

The Determine of the Internal Audit Performance in Private and State Universities in Maluku

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Abstract—The purpose of this research was to test and analyze the factors that influence the performance of internal audit at universities in Maluku. This research was conducted using a quantitative approach. The analytical tool used was PLS. Moreover, the population of this research was the internal auditors in state and private universities in Maluku. The results showed that the factors that influenced the internal audit performance were the competence, independence, and motivation of the universities, which those all were the internal factors. Whereas, the external factor influenced the internal audit was the financial factor. It had a positive effect. However, the factors of infrastructure and regulation had no significant effect. It showed that internal audits at universities in Maluku had not received full support in the form of regulations and infrastructure.

Keywords—internal auditor, auditor performance

I. INTRODUCTION

Internal audit in carrying out the duties is influenced by many factors. This is in line with Hariyanti's opinion which explained that internal audits of Quality Assurance System at state and private universities in Maluku had not run optimally because they were influenced by many factors [1]. That research was resumed in 2016 by Hariyanti. It conducted by using a qualitative approach and found that the lack of optimization of internal audit at universities was caused by two factors, they were internal and external. The researcher stated that internal factors came from the auditor such as self competence, independence, auditor commitment and others, while the external factors were leadership commitment. She stated that internal factors were the given factors. In other words, inevitably it was a must to the internal auditor to have it. This had been kept by the internal auditor of universities. Meanwhile, the external factor such as leadership commitment was the factors that seem to be attached to the leadership's responsibilities and it could be carried out properly. Nevertheless, the reality is not so. Many leaders underestimate on internal audit at universities. They assumed that internal auditors were formed as an element of formality for the purposes of accreditation and other interests that were incidental, so that internal auditors looked like they were "exist but nothing". It meant that legally they were exist but there was no support either regulation, finance, or advice.

Based on the findings above, the researchers want to continue their research with a quantitative approach to examine

the factors that influence internal audit performance. The research problems were:

- Does the internal factor in the form of individual competency have a positive effect on the internal audit performance?
- Does the internal factor of individual independence have a positive effect on the internal audit performance?
- Does the internal factor such as individual motivation have positive effect on the internal audit performance?
- Does the external factor of leadership commitment in the form of financial have a positive effect on the internal audit performance?
- Does the external factor of leadership commitment in terms of infrastructure have a positive effect on the internal audit performance?
- Does the external factor of leadership commitment in terms of regulation have a positive effect on the internal audit performance?

II. REVIEW OF LITERATURE

A. Update

This research is a follow-up of Hariyanti [1] which refers to other research's, namely Blackmore and Jacqueline from England and also from Saudi Arabian researchers, namely Al-Twajjry et al., which explained that in the UK and Saudi Arabia the internal audit of universities was not optimal, it was about the factors that affect the performance of internal audits in universities [2,3]. There were two factors that influence; they were internal and external factors [1]. She stated that, internal factors such as competence, independence, responsibility and so forth were the given factors which inevitably it was a must to the internal auditor to have it [1]. This is based on the research results that this case has been owned by internal auditors in each university. Meanwhile, the external factors still be underestimated and have never been explored by any researcher before. One of them is the commitment of leaders to support internal audit activities. Thus, the researchers want to examine the factors that influence the performance of internal audit at universities in Maluku.

B. *The Definition and Purpose of Internal Audit*

Internal audit is defined in several words which the substance is almost the same. Internal audit is an independent assessment function within the entity or organization to test and evaluate the activities carried out [4]. This is not much different from the definition described by Mulyadi [5].

Internal audit as an auditor who works in an entity or company whose job is to determine whether the procedures and policies that have been compiled and determined by management have been applied or not, whether wealth safeguarding of the entity or organization is good or not, determine the level of effectiveness and the efficiency of the procedures for organizational activities, and determine the reliability of information that has been generated by parts of the entity/organization [5]. Meanwhile, the definition according to IAI cited by Sawyer [6] is very brief; that is an assessment function formed by an entity to examine and evaluate the activities of an entity as a service that has been provided to a company entity.

Thus, the definition of internal audit can be concluded that it is an assessment function that is intentionally formed by the organization in accordance with the needs whose task is to independently monitor the activities carried out by actors in the organization. Whether the actor in the organization is in accordance with the existing procedures or not.

Based on the above definition, it shows that there are gap and judgment to form an internal audit. Internal audit is formed in purpose. Tugiman explains the purpose of establishing an internal audit is to help members of an organizational entity to be able to carry out their responsibilities effectively [4]. His internal audit task is analyzing, submitting some suggestions and assessments. The examination also includes effective supervision. This is also almost the same as written by Sukrisno, the internal audit aims to assist management in carrying out its responsibilities by analyzing, assessing and providing input on the activities examined [7].

C. *Internal Auditor Performance*

Internal auditors in carrying out their duties cannot be separated from the term performance. The term performance is indeed familiar to all workers including internal auditors. Therefore, researchers feel the need to explain the definition of performance and performance of internal auditors.

The performance is the work result achieved by someone in carrying out the tasks that are charged [8,9]. Thus, the performance of internal auditors is the realization of the work result achieved by internal auditors in order to achieve organizational goals [9].

Based on the various opinions mentioned above, it can be concluded that, work performance assessment (performance) is an assessment carried out systematically to find out the results of employee work and organizational performance.

D. *The Factors Affecting Internal Audit Performance*

1) *Leadership commitment and internal audit performance:* Commitment is defined as the main condition every person should have especially the professional in the organization. Commitment in the organization must be owned by all parties, including leaders, educative staff, non-educative staff, or even supporting staff or the entire academic community. All commitments is indeed very important, but the most important is the commitment of the leadership. This is because the commitment of leaders will be able to change the paradigm and mental attitude; as well as organizing the good quality assurance requires leadership commitment. An organization without strong leadership commitment in the form of commitments in finance, infrastructure and regulation are useless [1]. It means that whatever has been designed will be useless, if a leader has no commitment.

Without the commitment of internal audit leaders in universities, it is only present as a formality to fulfill institutional administration, rather than merely for accreditation interests. So that, in the creation often copy and paste of documents made by other universities, so it is not realistic, down to earth and cannot be socialized, or even be a standard for the implementation of academic quality assurance at the level of institutional praxis. This condition is further worsened by the lack of pro-quality budget policies. Budget policy is still oriented towards building physical construction rather than non-physical, such as the development of quality culture, so that the implications can be seen that the evaluation meetings are rarely conducted and various quality development activities, discussion of quality documents are almost difficult to be facilitated by the institution. Another is the facility for quality assurance that are not responded to by the institution.

Based on the description above, the researchers create the following hypothesis:

- H1: It is assumed that internal factor in the form of individual competencies has a positive effect on internal audit performance.
- H2: It is assumed that internal factor such as individual independence has a positive effect on internal audit performance.
- H3: It is assumed that internal factor in the form of individual motivation has a positive effect on internal audit performance.

2) *Internal factors and internal audit performance:* Someone in carrying out his duties is strongly influenced by several factors. The factors that affect performance consist of four dimensions, namely, ability, commitment to professionalism, motivation and job satisfaction [10].

Opinions about factors that influence auditor performance have also been re-tested by several researchers and have the same results. Like, professional commitment, understanding of good governance and conflict partially affects the performance of internal auditors [11]. Pratiwi also examined the factors that influence the performance of internal auditors. The results

showed that knowledge and communication have a partial effect on the performance of internal auditors [12].

Based on the explanation above, the researchers create the following hypothesis:

- H4: It is assumed that external factor of leadership commitment in the form of finance has a positive effect on internal audit performance.
- H5: It is assumed that external factor of leadership commitment in terms of infrastructure facilities have a positive effect on internal audit performance.
- H6: It is suspected that external factor of leadership commitment in terms of regulation have a positive effect on internal audit performance.

III. RESEARCH METHOD

This second year research was designed using a quantitative approach. The purpose of using this approach was to test, prove and analyze that the factors proposed in the hypothesis were really affect the performance of internal auditors.

The population in this research was the internal auditors at universities in Maluku. The data collection techniques used here was saturated samples. Meanwhile, the analytical tool used was PLS. The operational definitions of research variables, namely auditor performance was the result obtained by an accountant, especially internal auditors who had carried out their duties. The internal auditor performance measurement in this research referred to Fanani with the instruments of 6 questions and assessments that strongly disagree, disagree, be neutral, agree and strongly disagree [9]. Meanwhile, internal factors were individual factors that are based on internal auditors. Measurement of internal factor variables seen from the responsibility, experience, knowledge, Locus of Control, independence and communication. Furthermore, leadership commitment was defined as the main condition that must be available to everyone who was professional in the organization. Measurement of variables referred to the opinion of hariyanti, whose assessment was seen from the aspects of regulation, finance and suggestions [1].

IV. RESEARCH RESULT

In the hypothetical model there are internal and external factors that are derived into six exogenous variables that determine internal audit performance. Assessing the results of the structural model testing (inner model) can be seen in the R-square (R^2) in the endogenous construct (internal audit performance), path coefficient value, t value and p value for each interconnection path relationship. Path coefficient values and t values on each path will be explained in the sub-discussion results of hypothesis testing. R^2 value is used to measure the level of variation in endogenous variables which are explained by a number of influencing variables [13]. The higher of R^2 value means the better the predictive model of the proposed model is.

The hypothesis model was calculated using SmartPL Conversion 3.2.6 to determine the significance of path coefficients that exist in the hypothesis support model or

significance [13]. The path coefficient was significant if p was less than 0.05. The summary of the inner model results was explained in Table 1.

TABLE I. PATHWAY COEFFICIENT TEST RESULTS ON THE INNER MODEL

Correlation	Path of coefficient	Standard of Error	Statistics t	p
Competence -> Audit performance	-0.226	0.171	1.319	0.089
Independence -> Audit performance	0.289	0.108	2.676	0.004
Motivation -> Audit performance	0.630	0.131	4.803	0.000
Finance -> Audit performance	0.335	0.183	1.828	0.039
Infrastructure Facilities -> Audit performance	0.105	0.181	0.581	0.264
Regulation -> Audit performance	0.057	0.131	0.433	0.332

Description: ns = $p > 0,05$; * = $p < 0,05$

The interpretation of the table and figure explains the correlation between variables as follows:

- Internal factor in the form of individual competencies on internal audit performance had positive coefficients. The results showed that the path coefficient was -0.226 with t-statistics of 1.319 ($p > 0.05$) giving a decision that individual competence had no significant effect on internal audit performance. The level of individual competence of an auditor could not directly explain the internal audit performance.
- Internal factor in the form of individual independence towards internal audit performance had positive coefficients. The results showed that the path coefficient is 0.289 with t-statistics of 2.676 ($p < 0.05$) giving a decision that individual independence had a significant effect on internal audit performance. High individual independence would improve internal audit performance.
- Internal factor in the form of individual motivation for internal audit performance had positive coefficient. The results showed that the path coefficient is 0.630 with t-statistics of 4.803 ($p < 0.05$) giving a decision that individual motivation had a significant effect on internal audit performance. High individual motivation would improve internal audit performance.
- External factor of leadership commitment in the form of finance towards internal audit performance had positive coefficient. The results showed that the path coefficient is 0.335 with t-statistics of 1.828 ($p < 0.05$) giving a decision that finance had a significant effect on internal audit performance. High commitment from the leadership in financial matters would improve internal audit performance.
- External factor of leadership commitment in terms of infrastructure facilities for internal audit performance had positive coefficients. The results showed that the

path coefficient is 0.105 with t-statistics of 0.581 ($p > 0.05$) giving a decision that the infrastructure had no significant effect on performance internal audit. The level of leadership commitment in the problem of infrastructure facilities could not directly explain the internal audit performance.

- External factor of leadership commitment in terms of regulation of internal audit performance had positive coefficients. The results showed that the path coefficient is 0.057 with t-statistics of 0.433 ($p > 0.05$) giving a decision that regulation has no significant effect on internal audit performance. The level of leadership commitment in terms of regulation could not directly explain the internal audit performance.

A. Hypothesis Testing Results

In this research there were 6 hypotheses. Based on the exposure to the results of the inner model coefficient test, there were three unsupported hypotheses. Furthermore, a detailed explanation of each hypothesis will be explained below.

Hypothesis H1 stated that internal factor in the form of individual competencies had a positive effect on internal audit performance. This hypothesis would relate to the results of the direct influence coefficient test of individual competence on internal audit performance that had a positive direction coefficient. The results showed that the efficiency of the coefficient was -0.226 ($p > 0.05$) giving a decision that individual competence had no significant effect on internal audit performance. The results of this test explained that **H1 is not supported**.

Hypothesis H2 stated that internal factor in the form of individual independence had a positive effect on internal audit performance. In this hypothesis, it would relate to the results of the direct influence coefficient test of individual independence on internal audit performance which had a positive direction coefficient. The results of the calculation showed that the coefficient is 0.289 ($p < 0.05$) giving a decision that individual independence had a significant effect on internal audit performance. The results of this test explained that **H2 is supported**.

Hypothesis H3 stated that internal factor in the form of individual motivation had a positive effect on internal audit performance. This hypothesis would relate to the results of the direct influence coefficient test of individual motivation on internal audit performance that had a positive direction coefficient. The results showed that the coefficient of 0.630 ($p < 0.05$) giving a decision that individual motivation had a significant effect on internal audit performance. The results of this test explained that **H3 is supported**.

Hypothesis H4 stated that external factor of leadership commitment in the form of finance had a positive effect on internal audit performance. This hypothesis would relate to the test results of the direct influence coefficient of individual finance on internal audit performance which had a positive direction coefficient. The results of the calculation showed that the coefficient of 0.335 ($p < 0.05$) giving a decision that finance

has a significant effect on internal audit performance. The results of this test explained that **H4 is supported**.

Hypothesis H5 stated that external factor of leadership commitment in the form of infrastructure had a positive effect on internal audit performance. In this hypothesis it would relate to the results of the direct influence coefficient test of individual infrastructure on internal audit performance which had a positive direction coefficient. The results showed that the path coefficient was 0.105 ($p > 0.05$) giving a decision that the infrastructure had no significant effect on the internal audit performance. The results of this test explained that **H5 is not supported**.

Hypothesis H6 stated that external factor of leadership commitment in the form of regulation had a positive effect on internal audit performance. This hypothesis would relate to the results of the direct influence coefficient test of individual regulation on internal audit performance which had a positive direction coefficient. The calculation results showed that the path coefficient was 0.057 ($p > 0.05$) giving a decision that regulation had no significant effect on internal audit performance. The results of this test explained that **H6 is not supported**.

V. CONCLUSION

Internal audit at universities was influenced by many factors. Based on the results of data analysis showed that the factors came from internal and external. Firstly, the internal factors were competence, independence, and motivation which gave positive effect. It showed that internal factors were given. It meant that the internal factors must be owned by an internal audit at the University. Whereas, the external factors in the form of financial factors also had a positive effect. However, the factors of infrastructure and regulation had no significant effect. This showed that internal audits at universities in the Maluku had not received full support in the form of regulations and infrastructure.

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