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ACCOUNTING, CORPORATE GOVERNANCE & BUSINESS ETHICS | RESEARCH ARTICLE

Independent audit committee, risk management committee, and audit fees

Dyah Ayu Larasati[1], Melinda Cahyaning Ratri[1], Mohammad Nasih[1] and Iman Harymawan[1*]

Abstract: This study aims to analyze the role of an independent audit committee on the relationship between the Risk Management Committee (RMC) and audit fees. We use 510 observations from 216 different companies indexed on the Indonesia Stock Exchange for 2014–2016. This study uses ordinary least square analysis to prove our hypotheses. We find that participation of the independent commissioner as an audit committee member will strengthen the relationship between RMC and audit fee. Consistent with the demand side of audit theory, our study shows that the existence of a stand-alone risk management committee and a more independent commissioner sitting on the audit committee will demand higher audit coverage. As a result, it will increase the audit fee. It occurs since the existence of a more independent audit committees could be able to objectively assess the risk as recommended by the RMC and respond to it by increasing the demand on audit coverage for higher audit quality, and hence increase the fees paid to the external auditor. These findings could contribute to the regulatory bodies in Indonesia in

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PUBLIC INTEREST STATEMENT

This study is essential since there is an emerging trend in non-financial companies to form Risk Management Committee (RMC) within companies. However, although RMCs do not directly purchase audit services, they may recommend greater audit services as a form of risk response to their risk monitoring responsibilities. Different from the RMC, audit committee has direct access to audit services, hence we argue that the existence of a more independent commissioner in the audit committee could be able to strengthen the relationship between the RMC and audit fee. In line with this view, this study found that RMC has a positive association with audit fees, and the existence of a more independent commissioner member as audit committee strengthens the relationship between RMC and audit fee. These findings could contribute to the regulatory bodies in Indonesia in terms of providing empirical evidence on the relationship between board governance structure and audit pricing within public companies.

terms of providing empirical evidence on the relationship between board governance structure and audit pricing within non-financial industries companies.

Subjects: Accounting; Corporate Governance; Audit

Keywords: risk management committee; board risk committee; independent audit committee; audit fees
Jel Classification: G32; G34

1. Introduction

Prior research shows that the Risk Management Committee has effectively been playing their role in the control, detection and prevention of risk especially in terms of financial risk (Abdullah, Shukor, & Rahmat, 2017; Abdullah & Said, 2019). The existence of a stand-alone risk management committee is also positively related to risk management disclosure (Abdullah et al., 2017) and the non-existence of any financial crime incidence (Abdullah & Said, 2019). However, although an audit is also related to a company's financial risk, only a few research studies show evidence on the relationship between Risk Management Committee (RMC) and audit outcomes (Ahmed & Che-Ahmad, 2016; Ali, Besar, & Mastuki, 2017; Hines, Masli, Mauldin, & Peters, 2015). Recent studies show that RMC and knowledge of the audit committee have a positive relationship with a company's financial restatement (Ali et al., 2017), but did not find any significant relationship between RMC on audit report lags (Ahmed & Che-Ahmad, 2016). Interestingly, prior research shows positive evidence on the relationship between RMC and audit fee (Hines et al., 2015). From the supply side perspective, RMC could reasonably be related with audit fees through the pricing of auditors' production costs as a result of auditors' assessments of inherent and control risks (Badertscher, Jorgensen, Katz, & Kinney, 2014). On the other side, the demand side of audit perspective contends that although RMCs do not directly purchase audit services, they may recommend greater services as a form of risk response to their risk monitoring responsibilities (Knechel & Willekens, 2006). However, to our knowledge, there is no existing evidence on how audit committee affect the relationship between RMC and audit fee. This paper fills this gap by investigating the role of an independent audit committee on the relationship between RMC and audit fees.

The increase of awareness of risk management is primarily due to many recent corporate scandals and various unexpected business failures (Walker, Shenkir, & Barton, 2002). The post-financial global crisis, as well as past accounting scandals, have changed the view on the importance of handling risk within business entity. A global survey shows that in 2010, 85% of financial institutions indicated that their board of directors had conducted regular reviews of entity asset management reports, this figure increased by 12% compared to 2008 (Deloitte, 2011). It indicates that more board members are currently active in risk management actions within the company. The increased awareness of management practices also gets positive responses from the company's shareholders. Baxter, Bedard, Hoitash, and Yezegel (2013) show that in the post-global financial crisis period, investors will offer a positive signal on proper risk management actions in related companies as shown through a positive relationship between the quality of corporate risk management and the company's market performance.

The high expectations of various parties for risk management actions within the company create demand for senior corporate executives to increase their involvement in the risk monitoring practice. To deal with this issue, the company's board members begin to form new structures within the organization to assist the company's risk monitoring process (Beasley, 2010). As the dual tier system is adopted in Indonesia, the Board of Commissioners is part of the governance structure that has responsibility in monitoring a company's risk management process (KNKG, 2012). The Board of Commissioners can form a Risk Management Committee (RMC) to ensure that the implementation of risk management runs well. However, if the establishment of the Risk

Management Committee is felt to be unnecessary, then this oversight task can be handed to the Audit Committee (KNKG, 2012).

In most countries, including Indonesia, the formation of RMC mandated for companies in the banking sector since this sector has more complex risks compared with other sectors[1]. Most of the academic literature on RMC is also carried out in the banking sector (Aebi, Sabato, & Schmid, 2012; Hines & Peters, 2015). Risk Management seems to be an essential process within the financial industry, Ssekiziyivu, Mwesigwa, Joseph, and Nkote Nabeta (2017) shows that risk management is the most important determinant on performance of a loan portfolio. For other sectors, the formation of RMC is still voluntary. However, non-financial sector companies appear to have RMC to improve their quality of risk management. Brown, Steen, and Foreman (2009) shows that due to the increase in business risk complexity that also occurs in the non-financial industry, the need arises for corporate governance that specifically focuses on risk management practices, such as through the establishment of RMC. The establishment of a specific committee such as RMC that specifically focuses on risk management are expected to be filled with more skillful members that have in-depth knowledge of risk management (Choi, 2013; Fraser & Henry, 2007). The formation of RMC could increase board risk monitoring, since RMC can dedicate its resources to evaluate the company's risk appetite, risk profile, and validate the company's internal controls (Moore & Brauneis, 2008). Subramaniam, McManus, and Zhang (2009) shows that RMC is mostly formed in companies with a high level of financial reporting risk to assist in mitigating the existing risk within the company.

On the other hand, a lot of criticism comes from business stakeholders, as they claimed that the existence of a stand-alone RMC will cause overlapping responsibilities between the RMC and the audit committee (Abdullah & Shukor, 2017; FRC, 2011). In Indonesia the establishment of an audit committee is mandatory for all public companies[2]. The responsibility of the audit committee is not only for financial reporting, external auditing, and internal controlling[3], in many cases, the Audit Committee is also expected to carry out a supervisory function regarding potential risks that can be identified through the financial reporting process, company internal processes, and external factors of the company (Beasley, Carcello, Hermanson, & Neal, 2009). Therefore, it is fair to say that there are overlapping responsibilities between the audit committee and the RMC. However, risk monitoring from two different perspectives is expected to enrich the company's risk knowledge and improve the effectiveness of corporate risk management (Beasley et al., 2009). As the role of the audit committee is critical, audit committee members are expected to work independently from management. An independent audit committee is considered essential to be able to avoid pressure from management so they can perform better supervisory support, especially in terms of the corporate financial issue to the board (Siagian & Tresnaningsih, 2011). The RMC and the audit committee are often considered to have similar roles, but there is one crucial role of the audit committee that cannot be carried out by the RMC, which is related to their access to external audit engagements. The audit committee is directly involved in the process of negotiating the scope of the audit work and also determines the amount of the audit fee, while the RMC does not have similar direct access to the external auditor. Therefore, it is interesting to see how an independent audit committee could affect the relationship between the RMC and the audit fee. The purpose of this study is to examine whether the participation of the independent commissioner member as an audit committee will strengthen or weaken the relationship between the RMC and audit fee.

This study uses a sample of 510 observations from 216 different companies indexed on the Indonesia Stock Exchange from 2014–2016. This study uses ordinary least square analysis to prove our hypotheses. From the demand side of audit view, we find that the formation of a stand-alone risk management committee and a more independent commissioner sitting on the audit committee will demand more audit coverage and hence increase the audit fee. It occurs since the existence of more independent audit committees could be able to objectively assess the risk as recommended by the RMC and respond to it by increasing the demand on audit coverage and hence increase the fees paid to the external auditor.

For policymakers, these findings suggest that implementation of stand-alone RMC on public companies could increase the audit fees charged by the auditors. In addition, having more independent audit committee could strengthen the relationship between RMC and audit fees. For practitioners, these findings indicate that RMC will increase their cost on audit since the RMC demand for higher quality of audit result. Furthermore, having more independent audit committee could strengthen the relationship between RMC and audit fees, since their independency is seen as an important attribute to enhance their responsibilities.

The next section of this paper has the following structure: Section 2 will explain the development of the hypothesis; Section 3 will explain the sample and variables used in the study; Section 4 will explain the result and Section 5 will provide conclusions of the study.

2. Independent audit committee, risk management committee and audit fees in Indonesia

In Indonesia, the Risk Management Committee (RMC) is only mandated for companies on the financial/banking sector as they have higher inherent risk on their business activity. Along with the dual tier board system adopted in Indonesia, referring to Bank Indonesia Regulation 8/4/PBI/2006 Risk Management Committee is a committee formed by and held responsible to the board of commissioners (BoC) for supporting BoC's duties on monitoring companies' risk management. As risk management awareness increases, RMC begins to be voluntarily formed on non-Banking sector companies. Based on general guidelines of good corporate governance issued by Indonesia's national committee of corporate governance, the BoC can form a supporting committee such as RMC to support their duties. Following this guideline, the ministry of state-owned enterprise issued PER/12/MBU/2012 as a guideline for Stated Owned Enterprise to establish a supporting committee for BoC such as RMC on their organization structure, but yet the RMC formation is still voluntary. If the establishment of RMC seems excessive for the company, the risk monitoring activities could be handed to the audit committee (KNKG, 2012).

Different from the RMC, refer to Head of BAPEPAM-LK Decree No. KEP-29/PM/2004 public companies are mandated to have an audit committee. The audit committee should at least consist of one independent commissioner. The purpose of the audit committee is to assist BoC in monitoring internal control and external audit effectivity. The audit committee has the authority to make a recommendation on selecting the external auditor, including the agreement on the audit fees (KNKG, 2006). The RMC and audit committee has a similarity in terms of their risk monitoring duties, the audit committee has responsibility on financial reporting risk, while RMC has a broader scope on monitoring the company's business risk. The Audit Committee authority directly influences the external auditor, which is one of the authorities that is not owned by the RMC.

3. Hypothesis development

3.1. *Risk management committee and audit fees*

The attest function performed by the auditors is a crucial part of the firm's monitoring system and can also be expected as a critical element of the governance system. Therefore, auditors principally must collaborate with other actors in the company's governance system to protect the stakeholder's interest and also assure that they receive the highest quality of information stated on the financial report (Cohen, Krishnamoorthy, & Wright, 2002). The determination of audit pricing are the consequences on the auditor assessment of clients' control environment, as well as occupying client demands on better audit quality and leading to an increase in audit fees (Jizi & Nehme, 2018). Our hypotheses development follows the demand side of audit pricing since our research scope focuses on the impact of RMC as part of the company's corporate governance mechanisms towards the audit fee. While the supply side of audit pricing mainly focuses on perspective on how auditors assess their client risk and charge them accordingly.

The company that forms a stand-alone committee for the risk monitoring process is likely to be more effective in performing internal oversight. Based on the concept of agency theory, RMC has a role in monitoring the company's activities and provides a broader range of risk identification within the company (Aebi et al., 2012). A stand-alone RMC will conduct its role independently with audit committees and hence, could work more effectively to perform the responsibility of overseeing risk management (Buckby, Gallery, & Ma, 2015). RMC has a role as a governance mechanism for overseeing company risk and also adequately communicating those risks with various stakeholders (Nahar, Jubb, & Azim, 2016). In conducting their overseeing function, the RMC should oversee an organization's risk management framework through the process for identifying, assessing, and responding to all future and current risks that appear to threaten an organization's existence (Moore & Brauneis, 2008; Schlich & Prybylski, 2009). The formation of a risk management committee presents board commitment and awareness on the importance of internal control systems and good corporate governance (Cummins, Dionne, Gagné, & Nouira, 2009). Good corporate governance and board composition shows to be positively related with company's accountability (Bakalikwira, Bananuka, Kaawaase Kigongo, Musimenta, & Mukyala, 2017; Tumwebaze, Mukyala, Ssekiziyivu, Tirisa, & Tumwebonire, 2018)

We could see that the RMC serves as the crucial element in the risk management process and as an important factor in the corporate governance mosaic (Ishak & Nor, 2017). The existence of strong corporate governance in the company could either increase the demand for auditing (increasing fees) or reduce auditors' assessments of risk (reducing fees) (Carcello, Hermanson, Neal, & Riley ., 2002). Moreover, Carcello et al. (2002) show that stronger boards are demanding higher audit effort and hence are related to higher audit fees. The existence of multiple committees that bears responsibility for risk management should be supported by clear segregation of duties and proper communication channels to ensure that the respective committees take their responsibility and consider the reports and recommendations to the other relevant committees (Deloitte, 2014). Knechel and Willekens (2006) suggest that when a firm's level of control is subject to internal demand forces aggregated from multiple stakeholders, this will result in a net increase in external assurance. Although RMCs do not directly purchase audit services, the RMC may recommend greater services as a form of risk response to their risk monitoring duties and may result in a higher demand for external assurance.

H1: Risk Management Committee is positively related with Audit Fees

3.2. Independence of audit committee and audit fee

The audit committee's primary responsibility is to monitor financial reporting quality within the organization (Mat Zain, Wahab, & Foo, 2010). Luqman, Ul Hassan, Tabasum, Khakwani, and Irshad (2018) found that the existence of an audit committee could lower the probability of financial distress within the firm. In carrying out this responsibility, the audit committee should ensure external auditor independence and also mediate the auditor disputes with the company's management (Birkett, 1986). Different from the RMC, the audit committee has direct access to purchase audit. The audit committee assists the board commissioner in recommending the appointment of the external auditor and negotiating external auditor's fees (KNKG, 2006). The audit committee also has a direct influence on the scope of external audits, they may demand broader scope from the existing external auditor to enhance audit quality and which in turn will increase the amount of audit fees (Abbott, Parker, Peters, & Raghunandan, 2003; Beasley et al., 2009; Carcello et al., 2002; Hay, Knechel, & Ling, 2008; Turley & Zaman, 2007).

Audit committee characteristics, such as its independence, are seen as essential attributes that could enhance an audit committee's ability to discharge its responsibilities. The independent board is better than the inside director in monitoring management (DeFond & Francis, 2005). They could perform better monitoring mechanisms since they are not strained by any conflict of interest with management and it makes them able to question management when they consider it necessary, thus increasing their monitoring capacity (Carcello & Neal, 2003). Previous studies show that a more independent audit committee is related to lower earnings management (Klein, 2002), less financial statement restatement (Carcello & Nagy, 2004) and demand more audit coverage to enhance audit quality (Abbott et al., 2003; Carcello et al., 2002). On the other hand, independent audit committees also view the directorship as a means of developing their reputation as experts in decision making (Fama & Jensen, 1983) it implies that they will insist upon higher audit quality to protect their reputational capital. In summary, since audit committees are committed in the audit scope negotiation process, audit scope and plan, they consequently impact upon audit fees.

H2: Independent Audit Committee positively related with Audit Fees

3.3. Risk management committee, independent committee audit, and audit fees

RMC has the responsibility to monitor broader risk, or at least to all risks that are not monitored by the other committee. Brown et al. (2009) stated that in most companies, RMC oversight is beyond the capabilities and scope of the audit committee, as committee audit may only focus on financial reporting and other related compliance risk oversight than the other risk categories. Fraser and Henry (2007) also found that there are doubts as to whether the Audit Committee has the expertise to tackle high-level risk management duties. Besides that, Brown et al. (2009) also argue that the audit committee has already been overburdened with their internal control duties and possibly do not have enough time to appropriately manage risk. The formation of a separate committee such as the RMC admits the fact that risk management within companies is vital in forming good governance (Deloitte, 2014)

The risk committee has the responsibility to monitor enterprise-wide risk if any risk is discovered, the RMC should recommend ways to address them (Deloitte, 2014). The RMC should coordinate along with the full board regarding the risk to the various committees, especially between the audit and risk committee (Deloitte, 2014). The independent characteristic of the audit committee will increase their objectivity in responding to the risk. They could perform better monitoring mechanisms since they are not strained by any conflict of interest with management and it makes them able to question management when they consider it necessary, thus increasing their monitoring capacity (Carcello & Neal, 2003). Based on prior research, we argue that the existence of RMC and more independent audit committees will give stronger risk governance. RMC could share their risk assessment to the audit committee and define the way to address them as their part of the entity risk monitoring role. Increased cooperation between the RMC and the audit committee will give the audit committee broader risk knowledge within the entity. It suggests that the more independent the commissioner sitting on the audit committee, the more they will respond objectively and will demand more audit coverage for higher audit quality and hence are related with higher audit fees.

H3: Independent Audit Committee and Risk Management Committee positively related with Audit Fees.

4. Research design

4.1. Sample and source of data

Our sample period covers the period 2014–2016 and consists of companies listed on the Indonesian Stock Exchange (IDX). The information is collected through the company's annual report and ORBIS database. The detail of data resources is available in Table 1. We applied sample selection criteria to reach our final sample. Firstly, we exclude all companies in financial, insurance, and real estate industries (SIC 6) since they have a different nature on their financial statement. Secondly, we exclude all of the missing variables. After applying these criteria, our final sample includes 510 firm-year observation from 216 different companies.

4.2. Operational definition and variable measurement

The main variables in this study are Risk Management Committee (*RMC*) and the independent audit committee (*ACIND*). We measure *RMC* using a dummy variable, coded 1 if companies disclose the existence of *stand-alone RMC*, and 0 if otherwise (Abdullah & Shukor, 2017; Yatim, 2009). We measure *ACIND* by dividing the number of independent commissioners sitting on the audit committee over the total number of the audit committee members in the company (Bliss, Gul, & Majid, 2011; Bronson, Carcello, Hollingsworth, & Neal, 2009; Chan & Sun, 2012). Our dependent variable is audit fees (*AFEE*); we measure audit fees using the natural logarithm of audit fees paid by the company to their external auditor (Hay et al., 2008; Hines et al., 2015; Keane, Elder, & Albring, 2012).

Based on previous literature, we use several control variables (Abbott et al., 2003; Duellman, Hurwitz, & Sun, 2015; Hay et al., 2008; Karim, Robin, & Suh, 2016). The control variables are the company's auditor choice (BIG), audit opinion (OPIN); firm size (FSIZE); leverage (LEV); profitability (ROA); the proportion of receivable and inventory on total asset (RECINV). Before analyzing the data, we winsorize our financial variable at 1% and 99% levels. All variables used in this article are summarized in Table 1.

4.3. Methodology

We test our hypotheses using ordinary least square regression with year-industry fixed effect and clustered standard errors (Petersen, 2009). We used STATA 14.0 to analyze our data. To test our hypotheses, we use two different research models. We use the first research model (1) to test hypothesis 1 and hypothesis 2, while our third hypothesis is tested by using the second research model (2). Based on our arguments on hypothesis 1 and hypothesis 2, we expect the coefficient of *RMC* and *ACIND* to be positive.

Table 1. Variable definition

Variable	Definition	Source
Dependent:		
AFEE	Natural logarithm of audit fees paid by companies to their external auditor	Annual Report
Independent:		
RMC	Dummy variable, coded 1 if companies disclose the existence of stand-alone RMC, and 0 if otherwise	Annual Report
ACIND	Dividing the number of independent commissioners sitting on the audit committee over the total number of audit committee members in the company	Annual Report
Controls:		
BIG	Dummy Variable, Coded 1 if a company is audited by BIG4 Auditor (EY, KPMG, PwC, Deloitte) and 0 if otherwise	Annual Report
FSIZE	Natural logarithm of company's total asset	ORBIS
LEV	Total liabilities divided by total assets	ORBIS
ROA	Return on Asset before Tax	ORBIS
OPIN	Dummy Variable, coded 1 if a modified opinion is issued on last year financial report (t-1) and 0 if otherwise	ORBIS
RECINV	Proportion of account receivable and inventory on total assets	ORBIS

$$AFEE_{i,t} = \beta_0 + \beta_1 RMC_{i,t} + \beta_2 ACIND_{i,t} + \beta_3 BIG_{i,t}.\beta_4 FSIZE_{i,t} + \beta_5 LEV_{i,t} + \beta_6 ROA_{i,t} + \beta_7 OPIN_{i,t-1} + \beta_8 RECINV_{i,t} + \varepsilon \tag{1}$$

To test the third hypothesis, we use model 2. Based on hypothesis 2 we expect the coefficient of *RMC*ACIND* to be positive.

$$AFEE_{i,t} = \beta_0 + \beta_1 RMC * ACIND_{i,t} + \beta_2 RMC_{i,t} + \beta_3 ACIND_{i,t} + \beta_4 BIG_{i,t} + \beta_5 FSIZE_{i,t} + \beta_6 LEV_{i,t} + \beta_7 ROA_{i,t} + \beta_8 OPIN_{i,t-1} + \beta_9 RECINV_{i,t} + \varepsilon \tag{2}$$

5. Empirical result and discussion

5.1. Descriptive statistics and univariate comparison

Table 2 presents the sample distribution of our observation based on the existence of *RMC* within the company. As we can see the formation of *RMC* is still rarely done by firms in the non-financial sector. Only one observation from the wholesale and retail trade already forms *RMC* in their governance structure. However, almost half of the observations from the Mining and Construction sector has already formed *RMC*. Subramaniam et al. (2009) state that firms in high complexity industries are more likely to establish *RMC* as a way to show their commitment to good corporate governance.

Table 3 presents the descriptive statistics. The mean of *RMC* 0.18. It means 18% of the sample are having *RMC* in the company. The average of *ACIND* is 0.377; it means 37.7% of audit committee members are an independent commissioner. The average firm has a total asset of 10,760 billion rupiahs, with leverage an average of 48.3%, and the proportion of inventory and receivable vary from 0.6% to 78.5%. Company profitability, as measured by *ROA* ranges from −18.16 to 37.2. About 45.5% of the sample are audited by the *BIG4* audit firms, and almost 99.4% of the sample have an unqualified audit opinion.

Tables 4 & 5 present the results of univariate analysis. Table 4 shows the result of an independent t-test between two groups, firms with *RMC* and without *RMC*. Firms with *RMC* are more likely to pay higher audit fees, appoint *BIG4* auditors, have a larger firm size, and have higher leverage. On the other side, the result also indicates that firms without stand-alone *RMC* are more likely to have a higher proportion of independent commissioners, this result provides an early indication that the company may treat *ACIND* and *RMC* as substitutes.

Table 5 presents the result of the Pearson Correlation. The correlation between *RMC*, *ACIND*, and *AFEE* support our predicted direction and show significant results. *OPIN* and *AFEE* show a positive

Table 2. Sample distribution

Industries based on SIC Code	Firms with RMC	Firms Without RMC	Total
Agriculture, Forestry, and Fishing (0)	6	21	27
Mining and Construction (1)	31	48	79
Manufacturing (2)	17	143	160
Manufacturing (3)	13	80	93
Transportation, Communications, Electric, Gas and Sanitary service (4)	19	60	79
Wholesale and Retail Trade (5)	1	36	37
Services (7)	2	24	26
Services (8)	3	6	9
Total	**92**	**418**	**510**

Table 3. Descriptive statistics

	Mean	Median	Minimum	Maximum
AUDITFEE	1,930,000,000	793,500,000	88,935,000	31,500,000,000
RMC	0.180	0.000	0.000	1.000
ACIND	0.377	0.333	0.167	1.000
BIG	0.455	0.000	0.000	1.000
TOTASSET	10,760,000,000,000	3,508,000,000,000	109,000,000,000	141,800,000,000,000
LEV	0.483	0.477	0.069	0.953
ROA	3.743	2.810	−18.160	37.200
OPIN	0.006	0.000	0.000	1.000
RECINV	0.268	0.229	0.006	0.785

Notes: This table shows descriptive statistics for all the variables used in this study. The sample used in this study amounted to 510 companies listed on the IDX in 2014–2016.

Table 4. Independent t-test

	Firms With RMC	Firms Without RMC	Coef	t-value
AFEE	21.343	20.352	0.991***	7.488
ACIND	0.343	0.385	−0.042***	-3.976
BIG	0.641	0.414	0.227***	4.021
OPIN	0.011	0.005	0.006	0.690
FSIZE	30.158	28.679	1.479***	9.390
LEV	0.555	0.467	0.088***	3.604
ROA	2.046	4.117	−2.070**	-2.164
RECINV	0.180	0.288	−0.108***	-4.850

but insignificant result. The other correlations show significant results. The correlations between variables do not present any multicollinearity issues for our subsequent analysis. Unreported variance inflation factors (VIFs) have an average of 2.06.

5.2. Risk management committee, independent audit committee, and audit fee

Table 6 shows the results of model 1. Column 1 shows the regression of all control variables with the audit fee without our interested variable. Company auditor choice *(BIG)*, size *(FSIZE)*, and leverage *(LEV)* show a positive and significant result toward audit fees, while the other control variable shows insignificant results. Our control variable has 61,3% adjusted r squared. Column 2 shows the result of our research model 1. After adding our interested variable, the adjusted r^2 in column 2 is 1% higher than the adjusted r^2 result in column 1. It implies that after adding the interested variable, our model could better predict the audit fee. We hypothesize a positive coefficient on *RMC* and *ACIND*. In column 2, we find that the coefficient on *RMC* is 0.202 (t = 1.75) significant at 10%, this result provides support for hypothesis 1 and indicates that the existence of a stand-alone risk management committee is related with a higher audit fee. We also find that the coefficient of *ACIND* is 0.973 (t = 3.27) significant at 1%. This result supports hypothesis 2 and indicates that the independent audit committee is related to a higher audit fee.

Table 7 shows the result of model 2. We hypothesize a positive coefficient on *RMC*ACIND*. On Table 7, we find that the coefficient of *RMC*ACIND* is 1.636 (t = 2.01) significant at 5%. This result provides support for hypothesis 3 and indicates that the existence of a stand-alone risk management committee and more independent commissioner on audit committees are related to higher audit fees.

Table 5. Pearson correlation

	AFEE	RMC	ACIND	BIG	OPIN	FSIZE	LEV	ROA	RECINV
AFEE	1.000								
RMC	0.315***	1.000							
	(0.000)								
ACIND	0.216***	−0.131***	1.000						
	(0.000)	(0.003)							
BIG	0.541***	0.176***	0.099**	1.000					
	(0.000)	(0.000)	(0.026)						
OPIN	0.013	0.031	−0.027	−0.070	1.000				
	(0.766)	(0.491)	(0.541)	(0.113)					
FSIZE	0.729***	0.385***	0.175***	0.407***	0.029	1.000			
	(0.000)	(0.000)	(0.000)	(0.000)	(0.515)				
LEV	0.135***	0.158***	0.048	−0.067	0.039	0.193***	1.000		
	(0.002)	(0.000)	(0.277)	(0.129)	(0.376)	(0.000)			
ROA	0.141***	−0.096**	−0.000	0.255***	−0.109**	0.074*	−0.323***	1.000	
	(0.001)	(0.031)	(1.000)	(0.000)	(0.014)	(0.094)	(0.000)		
RECINV	−0.228***	−0.210***	−0.065	−0.064	−0.067	−0.376***	−0.012	0.193***	1.000
	(0.000)	(0.000)	(0.144)	(0.151)	(0.129)	(0.000)	(0.792)	(0.000)	

p-values in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 6. OLS regression—Risk management committee, independent audit committee, and audit fee

	Sign Prediction	AFEE	AFEE
Variable		*(1)*	*(2)*
RMC	+		0.202*
			(1.75)
ACIND	+		0.973***
			(3.27)
BIG	+	0.719***	0.698***
		(9.51)	(9.34)
OPIN	+	0.380	0.423
		(0.92)	(0.99)
FSIZE	+	0.486***	0.455***
		(15.62)	(14.43)
LEV	+	0.319*	0.302*
		(1.84)	(1.76)
ROA	+	0.007	0.008*
		(1.53)	(1.83)
RECINV	+	0.044	0.059
		(0.24)	(0.31)
CONSTANT		6.142***	6.657***
		(6.82)	(7.33)
Industry Dummies		*Included*	*Included*
Year Dummies		*Included*	*Included*
Adjusted r^2		0.613	0.623
N		510	510

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

This result provides a higher level of significance than the relationship between *RMC* and *AFEE*, as shown in Table 6. It implies that *ACIND* has strengthened the relationship between *RMC* and Audit Pricing within the companies. The result of Table 7 also shows that *RMC* has a negative coefficient with an insignificant result. It implies that companies with *RMC* have a negative relationship on audit fee, although it shows an insignificant impact. *ACIND* has a positive coefficient with significant results. Although *ACIND* still has a positive coefficient on audit fees, the significance is lower than the result on Model 1. The adjusted r^2 on model 2 is 1.3% higher than the result of adjusted r^2 in model 1. It implies that the addition of *RMC*ACIND* could better predict the audit fee.

6. Conclusion

This study investigates the role of independent audit committee on the relationship between Risk Management Committee and audit fees. This is an important issue as the formation of risk management committees in Indonesia are still voluntary. We expect that our study could provide input on making policies regarding the formation of RMC, especially in Indonesia.

Our results support all of our hypotheses. We find that the formation of a stand-alone risk management committee is related to a higher audit fee and the existence of more independent commissioners sitting on audit committee will strengthen the relationship between RMC and company audit pricing. However, RMC do not have any authority to purchase audit services, but since they have responsibility to monitor the risk they could recommend a greater service to the external auditor as a form of risk response to their risk monitoring responsibility. In contrast to

Table 7. OLS regression—Interaction of risk management committee, independent audit committee, toward audit fee

Variables	Sign Prediction	AFEE
*RMC*ACIND*		1.636**
	+	(2.01)
RMC		-0.380
	+	(−1.25)
ACIND		0.744**
	+	(2.35)
BIG		0.705***
	+	(9.42)
OPIN		0.413
	+	(0.97)
FSIZE		0.457***
	+	(14.54)
LEV		0.307*
	+	(1.78)
ROA		0.008*
	+	(1.80)
RECINV		0.073
		(0.38)
CONSTANT		6.672***
		(7.41)
Industry Dummies		*Included*
Year Dummies		*Included*
Adjusted r^2		0.626
N		510

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

RMC, the audit committee has direct authority for overseeing the effectiveness on the external audit engagement. Our result implies that audit committee independency is seen as an important attribute to enhance their responsibilities. An independent audit committee could improve the firms' reporting system and the quality of reported earnings because they are not subject to potential conflicts of interest that reduce their monitoring capacity. As audit committees are involved in the audit scope negotiation process, their governance quality affects the audit scope and plan, and consequently audit fees. This result implies that there will be a net increase in external assurance when a firm's level of control results from various demand forces across multiple stakeholders in the company (Knechel & Willekens, 2006).

The formation of a stand-alone RMC and the independent audit committee in a company provides a better division of tasks and enables them to focus on their work. As the RMC's main duties are to discover risk and also recommend ways to address them, RMC should coordinate with the full board including the audit committee to recommend ways to address them. The appearance of independent audit committees that are independent from management could improve the firms' monitoring activities as they are not constrained in their relationship with the management and provide more objectivity. This separation of duties would necessarily have a beneficial effect on the audit committee's objectivity in carrying out their responsibility for considering the risk. Completely independent audit committees are positively related with audit fees as they demand a higher audit coverage to address the risk and enhance accounting quality (Abbott et al., 2003). A high audit price indicates a good quality audit, this is due to the fact that extended audit hours and expert audit staff conduct more comprehensive investigation, which results in higher audit fees (Khan & Subhan, 2019).

Together, the more independent commissioners sitting on the audit committee membership will strengthen the relationship between RMC and Audit Pricing within the companies. These results indicate that the formation of a stand-alone risk management committee and more independent commissioners sitting on audit committee will demand more audit coverage and hence increase the audit fee. It occurs since the existence of a more independent audit committee could be able to objectively assess the risk as recommended by the RMC and respond to it by increasing the demand on audit coverage for a better audit quality and hence increase the fees paid to the external auditor. These findings inform the practitioners and regulatory bodies in Indonesia of the importance of having a stand-alone RMC and more independent audit committee within non-financial industries company's governance structure.

This study is subject to some limitations. First, our sample in this study is relatively small due to the lack of audit fee data in the company's annual report. Second, our findings suggest that the existence of stand-alone RMC and independent audit committee are related to higher audit pricing, however we only document an association and not a causation. As this study only analyzes the association for the existence of stand-alone RMC towards the audit outcomes, we suggest future research considers the deeper characteristics of risk management committee members, such as (education background, expertise, etc.) towards financial or audit outcomes within the company.

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Notes

1. Head of Financial Services Authority (OJK) Decree No.18/2016 about the implementation of risk management in commercial bank.
2. Head of Capital Market Oversight Bodies (BAPEPAM) Decree KEP-29/PM/2004.
3. Ministry of Stated owned Enterprise Regulation—PER 12/MBU/2012.

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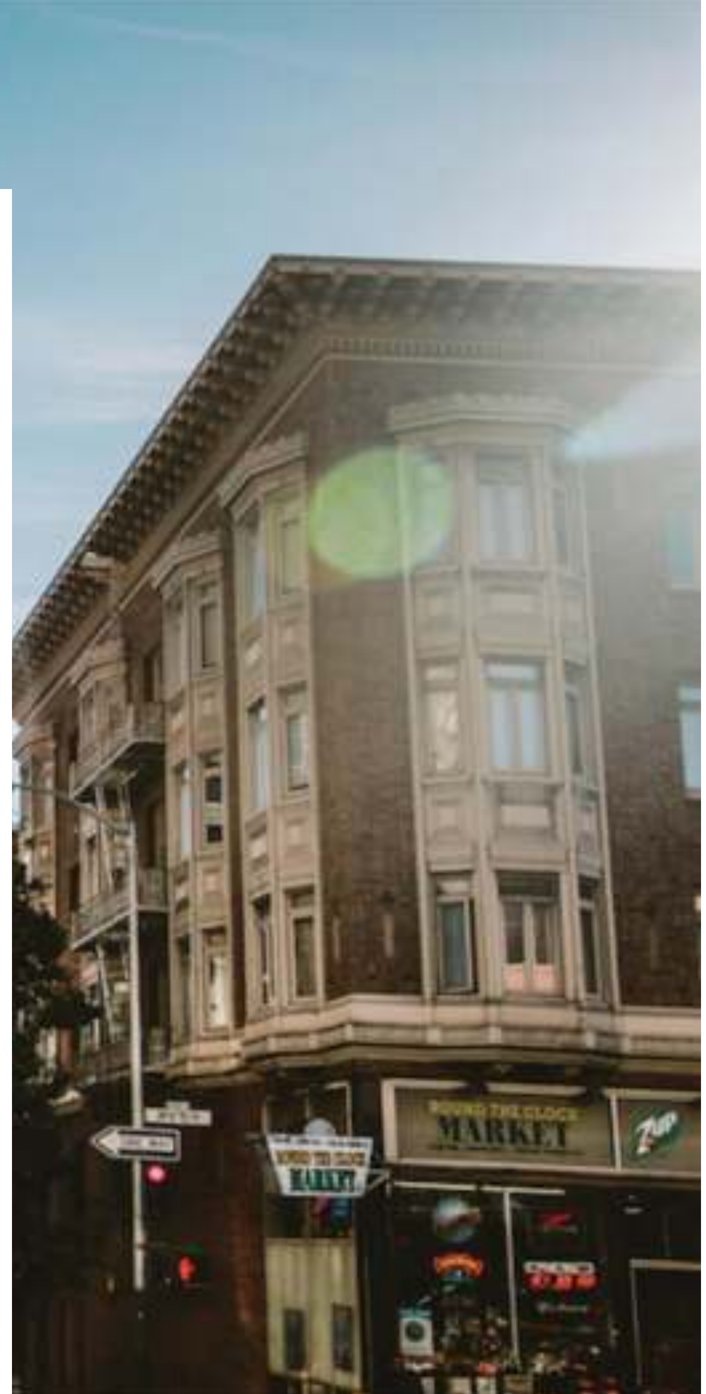

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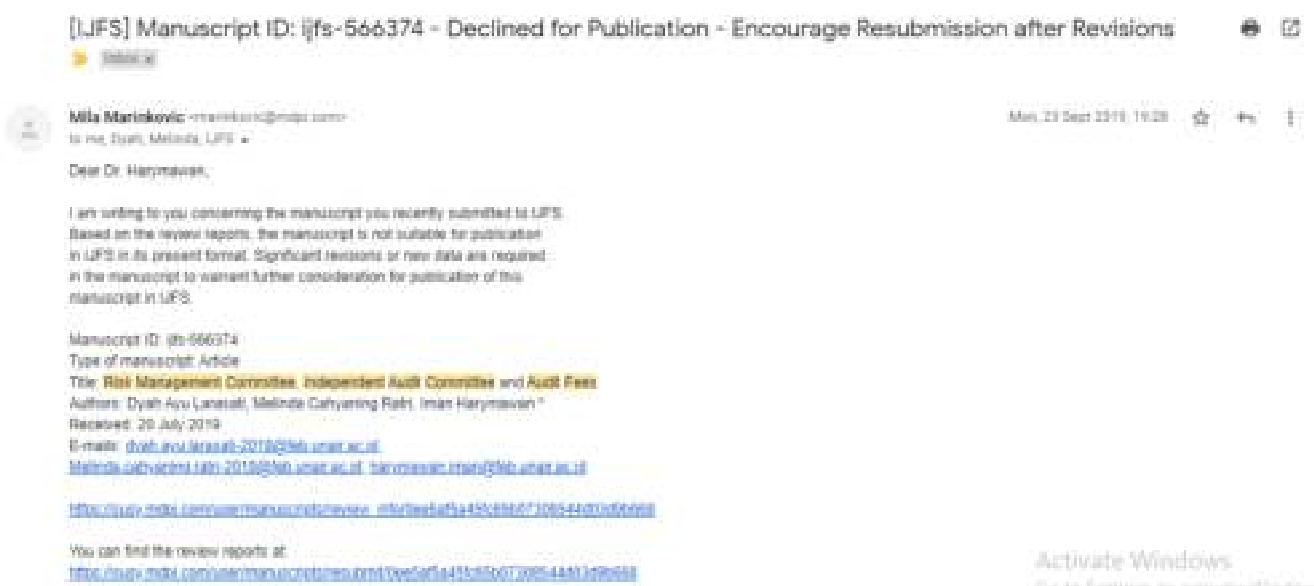
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I would like to congratulate you for the acceptance of your paper to be presented in our upcoming AAM Conference 2019 and to be published in our ISI proceedings.

On behalf of the editorial team of AAMC2019, as the track chair of finance papers, I would like to convey another good news. Your paper which entitled: ***RISK MANAGEMENT COMMITTEE, INDEPENDENT AUDIT COMMITTEE AND AUDIT FEES*** has been selected by our paper committee, as one of the 3 best paper awards sponsored by the **International Journal of Banking and Finance** (http://ijbf.uum.edu.my/), with a cash prize RM200. IJBF, our new partnering journal, is one of the pioneer and reputable international finance journal in Malaysia published by UUM Press. Although IJBS is not a Scopus journal yet

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Comments & Responses
Re-position the title of the paper as an exploratory study since the sample of firms implementing RMC is quite small.
Audit fee is a common proxy to gauge the level of audit effort/risk among firms. Highlight the importance of modelling the audit fee determinants within the Indonesian listed firms.
Include more current literature related to audit fee, risk management committee and independent audit committee.
Do firms with RMC will be better off than the non-RMC firms? Specify your practical contributions derive from your findings.
Improve your discussion section : compare and contrast your findings with the previous empirical evidence and provide more in-depth discussion on each hypothesis.

Article Proceeding Withdrawal - RISK MANAGEMENT COMMITTEE, INDEPENDENT AUDIT COMMITTEE AND AUDIT FEES (AAMC2019_AF-034)

Iman Harymawan [illegible]
to AAMC, Dosena

Mon, 21 Oct 2019, 14:54

Dear Editor of 13th Asian Academy of Management International Conference 2019,

Thank you for considering our paper to be presented at 13th AAMC 2019. We have received many thoughtful comments and advice during the conference that could enhance the quality of our paper. However, I would like to withdraw my manuscript titled "RISK MANAGEMENT COMMITTEE, INDEPENDENT AUDIT COMMITTEE AND AUDIT FEES" (AAMC2019_AF-034) from further publication by the conference proceeding, in order to be submitted to Scopus Indexed Journal.

I am looking forward to your reply. I apologize for any inconvenience caused. Please confirm if the withdrawal process is complete.
Thank you

Sincerely,
Iman Harymawan Ph.D

--
Iman Harymawan, Ph.D. (*CMA of MR*)
Department of Accountancy
Faculty of Economics and Business
Universitas Airlangga
[illegible]

NEW SUBMISSION (3)	
Journal name	Cogent Business and Management
Quartile (SCOPUS)	Q3
Submitted date	24 November 2019
Submission link	https://www.cogentoa.com/
Publisher	Taylor Francis
ISSN	23311975
Decision ROUND 1	
Rejection	
Revise and resubmit	V (12 Desember 2019)
Acceptance	

198622019 (Cogent Business & Management) A revise decision has been made on your submission

Cogent Business and Management [illegible]
to me

Thu, 12 Dec 2019, 13:14

Ref: COGENTBUSINESS-2019-0559R1
198622019
INDEPENDENT AUDIT COMMITTEE, RISK MANAGEMENT COMMITTEE, AND AUDIT FEES
Cogent Business & Management

Dear Iman Harymawan,
Your manuscript entitled "INDEPENDENT AUDIT COMMITTEE, RISK MANAGEMENT COMMITTEE, AND AUDIT FEES", 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 Jan 11, 2020. If you need additional time then please contact the Editorial Office.

To submit your revised manuscript please go to [illegible] 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 [illegible]

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 [illegible])
* 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.

Decision ROUND 2	
Rejection	
Revise and resubmit	V (25 November 2019)
Acceptance	

198622019 (Cogent Business & Management) A revise decision has been made on your submission

Cogent Business and Management <em@editorialmanager.com>
to me

Ref: COGENTBUSINESS-2019-0559
198622019
INDEPENDENT AUDIT COMMITTEE, RISK MANAGEMENT COMMITTEE, AND AUDIT FEES
Cogent Business & Management

Dear Iman Harymawan,
Your manuscript entitled "INDEPENDENT AUDIT COMMITTEE, RISK MANAGEMENT COMMITTEE, AND AUDIT FEES", which you submitted to Cogent Business & Management, has now been reviewed.
The reviews, included at the bottom of this 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 Dec 25, 2019. 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.

Decision ROUND 3	
Rejection	
Revise and resubmit	
Acceptance	V (17 Desember 2019)

198622019 (Cogent Business & Management) Your submission has been accepted

Cogent Business and Management <em@editorialmanager.com>
to me

Ref: COGENTBUSINESS-2019-0559R2
198622019
INDEPENDENT AUDIT COMMITTEE, RISK MANAGEMENT COMMITTEE, AND AUDIT FEES
Cogent Business & Management

Dear Iman Harymawan,

I am pleased to tell you that your work was accepted for publication in Cogent Business & Management on Dec 16, 2019.

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

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

[IJFS] Manuscript ID: ijfs-566374 - Submission Received

1 message

Editorial Office <ijfs@mdpi.com> 20 July 2019 at 23:27
Reply-To: ijfs@mdpi.com
To: Iman Harymawan <harymawan.iman@feb.unair.ac.id>
Cc: Dyah Ayu Larasati <dyah.ayu.larasati-2018@feb.unair.ac.id>, Melinda Cahyaning Ratri <Melinda.cahyaning.ratri-2018@feb.unair.ac.id>, Iman Harymawan <harymawan.iman@feb.unair.ac.id>

Dear Dr. Harymawan,

Thank you very much for uploading the following manuscript to the MDPI submission system. One of our editors will be in touch with you soon.

Journal name: International Journal of Financial Studies
Manuscript ID: ijfs-566374
Type of manuscript: Article
Title: Risk Management Committee, Independent Audit Committee and Audit Fees
Authors: Dyah Ayu Larasati, Melinda Cahyaning Ratri, Iman Harymawan *
Received: 20 July 2019
E-mails: dyah.ayu.larasati-2018@feb.unair.ac.id, Melinda.cahyaning.ratri-2018@feb.unair.ac.id, harymawan.iman@feb.unair.ac.id

You can follow progress of your manuscript at the following link (login required):
https://susy.mdpi.com/user/manuscripts/review_info/0ee5af5a45fc65b07308544d03d9b668

The following points were confirmed during submission:

1. IJFS is an open access journal with publishing fees of 1000 CHF for an accepted paper (see https://www.mdpi.com/about/apc/ for details). This manuscript, if accepted, will be published under an open access Creative Commons CC BY license (https://creativecommons.org/licenses/by/4.0/), and I agree to pay the Article Processing Charges as described on the journal webpage (https://www.mdpi.com/journal/ijfs/apc). See https://www.mdpi.com/about/openaccess for more information about open access publishing.

Please note that you may be entitled to a discount if you have previously received a discount code or if your institute is participating in the MDPI Institutional Open Access Program (IOAP), for more information see https://www.mdpi.com/about/ioap. If you have been granted any other special discounts for your submission, please contact the IJFS editorial office.

2. I understand that:

a. If previously published material is reproduced in my manuscript, I will provide proof that I have obtained the necessary copyright permission. (Please refer to the Rights & Permissions website: https://www.mdpi.com/authors/rights).

b. My manuscript is submitted on the understanding that it has not been published in or submitted to another peer-reviewed journal. Exceptions to this rule are papers containing material disclosed at conferences. I confirm that I will inform the journal editorial office if this is the case for my manuscript. I confirm that all authors are familiar with and agree with submission of the contents of the manuscript. The journal editorial office reserves the right to contact all authors to confirm this in case of doubt. I will provide email addresses for all authors and an institutional e-mail address for at least one of the co-authors, and specify the name, address and e-mail for invoicing purposes.

If you have any questions, please do not hesitate to contact the IJFS editorial office at ijfs@mdpi.com

Kind regards,

IJFS Editorial Office
St. Alban-Anlage 66, 4052 Basel, Switzerland
E-Mail: ijfs@mdpi.com
Tel. +41 61 683 77 34
Fax: +41 61 302 89 18

*** This is an automatically generated email ***

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

[IJFS] Manuscript ID: ijfs-566374 - Declined for Publication - Encourage Resubmission after Revisions

1 message

Mila Marinkovic <marinkovic@mdpi.com> 23 September 2019 at 19:28
Reply-To: marinkovic@mdpi.com
To: Iman Harymawan <harymawan.iman@feb.unair.ac.id>
Cc: Dyah Ayu Larasati <dyah.ayu.larasati-2018@feb.unair.ac.id>, Melinda Cahyaning Ratri <Melinda.cahyaning.ratri-2018@feb.unair.ac.id>, IJFS Editorial Office <ijfs@mdpi.com>

Dear Dr. Harymawan,

I am writing to you concerning the manuscript you recently submitted to IJFS. Based on the review reports, the manuscript is not suitable for publication in IJFS in its present format. Significant revisions or new data are required in the manuscript to warrant further consideration for publication of this manuscript in IJFS.

Manuscript ID: ijfs-566374
Type of manuscript: Article
Title: Risk Management Committee, Independent Audit Committee and Audit Fees
Authors: Dyah Ayu Larasati, Melinda Cahyaning Ratri, Iman Harymawan *
Received: 20 July 2019
E-mails: dyah.ayu.larasati-2018@feb.unair.ac.id, Melinda.cahyaning.ratri-2018@feb.unair.ac.id, harymawan.iman@feb.unair.ac.id

https://susy.mdpi.com/user/manuscripts/review_info/0ee5af5a45fc65b07308544d03d9b668

You can find the review reports at:
https://susy.mdpi.com/user/manuscripts/resubmit/0ee5af5a45fc65b07308544d03d9b668

Based on reviewer input and editorial evaluation, we encourage resubmission of your manuscript after extensive revisions. During resubmission, you must clearly indicate the manuscript ID (ijfs-566374) of this paper. All changes must be highlighted and a cover letter with responses to reviewers' comments included. Note that the Editorial Office may send the paper to the same reviewers or invite new reviewers.

Please resubmit your revised manuscript through the following link:
https://susy.mdpi.com/user/manuscripts/upload?pre_hash_key=0ee5af5a45fc65b07308544d03d9b668

Thanks again for submitting your work to IJFS. If you have any questions, please contact the Editorial Office at ijfs@mdpi.com.

Kind regards,

Ms. Mila Marinkovic
Assistant Editor
E-Mail: marinkovic@mdpi.com
www.mdpi.com

--
MDPI Branch Office, Belgrade, Serbia

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IJFS Editorial Office
Postfach, CH-4020 Basel, Switzerland
Office: St. Alban-Anlage 66, 4052 Basel
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Tel. +41 61 683 77 34; Fax +41 61 302 89 18
http://www.mdpi.com/journal/ijfs/

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

Short-listed for IJBF Best Paper Awards in AAMC2019

Hooy Chee Wooi <cwhooy@usm.my> 1 October 2019 at 14:53
To: "harymawan.iman@feb.unair.ac.id" <harymawan.iman@feb.unair.ac.id>, "melinda.cahyaning.ratri-2018@feb.unair.ac.id" <melinda.cahyaning.ratri-2018@feb.unair.ac.id>
Cc: Zamri Ahmad <zahmad@usm.my>

Dear Dr Iman and Dyah Ayu,

I wonder if you have received my email last week regarding your AAMC2019 paper to be short listed for the IJBF Best Paper Award? Since there is no reply from you last Friday, I presume you might have missed my email. Can I can your confirmation by tomorrow? My last email is as below:

I would like to congratulate you for the acceptance of your paper to be presented in our upcoming AAM Conference 2019 and to be published in our ISI proceedings.

On behalf of the editorial team of AAMC2019, as the track chair of finance papers, I would like to convey another good news. Your paper which entitled: ***RISK MANAGEMENT COMMITTEE, INDEPENDENT AUDIT COMMITTEE AND AUDIT FEES***. has been selected by our paper committee, as one of the 3 best paper awards sponsored by the **International Journal of Banking and Finance** (http://ijbf.uum.edu.my/), with a cash prize RM200. IJBF, our new partnering journal, is one of the pioneer and reputable international finance journal in Malaysia published by UUM Press. Although IJBS is not a Scopus journal yet

IJBF Best Paper Award is a new category of awards that AAMC2019 added to our conference to enhance value for our conference participants. Should you agree to receive this award, you will need to comply to the term of the award which are:

1. your paper will be published in IJBF's either 2019 or 2020 issue.
2. your paper will go through another round of fast track review handle by IJBF
3. you may withdraw your paper from our ISI proceedings, or if you decided to continue with the ISI proceedings, you will need to revise your current paper with at least 40% changes before submitting to IJBF, mainly the results and analysis must be of different from the existing paper.

[Quoted text hidden]

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

Article Proceeding Withdrawal - RISK MANAGEMENT COMMITTEE, INDEPENDENT AUDIT COMMITTEE AND AUDIT FEES (AAMC2019_AF-034)

2 messages

Iman Harymawan <harymawan.iman@feb.unair.ac.id> 21 October 2019 at 14:54
To: AAMC 2019 <secretariataamc@gmail.com>
Cc: Dayana Jalaludin <dayana@usm.my>

Dear Editor of 13th Asian Academy of Management International Conference 2019,

Thank you for considering our paper to be presented at 13th AAMC 2019. We have received many thoughtful comments and advice during the conference that could enhance the quality of our paper. However, I would like to withdraw my manuscript titled "RISK MANAGEMENT COMMITTEE, INDEPENDENT AUDIT COMMITTEE AND AUDIT FEES" (AAMC2019_AF-034) from further publication by the conference proceeding, in order to be submitted to Scopus Indexed Journal.

I am looking forward to your reply. I apologize for any inconvenience caused. Please confirm if the withdrawal process is complete.
Thank you

Sincerely,
Iman Harymawan Ph.D

--
Iman Harymawan, Ph.D. (CityU of HK)
Department of Accountancy
Faculty of Economics and Business
Universitas Airlangga
http://orcid.org/0000-0001-7621-6252

Zamri Ahmad <zahmad@usm.my> 22 October 2019 at 08:30
To: AAMC 2019 <secretariataamc@gmail.com>, "harymawan.iman@feb.unair.ac.id" <harymawan.iman@feb.unair.ac.id>
Cc: Dayana Jalaludin <dayana@usm.my>

Dear Dr Iman,

Thank you and we take note of your decision.

Best regards
zamri

From: AAMC 2019 <secretariataamc@gmail.com>
Sent: Tuesday, October 22, 2019 9:17 AM
To: Zamri Ahmad <zahmad@usm.my>
Cc: Dayana Jalaludin <dayana@usm.my>
Subject: Fwd: Article Proceeding Withdrawal - RISK MANAGEMENT COMMITTEE, INDEPENDENT AUDIT COMMITTEE AND AUDIT FEES (AAMC2019_AF-034)

Dear AP Dr. Zamri,

Kindly refer to the email below on request for paper withdrawal from the publication of AAMC 2019 conference proceeding.

TQ.

Kind regards,

Dr. Marini Nurbanum Mohamad
Conference Secretary
The 13th Asian Academy of Management International Conference 2019
School of Management
Universiti Sains Malaysia
Pulau Pinang
Office No: 04 - 653 5342

[Quoted text hidden]

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

Submission received by Cogent Business & Management (Submission ID: 198622019)

1 message

rpsupport@cogentoa.com <rpsupport@cogentoa.com> 24 November 2019 at 00:44
To: harymawan.iman@feb.unair.ac.id

Dear Iman Harymawan,

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

Submission ID	**198622019**
Manuscript Title	**INDEPENDENT AUDIT COMMITTEE, RISK MANAGEMENT COMMITTEE, AND AUDIT FEES**
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>

198622019 (Cogent Business & Management) A revise decision has been made on your submission

2 messages

Cogent Business and Management <em@editorialmanager.com> 12 December 2019 at 13:15
Reply-To: Cogent Business and Management <business@cogentoa.com>
To: Iman Harymawan <harymawan.iman@feb.unair.ac.id>

Ref: COGENTBUSINESS-2019-0559R1
198622019
INDEPENDENT AUDIT COMMITTEE, RISK MANAGEMENT COMMITTEE, AND AUDIT FEES
Cogent Business & Management

Dear Iman Harymawan,
Your manuscript entitled "INDEPENDENT AUDIT COMMITTEE, RISK MANAGEMENT COMMITTEE, AND AUDIT FEES", 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 Jan 11, 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 1: Outstanding

Methodology / Materials and Methods – overall evaluation
Reviewer 1: Sound

Objective / Hypothesis – overall evaluation
Reviewer 1: Sound

Figures and Tables – overall evaluation
Reviewer 1: Sound

Results / Data Analysis – overall evaluation
Reviewer 1: Sound

Interpretation / Discussion – overall evaluation
Reviewer 1: Sound

Conclusions – overall evaluation
Reviewer 1: Sound

References – overall evaluation
Reviewer 1: Outstanding

Compliance with Ethical Standards – overall evaluation
Reviewer 1: Sound

Writing – overall evaluation
Reviewer 1: Sound

Supplemental Information and Data – overall evaluation
Reviewer 1: Sound

Comments to the author
Reviewer 1: 1. Originality: Does the paper contain new and significant information adequate to justify publication?: this paper has presented new and significant information that related to this study

2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?: the literature review related to its objective and study. the authors studied recent literature which enhanced the significance of the study.

3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?: this paper exposed the argument of previous studies and argumentatively exposed on this part. as a result, the methodology is well designed and equivalent.

4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?: this paper presented and analyzed results through previous evidence adequately.

5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?: in regards of significance, it has presented in general. the significance can be more specified towards policy makers, investors and consumers. apart from it, it has clearly presented and demonstrate limitations and conclusion.

6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: yes. it does explained technical terms and links related to study.

Cogent Business & Management COGENTBUSINESS-2019-0559.docx
13K

Iman Harymawan <harymawan.iman@feb.unair.ac.id> 12 December 2019 at 14:59
To: Dyah Ayu Larasati <dyahayulr29@gmail.com>

Cogent Revision II
[Quoted text hidden]

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Iman Harymawan, Ph.D. (CityU of HK)
Department of Accountancy
Faculty of Economics and Business
Universitas Airlangga
http://orcid.org/0000-0001-7621-6252
/lrs

Cogent Business & Management COGENTBUSINESS-2019-0559.docx
13K

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

198622019 (Cogent Business & Management) A revise decision has been made on your submission

2 messages

Cogent Business and Management <em@editorialmanager.com> 25 November 2019 at 20:50
Reply-To: Cogent Business and Management <business@cogentoa.com>
To: Iman Harymawan <harymawan.iman@feb.unair.ac.id>

Ref: COGENTBUSINESS-2019-0559
198622019
INDEPENDENT AUDIT COMMITTEE, RISK MANAGEMENT COMMITTEE, AND AUDIT FEES
Cogent Business & Management

Dear Iman Harymawan,
Your manuscript entitled "INDEPENDENT AUDIT COMMITTEE, RISK MANAGEMENT COMMITTEE, AND AUDIT FEES", 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 Dec 25, 2019, 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:

Dear Author

Thank you for submitting your paper to be considered for publication in this journal. Before I can put your paper officially under review, I would like you to effect the following changes:

1. Please re-structure your paper as follows: I) Introduction, II) Independent Audit Committee, Risk Management Committee and Audit Fees in Indonesia, III) Theoretical Framework for Sustainability Reporting, IV) Empirical Literature Review and Hypotheses Development, V) Research Design, (VI) Empirical Results and Discussion, and

(VII) Summary and conclusion. Please you need to re-organise the paper in this structure. You have too many subsections currently. Also some sections require further development. For example conclusion is too short - you need to cover, findings, implications, contributions, limitations and avenues for further research.

2. Please conduct a careful proof-reading of the paper. Even the abstract contact several typos. Please hire a professional proof-reader or copy-editor to help you proof-read or copy-edit your paper. Currently the language is weak.

3. In order to build on this accounting literature, please at least cite 5 relevant articles that have been published in the Accounting, Corporate Governance and Business Ethics section of this journal.

4. Please in revising and resubmitting your paper, kindly highlight all your changes to these comments in the manuscript in the colour yellow.

Iman Harymawan <harymawan.iman@feb.unair.ac.id> 12 December 2019 at 15:02
To: Dyah Ayu Larasati <dyahayulr29@gmail.com>

Cogent Revision I
[Quoted text hidden]
--
Iman Harymawan, Ph.D. (CityU of HK)
Department of Accountancy
Faculty of Economics and Business
Universitas Airlangga
http://orcid.org/0000-0001-7621-6252
/lrs

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

198622019 (Cogent Business & Management) Your submission has been accepted

2 messages

Cogent Business and Management <em@editorialmanager.com> 17 December 2019 at 02:00
Reply-To: Cogent Business and Management <business@cogentoa.com>
To: Iman Harymawan <harymawan.iman@feb.unair.ac.id>

Ref: COGENTBUSINESS-2019-0559R2
198622019
INDEPENDENT AUDIT COMMITTEE, RISK MANAGEMENT COMMITTEE, AND AUDIT FEES
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Iman Harymawan <harymawan.iman@feb.unair.ac.id> 17 December 2019 at 21:42
To: Dyah Ayu Larasati <dyahayulr29@gmail.com>

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

Manuscript Acceptance

2 messages

apc@tandf.co.uk <apc@tandf.co.uk> 18 December 2019 at 04:28
To: harymawan.iman@feb.unair.ac.id

Dear Iman Harymawan,

Article Title: INDEPENDENT AUDIT COMMITTEE, RISK MANAGEMENT COMMITTEE, AND AUDIT FEES
DOI/MS ID: 10.1080/23311975.2019.1707042
Journal: Cogent Business & Management

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10.1080/23311975.2019.1707042	INDEPENDENT AUDIT COMMITTEE, RISK MANAGEMENT COMMITTEE, AND AUDIT FEES	Iman Harymawan	Research Article	Cogent Business & Management	Open	USD 500.0

Iman Harymawan <harymawan.iman@feb.unair.ac.id> 19 December 2019 at 13:03
To: Dyah Ayu Larasati <dyahayulr29@gmail.com>

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Submitted corrections for Manuscript ID: OABM A 1707042

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Cc: "OABM-production@journals.tandf.co.uk" <OABM-production@journals.tandf.co.uk>, "Dhivya Bharathi Periyasamy, Integra-PDY, IN" <dhivyabharathi.periyasamy@integra.co.in>

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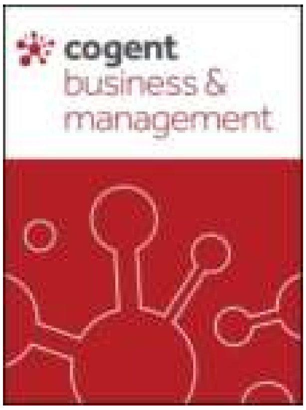

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