

Internal audit functions and audit outcomes: Evidence from Indonesia

Achmad Dzulfikar Dzikrullah, Iman Harymawan &
Melinda Cahyaning Ratri

Cogent Business & Management, 7:1, 1750331,

DOI: [10.1080/23311975.2020.1750331](https://doi.org/10.1080/23311975.2020.1750331)

Internal audit functions and audit outcomes Evidence from Indonesia

by Iman Harymawan

Submission date: 04-Jun-2021 07:02PM (UTC+0800)

Submission ID: 1600296951

File name: I_audit_functions_and_audit_outcomes_Evidence_from_Indonesia.pdf (1.38M)

Word count: 11069

Character count: 58563



Internal audit functions and audit outcomes: Evidence from Indonesia

Achmad Dzulfikar Dzikrullah, Iman Harymawan & Melinda Cahyaning Ratri |

To cite this article: Achmad Dzulfikar Dzikrullah, Iman Harymawan & Melinda Cahyaning Ratri | (2020) Internal audit functions and audit outcomes: Evidence from Indonesia, Cogent Business & Management, 7:1, 1750331, DOI: [10.1080/23311975.2020.1750331](https://doi.org/10.1080/23311975.2020.1750331)

To link to this article: <https://doi.org/10.1080/23311975.2020.1750331>




7

© 2020 The Author(s). This open access article is distributed under a Creative Commons Attribution (CC BY) 4.0 license.



Published online: 19 Apr 2020.




[Submit your article to this journal](#) 




Article views: 2683




[View related articles](#) 



[View Crossmark data](#) 



Citing articles: 1 [View citing articles](#) 



Received: 12 February 2020
Accepted: 26 March 2020

*Corresponding author: Iman Harymawan, Department of Accounting, Faculty of Economic and Business, Universitas Airlangga, Indonesia
E-mail: harymawan.iman@feb.unair.ac.id

Reviewing editor:
Collins G. Ntim, Accounting,
University of Southampton,
Southampton, UK

Additional information is available at
the end of the article

ACCOUNTING, CORPORATE GOVERNANCE & BUSINESS ETHICS | RESEARCH ARTICLE

Internal audit functions and audit outcomes: Evidence from Indonesia

Achmad Dzulfikar Dzikrullah¹, Iman Harymawan^{1*} and Melinda Cahyaning Ratri¹

Abstract: The internal audit function is important to minimize the occurrence of fraudulent financial statements and provide assurance and independent consultation for decision-making. The purpose of this study is to analyze the relationship of the quality of internal audit team (internal audit function) on audit fees, audit quality, audit choice, and audit opinion. This study uses 722 observations on companies listed on the Indonesia Stock Exchange for two periods from 2016 to 2017 and uses Ordinary Least Square Regression analysis techniques to examine the hypotheses. This study found that one of the internal auditors' functions, which is size of the internal audit team, as a corporate oversight mechanism has a positive and significant relationship to the magnitude of external auditor fees, audit quality, and the tendency of companies to choose auditors with big names (Big4). In addition, this study found that internal audit also has a negative and significant influence on the tendency of companies to accept going concern audit opinions.

ABOUT THE AUTHORS

Achmad Dzulfikar Dzikrullah is a student in Department of Accounting, Faculty of Economic and Business Universitas Airlangga. He obtained her B.A. (2019) from Universitas Airlangga. His current research interest is accounting and auditing.

Iman Harymawan is an Assistant Professor in the Department of Accounting, Faculty of Economics and Business, Universitas Airlangga, Indonesia. He obtained his Ph. D degree (2016) in accounting from the City University of Hong Kong in Hong Kong, MBA degree (2009) from National Cheng Kung University in Taiwan, and his B.A. degree (2006) in accounting from Universitas Airlangga in Indonesia. His current research focuses include corporate governance issues, the accounting impact of political and military connections in business, and financial reporting quality. He currently teaches financial reporting analysis and advanced accounting.

Melinda Cahyaning Ratri is a Master student in Department of Accounting, Faculty of Economic and Business Universitas Airlangga. She obtained her B.A. (2018) from Universitas Airlangga. Her current research interest is accounting and auditing, corporate governance, and financial reporting.

PUBLIC INTEREST STATEMENT

This study analyzes the influence of internal audit on audit fees, audit quality, audit choice, and audit opinion. This study uses 722 observations on companies listed on the Indonesia Stock Exchange for two periods from 2016 to 2017 and uses Ordinary Least Square Regression. This study found that internal auditors as a corporate oversight mechanism have a positive and significant relationship to the magnitude of external auditor costs, audit quality, and the tendency of companies to choose auditors with big names (Big4). This study also found that internal audit has a negative and significant influence on the tendency of companies to accept going concern audit opinions. The results of this study indicate that companies that have an adequate internal audit function tend to pay greater external auditor fees and choose auditors with big names (Big4) to produce high audit quality. The existence of adequate internal auditors also influences the probability of the firms on receiving going concern audit opinions.

This research provides support on the benefit of having a good quality of internal auditors for the company. The results of this study indicate that companies that have an adequate internal audit function tend to cost higher external auditor fees, and hiring auditors with big names (Big4) to produce high audit quality. In addition, the existence of adequate internal auditors also reducing the probability of the firms on receiving the going concern audit opinions.

Subjects: Accounting; Corporate Governance; Business Ethics

Keywords: Internal audit; audit fee; audit quality; audit choice; audit opinion

JEL: M41; M42

1. Introduction

Audit is the cornerstone of corporate governance (Cadbury, 1992). Companies that have good governance tend to produce quality audit reports (Lin & Liu, 2009), this is because companies with good governance demand for high audit quality to increase the value of the company itself (Fan & Wong, 2005). Good corporate governance eases auditors in understanding the company's internal system so that the audit services provided will be maximum and efficient. Prowitt et al. (2009) in his research stated that one of the 4 tools that support the effective running of corporate governance is the existence of internal audits other than the existence of executive management, board of directors, and external auditors. Internal auditors have an important role as a form of significant internal supervision of the effectiveness of corporate governance (Boynton et al., 2006; Felix et al., 2001; Moeller, 2005; Stewart & Kent, 2006; Institute of Internal Auditors (IIA), 2005). Boynton et al. (2006) defines internal audit as objective assurance activities and independent consultation. The internal audit division is responsible for overseeing the company's operations designed to provide added value and improve company operations by evaluating the effectiveness of the risk management process, control and corporate governance.

The rise of financial scandals involving company management makes internal auditors play an important role in providing assurance and minimizing asymmetric information to shareholders and related parties in decision-making (Al-Shetwi et al., 2011). For example, Time magazine in 2002 named Chyntia Cooper, an internal auditor, as a "Person of the Year" for reporting on a fraudulent scandal by the WorldCom company (Lacayo & Ripley, 2002). In this case, internal auditors can play a role in mitigating the practice of accounting manipulation carried out by managers (Prowitt et al., 2009). In addition, Stewart and Kent (2006) in his research added that companies that are committed to improving corporate governance will employ internal audits at a greater level.

In addition to the presence of internal audits, various governance mechanisms are also applied to oversee the relationship between company managers and shareholders. One of them is the presence of external auditors, where external auditors provide a significant supervisory role in testing the credibility of financial statements provided by management on behalf of shareholders (Lin & Liu, 2009). Furthermore, Lin and Liu (2009) added that external auditors also have a role to increase transparency, external supervision, and minimize the existence of asymmetric information. Therefore, Singh and Newby (2010) state that the relationship between internal auditors and external auditors greatly influences the strength of corporate governance.

Companies with strong governance want high audit quality and are willing to pay high audit fees to create good corporate value (AlQodasi & Abidin, 2018). Some previous studies also show that companies that have effective governance as a result of the existence of adequate internal auditor functions will hire big-name auditors or Big4 (Cassell et al., 2012) and tend to pay high audit fees (DeFand & Zhang, 2013). The aim is to increase the value of the company so that it has an impact on the guarantee of security for investors to invest in the company (AlQodasi & Abidin, 2018; Singh & Newby, 2010; Stewart & Kent, 2006). However, there are studies that state that good corporate

governance can reduce the auditor's work intensity, thereby reducing audit fees (Hay et al., 2008). In this scenario, supervision by the company's internal mechanisms substitutes the work of auditors thereby reducing demand for quality audits. On the other hand, research conducted by Srinidhi and Firth (2014) provides consistent evidence that good corporate governance is positively related to quality audit requests, raising audit fees. Companies that invest in the functions of internal auditors tend to invest also in external audit functions. This is due to the complementary concept that investment into a mechanism will have an impact on additional investment into other mechanisms (Abbott & Parker, 2000; Beasley & Salterio, 2001).

This study is motivated by the rise of financial scandals occur in companies that make the role of internal auditors important in carrying out internal controls and minimizing information asymmetry for stakeholders. The purpose of this study is to analyze the relationship of the characteristics of the internal auditor team (internal audit functions) on audit outcomes: the level of audit fees, the likelihood of choosing big four auditors, audit quality, and audit opinion. This study predicts that companies with a reliable internal audit function tend to pay high audit fees and choose auditors with big names to produce high audit quality. This study uses the measurement of the number of internal audit employees as the main measurement tool in determining the effectiveness of the internal audit function (Stewart & Kent, 2006). In addition, this study also uses supporting measurements such as basic accounting skills and certification from internal auditor personnel (Prawitt et al., 2009). The analysis in this study used 722 observations from all non-finance companies listed on the Indonesia Stock Exchange for two periods from 2016 to 2017. This study used a multiple linear regression analysis model with ordinary least square (OLS) method to examine the effect of the internal audit function on the amount of audit fees, the tendency to choose auditors with big names (Big4) and their relationship to audit quality.

The findings of this study indicate that companies with large-scale internal audits tend to pay higher audit fees and hire auditors with big names or Big4, compared to companies that have smaller-scale internal audits. These results are in accordance with the findings of previous research (Singh & Newby, 2010; Stewart & Kent, 2006). While the result of internal audit testing using a measure of accounting expertise and internal audit certification do not have a significant relationship to the amount of audit fees. The next test found a significant relationship that companies with internal auditor functions were sufficiently seen from a large scale and certified personnel, tending to choose auditors with big names such as Big4 which is in accordance with previous research (Cassell et al., 2012; Srinidhi & Firth, 2014).

Furthermore, this study also found a significant positive relationship between the internal audit function and audit quality. In this study, audit quality is measured by considering the existence of earnings management practices carried out by the company. The more companies have a tendency to practice earnings management, the more it shows the low audit quality of the company (Davidson & Neu, 1993; Habib, 2011; Soliman & Ragab, 2014). Audit quality is a negative value of earnings management as measured by the absolute value of discretionary accruals (Liu et al., 2017). The results of this research test are in line with the results of previous studies (Al-Muhtadi et al., 2012; Prawitt et al., 2009).

This study also conducted additional testing by examining the relationship of the internal audit function to the tendency of companies to accept going concern audit opinions. Going concern is an assumption that states that a company can maintain its life for an unlimited period of time. Previous research states that companies that receive modified audit opinions have a relationship to the level of total accruals (Bradshaw et al., 2001). The higher the company's accruals, the more likely the company receives a modified opinion. Supported by Shireenjit et al. (2007) found that companies that have a high level of accrual accounting reflect uncertainty about the condition of the company in the future and the possibility of earnings manipulation by management. So that on the basis of audit risk, auditors tend to report modified opinions in companies that have aggressive accrual rates. Furthermore, Prawitt et al. (2009)

state that total accruals are closely related to earnings management practices. In this case, internal auditors can play a role in mitigating the practices of accounting manipulation carried out by managers (Prawitt et al., 2009). Supported by Brown and Pinello (2007) which states that qualified internal auditors can contribute as third parties in supervising manager activities. Furthermore, internal auditors can provide credible detection of earnings management practices. (Al-Muhtadi et al., 2012; Al-Rassas & Kamardin, 2016; Prawitt et al., 2009). The test results show that the internal audit function has a negative and significant influence on the tendency of companies to accept going concern audit opinions. With the existence of an adequate internal audit function, the oversight mechanism for corporate governance is maximized to increase transparency and effectiveness of management performance. In accordance with Berglund, Herrmann and Lawson (2018), which states the effectiveness of management performance can improve managerial capabilities so that there is no doubt about the company's ability to maintain its life in the future.

This study contributes to the internal audit literature by providing support on the benefits of having a good quality of internal auditors for the company. This study also indicates that companies with an adequate internal audit function tend to pay greater external auditor fees, choose auditors with big names (Big4) to produce high audit quality and receive going concern audit opinions. This study help companies have a better performance through an effective internal audit function that can enable various business partners such as shareholders, personnel, state financial institutions to obtain certainty about the quality and reliability of the information provided by the company.

Furthermore, this research will be outlined with the arrangement as follows: Section 2 contains an explanation of the development of the research hypothesis; Section 3 contains an explanation of the variables and samples as well as the research model; Section 4 contains empirical analysis and results of hypothesis testing and sensitivity test results; and Section 5 contains a summary or conclusion from the research, including the suggestions for further research.

2. Literature review and hypotheses development

The existence and quality of an internal audit in a company is one of the keys to support the best practices of good corporate governance (Prawitt et al., 2009). Prior study from Al-Shetwi et al. (2011) suggests that the internal audit functions as a significant internal control of the effectiveness of corporate governance. In addition, according to Gay and Simnett (2007), the internal audit function plays an important role in creating a sense of security against fraudulent use of company assets and contributes to the trustworthy presentation of financial statements. Therefore, the presence of internal audits in encouraging good corporate governance is important. Therefore, one of the measurement to check the corporate governance quality in a company is by checking whether the company has reliable and competent internal audit team or not.

Prior studies have found that the characteristics of an internal audit team of the company affect the audit fees. Thornton and Moore (1993) conducted testing in several countries found there were similarities in variables that could have an impact on the size of the audit fees, namely company size, company internal control, business risk, and audit complexity. Garcia et al. (2019) also explain that the existence of an internal audit function is positively related to audit fees, which shows that internal audit and external audit are not alternative mechanisms but act as complementary mechanisms. In terms of the company's internal supervision, internal auditors are the parties that greatly contribute to it (Felton et al., 2001). In this case, this study tries to relate how the internal audit function influences the amount of audit fees paid by the company to the external auditor. Previous research shows that companies that have effective governance due to the existence of adequate internal auditor functions will dare to pay high audit fees (DeFond & Zhang, 2014; Singh & Newby, 2010; Stewart & Kent, 2006). Hence, based on the above discussion, we formally proposed the hypothesis as follows:

H1: Internal audit ⁶ has a positive effect on audit fees.

The second type proxy ⁶ audit outcomes is the audit quality. Davidson and Neu (1993) in his research revealed that audit quality is described as having a relationship with earnings management practices carried out by company management on financial statements that will later be examined by the auditor. Habib (2011) states that quality audit results are very closely related to low earnings management. Saliman and Ragab (2014) also stated that companies audited by big4 public accounting firms that are quality auditors tend to report lower earnings management. Hence, it can be said that companies that carry out minimum earnings management practices tend to have high audit quality. Companies that have good corporate governance tend to reduce the likelihood of management to do earnings management resulting in better financial reporting quality (Klein, 2002). One of the criteria of practicing a good corporate governance is indicated by an adequate corporate operational oversight mechanism supported by the presence of internal auditor functions (Baynton et al., 2006; Felix et al., 2001; Maeller, 2009; Stewart & Kent, 2006). Al-Shetwi et al. (2011) in his research stated that the function of internal auditors had a significant influence on ⁵ course of the company's internal oversight mechanism. This study assumes that an adequate ⁵ internal audit function in the corporate governance mechanism will encourage the presentation of quality and minimal financial reports on earnings management practices so as to have a quality audit report. The logic is in line with previous research also states that investment in the functions of internal auditors will encourage the creation of quality financial reports than companies that do not have the function of internal auditors (Adiguzel, 2013; Al-Muhtadi et al., 2012; Al-Rassas & Kamardin, 2015; Prawitt et al., 2009). Hence, based on the above discussion, we propose the formal hypothesis as follows:

H2: Internal audit has a positive effect on audit quality

In regards to auditor choice, Srinidhi and Firth (2014) found that companies with good internal mechanism ² governance tended to choose auditors with big names and good quality like Big4. The reason is to increase the value of the company and attract the investors to invest in the company because it has a reasonable assurance of adequate financial statements. Farkas et al. (2019) evaluate the internal audit function from the perspective of related parties, such as the audit committee, external auditors, and management. The results show that internal audit reports can be utilized by external auditors from Big 4 companies to ensure the consistency of their reports with company terminology. In addition, AlQadasi and Abidin (2018) found that companies that invest more in internal audit functions tend to invest also in external audit functions. This is due to the complementary concept that investment into a mechanism will have an impact on additional investment into other mechanisms (Abbott & Parker, 2000; Beasley & Salterio, 2001). This study predicts that companies that have an adequate internal audit mechanism tend to choose a big-name auditor (Big4) to carry out an independent audit task. These findings are consistent with several previous research (Cassell et al., 2012; Srinidhi & Firth, 2014). Therefore, we propose the

H3: Internal audit function has a positive effect on auditor choice

Finally, this study examines the effect of the internal audit function on the tendency of companies to accept modified going concern audit opinions. The latest rules regarding business continuity in Auditing Standard 570, IAPI (2017) state that the auditor has the responsibility to ascertain whether there is material uncertainty related to the continuity of the company's business. If the auditor finds significant doubts related to uncertainty that the company can maintain its business in the future, the auditor is required to issue modification of opinion, namely going concern modification opinion (IAPI, 2017). In the research of Caramanis and Spothis (2006) found companies tend to accept modified going concern opinion if the financial condition is unstable, seen from

the low growth ratio of the company, the ratio of capital to total assets, and the number of employees who continue to decline. Furthermore, Shireenjit et al. (2007) added that companies that have a high level of accrual accounting reflect uncertainty about the condition of the company in the future and the possibility of earnings manipulation by management. So that on the basis of audit risk, auditors tend to report modified opinions in companies that have aggressive accrual rates. Furthermore, Prawitt et al. (2009) state that total accruals are closely related to earnings management practices. In this case, internal auditors can play a role in mitigating the practices of accounting manipulation carried out by managers (Prawitt et al., 2009). Supported by Brown and Pinello (2007) which states that qualified internal auditors can contribute as third parties in supervising manager activities. Furthermore, internal auditors can provide credible detection of earnings management practices (Al-Muhtadi et al., 2012; Al-Rassas & Kamardin, 2016; Prawitt et al., 2009). With the existence of an adequate internal audit function, the oversight mechanism for corporate governance is maximized so as to increase transparency and effectiveness of management performance. In accordance with Berglund et al. (2018), which states the effectiveness of management performance can improve managerial capabilities so that there is no doubt about the company's ability to maintain its life in the future. Based on the above discussion, we propose the formal hypothesis as follows:

H4: Internal audit function has a negative effect on modified going concern audit opinion

3. Data and method

3.1. Sample and data sources

The sample in this study consist of all non-financial companies listed on the Indonesia Stock Exchange in the period of 2016 and 2017. The data sources in this study were obtained through company financial reports and OSIRIS database. All financial data, totaling 1,096 data, were obtained through the OSIRIS database. Data on the Internal Audit Function which includes the number of personnel, basic accounting skills, and certification of 828 data, obtained through financial statements. Data related to audit fees of 428 data, obtained through the company's financial statements. Data related to discretionary accrual is 611 data, obtained through company financial statements. Data related to opinion audits as many as 889 data, obtained through the company's financial statements. Audit choice-related data as many as 1077 data, obtained through financial statements of data companies. Of the 1096 data available after merging (except audit fee data). This study applied the sample selection criteria by deleting some missing data. After applying the sample selection criteria, finally, 722 observations were obtained as the main sample in this study.

3.2. Variable definition

Audit fee is the dependent variable in this study. Audit fees are a number of honorariums that are billed by a public accountant to a company related to audit services performed. Audit Quality is the second dependent variable in this study. This study uses the calculation of the level of earnings management with the modified Jones technique (Dechow et al., 1995) as an approach in calculating how much quality the audit is given. Audit choice is the third dependent variable in this study. The company audit choice uses measurements using the Dummy variable method, which is to give Points 1 if the company is audited by Big4 KAP and vice versa, if the company is not audited by Big4, it will be given 0. In accordance with previous studies supporting the use of audit quality measurement methods (Big4) (Al-Rassas & Kamardin, 2016; Fan & Wang, 2005). While the fourth dependent in this study was an audit opinion. In this study, the author uses the audit proxy of going concern opinion in determining the opinion audit value given by the auditor. By using a dummy variable with a value of "1" if the company gets a modified going concern opinion and a value of "0" if the company does not get modified going concern opinion. The independent variable in this study is the internal audit function. Internal audit in this study was measured by

the number of internal auditors (Stewart & Kent, 2006). This study also added the characteristics of internal audit calculations in addition to using the number of internal audits, namely basic accounting expertise and internal auditor personnel certification. These characteristics are in accordance with the calculations carried out in the study of Prowitt et al. (2009). See Table A1 for a summary of the definition of variables and control variables in this study. All control variables refer to previous studies (AlQadasi & Abidin, 2018; Al-Rassas & Kamardin, 2016; Berglund et al., 2018; Prowitt et al., 2009; Shireenjit et al., 2007; Singh & Newby, 2010; Stewart & Kent, 2006). Table A1 shows the description of the variables used in this study.

3.3. Methodology

This study uses multiple linear regression models, namely ordinary least square (OLS). Multiple linear regression analysis is used to test the magnitude of the influence between two or more between independent variables on the independent variable accompanied by control variables if needed. There are four regression models used in this study based on the amount of the number of independent variables tested.

To test the first hypothesis in this study, the following regression model was used. We expect one of the coefficients of IASIZE, IACERTIFIED, and IAEXPERT to be significantly positive.

$$AFEE_{it} = \beta_0 + \beta_1 IASIZE_{it} + \beta_2 IACERTIFIED_{it} + \beta_3 IAEXPERT_{it} + \beta_4 AUDICOM_{it} + \beta_5 BIG4_{it} + \beta_6 LOSS_{it} + \beta_7 ROA_{it} + \beta_8 LEVERAGE_{it} + \beta_9 FIRMSIZE_{it} + \epsilon_{it}$$

To test the second hypothesis in this study, the following regression model was used. We expect one of the coefficients of IASIZE, IACERTIFIED, and IAEXPERT to be significantly positive.

$$AQUALITY_{it} = \beta_0 + \beta_1 IASIZE_{it} + \beta_2 IACERTIFIED_{it} + \beta_3 IAEXPERT_{it} + \beta_4 CFO_{it} + \beta_5 BIG4_{it} + \beta_6 LOSS_{it} + \beta_7 ROA_{it} + \beta_8 LEVERAGE_{it} + \beta_9 FIRMSIZE_{it} + \epsilon_{it}$$

To test the third hypothesis in this study, the following regression model was used. We expect one of the coefficients of IASIZE, IACERTIFIED, and IAEXPERT to be significantly positive.

$$BIG4_{it} = \beta_0 + \beta_1 IASIZE_{it} + \beta_2 IACERTIFIED_{it} + \beta_3 IAEXPERT_{it} + \beta_4 INVENTORIES_{it} + \beta_5 LOSS_{it} + \beta_6 ROA_{it} + \beta_7 LEVERAGE_{it} + \beta_8 FIRMSIZE_{it} + \epsilon_{it}$$

To test the fourth hypothesis in this study, the following regression model was used. We expect one of the coefficients of IASIZE, IACERTIFIED, and IAEXPERT to be significantly negative.

$$GOINGCONERN_{it} = \beta_0 + \beta_1 IASIZE_{it} + \beta_2 IACERTIFIED_{it} + \beta_3 IAEXPERT_{it} + \beta_4 BIG4_{it} + \beta_5 INVENTORIES_{it} + \beta_6 ROA_{it} + \beta_7 CFO_{it} + \beta_8 LEVERAGE_{it} + \epsilon_{it}$$

4. Empirical result and discussion

4.1. Descriptive statistics and univariate comparisons

Table 1 contains sample distribution based on the research industry. The number of observations in this study is 722 observations covering 375 companies in 2016, 347 companies in 2017.

Table 2 shows the results of descriptive statistics. In this study, the descriptive statistics table consists of two panels to simplify the description of the existing variable arrangement. Panel A shows description statistics related to the independent variable regression model, internal audit function, and its relationship to the dependent variable, audit quality, and audit opinion, as well as additional variable control number of audit committees (AUDCOM). While Panel B is a statistical description of the arrangement of variables incorporated in the regression model of the relationship between the independent variable, internal audit function, of the dependent variable, audit choice.

Table 1. Sample distribution

SIC	Internal auditor certification					
	Without certification	%	With certification	%	Total	%
0	22	75.86	7	24.14	29	100
1	83	76.15	26	23.85	109	100
2	168	87.5	24	12.5	192	100
3	114	87.69	16	12.31	130	100
4	75	73.53	27	26.47	102	100
5	68	87.18	10	12.82	78	100
7	56	90.32	6	9.68	62	100
8	14	70	6	30	20	100
Total	600	83.1	122	16.9	722	100

First row has frequencies and second row has row percentages.

Table 2. Descriptive statistics

Variable	Total (N)	Mean	Median	Minimum	Maximum
Panel A					
AFEE	407	1,898,000,000	755,500,000	46,750,000	43,700,000,000
AUDCOM	679	2.9	3	0	6
KOTHARI	550	-0.055	-0.04	-0.79	0
JONES	550	-0.055	-0.041	-0.669	0
MODJONES	550	-0.053	-0.041	-0.651	0
LARCKER	550	-0.058	-0.039	-1.386	0
GOINGCONCERN	719	0.095	0	0	1
Panel B					
BIG4		0.386	0	0	1
IA SIZE		3.924	1	0	78
IA EXPERT		0.795	1	0	1
IACERTIFIED		0.169	0	0	1
LOSS		0.226	0	0	1
FIRMSIZE		9,426,000,000	2,562,000,000	10,579,214	295,600,000,000
ROA		0.056	0.056	-0.421	0.503
LEVERAGE		0.538	0.49	0.023	4.431
INVENTORIES		0.132	0.097	0.001	0.491

n = 722.

The mean values for the audit fee are IDR 1,898,000,000. The average number of the audit committee is 2.9. The average earnings management variables (KOTHARI, JONES, MODJONES, LARCKER) range between 5.5–5.8%. This result shows that the average audit quality ranges from 94.2–94.5%. The average number of internal auditor personnel is 3,924. Of the firms, 79.5% have an internal auditor with accounting expertise and 16.9% have an internal auditor who are certified auditors (CPA/CIA). Furthermore, the average number of companies that get a going concern audit opinion is 9.5%. The average number of companies that hire Big4 auditors is 38.6% and 22.6% suffered loss. The average company has total assets of IDR 9,426,000,000, ROA of 0.056, leverage of 53.8%, and inventory of 13.2%.

Table 3 shows the results of the Pearson correlation test using four different panels. Each panel shows the relationship between variables based on four dependent variables in this study. The four panels are divided into Panel A which describes the relationship between the internal audit function variable and the audit fee variable, Panel B describes the internal audit function variables on audit quality variables, Panel C shows the internal audit function variable for the choice audit variable, while panel D shows the variable internal audit function of audit opinion variables.

The Pearson correlation test Panel A addresses a significant positive relationship between the independent variable internal audit function and the dependent variable audit fee. The independent variable, internal audit function, is measured using three proxies, namely amount (IASIZE), expertise (IAEXPERT), and certification (IACERTIFIED) of internal audit personnel. Each proxy of the internal audit function has a significant positive relationship to the dependent variable, audit fee, with a significance level of 1%.

Table 3 of panel B's Pearson correlation test shows that there is a significant positive relationship between the independent variables of the number of internal auditor personnel (IASIZE) on audit quality (MODJONES) with a significance level of 10%. This indicates that the greater the number of internal auditors produce high audit quality. In addition, there is a significant positive relationship between the independent variables of the basic expertise of internal auditors (IAEXPERT) on audit quality variables (JONES) with a significance level of 5%. This means that if the company has internal auditor personnel who have basic accounting expertise, it can affect the higher probability of quality audit results. From the table, it can also be seen that there is a non-significant positive relationship between the variable internal auditor certification (IACERTIFIED) and audit quality (MODJONES) which indicates that the more companies have certified internal auditor personnel, the more likely the company has adequate audit quality.

In the Pearson Correlation Test, Panel C shows a significant positive relationship between the independent variable, internal audit function, and the dependent variable, audit choice. The variable number of internal auditor personnel (IASIZE) has a significant positive relationship with auditor selection (BIG4) with a significance level of 1%. While the expertise variable of internal auditor personnel (IAEXPERT) also has a significant positive relationship to auditor selection (BIG4) with a significance level of 1%. The variable internal auditor personnel certification (IACERTIFIED) also has a positive relationship to auditor selection (BIG4) with a significance level of 1%. Hence, it concludes that the better the internal auditor's function can be seen from the amount, expertise, and adequate certification can influence the tendency of companies to choose auditors with big names (BIG4).

The Pearson correlation test's Panel D shows a significant positive relationship between the independent variable, internal audit function, and the dependent variable, audit opinion. The variable number of internal auditor personnel (IASIZE) has a significant negative relationship with audit opinion (GOINGCONCERN) with a significance level of 1%. While the expertise variable of internal auditor personnel (IAEXPERT) also has a significant negative relationship to audit opinion (GOINGCONCERN) with a significance level of 1%. The variable internal auditor personnel certification (IACERTIFIED) also has a significant negative relationship to audit opinion (GOINGCONCERN) with a significance level of 5%. Hence, it concludes that the better the internal auditor function, as seen from the amount, expertise, and adequate certification, can affect the tendency of companies not to get a going concern audit opinion (GOINGCONCERN) from an independent auditor.

4.2. Main analysis

The analysis model in this study uses the Ordinary Least Square (OLS) model with the help of STATA 14.0 software. This study was conducted with the aim of examining the relationship between internal audit function and the amount of fee audit, audit quality and its relationship to audit choice and audit opinion on non-finance companies listed on the Indonesia Stock

Table 3. Pearson correlation test

	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Panel A							
[1] KOTHARI	1.000						
[2] JONES	0.874*** (0.000)	1.000					
[3] MCDJONES	0.874*** (0.000)	0.958*** (0.000)	1.000				
[4] LARKER	0.919*** (0.000)	0.841*** (0.000)	0.838*** (0.000)	1.000			
[5] JASIZE	0.037 (0.386)	0.076* (0.075)	0.071* (0.096)	0.039 (0.361)	1.000		
[6] JAEFERT	0.006 (0.893)	0.095** (0.026)	0.058 (0.175)	0.002 (0.968)	0.202*** (0.000)	1.000	
[7] JACERTIFIED	-0.033 (0.443)	0.019 (0.658)	0.015 (0.732)	-0.022 (0.600)	0.369*** (0.000)	0.215*** (0.000)	1.000

n=407, p-values in parentheses; * p < 0.1, ** p < 0.05, *** p < 0.01

(Continued)

Table 3. (Continued)

	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Panel B							
[1] ROTHARI	1.000						
[2] JONES	0.874*** (0.000)	1.000					
[3] MODJONES	0.874*** (0.000)	0.958*** (0.000)	1.000				
[4] LAROCER	0.919*** (0.000)	0.861*** (0.000)	0.838*** (0.000)	1.000			
[5] IASIZE	0.037 (0.386)	0.076* (0.075)	0.071* (0.096)	0.039 (0.361)	1.000		
[6] IAXPERT	0.006 (0.693)	0.095** (0.026)	0.058 (0.175)	0.002 (0.966)	0.202*** (0.000)	1.000	
[7] IACERTIFIED	-0.033 (0.443)	0.019 (0.658)	0.015 (0.733)	-0.022 (0.600)	0.369*** (0.000)	0.215*** (0.000)	1.000

	BIG4	IASIZE	IAEXPERT	IACERTIFIED
Panel C				
BIG4	1.000			
IASIZE	0.250*** (0.000)	1.000		
IAEXPERT	0.128*** (0.001)	0.218*** (0.000)	1.000	
IACERTIFIED	0.272*** (0.000)	0.373*** (0.000)	0.229*** (0.000)	1.000
n=722, p-values in parentheses. * p < 0.1, ** p < 0.05, *** p < 0.01				
Panel D				
GOINGCONCERN				
GOINGCONCERN	1.000			
IASIZE	-0.108*** (0.004)	1.000		
IAEXPERT	-0.118*** (0.002)	0.219*** (0.000)	1.000	
IACERTIFIED	-0.096*** (0.012)	0.377*** (0.000)	0.228*** (0.000)	1.000
n=719, p-values in parentheses. * p < 0.1, ** p < 0.05, *** p < 0.01				

Exchange for the period of 2016–2017. In this study, regression analysis was carried out twice, the first using Ordinary Least Square (OLS) regression analysis which is a regression model that minimizes the number of squared errors (Makarti & Karim, 2017). The second analysis uses Ordinary Least Square (OLS) with Robust. Robust regression is used when the distribution of errors is abnormal or there are outliers that influence the model (Ryan, 1997). By using the robust model can test variables by analyzing data without throwing out outliers so they can overcome OLS's weaknesses against the influence of outliers.

4.2.1. The first stage of regression: testing the relationship between the internal audit function and audit fees

To test the first hypothesis in this study, the author uses the following regression model:

$$AFEE_{i,t} = \beta_0 + \beta_1 IASIZE_{i,t} + \beta_2 IACERTIFIED_{i,t} + \beta_3 IAEXPERT_{i,t} + \beta_4 AUDCOM_{i,t} + \beta_5 BIG4_{i,t} + \beta_6 LOSS_{i,t} + \beta_7 ROA_{i,t} + \beta_8 LEVERAGE_{i,t} + \beta_9 FIRMSIZE_{i,t} + e_{i,t}$$

Table 4 shows the results of Regression (1) above, can be seen in the AFEE column with OLS, the IASIZE coefficient is 0.023 with a t-value of 5.07 and a significance level at the level of 1%. This means that every 1 point increase in IASIZE has an effect on rising AFEE of 0.023. In the AFEE column with OLS Robust, the IASIZE coefficient is 0.023 with a t-value of 3.93 and a significance level of 1%. This implies that every 1 point increase in IASIZE has an effect on rising AFEE of 0.023. This result is consistent with the first hypothesis that companies with adequate internal audit functions tend to pay higher audit fees. The value of r^2 in the AFEE variable shows that the regression model is able to explain the relationship between the dependent and independent variables at 65.1%.

4.2.2. The second stage of regression: testing the relationship between the internal audit function and audit quality

To test the second hypothesis in this study, the author uses the following regression model:

$$AQUALITY_{i,t} = \beta_0 + \beta_1 IASIZE_{i,t} + \beta_2 IACERTIFIED_{i,t} + \beta_3 IAEXPERT_{i,t} + \beta_4 CFO_{i,t} + \beta_5 BIG4_{i,t} + \beta_6 LOSS_{i,t} + \beta_7 ROA_{i,t} + \beta_8 LEVERAGE_{i,t} + \beta_9 FIRMSIZE_{i,t} + e_{i,t}$$

Table 5 displays the results of Regression (2), it can be seen in the MODJONES column with OLS Robust, the IASIZE coefficient is 0.001 with a t-value of 2.25 and a significance level of 5%. This means that every 1 point increase in IASIZE has an effect on the increase in MODJONES variable by

Table 4. Internal audit and audit fees

Variable	Predicted directions	AFEE	
		OLS	OLS robust
IASIZE	+	0.023*** (5.07)	0.023*** (3.93)
IAEXPERT	+	0.113(0.94)	0.113(1.03)
IACERTIFIED	-	-0.125(-1.29)	-0.125(-1.39)
AUDCOM	+	0.071(1.07)	0.071(1.00)
BIG4	+	0.752*** (8.79)	0.752*** (9.43)
LOSS	+	0.132(1.14)	0.132(1.19)
ROA	+	0.901** (2.17)	0.901** (2.08)
LEVERAGE	+	0.304** (2.20)	0.304** (2.12)
FIRMSIZE	+	0.389*** (12.34)	0.389*** (13.45)
_cons	+	8.383*** (9.37)	8.383*** (9.89)
Year dummy		Included	Included
Industry dummy		Included	Included
r^2		0.651	0.651
N		407	407

t statistics in parenthesis * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 3. Internal audit and audit quality

Variable	Direction predictions	KOTHARI		JONES		MODJONES		LARKER	
		OLS	robust	OLS	robust	OLS	robust	OLS	robust
IASIZE	+	0.000**	(2.23)	0.000**	(1.65)	0.001**	(2.25)	0.001**	(2.50)
IAEXPERT	-	-0.006*	(-0.75)	0.004	(0.52)	-0.000*	(-0.06)	-0.008*	(-0.83)
IACERTIFIED	-	-0.008*	(-1.13)	-0.005†	(-0.56)	-0.002†	(-0.35)	-0.009†	(-1.37)
BIGA	+	0.003	(0.27)	0.004	(1.02)	0.004	(0.94)	0.002	(0.45)
LOSS	+	0.018**	(2.36)	0.001	(0.18)	0.007	(0.97)	0.025**	(2.46)
FIRMSIZE	+	0.003	(0.86)	0.005**	(2.37)	0.003†	(1.30)	0.006†	(1.33)
LEVERAGE	-	-0.022**	(-2.23)	-0.021**	(-2.33)	-0.027**	(-1.88)	-0.018**	(-1.74)
RCA	+	0.040**	(2.92)	0.001	(0.03)	0.043**	(2.94)	0.047**	(2.79)
CFO	-	-0.000*	(-1.12)	-0.000†	(-1.71)	-0.000**	(-2.29)	-0.000*	(-1.04)
_cons	-	-0.095†	(-1.26)	-0.182**	(-2.63)	-0.118**	(-1.80)	-0.208**	(-1.65)
Year dummy		Included		Included		Included		Included	
Industry dummy		Included		Included		Included		Included	
F ²		0.193		0.237		0.217		0.113	
N		550		550		550		550	

t statistics in parentheses * p < 0.1, ** p < 0.05, *** p < 0.01.

0.001. In the LARCKER column with OLS Robust, the IASIZE coefficient is 0.001 with a t-value of 2.50 and a significance level of 5%. This implies that every 1 point increase in IASIZE affects the increase in the LARCKER variable by 0.001. This result is consistent with the second hypothesis that companies with adequate internal audit functions tend to produce good audit quality. The value of r^2 in the MODJONES variable shows that the regression model is able to explain the relationship between the dependent and independent variables at 21.7%.

4.2.3. The third stage of regression: testing the relationship between internal audit function and audit choice

To test the third hypothesis in this study, the author uses the following regression model:

$$BIG_{i,t} = \beta_0 + \beta_1 IASIZE_{i,t} + \beta_2 IACERTIFIED_{i,t} + \beta_3 IAEXPERT_{i,t} + \beta_4 INVENTORIES_{i,t} + \beta_5 LOSS_{i,t} + \beta_6 ROA_{i,t} + \beta_7 LEVERAGE_{i,t} + \beta_8 FIRMSIZE_{i,t} + \epsilon_{i,t}$$

Table 6 displays the results of Regression (3). It shows that in the BIG4 column with OLS Robust, the IASIZE coefficient is 0.003 with a t-value of 1.69 and a significance level at the level of 10%. This means that every 1 point increase in IASIZE has an effect on the increase in BIG4 of 0.003. Then, the IACERTIFIED coefficient is 0.185 with a t-value of 3.72 and a significance level of 1%. This implies that every 1 point increase in IACERTIFIED has an effect on the increase in BIG4 of 0.185. This result is consistent with the third hypothesis that companies with adequate internal audit functions tend to choose big-name auditors or Big4 to conduct independent audits. The value r^2 on the BIG4 variable indicates that the regression model is able to explain the relationship between the dependent and independent variables at 26.5%.

4.3. Additional testing

This study aims to examine the effect of the internal audit function on the tendency of companies to accept modified going concern audit opinions. Therefore, additional testing is carried out related to the relationship of the internal audit function variable and GOINGCONCERN variables. Regarding the GOINGCONCERN variable data, it uses dummy data that gives a value of 0 (zero) if the company does not accept a going concern audit opinion and gives a value of 1 (one) if the company receives a going concern audit opinion from an independent auditor. In additional testing, this study conducted a regression analysis performed twice, the first using Ordinary Least Square (OLS) regression analysis. The second analysis uses Ordinary Least Square (OLS) with Robust.

Table 6. Internal audit and audit choice

Variable	Predicted directions	BIG4	BIG4
		OLS	OLS robust
IASIZE	+	0.003(1.24)	0.003(1.69)
IAEXPERT	-	-0.051(-1.19)	-0.051(-1.22)
IACERTIFIED	+	0.185**(3.88)	0.185**(3.72)
LOSS	+	0.096*(1.92)	0.096*(1.95)
FIRMSIZE	+	0.109**(8.76)	0.109**(9.39)
ROA	+	0.879*** (4.61)	0.879*** (5.30)
LEVERAGE	-	-0.008(-0.22)	-0.008(-0.25)
INVENTORIES	+	0.063(0.43)	0.063(0.43)
_cons	-	-2.795***(-7.71)	-2.795***(-8.56)
Year dummy		Included	Included
Industry dummy		Included	Included
r^2		0.265	0.265
N		722	722

t statistics in parentheses * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

4.3.1. The fourth stage of regression: testing the internal audit function relationship and audit opinion

To test the fourth hypothesis in this study, the author used a regression model:

$$\text{GOINGCONCERN}_{i,t} = \beta_0 + \beta_1 \text{IASIZE}_{i,t} + \beta_2 \text{IACERTIFIED}_{i,t} + \beta_3 \text{IAEXPERT}_{i,t} + \beta_4 \text{BIG4}_{i,t} + \beta_5 \text{INVENTORIES}_{i,t} + \beta_6 \text{ROA}_{i,t} + \beta_7 \text{CFO}_{i,t} + \beta_8 \text{LEVERAGE}_{i,t} + \varepsilon_{i,t}$$

Table 7 shows the regression (8) results, which states that the GOINGCONCERN column with OLS Robust, the IASIZE coefficient is -0.002 with a t-value of -2.25 and a significance level at the level of 1%. This shows that every 1 point increase in IASIZE has an effect on the decrease in GOINGCONCERN by 0.002.

The Robust model regression results show that the IASIZE variable which is the number of the company's internal audit personnel has a significant negative relationship to the GOINGCONCERN variable which is the result of the audit opinion received by the company by an external auditor either going concern or non-going concern. These results are consistent with the fourth hypothesis in this study, that companies with adequate internal audit functions are less likely to receive going concern audit opinions. The value of r^2 on the GOINGCONCERN variable indicates that the regression model is able to explain the relationship between the dependent and independent variables at 30.2%.

4.4. Discussion

4.4.1. Relationship between the internal audit function and audit fees

Good corporate governance has transparent oversight of the company's operations. An effective oversight mechanism in reducing risk due to agency problems can be carried out by the internal audit and external audit functions (Felix et al., 2001). OLS regression analysis results show that the internal audit function is positively and significantly related to the amount of audit fees incurred by the company to hire an external auditor. This indicates that companies with a good internal audit function tend to try to increase the supervision of the company through the role of external auditors and are willing to pay an audit fee high enough to obtain quality audit results. The results of this study are in line with AlQadasi and Abidin (2018) which explains that companies with strong internal governance want high audit quality and willing to pay high enough audit fees to create

Table 7. Internal audit and audit opinion

Variable	Predicted directions	GOINGCONCERN	GOINGCONCERN
		OLS	OLS robust
IASIZE	-	-0.002(-1.46)	-0.002***(-2.75)
IAEXPERT	-	-0.013(-0.53)	-0.013(-0.47)
IACERTIFIED	-	-0.006(-0.23)	-0.006(-0.29)
BIG4	-	-0.062***(-2.93)	-0.062***(-3.52)
CFO	+	0.339***(2.73)	0.339***(2.91)
INVENTORIES	-	-0.237***(-2.80)	-0.237***(-3.18)
LEVERAGE	-	0.213*** (10.22)	0.213*** (9.26)
ROA	+	-0.819***(-7.34)	-0.819***(-5.58)
_cons	*	0.217*** (4.03)	0.217*** (2.79)
Year dummy		Included	Included
Industry dummy		Included	Included
r^2		0.302	0.302
N		719	719

t statistics in parentheses * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

good corporate value. In addition, Singh and Newby (2010) also address the same results, companies that have a strong internal audit mechanism will hire reliable auditors and pay more audit fees with the aim of increasing the company's internal control.

4.4.2. Relationship between the internal audit function and audit quality

In this study, audit quality is measured using consideration of the existence of earnings management practices carried out by companies. Companies that have a tendency to practice earnings management are increasingly showing the low quality of audit firms (Davidson & Neu, 1993; Habib, 2011; Saliman & Rogab, 2014). The results showed that the internal audit function had a positive and significant effect on the quality of the resulting audit. Al-Shetwi et al. (2011) explained that the internal audit function had a significant influence on the company's internal control mechanism. Thus, the existence of an internal audit mechanism will increase oversight of corporate governance, which in turn will impact the decline in earnings management practices and improve the audit quality. These results are in line with the previous studies which stated that the internal audit function has a positive relationship with the audit quality produced (AlQadosi & Abidin, 2018).

4.4.3. Relationship between the internal audit function and audit choice

One of the benchmarks commonly used to measure audit quality is the size of a public accounting firm (DeAngelo, 1981). The greater the public accounting firm, the greater the probability of the auditor providing reliable and quality audit procedures. OLS regression analysis results show that the internal audit function has a positive and significant influence on the tendency of companies to choose external auditors with big names (Big4). These results are in line with research conducted by Srinidhi and Firth (2014) who found that companies with good internal governance mechanisms tend to choose auditors with big names and good quality such as Big4. It is done to increase the value of the company and attract investors to invest in the company because it has adequate financial statement assurance.

4.4.4. Relationship between the internal audit function and audit opinion

Previous research explains that companies that receive modified audit opinions related to the level of total accruals, which is an indication the company is earnings manipulation (Bradshaw et al., 2001). The higher the company's accruals, the more it allows the company to accept modified opinions. Shireenjit et al. (2007) show that high levels of accrual accounting reflect uncertainty about the condition of the company in the future. On the basis of audit risk, the auditor as an appraisal body tends to report modified opinions on companies that have an aggressive accrual rate. The results of this study indicate that the internal audit function has a negative and significant influence on the tendency of companies to accept modified going concern audit opinions. With an adequate internal audit function, the oversight mechanism for corporate governance is maximized thereby increasing transparency and effectiveness of management performance. In accordance with Berglund et al. (2018), the effectiveness of management performance can improve managerial ability so that there is no doubt about the corporate sustainability.

5. Conclusion

This study aims to analyze the influence of internal audit on audit fees, audit quality, audit choice, and audit opinion of all non-financial companies listed on the Indonesia Stock Exchange for two periods from 2016 to 2017. This study found that internal auditors as a corporate oversight mechanism have a positive and significant relationship to the audit fee and audit choice, which means that companies with adequate internal audit functions tend to choose external auditors with big names (Big4) and pay higher audit fees. The internal audit function also has a positive and significant effect on the audit quality variable. This means that companies with adequate internal audit functions tend to produce good audit quality by encouraging the presentation of quality financial statements and minimum earnings management practices so that they have quality audit reports. In addition, this study found that internal audit also has a negative and significant influence on the tendency of companies to accept going concern audit opinions. Companies with adequate internal audit functions tend to have a going concern audit opinion. This is due to the existence of an adequate internal audit function can

increase transparency and effectiveness of management performance, so that there is no doubt about the company's ability to maintain its life in the future.

This study has several limitations because it does not include several other factors in calculating internal audit functions, such as experience, training, and investment issued by the company for internal audit costs, due to the limited disclosure of information provided by the company regarding the internal audit function in financial statements. However, this research gives consideration to shareholders to improve corporate governance to make supervision of management operations adequate and minimal practice of profit manipulation. This study also helps companies have a better performance through an effective internal audit function that can enable various business partners such as shareholders, personnel, state financial institutions to obtain certainty about the quality and reliability of information provided by the company. This research has implications for decision makers in the company as a consideration in maximizing the functions of internal auditors.

Funding

The authors received no direct funding for this research.

Author details

Achmad Dzulfikar Dakrullah¹

E-mail: achmadzulfikar9797@gmail.com

Iman Harymawan²

E-mail: hanymawaniman@feb.ungr.ac.id

ORCID ID: <http://orcid.org/0000-0001-7621-6252>

Melinda Cahyaning Rati³

E-mail: melinda.cahyaning.rati-2018@feb.ungr.ac.id

¹ Department of Accounting, Faculty of Economic and Business, Universitas Airlangga, Surabaya, Indonesia

Citation information

Cite this article as: Internal audit functions and audit outcomes: Evidence from Indonesia, Achmad Dzulfikar Dakrullah, Iman Harymawan & Melinda Cahyaning Rati, Cogent Business & Management (2020), 7: 1750331.

References

- Abbott, L., & Parker, S. (2000). Auditor selection and audit committee characteristics. *AUDITING: A Journal of Practice & Theory*, 19(2), 46–66. <https://doi.org/10.2308/aud-2000-19-2-A7>
- Adiguna, H. (2013). Corporate governance, family ownership and earnings management: Emerging market evidence. *Accounting and Finance Research*, 2(4), 17. <https://doi.org/10.5430/af.v2n4p17>
- Al-Muhtadi, R., El-Helou, S., & Jhegam, M. (2012). The relationship between internal audit quality and earnings management in joint stock company in gaza strip. Islamic University of Gaza.
- AlQadasi, A., & Abidin, S. (2018). The effectiveness of internal corporate governance and audit quality: The role of ownership concentration – Malaysian evidence. *Corporate Governance: The International Journal of Business in Society*, 18(2), 233–253. <https://doi.org/10.1108/CG-02-2017-0043>
- Al-Rassas, A. H., & Kamardin, H. (2016). Earnings quality and audit attributes in high concentrated ownership market. *Corporate Governance*, 16(2), 377–399. <https://doi.org/10.1108/CG-08-2015-0110>
- Al-Shetwi, M., Ramadani, S., Chowdhury, T., & Sari, Z. (2011). Impact of internal audit function (IAF) on financial reporting quality (FRQ): Evidence from Saudi Arabia. *African Journal of Business Management*, 5(27), 11189–11198. <https://doi.org/10.5897/ajbm11.1805>
- Beasley, M., & Salterio, S. (2001). The relationship between board characteristics and voluntary improvements in audit committee composition and experience. *Contemporary Accounting Research*, 18(4), 539–570. <https://doi.org/10.1506/CR1J-ADFM-3VMV-TAMV>

- Berglund, N. R., Herrmann, D. R., & Lawson, B. P. (2018). Managerial ability and the accuracy of the going concern opinion. *Accounting and The Public Interest*, 18(1), 29–52. <https://doi.org/10.2308/apin-52125>
- Boynton, W., Johnson, R., & Keil, W. (2006). Modern auditing: Assurance services and the integrity of financial reporting (8th ed.). John Wiley & Sons, Inc.
- Bradshaw, M., Richardson, S., & Sloan, R. (2001). Do analysts and auditors use information in accruals? *Journal of Accounting Research*, 39(1), 45–73. <https://doi.org/10.1111/1475-679X.00003>
- Brown, L. D., & Pincala, A. (2007). To what extent does the financial reporting process curb earnings surprise games? *Journal of Accounting Research*, 25(5), 947–981. <https://doi.org/10.1111/j.1475-679X.2007.00256.x>
- Cadbury. (1992). Cadbury report: The financial aspects of corporate governance. Tech report, HMG, London.
- Caramanis, C., & Spathis, C. (2006). Auditee and audit firm characteristics as determinants of audit qualifications evidence from the Athens stock exchange. *Managerial Auditing Journal*, 21(9), 905–920. <https://doi.org/10.1108/02686900610705000>
- Cassel, C., Groux, G., & Myers, L. (2012). The effect of corporate governance on auditor-client realignments. *Auditing: A Journal of Practice & Theory*, 32(2), 167–188. <https://doi.org/10.2308/ajpt-10240>
- Davidson, R., & Neu, D. (1993). A note on association between audit firm size and audit quality. *Contemporary Accounting Research*, 9(2), 479–488. <https://doi.org/10.1111/j.1911-3846.1993.tb00893.x>
- DeAngelo, L. E. (1981). Auditor size and audit quality. *Journal of Accounting and Economics*, 3(3), 183–199. [https://doi.org/10.1016/0165-4101\(81\)90002-1](https://doi.org/10.1016/0165-4101(81)90002-1)
- Dechow, P., Sloan, R., & Sweeney, A. (1994). Detecting earnings management. *The Accounting Review*, 70(2), 195–225. <https://doi.org/10.2139/ssrn.1735168>
- DeFond, M., & Zhang, J. (2014). A review of archival auditing research. *Journal of Accounting and Economics*, 58(2/3), 275–326. <https://doi.org/10.1016/j.jacceco.2014.09.002>
- Fan, J., & Wong, T. (2005). Do external auditors perform a corporate governance role in emerging markets? Evidence from East Asia. *Journal of Accounting Research*, 43(1), 35–72. <https://doi.org/10.1111/j.1475-679X.2004.00162.x>
- Farkas, M., Hirsch, R., & Kokina, J. (2019). Internal auditor communications: An experimental investigation of managerial perceptions. *Managerial Auditing Journal*, 34(4), 458–481. <https://doi.org/10.1108/MAJ-06-2018-1910>

- Felix, Jr., W., Gramling, A., & Maletta, M. (2001). The contribution of internal audit as a determinant of external audit fees and factors influencing this contribution. *Journal of Accounting Research*, 39(3), 513–534. <https://doi.org/10.1111/1475-679X.00026>
- García, L. S., Barbadillo, E. R., & Pérez, M. O. (2019). Analysis of the influence of the internal audit function on audit fees. *Revista De Contabilidad-Spanish Accounting Review*, 22(1), 100–111. <https://doi.org/10.6018/rc-sar.22.1.354351>
- Gay, G., & Simnett, R. (2007). Auditing and assurance services in Australia. McGraw-Hill Irwin.
- Habbib, A. (2011). Audit firm industry specialization and audit outcomes: Insights from academic literature. *Research in Accounting Regulation*, 23(1), 114–129. <https://doi.org/10.1016/j.racreg.2011.06.008>
- Hay, D., Knachel, W., & Ling, H. (2008). Evidence on the impact of internal control and corporate governance on audit fees. *International Journal of Auditing*, 22(1), 9–24. <https://doi.org/10.1111/j.1099-1123.2008.00367.x>
- IAPI. (2017). standart audit 570 tentang kelangsungan usaha. <http://www.iapi.or.id>
- Institute of Internal Auditors (IIA). (2005). International standards for the professional practice of internal auditing. https://www.theiia.org/?doc_id=1499
- Klein, A. (2002). Audit committee, board of director characteristics, and earnings management. *Journal of Accounting and Economics*, 33(3), 375–400. [https://doi.org/10.1016/S0165-4101\(02\)00059-9](https://doi.org/10.1016/S0165-4101(02)00059-9)
- Lacayo, R., & Ripley, A. (2002). Cynthia cooper, coken rowley, and sharon watkins. *Time Magazine*. http://oaloc.timeforkids.kal.aol.com/time/subscribe/perso_naltheyear/2002/poyintro.html
- Lin, Z., & Liu, M. (2009). The impact of corporate governance on auditor choice: Evidence from China. *Journal of International Accounting, Auditing and Taxation*, 18(1), 44–59. <https://doi.org/10.1016/j.intaccudtax.2008.12.005>
- Liu, L.-L., Xie, X., Chang, Y.-S., & Fargione, D. (2017). New clients, audit quality, and audit partner industry expertise: Evidence From Taiwan. *International Journal of Auditing*, 21(3), 288–303. <https://doi.org/10.1111/ijau.12095>
- Makarti, P., & Karim, A. (2017). Perbandingan metode ordinary least square (ols) dan metode regresi robust pada hasil produksi padi di kabupaten indramay. In *Prosiding Seminar Nasional & Internasional*. In Bahasa.
- Moeller, R. (2009). *Brink's modern internal auditing: A common body of knowledge (7ed)*. John Wiley & sons inc.
- Prawitt, D., Smith, J., & Wood, D. (2009). Internal audit quality and earnings management. *The Accounting Review*, 84(4), 1255–1280. <https://doi.org/10.2308/accr-2009-84-4-1255>
- Ryan, T. (1997). *Modern regression methods*. A Wiley-Interscience Publication.
- Shreenjit, J., Jubb, C., & Houghton, K. (2007). Earnings management and the audit opinion: Evidence from Malaysia. *Managerial Auditing Journal*, 22(7), 688–715. <https://doi.org/10.1108/02686900710772591>
- Singh, H., & Newby, R. (2010). Internal audit and audit fees: Further evidence. *Managerial Auditing Journal*, 25(4), 309–327. <https://doi.org/10.1108/02686901011034153>
- Soliman, M., & Ragab, A. (2014). Audit committee effectiveness, audit quality and earnings management: An empirical study of the listed companies in Egypt. *Research Journal of Finance and Accounting*, 5(2), 155–166. <https://doi.org/10.2139/ssrn.2315355>
- Srinidhi, B., & Firth, M. (2014). The effect of governance on specialist auditor choice and audit fees in US family firms. *The Accounting Review*, 89(6), 2297. <https://doi.org/10.2308/accr-50840>
- Stewart, J., & Kent, P. (2006). Relation between external audit fees, audit committee, characteristics and internal audit. *Accounting and Finance*, 46(3), 387–404. <https://doi.org/10.1111/j.1467-629X.2006.00174.x>
- Thornton, D., & Moore, G. (1993). Auditor choice and audit fee determinant. *Journal of Business Finance and Accounting*, 20(3), 333–349. <https://doi.org/10.1111/j.1468-5957.1993.tb00259.x>

Appendix A

Table A1. Variable definitions

	Variable	Proxy	Source
Dependent: audit fee	AFFEE	Natural logarithms of Auditor fee	ORBIS
Audit quality	MODJONES	Using the level of earnings management to look for discretionary accruals.	ORBIS
Audit choice	BIG4	Dummy variable, given the value of 1 (one) if the company is audited by Big4 public accounting firms, and 0 (Zero) if the company is not audited by Big4 public accounting firms.	FS
Audit opinion	GOING CONCERN	Dummy variable, given the value 1 (one) if the company receives the "Going Concern" audit opinion and 0 (Zero) if the company does not receive the "Going Concern" audit opinion	FS
Independent: number of internal auditors	IASIZE	The number of internal auditor personnel recorded in the company's financial statements for the current year	FS
Expertise of internal auditors	IAEXPERT	Dummy variable, given the value of 1 (one) if the company has internal audit personnel who are graduates of S1 (Bachelor Degree) in Accounting and given 0 (zero) if the company does not have internal audit personnel who are graduates of S1 in Accounting.	FS
Certifications of internal auditors	IACERTIFIED	Dummy variable, given the value of 1 (one) if the company has internal audit personnel who are certified auditors (CPA/CIA) and given a value of 0 (zero) if the company does not have internal audit personnel who are certified auditors (CPA/CIA)	FS
Control: audit committee	AUDCOM	Number of audit committees in the company	FS
Total debt	LEVERAGE	Total debt divided by total assets	ORBIS
Firm size	FIRMSIZE	Natural logarithm of total assets	ORBIS
Cash flow from operating activity	CFO	Net cash flow from operating activities divided by total assets	ORBIS
Inventory	INVENTORIES	Total inventory divided by total assets	ORBIS
Loss	LOSS	Dummy variable, given 1 (one) point if the company in the current year experiences a loss, and is given a value of 0 (zero) if the company in the current year does not experience a loss	FS
Return on asset	ROA	Total EBIT divided by total assets	ORBIS



© 2020 The Author(s). This open access article is distributed under a Creative Commons Attribution (CC-BY) 4.0 license.

You are free to:

Share — copy and redistribute the material in any medium or format.
Adapt — remix, transform, and build upon the material for any purpose, even commercially.
The licensor cannot revoke these freedoms as long as you follow the license terms.

Under the following terms:

Attribution — You must give appropriate credit, provide a link to the license, and indicate if changes were made.
You may do so in any reasonable manner, but not in any way that suggests the licensor endorses you or your use.
No additional restrictions

You may not apply legal terms or technological measures that legally restrict others from doing anything the license permits.



Cogent Business & Management (ISSN: 2331-1975) is published by Cogent OA, part of Taylor & Francis Group.

Publishing with Cogent OA ensures:

- Immediate, universal access to your article on publication
- High visibility and discoverability via the Cogent OA website as well as Taylor & Francis Online
- Download and citation statistics for your article
- Rapid online publication
- Input from, and dialog with, expert editors and editorial boards
- Retention of full copyright of your article
- Guaranteed legacy preservation of your article
- Discounts and waivers for authors in developing regions

Submit your manuscript to a Cogent OA journal at www.CogentOA.com



Internal audit functions and audit outcomes Evidence from Indonesia

ORIGINALITY REPORT

8%

SIMILARITY INDEX

8%

INTERNET SOURCES

6%

PUBLICATIONS

4%

STUDENT PAPERS

PRIMARY SOURCES

1 espace.curtin.edu.au Internet Source 2%

2 jssidoi.org Internet Source 1%

3 Submitted to University of West London Student Paper 1%

4 Submitted to University of New England Student Paper 1%

5 www.alliedacademies.org Internet Source 1%

6 publications.aston.ac.uk Internet Source 1%

7 Submitted to California Virtual Campus Region IV Student Paper 1%

8 global.oup.com Internet Source 1%

repo.uum.edu.my

Exclude quotes On

Exclude matches < 1%

Exclude bibliography On

Publication Logbook

Article Title:

**Internal Audit Functions and Audit Outcomes:
Evidence from Indonesia**

Latest status:

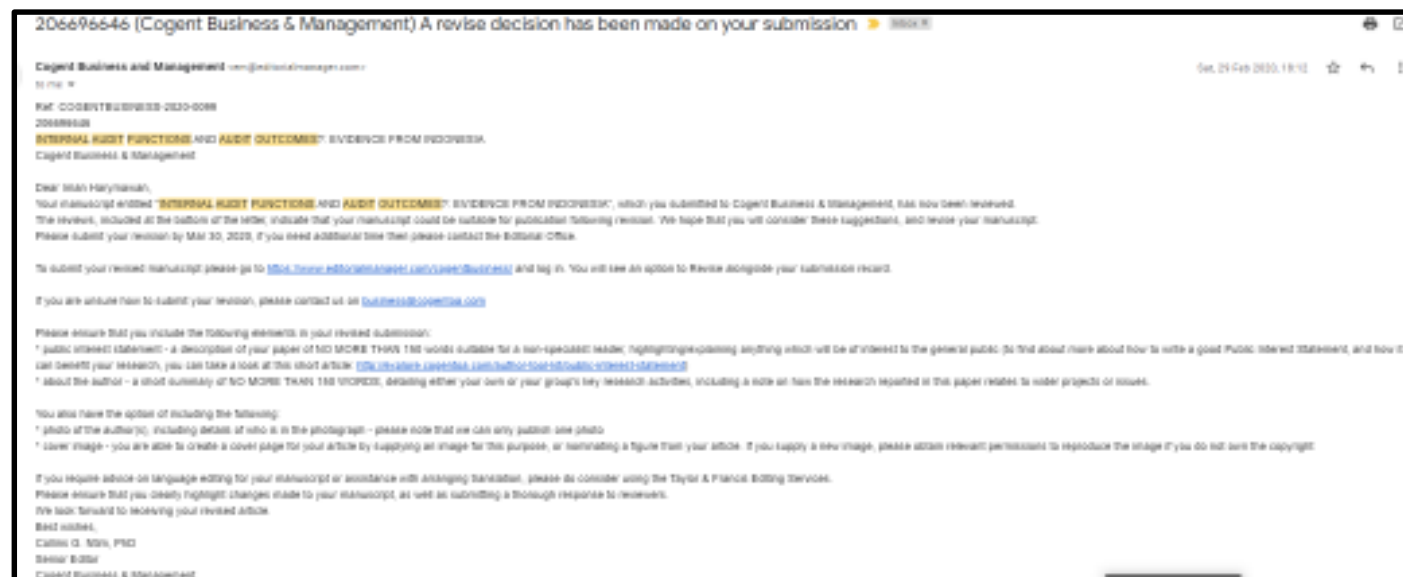
Published at Cogent Business Management



CPEBR RESEARCH SERIES 2020

Internal Audit Functions and Audit Outcomes: Evidence from Indonesia

List of the author(s):	
First	Achmad Dzulfikar Dzikrullah, <i>Universitas Airlangga</i>
Second	Iman Haryawan, <i>Universitas Airlangga, Indonesia / CPEBR*</i>
Third	Melinda Cahyaning Ratri
Fourth	N/A
*Corresponding author	
Funding scheme	N/A
<u>NEW SUBMISSION (1)</u>	
Journal name	Cogent Business Management
SCOPUS	Q2
Submitted date	12 February (2020)
Submission link	https://www.tandfonline.com/doi/full/10.1080/23311975.2020.1750331
<u>Decision ROUND 1</u>	
Rejection	
Revise and resubmit	V (29 February 2020)
Acceptance	
Comments & Responses	



Decision ROUND 2

Rejection	
Revise and resubmit	V (24 March 2020)
Acceptance	
Comments & Responses	

206696646 (Cogent Business & Management) A revise decision has been made on your submission

OPEN



Cogent Business and Management - info@cohenbusiness.com

Thu, 26 Mar 2020, 02:04

Ref: COGENTBUSINESS-2020-0939R1

206696646

INTERNAL AUDIT FUNCTIONS AND AUDIT OUTCOMES? EVIDENCE FROM INDONESIA
Cogent Business & Management

Dear Mr. Hariyanto,

Your manuscript titled "INTERNAL AUDIT FUNCTIONS AND AUDIT OUTCOMES? EVIDENCE FROM INDONESIA", which you submitted to Cogent Business & Management, has now been reviewed.

The review, included in the bottom of the letter, indicates that your manuscript could be suitable for publication following revision. We hope that you will consider these suggestions, and forward your manuscript.

Please submit your revision by Apr 24, 2020, if you need additional time then please contact the Editorial Office.

To submit your revised manuscript please go to <http://www.cogentbusiness.com/submit> and login. You will see an option to Revise alongside your submission record.

If you are unsure how to submit your revision, please contact us on info@cohenbusiness.com

Please ensure that you include the following elements in your revised submission:

- public interest statement - a description of your paper of NO MORE THAN 100 words suitable for a non-specialist reader, highlighting/explaining anything which will be of interest to the general public (to find out more about how to write a good Public Interest Statement, and how it can benefit your research, you can take a look at this short article: <http://www.cogentbusiness.com/submit/public-interest-statement/>)

- about the author - a short summary of NO MORE THAN 100 WORDS, detailing either your own or your group's key research activities, including a note on how the research reported in this paper relates to wider projects or issues.

Decision ROUND 2

Rejection	
Revise and resubmit	
Acceptance	V (27 March 2020)
Comments & Responses	

206696646 (Cogent Business & Management) Your submission has been accepted

Cogent Business and Management - info@cohenbusiness.com

Ref: COGENTBUSINESS-2020-0939R1

206696646

INTERNAL AUDIT FUNCTIONS AND AUDIT OUTCOMES? EVIDENCE FROM INDONESIA

COGENTBUSINESS-2020-0939R1

Dear Mr. Hariyanto,

I AM PLEASED TO INFORM YOU THAT YOUR MANUSCRIPT HAS BEEN ACCEPTED FOR PUBLICATION IN COGENT BUSINESS & MANAGEMENT.

The review, included in the bottom of the letter, indicates that your manuscript could be suitable for publication following revision. We hope that you will consider these suggestions, and forward your manuscript.

Please submit your revision by Apr 24, 2020, if you need additional time then please contact the Editorial Office.

To submit your revised manuscript please go to <http://www.cogentbusiness.com/submit> and login. You will see an option to Revise alongside your submission record.

If you are unsure how to submit your revision, please contact us on info@cohenbusiness.com

Please ensure that you include the following elements in your revised submission:

- public interest statement - a description of your paper of NO MORE THAN 100 words suitable for a non-specialist reader, highlighting/explaining anything which will be of interest to the general public (to find out more about how to write a good Public Interest Statement, and how it can benefit your research, you can take a look at this short article: <http://www.cogentbusiness.com/submit/public-interest-statement/>)

- about the author - a short summary of NO MORE THAN 100 WORDS, detailing either your own or your group's key research activities, including a note on how the research reported in this paper relates to wider projects or issues.

Best regards,

Editorial Office

Cogent Business & Management

COGENTBUSINESS-2020-0939R1



Iman Harymawan <harymawan.iman@feb.unair.ac.id>

Submission received by Cogent Business & Management (Submission ID: 206696646)

1 message

rpsupport@cogentoa.com <rpsupport@cogentoa.com>
To: harymawan.iman@feb.unair.ac.id

12 February 2020 at 14:02



Dear Iman Harymawan,

Thank you for your submission. Please see the details below.

Submission ID	206696646
Manuscript Title	INTERNAL AUDIT FUNCTIONS AND AUDIT OUTCOMES?: EVIDENCE FROM INDONESIA
Journal	Cogent Business & Management
Pledged APC amount	500.00 USD

You can always check the progress of your submission here (we now offer multiple options to sign in to your account. To log in with your ORCID please click on the 'with ORCID' box on the bottom right of the log in area).

If you have any queries, please get in touch with business@cogentoa.com.

We are always working to improve your experience with us. Please give us your feedback via our short 5 minute survey .

[Take survey](#)

Thank you for submitting your work to our journal.

Kind Regards,
Cogent Business & Management Editorial Office



Iman Harymawan <harymawan.iman@feb.unair.ac.id>

206696646 (Cogent Business & Management) A revise decision has been made on your submission

1 message

Cogent Business and Management <em@editorialmanager.com>
Reply-To: Cogent Business and Management <business@cogentoa.com>
To: Iman Harymawan <harymawan.iman@feb.unair.ac.id>

29 February 2020 at 18:13

Ref: COGENTBUSINESS-2020-0099
206696646
INTERNAL AUDIT FUNCTIONS AND AUDIT OUTCOMES?: EVIDENCE FROM INDONESIA
Cogent Business & Management

Dear Iman Harymawan,
Your manuscript entitled "INTERNAL AUDIT FUNCTIONS AND AUDIT OUTCOMES?: EVIDENCE FROM INDONESIA", which you submitted to Cogent Business & Management, has now been reviewed. The reviews, included at the bottom of the letter, indicate that your manuscript could be suitable for publication following revision. We hope that you will consider these suggestions, and revise your manuscript. Please submit your revision by Mar 30, 2020, if you need additional time then please contact the Editorial Office.

To submit your revised manuscript please go to <https://www.editorialmanager.com/cogentbusiness/> and log in. You will see an option to Revise alongside your submission record.

If you are unsure how to submit your revision, please contact us on business@cogentoa.com

Please ensure that you include the following elements in your revised submission:

- * public interest statement - a description of your paper of NO MORE THAN 150 words suitable for a non-specialist reader, highlighting/explaining anything which will be of interest to the general public (to find about more about how to write a good Public Interest Statement, and how it can benefit your research, you can take a look at this short article: <http://explore.cogentoa.com/author-tool-kit/public-interest-statement>)
- * about the author - a short summary of NO MORE THAN 150 WORDS, detailing either your own or your group's key research activities, including a note on how the research reported in this paper relates to wider projects or issues.

You also have the option of including the following:

- * photo of the author(s), including details of who is in the photograph - please note that we can only publish one photo
- * cover image - you are able to create a cover page for your article by supplying an image for this purpose, or nominating a figure from your article. If you supply a new image, please obtain relevant permissions to reproduce the image if you do not own the copyright

If you require advice on language editing for your manuscript or assistance with arranging translation, please do consider using the Taylor & Francis Editing Services. Please ensure that you clearly highlight changes made to your manuscript, as well as submitting a thorough response to reviewers.

We look forward to receiving your revised article.

Best wishes,
Collins G. Ntim, PhD
Senior Editor
Cogent Business & Management

Comments from the Editors and Reviewers:

Title, Abstract and Introduction – overall evaluation
Reviewer 2: Sound

Methodology / Materials and Methods – overall evaluation
Reviewer 2: Sound

Objective / Hypothesis – overall evaluation
Reviewer 2: Sound

Figures and Tables – overall evaluation
Reviewer 2: Outstanding

Results / Data Analysis – overall evaluation

Reviewer 2: Sound

Interpretation / Discussion – overall evaluation

Reviewer 2: Sound

Conclusions – overall evaluation

Reviewer 2: Sound

References – overall evaluation

Reviewer 2: Sound with minor or moderate revisions

Compliance with Ethical Standards – overall evaluation

Reviewer 2: Sound

Writing – overall evaluation

Reviewer 2: Sound

Supplemental Information and Data – overall evaluation

Reviewer 2: Sound

Comments to the author

Reviewer 2: The paper is clearly written and follows a scientific/logical flow from start to finish with a good treatment of the cited literature. This paper analyzes the influence of internal audit on different parameters. The overall concept is interesting, the analysis is valid, and the results presented are positive.

1. The introduction section can be improved. Presently, it fails to give a clear picture to the reader about the overall work (including specific objectives, motivation and contribution).
2. The related work section may be improved. At present, I feel there is a lack of critical discussions on the related work. It looks like a listing of all the existing work. A proper survey should clearly identify the limitations of the existing works that are being addressed in this paper.
3. Methodology section may be improved with description of regression analysis in depth.
4. Discussion section may be include.
5. Latest references are available that can be included in reference section.

Title, Abstract and Introduction – overall evaluation

Reviewer 3: Sound

Methodology / Materials and Methods – overall evaluation

Reviewer 3: Sound with minor or moderate revisions

Objective / Hypothesis – overall evaluation

Reviewer 3: Sound with minor or moderate revisions

Figures and Tables – overall evaluation

Reviewer 3: Sound with minor or moderate revisions

Results / Data Analysis – overall evaluation

Reviewer 3: Unsound or fundamentally flawed

Interpretation / Discussion – overall evaluation

Reviewer 3: Unsound or fundamentally flawed

Conclusions – overall evaluation

Reviewer 3: Unsound or fundamentally flawed

References – overall evaluation

Reviewer 3: Sound

Compliance with Ethical Standards – overall evaluation

Reviewer 3: Sound

Writing – overall evaluation

Reviewer 3: Sound with minor or moderate revisions

Supplemental Information and Data – overall evaluation

Reviewer 3: Sound with minor or moderate revisions

Comments to the author

Reviewer 3: I am broadly happy with the paper. However, please find few questions and suggestions to the authors for improving the clarity of the exposition.

1. The abstract needs to be revised to bring in more clarity. E.g.: may have an opening sentence for the need for such a study
2. Introduction:
 - a. Why Indonesia?
 - b. Why only two periods (2016 and 2017)?
 - c. Second last para mentions 719 observations instead of 722
 - d. Contribution of the study is not clear.
3. Data and Method section:
 - a. 3.1 - Data considered was of non-financial companies. It is not clear why sample selection criteria was mentioned again.
 - b. 3.2 - Is audit fee (dependent variable) a continuous variable or discrete?
 - c. 3.3 – variable description under the model can be provided for reference and clarity.
 - d. 3.3 - If the dependent variable is discrete, OLS is not the right estimation technique.
4. Empirical Result and Discussion:
 - a. 4.1 – Table 2- variable description and their units can be provided
 - b. Table 3 – Pearson correlation between categorical variables? Should you consider use a rank correlation analysis like Spearman or Kendall rank correlation.
 - c. Main Analysis - A key implicit assumption in OLS regression is that the dependent variable is continuous.
5. Conclusion:
 - a. Conclusion is very weak.
 - b. Paper needs proofreading

In compliance with data protection regulations, you may request that we remove your personal registration details at any time. ([Remove my information/details](#)). Please contact the publication office if you have any questions.



Iman Harymawan <harymawan.iman@feb.unair.ac.id>

206696646 (Cogent Business & Management) A revise decision has been made on your submission

1 message

Cogent Business and Management <em@editorialmanager.com>

26 March 2020 at 02:05

Reply-To: Cogent Business and Management <business@cogentoa.com>

To: Iman Harymawan <harymawan.iman@feb.unair.ac.id>

Ref: COGENTBUSINESS-2020-0099R1

206696646

INTERNAL AUDIT FUNCTIONS AND AUDIT OUTCOMES?: EVIDENCE FROM INDONESIA

Cogent Business & Management

Dear Iman Harymawan,

Your manuscript entitled "INTERNAL AUDIT FUNCTIONS AND AUDIT OUTCOMES?: EVIDENCE FROM INDONESIA", which you submitted to Cogent Business & Management, has now been reviewed.

The reviews, included at the bottom of the letter, indicate that your manuscript could be suitable for publication following revision. We hope that you will consider these suggestions, and revise your manuscript.

Please submit your revision by Apr 24, 2020, if you need additional time then please contact the Editorial Office.

To submit your revised manuscript please go to <https://www.editorialmanager.com/cogentbusiness/> and log in. You will see an option to Revise alongside your submission record.

If you are unsure how to submit your revision, please contact us on business@cogentoa.com

Please ensure that you include the following elements in your revised submission:

- * public interest statement - a description of your paper of NO MORE THAN 150 words suitable for a non-specialist reader, highlighting/explaining anything which will be of interest to the general public (to find about more about how to write a good Public Interest Statement, and how it can benefit your research, you can take a look at this short article: <http://explore.cogentoa.com/author-tool-kit/public-interest-statement>)

- * about the author - a short summary of NO MORE THAN 150 WORDS, detailing either your own or your group's key research activities, including a note on how the research reported in this paper relates to wider projects or issues.

You also have the option of including the following:

- * photo of the author(s), including details of who is in the photograph - please note that we can only publish one photo

- * cover image - you are able to create a cover page for your article by supplying an image for this purpose, or nominating a figure from your article. If you supply a new image, please obtain relevant permissions to reproduce the image if you do not own the copyright

If you require advice on language editing for your manuscript or assistance with arranging translation, please do consider using the Taylor & Francis Editing Services.

Please ensure that you clearly highlight changes made to your manuscript, as well as submitting a thorough response to reviewers.

We look forward to receiving your revised article.

Best wishes,

Collins G. Ntim, PhD

Senior Editor

Cogent Business & Management

Comments from the Editors and Reviewers:

Thank you for revising and resubmitting your paper for consideration. The changes you have made have been presented in a very messy way. Please make changes, and just use colour coding rather track changes. Please present the changes and the paper more neatly and resubmit. Please take this seriously as the I will decide either to reject or accept the paper after this revision.

Collins Ntim, Editor

In compliance with data protection regulations, you may request that we remove your personal registration details at any time. [\(Remove my information/details\)](#). Please contact the publication office if you have any questions.



Iman Harymawan <harymawan.iman@feb.unair.ac.id>

206696646 (Cogent Business & Management) Your submission has been accepted

1 message

Cogent Business and Management <em@editorialmanager.com>

27 March 2020 at 03:46

Reply-To: Cogent Business and Management <business@cogentoa.com>

To: Iman Harymawan <harymawan.iman@feb.unair.ac.id>

Ref: COGENTBUSINESS-2020-0099R2

206696646

INTERNAL AUDIT FUNCTIONS AND AUDIT OUTCOMES?: EVIDENCE FROM INDONESIA

Cogent Business & Management

Dear Iman Harymawan,

I am pleased to tell you that your work was accepted for publication in Cogent Business & Management on Mar 26, 2020.

Please note: only minor, or typographical changes can be introduced during typesetting and proofing of your manuscript. Major changes to your manuscript will not be permitted.

For your information, comments from the Editor and Reviewers can be found below if available, and you will have an opportunity to make minor changes at proof stage.

Your article will be published under the Creative Commons Attribution license (CC-BY 4.0), ensuring that your work will be freely accessible by all. Your article will also be shareable and adaptable by anyone as long as the user gives appropriate credit, provides a link to the license, and indicates if changes were made.

Once the version of record (VoR) of your article has been published in Cogent Business & Management, please feel free to deposit a copy in your institutional repository.

Thank you for submitting your work to this journal, and we hope that you will consider us for your future submissions.

Best wishes

Collins G. Ntim, PhD
Senior Editor
Cogent Business & Management

Comments from the Editors and Reviewers:

In compliance with data protection regulations, you may request that we remove your personal registration details at any time. (Use the following URL: <https://www.editorialmanager.com/cogentbusiness/login.asp?a=r>). Please contact the publication office if you have any questions.



Iman Harymawan <harymawan.iman@feb.unair.ac.id>

Your completed Author Publishing Agreement for "INTERNAL AUDIT FUNCTIONS AND AUDIT OUTCOMES?: EVIDENCE FROM INDONESIA"

1 message

authoragreement@taylorandfrancis.com <authoragreement@taylorandfrancis.com>
To: harymawan.iman@feb.unair.ac.id

31 March 2020 at 11:12



Your completed Author Publishing Agreement (APA) with Taylor and Francis

Attention: Iman Harymawan

Hello,

Your Author Publishing Agreement for "INTERNAL AUDIT FUNCTIONS AND AUDIT OUTCOMES?: EVIDENCE FROM INDONESIA" has been completed. Please click the link below (or copy the URL into your browser) to access the system and download your signed agreement.

Should you have any question on this, you may contact OABM-production@journals.tandf.co.uk.

Thank you.

[Summary »](#)

<https://authoragreement.taylorandfrancisgroup.com/LicenseSummary/Index/ba0a50b6-888b-464e-8477-4cbb84d40bdb>

© 2015 - Informa UK Limited, an Informa Group Company



Iman Harymawan <harymawan.iman@feb.unair.ac.id>

Proof corrections required for your article (Manuscript ID: OABM 1750331)

1 message

cogentoa.iproof@integra.co.in <cogentoa.iproof@integra.co.in>

11 April 2020 at 23:43

To: harymawan.iman@feb.unair.ac.id

Cc: OABM-production@journals.tandf.co.uk

Manuscript Title: INTERNAL AUDIT FUNCTIONS AND AUDIT OUTCOMES?: EVIDENCE FROM INDONESIA

Manuscript DOI: 10.1080/23311975.2020.1750331

Journal: Cogent Business & Management

Dear Iman Harymawan,

According to our records we have not yet received your corrections for this article. Please submit your answers to the Author Queries and any other typographical or essential corrections as soon as possible so that we can proceed with publication.

You can access and make corrections to your article through the Taylor & Francis online proofing system:

<https://www.icorrectproof.com/Home/Integra?vJaMAI1OsWsVDf10cABYHKEe2Ma3QkGu5QsiOwq2ZuutOfGvUDPCrAtaVCv61vRPXGy9IbXlzWY/c7A6fLr5XOGGLLjKXDN/eCBvSYBQnKxGoQsVI/t+g9IeStzO0rRM>

Log-in email address: harymawan.iman@feb.unair.ac.id

If you have any questions, please contact me using the details below and I will be pleased to assist.

Thank you,

Dhivya Bharathi Periyasamy

On behalf of the OABM production team

Taylor and Francis

4 Park Square, Milton Park, Abingdon, Oxfordshire, OX14 4RN, United Kingdom

Email: OABM-production@journals.tandf.co.uk

"In accordance with the requirement of any applicable Data Protection Laws, "By including any personal data in your response to this email, you are freely consenting to this being used and stored by the company for the purpose of service delivery. This email and any accompanying attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure, distribution, or copying is strictly prohibited. If you are not the intended recipient of this communication or received the email by mistake, please notify the sender and destroy all copies. Integra Software Services Pvt Ltd. reserves the right, subject to applicable local law, to monitor and review the content of any electronic message or information sent to or from its company allotted employee email address/ID without informing the sender or recipient of the message."



Iman Harymawan <harymawan.iman@feb.unair.ac.id>

Manuscript Acceptance

apc@tandf.co.uk <apc@tandf.co.uk>
To: harymawan.iman@feb.unair.ac.id

29 April 2020 at 17:31

Dear Iman Harymawan,

Article Title: INTERNAL AUDIT FUNCTIONS AND AUDIT OUTCOMES?: EVIDENCE FROM INDONESIA
DOI/MS ID: 10.1080/23311975.2020.1750331
Journal: Cogent Business & Management

We are pleased to advise you that this manuscript has now been accepted for publication. Please find attached a request for payment of the (APC) [Payment page](#) , for payment at your earliest convenience.

If you have any questions, please do not hesitate to contact apc@tandf.co.uk , or your nominated contact.

Kind Regards,

APC Team

Taylor and Francis Customer Support

apc@tandf.co.uk

DOI	Article Title	Main Author	Article Type	Journal	Publishing Model	Final Price
10.1080/23311975.2020.1750331	INTERNAL AUDIT FUNCTIONS AND AUDIT OUTCOMES?: EVIDENCE FROM INDONESIA	Iman Harymawan	Research Article	Cogent Business & Management	Open	USD 500.0