

The Influence of Internal Competence, Objectivity, Management Support and Independence on Internal Audit Effectiveness

Fadel Muhammad Akbar^{1*}, Cris Kuntadi²

^{1,2}Fakultas Ekonomi dan Bisnis, Universitas Bhayangkara Jakarta Raya, Indonesia

¹fadellakbar132@gmail.com , ²cris.kuntandi@dsn.ubharajaya.ac.id

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ABSTRACT

This article reviews the factors that influence the effectiveness of internal audits, using variables in the form of internal competence, objectivity, management support and independence in a tax accounting literature study. The purpose of writing this article is to build a hypothesis of the influence between variables to be used in further research. The results of this literature review article are the variables internal competence, objectivity, management support, and independence, all four of which have a significant and positive influence on the effectiveness of internal audit. These four can go hand in hand with each other to produce good internal audit effectiveness and improve company performance.

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1. Introduction

The internal audit department audits the company's financial reports and accounting records, as well as compliance with established top management policies, government regulations, and applicable professional association provisions. Internal audit effectiveness refers to achieving the goals and objectives of the internal audit function. According to the official definition of internal audit, the primary purpose of this function is to provide value to the organization. As a result, today's successful internal audit function truly adds value to the business. The internal audit process is intended to achieve various goals, one of which is to increase effectiveness (Farid et al., 2022). Internal audit effectiveness is a measure of an organization's ability to achieve its goals. The efficacy of an internal audit is determined by the audit's compliance with a broad range of requirements resulting from its characteristics. The success of an internal audit benefits the business as a whole.

Effectively completed internal audits will help reduce unhealthy accounting practices. Effective internal auditing is critical to the success of the governance process. A competent internal audit provides a summary of whether internal controls are functioning properly. An efficient internal audit has audit objectives related to company goals, adding value to the company, improving company performance, ensuring efficiency, effectiveness and economy of strategic decision making, and generating internal company satisfaction. Effective internal auditing requires competency and work experience (Sirajuddin & Merlin, 2019). Auditor competency refers to the credentials an auditor requires to properly carry out an audit. When conducting an audit, an auditor must have a positive attitude, sufficient knowledge and special abilities in their field. Competency refers to an auditor's professional abilities developed through formal education, professional examinations, and participation in training, seminars, and symposiums. Competence is a crucial factor in the success of internal audit activities.

The auditor's main task is to assess the legitimacy or fairness of financial reporting by applying generally accepted audit standards. An audit is a systematic method that collects objective data regarding

claims about economic activities and events to assess conformity with established criteria and communicate the findings to relevant parties. Auditing is the process of obtaining evidence related to statements regarding economic actions and events by using planned, organized and structured techniques to assess whether the statements are made in accordance with established standards and then conveying these findings to the relevant parties (Haryoto, 2020). The auditor profession competes to improve the quality of financial reporting in government. This information can be applied to make decisions that support good governance. Internal audit is an important aspect of organizational structure; when done effectively, it can assist the governance and accountability procedures of public sector organizations by checking the effectiveness of organizational controls, governance and risk management.

A trained auditor will provide high-quality, error-free audit reports that will be useful to people seeking information. Competency is defined as everything that supports behavior and reflects traits (characteristics), abilities, self-concept, beliefs, knowledge or personal skills that a person can express clearly, superiorly and professionally (Al Astal et al., 2025). Formal education and special training can help measure competency. Competency is very important to ensure that auditors have the knowledge, skills, experience and abilities necessary to conduct audits. Internal audits will be more effective if auditors have knowledge and provide high quality results. Internal auditor competency has a limited influence on internal audit effectiveness because other factors have a greater influence (Abdullah et al., 2018; Engelbrecht et al., 2018; Nurarifah & Kuntadi, 2024). Based on previous research findings which show that competency has an influence on internal audit effectiveness, as well as research which shows it has no effect, the author chose the competency variable to find out whether competency has an impact on internal audit effectiveness.

Management support has an impact on the effectiveness of internal audit because the internal auditor's relationship with senior management can help its success. Management assistance has little impact on internal audit effectiveness because research shows that internal audit is constrained by lower-level workers and hampered by top management capabilities, and auditors rarely collaborate. This shows that internal auditors are inefficient due to a lack of auditor skills or competency. Internal auditors must have the knowledge, skills and qualifications necessary to fulfill their personal obligations. To carry out its responsibilities, the internal audit department as a whole requires knowledge, skills, and other qualities and competencies. Internal auditors lack the information, skills, and competency capacity necessary to perform their internal audit work, so the head of the internal audit department hires skilled consultants to compensate for the audit department's weaknesses (Fatimah, 2019). Internal auditors should have sufficient knowledge to recognize the five test indications and event risk indicators, but they are not expected to have as much experience as those responsible for fraud detection.

Actions that can be taken to achieve the goals that have been set, a company must have employees who can be trusted, namely employees who are knowledgeable and talented in carrying out their obligations. Personnel competency ensures that the organization's tasks are completed successfully. Auditors must have professional skills in the fields of auditing, accounting, government administration and communications. Quality of work The quality of audit work can be determined using audit planning, audit scope, audit authority, and monitoring follow-up actions on audit recommendations. By maintaining quality, the auditor gains the trust and confidence of the auditee, thereby enabling him or her to complete the internal audit successfully. The quality of audit work is related to the effectiveness of internal audit. Audit quality is determined. Audit quality is generally defined in the practitioner literature as how well an audit is carried out in accordance with applicable audit standards. Discusses a number of empirical audit quality studies that define audit quality in terms of audit risk, or the likelihood that an auditor will not change his or her view of the financial statements. misrepresented ingredients.

There are several prerequisites for an audit to ensure that internal controls are followed correctly and the cooperative continues to exist. One of the requirements is that a supervisor must be independent. Independence is a mental attitude that is free from influence, not constrained by third parties, and not dependent on other people. Every auditor must carry out their supervisory duties honestly and objectively, and free from improper interests or influence. Independence is the absence of variables that interfere with internal audit's operational ability to carry out its duties objectively.

Based on the background, problems can be formulated that will be discussed in order to build hypotheses for further research, namely: 1)What is the influence of internal competency on internal audit effectiveness?, 2)What is the influence of objectivity on the effectiveness of internal audit?, 3) What

is the influence of internal support on the effectiveness of internal audit?, 4) What is the effect of independence on the effectiveness of internal audit?.

2. Literatur Review

Internal Audit Effectiveness

Effectiveness is a statistic used to evaluate the success or failure of organizational goals by comparing results with the output produced. Effectiveness is defined as the ability to choose the right goals. In this context, internal audit effectiveness is defined as internal audit activities that provide value to a company (Ishak & Nuramal, 2023). The internal auditor's ability to select the appropriate audit plan to use reflects the effectiveness of the organization. The idea of organizational effectiveness refers to how successfully an organization can carry out its activities while making best use of the tools and resources available to meet its stated goals. In more depth, effectiveness usually has two aspects in the form of:

1. Organization goals
2. Implementation of functions and methods that can be used to achieve these goals

Internal Competency

Internal competency is defined as an auditor's professional capacity to use his knowledge to complete an engagement, either alone or as part of a team, in accordance with SPAP, code of ethics and applicable statutory requirements. Auditor competency can be obtained through accounting-related education at universities, participating in workplace training and professional development activities for public accountants, or passing exams to obtain professional certification as a form of IAPI recognition of auditor competency. Competency indicates that internal auditors must have the appropriate knowledge, skills, and experience to understand the criteria and determine how much evidence is needed to support the findings achieved. There are four indicators which can be used to measure internal competence, namely:

1. Knowledge
2. Experience
3. Ability
4. Training

These four have a very important role in producing an audit that complies with existing standards. Fulfillment of the four indicators is the key to creating a good audit in a company.

Objectivity

Auditors also have and need objectivity. Objectivity is the state of not being influenced by the subjective considerations of other interested parties, thus allowing the auditor to be confident in the results of his work and decision making. Auditors must follow the principle of objectivity. Objectivity is an auditor's mental attitude where he does not allow other parties to influence his audit judgment when conducting an audit and can maintain it (Arles et al., 2017). Internal auditors must be fair, impartial, intellectually honest, not prejudiced, and free from conflict or third party influence in order to be considered objective. This indicates that basically the duties and obligations of an auditor must of course be carried out objectively without paying attention to personal interests. The indicators that can be used to carry out a level measurement at an objective level are as follows:

1. Able to act fairly
2. Free from any conflict of interest
3. Disclosure of conditions in accordance with actual facts

Management Support

Management support basically refers to management's readiness to assist internal auditors in conducting audits, as well as top management's understanding of internal auditor requirements. Management support is critical to operations and internal audit; all variables determining internal audit effectiveness come from senior management support (Kusuma, 2021). Hiring a skilled internal auditor, developing an internal audit's career, and ensuring the independence of an internal audit is the result of top management decisions, as well as management support not only in implementing audit

recommendations, but also in funding, training, and supporting the implementation of the audit, such as hiring outside experts. Therefore, management support, especially from senior management, is very important for the effectiveness of internal audit in promoting good governance.

Independence

Independence in auditing refers to using an objective approach when conducting testing, assessing audit results, and writing audit reports. An auditor must understand the criteria used and evaluate the amount of evidence needed to justify the conclusions drawn. Auditors must have an impartial mental attitude (Sirajuddin & Merlin, 2019). Even if someone is an expert, if he does not approach collecting information independently, the results will not be effective because the information used to make decisions cannot be influenced. The auditor must avoid situations that give the impression to third parties who know the relevant facts and circumstances that the auditor is unable to maintain his independence and as a result is unable to provide an objective and impartial assessment of all difficulties in carrying out the audit and reporting.

Table 1. Relevant previous research

No	Author (year)	Previous research results	Similarities to this article	Differences with this article
1	Frizky Danu Rakhmat and Novia Fadillah (2019)	The variables competence, objectivity and moral courage together through the F test have a significant effect on audit effectiveness	Both discussed the competence of internal auditors, objectivity regarding the effectiveness of internal audits	The research methods used are different. This research uses a literature review method
2	Prihartono, Theresia, Sekar Mayangsari (2019)	Integrity has no effect on Internal Audit Effectiveness. Objectivity and Competency have a positive effect on Internal Audit Effectiveness	Discusses the influence of integrity, objectivity, internal audit competency on the influence of internal audit effectiveness	The method used is different, in this research, namely the literature review method
3	Betri Sirajuddin and Novia Fadhillah Sari Merlin (2020)	The variables of competence, objectivity and moral courage together through the F test have a significant effect on the effectiveness of internal audit.	Discussing Internal Auditor Competency, Internal Auditor Objectivity on internal audit effectiveness	There are different x variables which in this research discuss Moral Courage
4	Princess Dinda Amalia (2019)	Partially, auditor competence and management support have a positive and significant effect on internal audit effectiveness, while internal auditor integrity has a negative and significant effect on internal audit effectiveness.	The variables used both discuss auditor competence, integrity, management support for the effectiveness of internal auditors	Does not discuss independent variables
5	Isaac and Nuramal (2023)	Competence has a significant effect on Internal Audit Effectiveness and Independence has a significant effect on Internal Audit Effectiveness	The variables used in the research are the same	There are different X variables which in this research discuss independence
6	Dani Pramesti Setiowati, Cris Kuntadi, and	Competence, Objectivity and Independence influence the Effectiveness of Internal Audit	The three variables show that they have an influence on the	There are different X variables which in this

	Rachmat Pramukty (2023)		effectiveness of internal audit	research discuss independence
7	Vahlian Prida Haryoto (2020)	Internal auditor competency, management support and internal auditor objectivity have a significant effect on the effectiveness of the internal audit function	The variables studied show an influence on the effectiveness of internal audit	There were no differences in the research variables
8	Nurul Azizah A. Sunnari (2021)	Competence, objectivity, independence have a significant effect on the effectiveness of internal audit.	The research variables produced a finding which had an influence on the effectiveness of internal audit	There were no differences in the research variables
9	Gumulya Sonny Marcel Kusuma (2021)	There is a significant positive influence between the characteristics of the internal auditor and senior management support on the effectiveness of internal audit	There is a mutually influencing relationship between variable x and variable y	There are different X variables where This research discusses the characteristics of internal auditors
10	Afrilia Rahmayanti and Dwi Cahyo Utomo (2019)	The competence of internal auditors, the relationship between internal auditors and external auditors, management support and the independence of internal auditors together have a significant positive effect on the effectiveness of internal audits.	There is a relationship between competence, management support relationships, and internal auditor independence on internal audit effectiveness	There are different X variables. This research discusses the relationship between Internal Auditors and External Auditors

3. Research Method

This research uses a qualitative method with a non-systematic literature review study approach which is based on relevant sources from related topics. The study itself is taken from various sources, books, journals, both national and international journals. The analysis used is in the form of analyzing several pieces of literature that are relevant to the research topic raised. The data collection technique used in this research is by observation and literature study sourced from journals, books and websites which can help in obtaining information in accordance with the research theme. The data analysis technique carried out in qualitative itself is carried out interactively and continues continuously until completion.

Conceptual Framework

Based on the problem formulation, theoretical studies, relevant previous research and discussion of the influence between variables, the framework for this article is as follows.

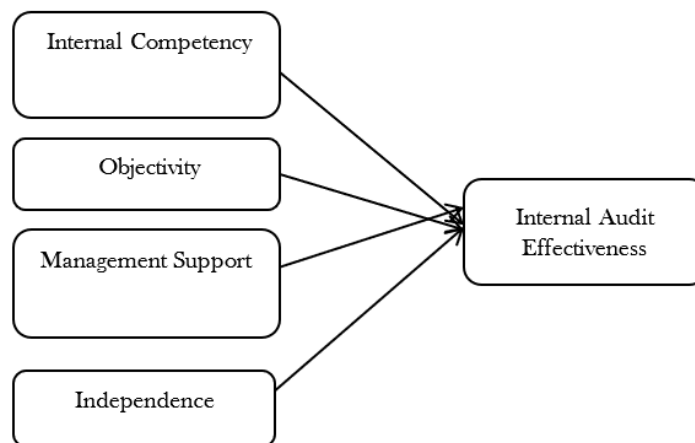


Fig.1. Conceptual Framework

4. Result and Discussions

Based on theoretical studies and relevant previous research, the discussion of this literature review article in the Human Resource Management concentration is:

The Influence of Internal Competency on Internal Audit Effectiveness

Internal competency influences the effectiveness of internal auditors. Furthermore, competency has a partial influence on the efficacy of internal auditors. Therefore, an auditor's lack of competence will reduce his effectiveness. Based on research conducted by Kusuma 2021 in his research, he said that there is an influence between internal competence and the effectiveness of internal audit. Efficient internal audits require auditors who have knowledge, abilities and other competencies, and hiring professional internal auditors will improve the internal audit function. In line with research conducted by (Setiowati et al., 2023) where in the research it was stated that internal competency has a positive and significant influence on the effectiveness of internal audit. Auditors who examine financial systems, accounting records, and financial reports must have knowledge or have received training in accounting and other audit-related areas. This ability is ultimately related to professional judgment, which requires the auditor to be able to combine procedures and data collected to reach general conclusions about the unit being audited. In line with the results presented in research conducted by (Rakhmat & Fadhilah, 2019) produces an understanding where competence refers to expertise, knowledge and experience, so that a competent auditor is someone who has the knowledge, training, skills and experience needed to complete the audit work, while effectiveness is the final result of an operational activity that meets quality tall.

The Influence of Objectivity on Internal Audit Effectiveness

Objectivity has an influence on the effectiveness of internal audit. Internal auditors maintain objectivity (impartial attitude) in carrying out audit operations. An objective attitude includes providing real audit results obtained through an extensive audit process to the auditee and providing recommendations for improvement based on errors found without being influenced by third parties. In line with research conducted by (Prihartono et al., 2019) where in his research it was stated that objectivity increases the effectiveness of internal audit. This shows that the greater the objectivity of the internal auditor, the more successful the internal audit at the Inspector General of the Ministry of Home Affairs will be. Similar results were also presented in research conducted by (Sirajuddin & Merlin, 2019) which in his research is stated in the form of internal auditors maintaining the highest level of professional impartiality when collecting, disseminating and communicating information about the actions or processes they supervise.

The Effect of Management Support on Internal Audit Effectiveness

Essentially, management support is in place, adequate resources are available to properly carry out audit activities and tasks, the effectiveness of internal audit within a business can be validated, and the

likelihood of implementing audit recommendations increases. This is in line with the research conducted (Rahmayanti & Utomo, 2019) where in the research it is stated that management can help increase the effectiveness of internal audits. Because management support has a positive influence on internal audit effectiveness, it is logical to conclude that the more management support provided to internal audit operations, the more successful the internal audit will be. The same thing was also conveyed in the research conducted (Arles et al., 2017) where the research resulted in a discussion in the form of management support having an influence on internal audit effectiveness, but weakening the relationship between independence and internal audit effectiveness. This shows how excessive management support can harm the independence and effectiveness of internal audit. Another thing was conveyed in research conducted by Amalia in 2022, where her research resulted in management support increasing and greatly increasing the effectiveness of internal audits. The organization helps management by providing training and development, performance standards, and equipment/technology to support work processes. The goal of training and development is to equip employees with the skills needed to meet company goals.

The Effect of Independence on Internal Audit Effectiveness

Public accountant independence refers to the public accountant's honest and expert mental attitude and attitude, and is free from inducement, influence and control of third parties in carrying out audit planning, evaluation and reporting activities. This is in line with research conducted by (Ishak & Nuramal, 2023) where in the research it was stated that independence had a positive and significant influence on internal audit performance. To increase the effectiveness of internal audits, auditors must act independently and not be easily misled, so that they are considered objective and trustworthy. This is in line with research conducted (Caroline et al., 2023) by where in his research it was stated that independence had a significant influence on the effectiveness of internal audit. Internal audit independence is seen as an important component in the effectiveness of the internal audit function. Without independence, the internal audit function may lose its potential to provide new insights and connect with the management team.

5. Conclusion

Based on theory, relevant articles and discussion, hypotheses can be formulated for further research: 1) The Influence of Internal Competency on Internal Audit Effectiveness: Based on the results of studies conducted in several previous studies, it was found that basically internal competence has a significant and positive influence on the effectiveness of internal audit. An efficient internal audit requires auditors who have knowledge, talent, and other competencies, and hiring professional internal auditors will improve the internal audit function. An internal auditor needs to have an ability so that it can provide effectiveness that can improve performance in a company. 2) The Influence of Objectivity on Internal Audit Effectiveness: Based on the results of the review of previous research, a result was obtained where objectivity had positive and influential results on the effectiveness of internal audit. This shows that it is necessary for an auditor to remain neutral and not take sides with anyone or have a lethargic nature and be able to avoid a conflict that occurs due to interests in an action to plan, carry out and report on the work he or she carries out. 3) The Influence of Internal Management Support on Internal Audit Effectiveness: Management support has a significant and positive influence on the effectiveness of internal audit. This is adjusted to the results of previous research, which stated that this action has an impact on directing and also maintaining all forms of human behavior shown by the leader. This situation can be a factor that can determine independence and objectivity through the action of determining the effectiveness of internal audit. 4) The Effect of Independence on Internal Audit Effectiveness: In reviewing previous research, an understanding was obtained that independence has a significant and positive influence on the effectiveness of internal audit. This explains that it is important for an auditor to maintain his independence, where in this action an auditor must be able to maintain his independent attitude while carrying out an examination and also making a judgment.

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