses for the items on the survey that relate to the study's key themes. The analysis revealed that the average score for each section and component of the research exceeded 3, indicating their general acceptance. The standard deviation values, being under 1, reflected the responses' concentration and the credibility and acceptance of the data's distribution. [24].

**Table 2. Arithmetic Mean and Standard Deviation paragraph of the Questionnaire.**

|  |  |  |  |
| --- | --- | --- | --- |
| **#** | **Paragraph** | **Mean** | **Std. Deviation** |
| **Independent Variable (Internal Audit)** | **4.18** | **0.43** |
| **Independence** | **4.30** | **0.41** |
| 1 | The internal audit department in the bank enjoys functional independence from the executive management. | 4.26 | .52 |
| 2 | The director of the internal audit department confirms the organizational independence of internal audit activity to the board of directors on an annual basis at least. | 4.13 | .56 |
| 3 | The director of the internal audit department in the bank functionally reports to the board of directors or the audit committee. | 4.56 | .49 |
| 4 | The director of the internal audit department communicates directly with the board of directors. | 4.33 | .54 |
| 5 | The board of directors or the audit committee selects the director of the internal audit department and evaluates their performance. | 4.16 | .58 |
|  | **Objectivity** | **4.17** | **0.48** |
| 6 | The internal auditor ensures not to engage in any activities that could compromise their neutral evaluation. | 4.10 | .60 |
| 7 | The internal auditor discloses all known facts that, if not disclosed, could distort their reports on the activities being audited. | 4.23 | .49 |
| 8 | The internal auditor rejects anything that could compromise their professional judgment. | 4.20 | .60 |
|  | **Due Professional Care** | 4.04 | 0.54 |
| 9 | Employees in the internal audit department are enrolled in specialized professional courses.  | 4 | .58 |
| 10 | The internal auditor at the bank possesses communication, dialogue, and teamwork skills. | 4.06 | .63 |
| 11 | The internal auditor at the bank is enhanced with knowledge of information technology. | 4 | .68 |
| 12 | The internal auditor at the bank possesses reasonable experience in local financial systems and regulations. | 4.10 | .65 |
|  | **Top Management Support**  | **3.99** | **0.59** |
| 13 | The senior management at the bank provides sufficient support for internal audit in the field of sustainability. | 3.96 | .60 |
| 14 | The senior management at the bank provides sufficient support for internal audit in the field of sustainability. | 4 | .58 |
| 15 | There is effective communication between the senior management at the bank and the internal audit department to ensure the achievement of sustainability goals. | 3.93 | .63 |
| 16 | The senior management at the bank is committed to developing the skills of employees in the internal audit department in the field of sustainability. | 4.03 | .60 |
| 17 | The senior management at the bank is interested in utilizing the internal audit team and technology to monitor and evaluate key sustainability elements (environmental, social, governance). | 4.03 | .60 |
| 18 | The senior management at the bank pays attention to the recommendations of the internal audit team to enhance the integration between sustainability principles and the financial goals of the bank. | 4.03 | .59 |
|  | **Dependent Variable (Achievement of Sustainable Development)** | **3.91** | **0.501** |
| 19 | Integrating environmental, social, and governance (ESG) topics into its operations with the aim of creating added value for stakeholders. | 3.9 | .60 |
| 20 | The bank is committed to driving sustainable social development forward. | 3.9 | .60 |
| 21 | The bank consistently engages with stakeholders (customers, shareholders, employees, etc.) to understand their needs and aspirations, which constitute the essence of sustainability goals, and strives to meet them. | 3.63 | .71 |
| 22 | Developing, updating, and evaluating business continuity management plans and providing recommendations. | 4.03 | .48 |
| 23 | Compliance with relevant legal and regulatory requirements related to achieving sustainable development. | 4.03 | .53 |
| 24 | Ensuring that the risk management infrastructure is aligned with environmental, social, and economic changes. | 4 | .57 |
| 25 | The bank is committed to integrating environmental, social, and governance (ESG) issues and managing them within the bank's governance framework. | 3.93 | .50 |

**Table (3) illustrates that:**

1. Upon reviewing the standard deviation ratios, it became evident that there was remarkable consistency among the opinions of the study sample. The percentage of agreement within the study sample ranged from 85% to 90%, indicating a high level of uniformity in their responses.
2. The impact of internal audit and its independence, objectivity of the internal auditor, and the exercise of due professional care are significant in achieving sustainable development in the banking industry.
3. The level of support from top management for the internal audit activity in banks is high.
4. The level of achievement of sustainable development in banks is high.

**2. Inferential Statistics:**

The Statistical Program for Social Sciences (SPSS) was utilized as follows:

1. **Correlation Matrix:**

**Table (3): Correlation Matrix**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Variables**  | **ASD** | **IND** | **OBJ** | **DPC** | **TMS** |
| **ASD** | 1 | 0.535 \*\* | 0.502\*\* | 0.775\*\* | 0.489\*\* |
| **IND** | 0.535\*\* | 1 | 0.768\*\* | 0.740\*\* | 0.535\*\* |
| **OBJ** | 0.502\*\* | 0.768\*\* | 1 | 0.693\*\* | 0.736 |
| **DPC** | 0.775\*\* | 0.740\*\* | 0.693\*\* | 1 | 0.670\*\* |
| **TMS** | 0.489\*\* | 0.666\*\* | 0.736\*\* | 0.775\*\* | 1 |

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

The correlation matrix in Table (3) demonstrates a significant positive relationship between the independent variables (the internal audit's independence, objectivity, and professional care), the mediator (Top Management Support**)**, and the dependent variable (the achievement of sustainable development) at a significance level of 1%. This indicates a statistically significant and strong relationship. The researcher interprets this as internal audit playing a crucial and effective role in achieving sustainable development in the banking industry in Palestine. ￼

1. Multiple Linear Regression test to test the effects of independent variables on the dependent variable [25].

Table 4. The Multiple Regression Test

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Model** | **Unstandardized Coefficients** | **Standardized Coefficients** | **T** | **Sig.** |
| **B** | **Std. Error** | **Beta** |
| *(Constant)****Internal auditing******independence******objectivity******due professional care******Top Management Support***  | *1.252**.779**.640**.523**.713**.720* | *.443**.111**.133**.118**.076**.065* | *.678**.335**.502**.775**.624* | *2.827**7.023**4.816**4.424**9.330**9.176* | *.007**.000**.000**.000**.000**.003* |

a. Dependent Factor: achievement of sustainable development

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Factor** | **R** | **R Square** | **F Value** | **Sig** |
| *internal auditing* | *67.8%* | *46%* | *49.319* | *.000* |

Significant at (0.05) ≥α \*

Table 4 details the outcomes of the statistical examination for the conceptual model of the study, incorporating an independent variable, internal audit, defined by attributes such as independence, objectivity, and due diligence, against a single dependent variable, reflecting the attainment of sustainability within banks listed on the Palestine Stock Exchange. A substantial correlation is evidenced by an R-value of 0.678, implying a strong link between the various aspects of internal auditing and the achievement of sustainable development in these banks. The results also demonstrate a significant influence of the internal audit on the achievement of sustainable development, with an F. Sig value of 0.00, which falls below the 0.05 threshold. Moreover, the coefficient of determination, R2, stands at 0.460, indicating that the different dimensions of internal audit account for 46% of the variation in sustainable development.

The coefficient of (t) between the independent and dependent variables is statistically significant at the one percent level, as shown in Table (4). This suggests that mediation is statistically significant and partial as a result of the independent variable's impact on the dependent variable.

As shown in Table (4), the regression line equation may be utilized to describe the value of the internal auditing correlation coefficient with the support of top management:

**ASD=1.252 + 0.779Internal auditing + 0.640 Independence+0.523 Objectivity+ 0.713 due professional care+ 0.720 Top management support + e**

**6.2 Hypotheses Testing:**

To test the theories, the researchers used basic linear regression analysis:

**Table 5**. Analyzing the impact of internal auditing on the achievement of sustainable development using simple linear regression.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Factor** | **R** | **R Square** | **F Value** | **Sig** |
| *internal auditing*  | *67.8%* | *46%* | *49.319* | *.000* |
| internal audit independence | *53.5%* | *28.6%* | *23.199* | *.000* |
| internal audit objectivity | *50.2%* | *25.2%* | *19.571* | *.000* |
| Due professional care | *77.5%* | *60%* | *87.054* | *.000* |
| *internal auditing, top management support* | *67.9%* | *46.1%* | *24.415* | *0.000* |

**H1: There is a positive impact of internal audit on the achievement of sustainable development in the banking industry.**

Table (5) demonstrates that there is a significant relationship between internal audit and the attainment of sustainable development within the banking industry, with a correlation coefficient of 67.8%. The independent factor accounts for 46% of the variance observed in the dependent factor. Moreover, 54% of the variance in the dependent factor is explained by other factors. The statistical analysis confirms that the relationship between these two factors is statistically significant, thus supporting the acceptance of the alternative hypothesis.

1. There is a positive influence of internal audit independence on the achievement of sustainable development in the banking industry.

Table (5) demonstrates that there is a significant relationship between internal audit independence and the attainment of sustainable development within the banking industry, with a correlation coefficient of 53.5%. The independent factor accounts for 28.6% of the variance observed in the dependent factor. Moreover, 71.4% of the variance in the dependent factor is explained by other factors. The statistical analysis confirms that the relationship between these two factors is statistically significant, thus supporting the acceptance of the alternative hypothesis.

The researchers argue that the independence of internal auditing is a crucial element in achieving sustainable development in the banking industry, as it contributes to building trust, improving management and operations, addressing risks, and enhancing transparency and accountability.

1. There is a positive impact of the internal auditor's objectivity on the achievement of sustainable development in the banking industry.

Table (5) demonstrates that there is a significant relationship between internal audit objectivity and the attainment of sustainable development within the banking industry, with a correlation coefficient of 50.2%. The independent factor accounts for 25.2% of the variance observed in the dependent factor. Moreover, 74.8% of the variance in the dependent factor is explained by other factors. The statistical analysis confirms that the relationship between these two factors is statistically significant, thus supporting the acceptance of the alternative hypothesis.

The researchers argue that the objectivity of the internal auditor plays a crucial role in achieving sustainable development in the banking industry, through building trust, making sound decisions, improving internal processes, and ensuring compliance and regulation.

1. There is a positive impact of due professional care on the achievement of sustainable development in the banking industry.

Table (5) demonstrates that there is a significant relationship between due professional care and the attainment of sustainable development within the banking industry, with a correlation coefficient of 77.5%. The independent factor accounts for 60% of the variance observed in the dependent factor. Moreover, 40% of the variance in the dependent factor is explained by other factors. The statistical analysis confirms that the relationship between these two factors is statistically significant, thus supporting the acceptance of the alternative hypothesis.

The researchers argue that the professionalism exhibited by the internal auditor plays a crucial role in achieving sustainable development in the banking industry, through providing quality reports, reducing risks, complying with legal standards, and enhancing the company's reputation.

**H2: There is a positive impact of internal audit on the achievement of sustainable development in the banking industry, by mediating role of top management support.**

Table No. (5) illustrates that in the presence of the mediating factor, top management support, the relationship between internal audit and the achievement of sustainable development is 67.9%. The independent factor accounts for 46.1% of the variance observed in the dependent factor, while 53.9% of the changes are attributed to other factors. Furthermore, the statistical analysis confirms a significant relationship between these factors, thus supporting the acceptance of the alternative hypothesis.

**7. Conclusion and Recommendation:**

The study revealed that internal auditing has a positive impact on achieving sustainable development in the banking industry. It also indicated a significant influence of the internal audit's independence, objectivity, and professional care on achieving sustainable development in the banking industry. This implies that internal auditing represents a vital element in supporting and enhancing sustainable development in the banking industry through improving governance, risk management, supporting strategic decisions, and enhancing financial and operational performance in a manner that considers environmental, social, and governance dimensions. The results align with the findings of previous studies [10], [12], [14], [15], [16]. [26], [27]

Based on this finding, Bank boards should enhance the role of the internal auditing department in reviewing sustainable development initiatives, it is also recommended There is a necessity to heighten the focus on internal audit activities and enhance their effectiveness to ensure independence, objectivity, efficiency, and effectiveness. This is crucial due to the positive impact internal audit has on supporting sustainable development, and it is imperative to persist in improving the expertise and knowledge of internal auditors by expanding and diversifying training programs focused on sustainable development in banks. This will equip them with updated skills in these areas. Finally, Backing the Monetary Authority's efforts to assist internal audit departments in implementing a standardized approach and adhering to relevant standards, thus elevating the role of internal auditing in Palestinian banks.

The study significantly enhances both theoretical and empirical understanding of how internal auditing activities impact the effective management of sustainable development in banks across Palestine and other countries. The study's findings could assist in enhancing the preparedness of bank professionals and auditors to grasp the principles and components of internal auditing activity and its efficacy, and to implement these principles within their respective banks. Internal auditing activities, structures, and sustainable development should be carefully integrated into the development of strategies for Palestinian banks, recognizing their significance as crucial drivers of bank value. Enhancing the strategy development process can involve fully integrating management practices along with their corresponding indicators. Palestinian banks can enhance their performance by aligning various perspectives, internal auditing principles, and sustainable development, and by assigning ratings to each of these perspectives. These findings also have significant implications for investors and asset managers.

However, it's important to acknowledge that this study may have certain limitations, and its results should be interpreted within those limitations. The findings are based on a cross-sectional survey conducted in one country, which means that extending the survey to different time periods and countries might lead to nuanced changes in the results. Additionally, a certain body of literature may have influenced the choice of influencing elements in the model, while other literature may have suggested alternative variables worth looking into. Respondents may have been tempted to downplay or remain neutral on some items they thought sensitive or confidential, even in spite of efforts to increase response rates.

**8. References:**

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