

Senior Management Support As A Moderation Of The Influence Of Organizational Culture And Characteristics Of Internal Auditors On The Effectiveness Of Internal Audits

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ABSTRACT

This study is to examine the influence of organizational culture and internal auditor characteristics on the effectiveness of internal audit with the support of senior management as a moderating variable in the banking industry in South Sumatra and Jakarta. Data were collected through questionnaires and semi-structured interviews with the Internal Auditor and Director, with a study sample complemented by a review of relevant documentary evidence. . The data analysis method used is Structural Equation Modeling (SEM) by implementing the rule of thumb assessing Convergent Validity, Discriminant Validity, Reliability, F test hypothesis testing, Coefficient of Determination (R²), Moderated Regression Analysis (MRA) and t test. The results showed: Organizational Culture, Internal Auditor Characteristics, Senior management support had a positive and significant effect on the effectiveness of internal audit. Senior management support strengthens the influence of organizational culture on the effectiveness of internal audit and weakens the influence of internal auditor characteristics on the effectiveness of internal audit. Organizational Culture, Internal Auditor Characteristics, and Senior Management Support have a positive and significant effect on Internal Auditor Effectiveness. The results have implications in strengthening the effectiveness of internal audit, the need for interaction between internal auditors and elements of the organization as well as elements of leadership within the company to carry out recommendations on the results of internal audit. In contrast to most previous studies, this study lies on indicators of internal auditor characteristics (integrity, capability, locus of control and ethical awareness). Besides, the second novelty lies in the role of the effectiveness of internal audit in improving corporate governance, risk management and management control

Keywords Organizational Culture, Internal Auditor Characteristics, Senior Management Support, Internal Audit Effectiveness

1. INTRODUCTION

The work of auditors to produce internal audit effectiveness needs to be strengthened by the organizational culture of a company, which is a shared value system that is carried out by every level of employees in determining organizational goals (Said Suwaidan & Qasim, 2010). An important factor in supporting the effectiveness of internal audit is senior management support, which is an activity that has the impact of directing employee behavior shown by the top management of division heads and so on in the organization. Top management's support for internal audit is an important determinant of the objectivity of internal audit and determines whether the internal audit department is effective or not. (Abuazza et al., 2015; Alzeban & Gwilliam, 2014; Cohen & Sayag, 2010; Drogalas et al., 2015; Endaya & Hanefah, 2016; Mihret & Yismaw, 2007; Oussii & Boulila Taktak, 2018;). One of the public trust professions is the profession of public accounting which plays an important role in enhancing and improving company performance. In order for the company's performance to increase, compliance with applicable regulations and ethical values, the company is obliged to carry out enhancement of organizational culture. (Iswari & Kusuma, 2013) said culture is the patterns of behavior, attitudes, values and assumptions that members in an organization are socialized to new members, and more or less is stable over time. Culture within the organization means a rule that is made, agreed upon and then approved by all members of the organization as a guide for carrying out activities

The profession of internal auditors has a very significant influence in a company or institution, because in a company or in an institution it is necessary to have the role of an examiner who is in charge of carrying out the audit process, and auditors play a role in carrying out their responsibilities in issuing recommendations for the audit results. Internal audit is an examination carried out by the company's internal party against accounting records, compliance with regulations and company finances regarding adherence to top management policies in implementing government regulations in the corridors of applicable professional ties. (Iswari & Kusuma, 2013) Internal auditor characteristics such as integrity, capability, locus of control and ethical awareness are characteristics that an internal auditor must have and be adhered to without compromise by paying attention to moral values to avoid falsehood, fraud, benefit. To act honestly and decisively in carrying out their work in order to maintain the professionalism of an auditor. In order to generate public trust in an auditor profession, the attitude of integrity must be able to accept accidental or deliberate mistakes if there is an honest disagreement with no bias in accepting errors. One of the indicators used in assessing the performance of the internal auditors is audit quality (Hadisantoso, 2017; Kizirian, 2012).

Kahled and Mustafa (2016) explain the characteristics indicators of internal auditors must include report elements showing good and wrong performance and the contents of the report are discussed with auditee management before issuing the final report and include auditee management comments in the audit report. Besides, Khaled and Mustapa also explained that experience is a characteristic possessed by an internal auditor or knowledge of auditing and has an educational background and has an effective communication character. (Endaya & Hanefah, 2016). If the transaction evidence used as a source is not objective it will result in non-objective financial reports (Gamayuni, 2015; Institute of Internal Auditors Research Foundation, 2009; Pickett, 2015). Objectivity is a characteristic of the internal auditor that cannot be separated from other characters such as competence, objectivity and confidentiality.

Identifying factors that have an impact on the effectiveness of internal audit services, explaining that there are four interrelated factors, namely internal audit quality, organizational culture, management support, and attributes of the audit. (Mihret & Yismaw, 2007). Where their findings suggest that the effectiveness of internal audit is strongly influenced by the quality of internal audit and management support. On the other hand, organizational culture does not really influence the of internal audit. This is not in line with the results of research from Zwikael, (2008). Internal Audit Effectiveness Analysis explains that it has no influence on the variables of top management support, internal audit quality and adequate resources. (Lenz & Hahn, 2015) states that whether the relationship is strong or not between the variables of audit quality, objectivity, and quality of work in the role of internal audit. Illegal and / or unethical cases in organizations take many forms. Fraud, corruption, accounting or auditing irregularities, abuse of power, waste and mismanagement are the most common mistakes in organizations. Over the years the incidence of organizational error worldwide has increased (Bowen et al., 2010). The role of internal auditors is needed and the courage to reveal internal cases is very important (Cohen & Sayag, 2010)

Researcher's motivation in conducting this research concerns the unique position of internal auditors in the organization. The unique position here refers to the dual positions that internal auditors have: first, for the internal audit profession and second, for the organization. On the one hand, internal auditors are paid for their work by the organization, i.e. they are paid to do what the management team asks them to do, on the other hand, internal auditors are obliged to uphold standards of professional practice which include integrity, competence, confidentiality and objectivity. Conflicts arise when internal auditors are asked to look after the interests of the management team, or those who enter power, over the interests of the organization itself or other stakeholders. These conflicts put the personality values and ethical awareness of an internal auditor supported by their moral courage at risk. The possible tension between management demands and professional responsibility, which refers to the literature as organizational-professional conflict, creates a critical point for internal auditors in deciding whether to do it by internal auditors and to get senior management support in their company.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Contingency leadership theory is a leadership theory that prioritizes organizational culture and work situations. This theory is presented (Fiedler, 1981) explaining the situational determinants determine an excellent leadership model. The leadership style is determined by the qualities and methods, this is also determined by how the leadership situation is when doing their job. Sometimes a leadership style is not needed in certain conditions, meaning that this leadership style has its time but still there is no leadership style that is the best, only there is the most effective and that is when the style is in accordance with the conditions at hand. It can be related to group characteristics with the state of the company, for example whether it is structured or not as measured by the level of experience and the nature of the group's assignments.

Organizational culture or company culture are the values, norms, beliefs, attitudes and assumptions that form how people in the organization behave and do things that can be done. (Anton Panjaitan, 2014) . The effectiveness of internal audit is a measure of the success of an internal audit process within an organization to what extent the organization is declared successful in its efforts to achieve these goals (Jones, 2005). So it can be said that the effectiveness of internal audit is influenced by how people in the organization behave and do something that can be done. Strong organizational culture will improve performance because it creates extraordinary motivation in employees (Kotter, 1997). It is not uncommon for shared values and behaviors to make people feel comfortable working for an organization, a commitment that makes people try harder. The research Riri and Lili (2015) Organizational culture has a significant effect on fraud prevention through the implementation of an internal control system. Then this is confirmed in the research of Haedar et al (2017) which states that organizational culture has a significant influence on the effectiveness of internal audit performance. A good organizational culture is an organizational culture that will form organizational actors to have a sense of belonging and a sense of identity (a sense of pride as part of the organization) (Igo & Skitmore, 2006). This can improve the results of internal audit so that it can be said that whether or not an organizational culture will affect internal audit results. The better the organizational culture will improve the application of internal audit results. Thus the researcher concludes that the effectiveness of internal audit is influenced by organizational culture. The researcher formulates the first hypothesis as follows:

H1 : Organizational culture has a positive effect on the effectiveness of internal audit.

Auditor characteristics refer to the various aspects that must be possessed by internal auditors which are an important part for every professional providing professional judgment both himself and others. (Endaya & Hanefah, 2016). Aspects of measuring the characteristics of internal auditors include integrity (Kizirian, 2012), competence (Pickett, 2015), the objectivity of the internal auditors, the report shows good and wrong performance, the contents of the report are discussed with the auditee's management before issuing the final report, the auditee's management comments are included in the report, effective communication, experience or knowledge of auditing, professional certification, educational

background (Endaya, 2018), personality / Locus Of Control. (Brownell, 1981) as well as ethical awareness (Cohen & Sayag, 2010). An auditor needs to pay attention to the characteristics of the internal auditor in supporting the results of his work so that it is expected to create an effective internal audit effectiveness. Likewise with integrity which is an action to prevent the possibility of deletion of information by persons who do not have the right to do so. Broadly speaking, integrity is information that has been appropriate and appropriate in the system which has been included in the term "messaging" which means there is no shortage in the process from the reader to the recipients who have the right to it to avoid conflicts of interest with their expertise. to uphold ethics (Naegele, 2018). The capability of the internal auditor is directly related to the actions of the lead internal auditor to establish the processes and practices required to achieve and maintain internal audit capabilities and the actions of the organization's management to create an enabling environment for internal audit. (Institute of Internal Auditors Research Foundation, 2009).

Internal auditors need to show their objectivity and professionalism at the highest level in collecting, evaluating, and informing information about activities or processes that are being carried out. Internal auditors can show recommendations for improvements to company performance such as increasing revenue, reducing spending, increasing efficiency and productivity, improving quality. services provided, as well as increasing management awareness of transparency and accountability in the use of public resources. (Khelil, Hussainey, & Noubbigh, 2016) Standard for Professional Practices of Internal Auditing (SPPIA) contained in standard 2310 describes the adequacy of information, reliable, relevant and useful. This needs to be identified by the internal auditor so that the achievement of the engagement objectives can be fulfilled. When the contents of the report are discussed with auditee management before issuing the final report, it is an element of the character of the internal auditor that shows a person's ability to state the results of their performance as outlined in recommendations in order to improve company performance.

Auditee's management comments included in the report are elements of the auditor's internal characteristics that refer to the quality of the communication criteria. The characteristics of the internal auditor must be able to communicate and ensure the role of the internal auditor, the internal audit unit must fully understand the main duties, functions and business processes of the auditee about what the organization is doing, significant risks and potential risks it faces, plans. business and how they are able to mitigate the risks it faces (Khelil, et al., 2016) Accounting professional certification is an official recognition for someone's professionalism in their field. In the labor market, a professional certificate can give more value to those who have it. Professional certificates are able to distinguish the level of quality and expertise between those who have certificates and those who are not. For example, accountants who have certificates usually get more trust by clients in carrying out their duties than those who do not have certificates.

Personality is a set of traits / characteristics, tendencies and mental tendencies that tend to be stable which are produced by several factors such as environment, culture and heredity. A person's perspective is obtained from experiments on measurement through the location of

control and creativity (Ivancevich, 2006). The personality indicator that will be used in this research is the locus of control dimension (Robins, 2013). Ethical awareness is part of a leadership attitude where ethical development is essential for the success of an individual as a leader of an organization (Morgan & Krueger, 1993). If auditors act unethically, then that action is likely to destroy the public that believes in the audit profession (Muawanah & Nur, 2001). In order to have an ethical attitude, individuals need to take four psychological processes, namely an ethical perspective (identifying ethical dilemmas that will lead to moral problems), ethical considerations (considering morals as an ideal solution to ethical dilemmas), ethical motivation (intention to comply or not with the ideal solution) and ethical character (moral action or ethical attitude).

The effectiveness indicator in the sense of achieving predetermined goals or objectives is a measurement where a target has been achieved in accordance with what has been planned. Effectiveness focuses on outcomes, programs or activities that are considered effective if the resulting output can meet the expected objectives or it is said to be spending wisely. The Internal Audit Effectiveness Model consists of four components (Tugiman, 2006) namely: a) An auditor must be guided by and understand the applicable audit standards; b). In carrying out an audit, an auditor must have careful planning and objective identifiers; c). Provide an assessment of the ability of auditors before accepting assignments to increase organizational productivity; d). Provide an assessment of the auditor's ability to find errors. Pickett, (2015) adding an indicator of the effectiveness of an internal audience is related to risk management and corporate governance. Internal auditors' duties include auditing risks; conduct a risk evaluation, propose a risk management stance while explaining the benefits of risk management, or declare support for a risk management program (Jian and Jou 2014) Based on this explanation, the researcher concludes the second hypothesis:

H2: Internal Auditor characteristics have a positive effect on the effectiveness of internal audit

Mihret & Yismaw, (2007) identify factors that impact the effectiveness of internal audit services, based on public sector higher education institutions in Ethiopia. Their model consists of four interrelated factors: internal audit quality, management support, organizational arrangements, and the attributes of the party being audited. Their findings indicate that the effectiveness of internal audit is strongly influenced by the quality of internal audit and management support. In contrast, the organizational setting and the attributes of the auditee do not have a strong impact on the effectiveness of internal audit. The test results of Leardo et al (2017) shows that management support factors have a positive effect on the effectiveness of internal audit. According to the research results of Drogalas, et al (2015) Senior management support has been shown to have a positive influence on the effectiveness of internal audit. And according to Zulkifli, et al (2014) The main factor that supports the effectiveness of internal audit is top management support. The researchers also suggest the need for future research to fully understand the effectiveness of internal audit using other

variables. Based on this explanation, the researchers concluded the third hypothesis:

H3: Senior Management Support has a positive effect on the effectiveness of internal audit.

Although organizational culture is expected to have a positive effect on employee attitudes and it shows that the relationship is strengthened by a moderating variable in this case senior management support. But the central value in organizational culture are motivating job characteristics which indirectly increase the attitude of unit members towards the organization (Hackman & Oldham, 1976; Humphrey et al., 2007). This suggests the autonomic effect on employees' collective attitudes is indirect, according to Hackman & Oldham, (1976) the model of job characteristics or job design must be moderated by the support of senior management who are appointed as controllers who have three critical psychological states (namely, skills, experience and knowledge of results). Culture Management culture is expected to be effective when the level of trust between managers and employees is high; when employees are not working on interdependent tasks (Gagné & Bhawe, 2011; Hartnell et al., 2011). All explain the relationship between positive organizational culture on the relationship between organizational culture and employee attitudes because the effect of organizational culture does not directly affect controlling attitudes in producing effective performance. Based on this explanation, the researcher concludes the fourth hypothesis:

H4 Senior Management Support strengthens the influence of Management Organizational Culture on the effectiveness of internal audit

The effectiveness of internal audit is a measure of the success of an internal audit process within an organization to what extent the organization is declared successful in its efforts to achieve these goals. The effectiveness of internal audit is determined by the suitability between the audit and some general standards that are taken from the characteristics of the internal audit ((Murwaningsih et al., 2021 Brownell, 1981; Cohen & Sayag, 2010; Khelil, Hussainey, & Noubbigh, 2016; Kizirian, 2012; Pickett, 2015) Based on the theory discussed previously, the characteristics of internal auditors can have a positive impact on the effectiveness of internal audit. Because auditors who have high integrity will produce recommendations that can increase the effectiveness of internal audit. When related to effectiveness, the effectiveness of internal audit is the ability of the internal auditors to achieve or realize the functions of internal audit. This means that the higher the integrity of the auditor, the more effective the auditing will be. This is in accordance with the research conducted by (Arena & Azzone, 2009; Bierhoff, 2014; Geert, 2007; Khelil, Hussainey, & Noubbigh, 2016; Mihret & Yismaw, 2007; Sarens et al., 2012; Sarens & De Beelde, 2006; Shahid, 2015; Soh & Martinov-Bennie, 2011). So from this description, it can be assumed that integrity has a positive effect on the effectiveness of internal audit. Consistent with these reasons, previous

academic studies have generally considered that effective internal auditors require competence and training (Arena & Azzone, 2009; Felix et al., 2005; Geert, 2007; Hermanson & Rittenberg, 2003; Iakovleva, 2015; Mihret & Yismaw, 2007; Soh & Martinov-Bennie, 2011bal) Contohnya, Hermanson & Rittenberg, (2003) identified experience and certification as the most important aspects of mentioning his status as an internal auditor. In Malaysia, (Dellai, 2015) found that professional internal auditors significantly influence the monitoring aspects of the internal control system

Management support is whatever is provided and determined by the company to support the work process, including: training and development, performance standards, equipment and technology. Management support for internal audit includes: audit findings responses, commitment to strengthening internal audit, and resources for the internal audit department (Gamayuni, 2015). Management support is legitimate for internal auditors. One form of management support is that internal audit recommendations are actually implemented by management. If the recommendation is not implemented properly, it will affect the ineffectiveness of internal audit (Mahmudah & LS, 2017). Based on this explanation, the researchers concluded the fifth hypothesis:

H5 Senior Management Support strengthens the influence of Internal Auditor Characteristics on the effectiveness of internal audit

3. METHODOLOGY

3.1 Data Sources and Sample Details

The approach in this study will use a quantitative analysis approach by using two constituencies of the banking industry, the head office of Jakarta, 119 banks with 479 internal auditors and for the South Sumatra branch offices as many as 402 banks with 405 internal auditors. The criteria used as a consideration for determining the sample, so that the sampling technique with the non-probability method used was purposive sampling. The criteria used in determining the sample are: a) Internal auditors who work at the head office which is domiciled at the head office in Jakarta (not a regional representative office); b) Internal auditors who have status as permanent Internal Auditors; c). Internal auditors who have participated in the Internal Banking Auditor Formation Certification (for expert and skilled team members); d). Internal auditors who have experience in conducting audits for at least 1 (one) year; e) The internal auditor is willing to respond to the questionnaire given.

First generation statistical analysis techniques, such as regression-based approaches (e.g., multiple regression analysis, discriminant analysis, logistic regression, analysis of variance) and factor or cluster analysis, are among the core statistical tools that can be used to identify or confirm theoretical hypotheses based on empirical data analysis.(Haenlein & Kaplan, 2004). Structural Equation Modeling (SEM) is a second-generation multivariate data analysis method that is often used to test linear models and theoretically supported causal research. (Haenlein & Kaplan, 2004). Data collection was carried out using a questionnaire model

with google facilities with data collection from November 10, 2020 to January 10, 2021. The distribution of the questionnaire was carried out by sending the initial link to the google facility questionnaire sent via the whatshap number of the head of the branch office internal auditor, then forwarding it via the whatshap link head head office internal auditors. The results of distributing questionnaires with the number of respondents targeted and distributed were 881 respondents. The results of the questionnaires returned were 647 with descriptions in Table 1:

Table 1. List of Questionnaires / Respondents

Target Respondents	881
Number of questionnaires distributed	881
Number of questionnaires that were not returned	(234)
Number of Returned Questionnaires	647
Non-internal auditors who have not participated in the Internal Banking Auditor Formation Certification (not members of an expert or skilled level team).	(86)
Respondents (Internal Auditors with under 1 year experience)	(89)
Internal auditors who have the status of permanent Internal Auditors, have followed the Certification of the Establishment of an Internal Banking Auditor (for expert and skilled team members) and have experience in conducting audits at least 1 (one) year.	472

Source: 2021 data processed

3.2 Variabel and Model Specification

The researcher used the following empirical model to test the hypothesis:

$$IAE = \alpha_0 + \beta_1 BO + \beta_2 KAI + \beta_3 DMS + \epsilon \quad (1)$$

$$IAE = \alpha_0 + \beta_1 BO + \beta_2 KAI + \beta_3 DMS + \beta_4 KAI \cdot DMS + \beta_5 BO \cdot DMS + \epsilon \quad (2)$$

Where :

EAI = Effectiveness of Internal Audit

IAC = Internal Auditor Characteristics

OC = Organizational culture

SMS = Senior Management Support

OC₁ SMS = Interactions between Organizational Cultures of Senior Management Support

IAC₂ SMS = Interaction between Characteristics of Internal Auditors and Senior Management Support

α = Constant Value

$\beta_1 \beta_2 \beta_3 \dots$ = Independent Variable Regression Coefficient

The construct of this indicator is measured using a questionnaire item that has been prepared based on the references set by professional standards and the management auditor's code of ethics. (Betri, 2019). Questions consist of items consisting of several indicators. Each item is given a score of 1 to 7. The scale used in this study is the Likert scale. On the Likert scale, the variables translated into variable indicators. Then the indicators are used as benchmarks for arranging instrument items in the form of questions or statements. Answers on a scale can be in the form of words including: Absolutely Disagree (Score 1); Strongly Disagree (Score 2); Disagree (Score 3); Neutral (Score 4); Agree (Score 5); Strongly Agree (Score 6); Strongly Agree (Score 7).

4. EMPIRICAL RESULTS

Analysis of the measurement model in this study uses SmartPLS3 software with the second order construct (SOC) or higher order construct (HOC) method, which is a modeling method in which constructs are reflected or formed by dimensional latent constructs. The Higher Order Construct (HOC) modeled in this study uses the type 3 HOC where the lower order and higher order measurement levels are both carried out reflectively. Based on the tabulated test results, it was found that all the squared values of the correlation between the latent constructs $<AVE$ for each construct were related. The results of the revision of the measurement model on the variables of Organizational Culture, Internal Auditor Characteristics, Senior Management Support and Internal Audit Effectiveness, are able to produce validity and reliability parameter values that meet the rule of thumb. All values of outer loading on the manifest variable to the dimensional construct, as well as the outer loading value of the dimensional construct on the Organizational Culture, Internal Auditor Characteristics, Senior Management Support and Internal Audit Effectiveness are above 0.7. The resulting AVE value for each dimensional construct and these variables is also above the value 0.5, so it can be said that the convergent validity of these variables and their manifestations is fulfilled. Furthermore, the validity measurement is continued by measuring the discriminant validity on these variables. So it can be said that the latent variables of Organizational Culture, Internal Auditor Characteristics, Senior Management Support and the effectiveness of internal audit which are presented below fulfill the discriminant validity. (Fornel C & Larcker D, 1981). The first method of measuring discriminant validity is to use criteria Fornel C & Larcker D (1981). A latent variable is said to fulfill discriminant validity if the squared value of the correlation between latent constructs $<AVE$ for each related construct, or the square root of $AVE >$ the correlation between latent constructs.

Sensitivity test

a. Model of Initial Measurement Variable Characteristics of Internal Auditors before the Addition of Indicators

b. Initial Measurement Model Variable Characteristics of Internal Auditors after the Addition indicators

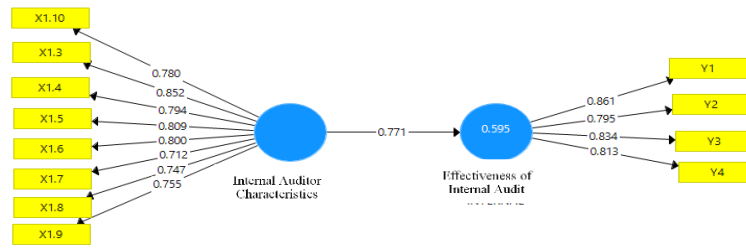


Figure 1 Measurement Model of Internal Audit Effectiveness Variables

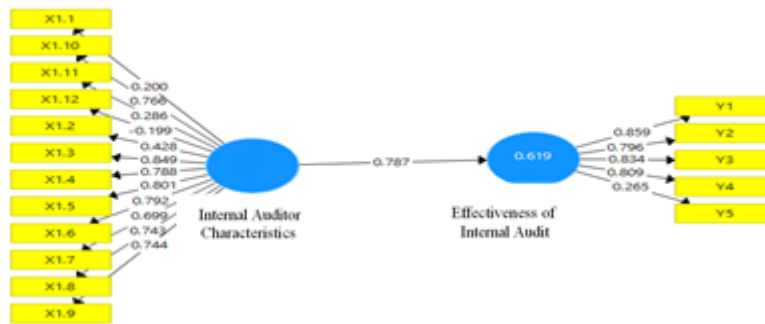


Figure 2 Measurement Model of Internal Audit Effectiveness Variables

The final results of the measurement model on the variable of internal auditor characteristics are able to produce validity and reliability parameter values that meet the rule of thumb. All values of outer loading on the manifest variable for the dimensional construct, as well as the outer loading value for the dimension construct on the variable of the characteristics of the internal auditor were above 0.7. The resulting AVE value for each dimensional construct and the Internal Auditor Characteristics variable is also above the value of 0.5, so it can be said that the convergent validity of the Internal Auditor Characteristics variable and its manifestations are fulfilled. Furthermore, the validity measurement is continued by measuring the discriminant validity on the Internal Auditor Characteristics variable. The first method of measuring discriminant validity is to use the [Fornell C & Larcker D criteria \(1981\)](#). A latent variable is said to fulfill discriminant validity if the squared value of the correlation between latent constructs <AVE for each related construct, or the square root of AVE> the correlation between latent constructs.

Inner Structural Model Analysis (Structural Model)

The following page shows a full model image of the structural model designed in this study.

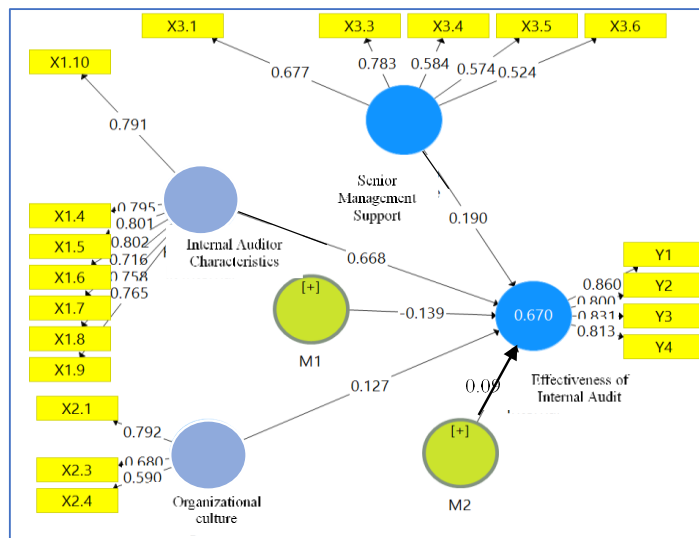


Figure 3: Estimation of the Structural Model

The full model image above shows the relationship between exogenous and endogenous latent variables, including the moderating variables in the model. The values displayed are the path coefficients in each relationship which shows the magnitude of the direct influence of the independent variable on the dependent variable, including the influence of the moderating variable. In the formation of this full model, the validity and reliability of these indicators are no longer seen, but these indicators can be reduced if they are not statistically significant or not supported theoretically. The figure shows that all indicators in each variable are statistically significant, meaning that all indicators in the model are able to explain the latent variables. In the variable characteristics of the internal auditor, there are 7 indicators that are able to explain these variables from the original 12 indicators. Organizational culture has three indicators, from the original there were 4 indicators. There are 5 (five) indicators of senior management support that are able to explain these variables. Internal audit effectiveness variables are also all indicators able to explain the variables. The following is a tabulation of the results of testing the structural equation model as a whole (full model) which is described based on the path coefficient or the relationship between latent variables as in Table 2.

Table 2 The value of the path coefficients, t-statistics significance, p-value,

RELATIONSHIP	Original Sample (O)	(STDEV)	T Statistic	P Values
Organizational Culture -> Internal Auditor Effectiveness	0,127	0,034	3,693	0,000

Internal Auditor Characteristics -> Internal Audit Effectiveness	0,668	0,030	22,256	0,000
_Senior Management Support -> Internal Auditor Effectiveness	0,190	0,039	4,828	0,000
M1 -> Internal Audit Effectiveness	0,091	0,031	2,937	0,003
M2 -> Internal Audit Effectiveness	-0,139	0,034	4,054	0,000

Source: 2021 data processed

The table shows that:

1. There is a positive influence of organizational culture on the effectiveness of internal auditors at 0.127 and statistically significant because the t-value is 3.693 (greater than 1.96) with a p-value of 0.0001 (less than 5%). This condition indicates that the better the organizational culture, the better the effectiveness of the internal auditors.
2. There is a positive effect of internal auditor characteristics on the effectiveness of internal auditors of 0.668 and statistically significant because the t-value is 22.256 (greater than 1.96) with a p-value of 0.0001 (less than 5%). This condition indicates that the better the characteristics of the internal auditor, the better the effectiveness of the internal auditors. These results indicate the dominant influence of internal characteristics on the effectiveness of internal auditors.
3. There is a positive effect of senior management support on the effectiveness of internal auditors of 0.190 and statistically significant because the t-value is 4,828 (greater than 1.96) with a p-value of 0.0001 (less than 5%). This condition indicates that the better the characteristics of the internal auditor, the better the effectiveness of the internal auditors.
4. There is the influence of the moderator variable (senior management support) of organizational culture on the effectiveness of internal auditors of 0.091 and it is statistically significant because the t-value is 2.937 (greater than 1.96) with a p-value of 0.003 (less than 5%). . This suggests that the relationship between organizational culture and the effectiveness of internal auditors can be strengthened by senior management support.
5. There is the influence of the moderator variable (senior management support) of the characteristics of internal auditors on the effectiveness of internal auditors of -0.139 and it is statistically significant because the t-value is 4.054 (greater than 1.96) with a p-value of 0.000 (less than 5). %). This suggests that the relationship between the characteristics of internal auditors and the effectiveness of internal auditors can be weakened by the support of senior management.

6. Based on the sensitivity test for the addition of variables from previous studies, the results of the sensitivity test model before and after the addition of indicators increased the effect of internal auditor characteristics on the effectiveness of internal audit by 0.771 (77.1%) to 0.787 (78.7%). an increase of 0.016 (1.6%). The results show the importance of the role of internal auditors in the core duties of internal auditors with regard to risk management, which is to provide assurance that risk management activities have been carried out effectively in providing reasonable assurance of the achievement of organizational goals.

Based on the analysis of the value of path coefficients, t-statistical significance, p-value, using the bootstrapping step on SmartPLS, in Table 5 data, namely the Structural Model Hypothesis Test can be explained as follows:

The Influence of Organizational Culture on the Effectiveness of Internal Audit

In line with the explanation of the contingency theory which explains that an indication of the realization of a good management supervision system, namely a system that can develop optimally the influence of management (Lumapow, 2018). In line with this view carried out by (Fisher, 2007) overseeing that supervision is an activity in certain situations to direct the organization to what is achieved and aspired to or expected at some time in the future. The results of this study are in line with (Igo & Skitmore, 2006) which explains that a good organizational culture is an organizational culture that will form organizational actors who have a sense of belonging and a sense of identity as part of the organization which in turn can improve the results of internal audit so that it can state that organizational culture will influence internal audit results. The better the organizational culture will improve the application of internal audit results. Related to contingency theory the researchers have focused on the task of auditing personnel to obtain high-quality internal audits (Ahmad et al., 2014; Endaya & Hanefah, 2016) examined the importance of internal audit activities in Malaysia and found that most qualified employees observed that training, experiences and knowledge are part of organizational culture that positively influence the role of internal audit and training recommendations for requirements in improving internal audit work.

The Effect of Internal Auditor Characteristics on the Effectiveness of Internal Audit

The results of this study are in line with the findings made by (Arena & Azzone, 2009; Bierhoff, 2014; Geert, 2007; Khelil, Hussainey, & Noubbigh, 2016; Mihret & Yismaw, 2007; Sarens et al., 2012; Sarens & De Beelde, 2006; Shahid, 2015; Soh & Martinov-Bennie, 2011). When related to effectiveness, the effectiveness of internal audit is the ability of the internal auditors to achieve or realize the functions of internal audit. This means that the higher the integrity of the auditor, the more effective the auditing will be. In line with the explanation of the contingency theory which explains that an indication of the realization of a good management supervision system, namely a system that can monitor the maximum influence of management (Lumapow, 2018). In line with this view carried out by (Fisher, 2007) states that supervision is an activity in certain situations to direct the organization to what it

achieves and aspires to or is expected at some time in the future. Consistent with this reason, previous academic studies generally considered that effective internal auditors require competence and training (Arena & Azzone, 2009; Felix et al., 2005; Geert, 2007; Hermanson & Rittenberg, 2003; Iakovleva, 2015; Mihret & Yismaw, 2007; Soh & Martinov-Bennie, 2011bal) Contohnya, Hermanson & Rittenberg, (2003) identified experience and certification as the most important aspects of mentioning his status as an internal auditor.

In Malaysia,(Dellai, 2015) found that professional internal auditors significantly affect the effectiveness of internal audit. Based on the theory discussed previously, the characteristics of internal auditors can have a positive impact on the effectiveness of internal audit. Because auditors who have high integrity will produce recommendations that can increase the effectiveness of internal audit. The effectiveness of internal audit is a measure of the success of an internal audit process within an organization to what extent the organization is declared successful in its efforts to achieve these goals. The effectiveness of internal audit is determined by the suitability between the audit and some general standards that are taken from the characteristics of the internal auditor (Brownell, 1981; Cohen & Sayag, 2010; Khelil, Hussainey, & Noubbigh, 2016; Kizirian, 2012; Pickett, 2015)

The results prove that to ensure their capabilities, internal auditors must have expertise in the field of auditing and have sufficient knowledge of the field being audited. Auditor competence is shown by their educational background and experience. Ideally, an auditor has an educational background (formal or certification) in the auditing field. Whereas in experience, it is usually indicated by the length of the auditor's career in the audit field, or the variations in conducting the audit. If an auditor assigns a person who is less experienced, that person must be supervised by an experienced senior. Auditors who audit financial statements must have an educational background, understand the preparation of financial reports and applicable accounting standards. Likewise with auditors who audit operations and compliance, which must have knowledge of the operational activities being audited. This is related to how it is implemented, as well as the assessment criteria. If the auditor is less capable or does not have this capability, then the auditor is required to use appropriate experts.

The results of interviews from several internal auditors both at the head office and branch offices regarding the characteristic instruments of internal auditors, said that the characteristics of auditors refer to various aspects that they need to have which are an important part of every professional who provides professional judgment in their work. They always pay attention to the regulations issued by Bank Indonesia regarding the Implementation of the Compliance Function of Commercial Banks which state that internal audit must be implemented by banks that have been determined in the Standards for Implementing the Bank's Internal Audit Function. These results indicate the dominant influence of internal characteristics on the effectiveness of internal auditors. Based on some of the previous explanations, the conclusions that can be drawn are characteristics of the internal auditor, which are aspects that must be possessed by internal auditors, which are an important part for every professional who provides professional judgment both himself and

others.

Effect of Senior Management Support on the Effectiveness of Internal Audit

The results of this study are in line with the research [Mihret & Yismaw, \(2007\)](#) which shows that the effectiveness of internal audit is strongly influenced by the quality of internal audit and management support. In contrast, the organizational setting and the attributes of the auditee do not have a strong impact on the effectiveness of internal audit. In line with the contingency theory approach explaining the higher the fit between the practice of management control and contingent factors, including business strategy and the existing external environment, it is estimated that the higher the stage of achieving the performance (individual) of the entity or vice versa, maybe the performance will decrease. if the practice of kawalan management with contingent factors is not suitable. Therefore, entity management needs to be wiser and wiser in choosing and designing a management supervision system so that it is compatible with contingent factors because the ability to design and select appropriate management supervision causes the entity's operations to become more synergistic and harmonious which ultimately affects the achievement of the entity's targets and objectives.

The Influence of Organizational Culture on the Effectiveness of Internal Audit which is Moderated by Senior Management Support

The results were corroborated by [Hackman & Oldham, \(1976\)](#), [Humphrey et al., \(2007\)](#) who found that although organizational culture is expected to have a positive effect on employee attitudes and shows that the relationship is strengthened by a moderating variable in this case senior management support. But the central value in organizational culture are motivating job characteristics which indirectly increase the attitude of unit members towards the organization. This suggests that the effect of autonomy on employees' collective attitudes is indirect, according to [Hackman & Oldham, \(1976\)](#) the model of job characteristics or job design must be moderated by the support of senior management who are appointed as controllers who have three critical psychological states (namely, skills, experience and knowledge of results). Culture Management culture is expected to be effective when the level of trust between managers and employees is high; when employees are not working on interdependent tasks ([Gagné & Bhave, 2011](#); [Hartnell et al., 2011](#)). All explain the relationship between positive organizational culture on the relationship between organizational culture and employee attitudes because the effect of organizational culture does not directly affect controlling attitudes in producing effective performance. [Gamayuni, \(2015\)](#) who say that management support is whatever the company provides and determines including organizational culture to support work processes, including: training and development, performance standards, equipment and technology. The organizational culture supported by senior management for internal audit includes: response to audit findings, commitment to strengthening internal audit, and resources for the internal audit department. ([Mahmudah & LS, 2017](#)) which explains that management support is legitimate for internal auditors. One form of senior management

support, namely internal audit recommendations, actually creates an organizational culture that is implemented by management. If the recommendation is not implemented properly, it will affect the effectiveness of the audit. This statement is also not supported by (Karssing et al., 2017).

Ideally, management support can increase the effectiveness of internal audit, which has been proven in previous studies. In this study, management support had a moderating effect. This is because the auditors' international activities are highly supported by management support. According to Tugiman (2000), Management support for the supervisory function can be positive, negative, and neutral. Positive and negative support can be strong and weak. Management support is neutral. It can be interpreted that the support provided is general and the standard is only limited to rules and has not achieved high management commitment.

Effect of Internal Auditor Characteristics on Internal Audit Effectiveness Moderated by Senior Management Support

The results of this study prove that management support acts as a moderating variable that strengthens the relationship between internal auditor characteristics and the effectiveness of internal audit. Management support in this case in the form of resources provided by management and management's commitment to use audit recommendations and strengthen internal audit, together with or interacting with the characteristics of the internal auditors possessed by the internal auditors, will increase the effectiveness of internal audit. The strength and weakness of the relationship Management Support As a moderating variable between the characteristics of internal auditors on the effectiveness of internal audit is determined by management support. If there is high management support, the characteristics of the internal audit that are owned by the internal auditors will further increase the effectiveness of the internal audit. The results of this study are in line with the statement Lawrence B. Sawyer, Mortimer A. Dittenhofer, (2009) that management support for the internal audit function is a critical factor in determining the success of the internal audit function. This statement is reinforced by Zwikael, (2008), which explains that one of the factors affecting the effectiveness of the internal audit function is management behavior, namely management support. Management's commitment to using audit recommendations and support to strengthen internal audit is very important to the effectiveness of internal audit (Lawrence B. Sawyer, Mortimer A. Dittenhofer, (2009). Selanjutnya hasil penelitian Cohen & Sayag, (2010), stated that management support is a major determining factor for the effectiveness of the internal audit function. The results were also corroborated by (Ali et al., 2013) Explain that one of the characteristics of internal auditors, namely objectivity has a significant impact on the effectiveness of internal audit and senior management support has a moderating effect because senior management support has an interest and urges to support activities that will ensure the effectiveness of internal audit so that support from management can improve the characteristics of the characteristics. internal audit.

5. CONCLUSIONS AND RECOMMENDATIONS

This study aims to analyze the influence of Organizational Culture, Internal Auditor Characteristics, on the Effectiveness of Internal Audit with Senior Management Support as Moderation Variables. Conclusions can be drawn: 1) There is a positive and significant influence of organizational culture on the effectiveness of internal audit. 2) There is a positive influence on the internal characteristics of auditors on the effectiveness of internal audit. This condition indicates that the better the characteristics of the internal auditor, the better the effectiveness of the internal auditors. These results indicate the dominant influence of internal characteristics on the effectiveness of internal auditors; 3) There is a positive effect of senior management support on the effectiveness of internal audit. This condition indicates that the better the support from senior management, the better the effectiveness of the internal auditors. 4) Senior management support moderates the influence of organizational culture on audit effectiveness. 5) Senior management support moderates the influence of internal auditor characteristics on audit effectiveness. This suggests that the influence between the characteristics of internal auditors on the effectiveness of internal audit can be weakened by the support of senior management

The research implementation still has a limited number of respondents because researchers cannot distribute questionnaires directly during the Covid-19 pandemic. The factors that influence the effectiveness of internal audit in this study only consist of two variables, namely the characteristics of internal audit and moral courage. There are many other factors that affect the effectiveness of internal audit, including; Internal auditor's responsibility, Internal auditor loyalty, Internal auditor's consideration professional, Internal auditor's be careful and thoughtful

The effectiveness of internal audits carried out within an organization must be carried out by internal auditors who have a legal responsibility to the public for what they do and report as findings. Internal audit must be carried out by internal auditors who, either individually or collectively, have adequate personal characteristics and careful accuracy in their field of work. Recruit internal audit unit personnel who have CIA (Certified Internal Auditor) competence or improve the competence of internal audit unit personnel with continuous and direct training related to internal audit. Determine the characteristics that must be owned by the internal auditors as benchmarks and internal audit strategies that can be carried out by personnel in the internal audit unit for management and improve the supervisory and control functions more effectively which impact the effectiveness of the recommendations given.

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