

7.0 APPENDICES

Appendix 1: Research Questionnaire



Dear Sir/Madam

I am presently conducting a study on the “External Auditors’ Reliance on Internal Auditors” as my thesis project under the supervision of Dr. Zarina Zakaria which shall be submitted as part of the completion of the Master of Business Administration program from University of Malaya in Kuala Lumpur, Malaysia.

Knowing your audit firm utmost interest in the value of research as a tool for development, I would like to request that I be allowed to distribute questionnaires to your auditors.

Thank you very much for your favorable action and continued support.

The responses will be treated with utmost confidentiality and only the aggregated data will be presented.

Very truly yours,

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Dear Sir/Madam

Greetings,

I am conducting an academic research to study the factors that has been used by external auditors to assess internal audit function. This questionnaire is conducted as part of a research project under the supervision of Dr. Zarina Zakaria which shall be submitted as part of the completion of the Master of Business Administration program from University of Malaya in Malaysia.

The specific objective of this study is to have a better understanding about the importance levels of the assessment factors from the view of external auditors particularly in Indonesia when they decided to consider relying on internal audit function.

I would like to seek your kind assistance and valuable time in completing the questionnaire. There is no right or wrong answer. It's your honest opinion that matters. Your response will be treated with utmost confidentiality and only the aggregated data will be presented.

Thank you for participating in this survey.

Sincerely yours,

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A. Internal auditors' competence from the external auditor point of view

1. Internal auditors should have adequate educational backgrounds.

Strongly Disagree 1 2 3 4 5 Strongly Agree

2. Satisfactory practices for hiring and training internal auditors are crucial.

Strongly Disagree 1 2 3 4 5 Strongly Agree

3. To provide with continuing education is important for internal auditors.

Strongly Disagree 1 2 3 4 5 Strongly Agree

4. Internal auditors should have adequate professional experience.

Strongly Disagree 1 2 3 4 5 Strongly Agree

5. To have professional certification is important for internal auditors.

Strongly Disagree 1 2 3 4 5 Strongly Agree

6. Internal audit function should have appropriate policies, programs, and procedures.

Strongly Disagree 1 2 3 4 5 Strongly Agree

7. Internal auditors should adequately instruct and supervise.

Strongly Disagree 1 2 3 4 5 Strongly Agree

8. Internal auditors should know the company's operations, processes, and procedures.

Strongly Disagree 1 2 3 4 5 Strongly Agree

9. Internal audit function should have effective and efficient assignment practises.

Strongly Disagree 1 2 3 4 5 Strongly Agree

10. Internal auditors should receive performance evaluations from their superiors.

Strongly Disagree 1 2 3 4 5 Strongly Agree

B. Internal auditors' objectivity from the external auditor point of view

1. Internal auditors should have unrestricted access to all auditing areas.

Strongly Disagree 1 2 3 4 5 Strongly Agree

2. Chief of Internal auditors should have direct and unrestricted access to the audit committee.

Strongly Disagree 1 2 3 4 5 Strongly Agree

3. Internal audit reports should free of censorship by management.

Strongly Disagree 1 2 3 4 5 Strongly Agree

4. Internal auditors should have complete access to documents and individuals.

Strongly Disagree 1 2 3 4 5 Strongly Agree

5. Top management support is important for the internal audit function.

Strongly Disagree 1 2 3 4 5 Strongly Agree

6. Internal audit staff members should periodically rotate.

Strongly Disagree 1 2 3 4 5 Strongly Agree

7. Policies for compensation arrangements are important for internal auditors.

Strongly Disagree 1 2 3 4 5 Strongly Agree

C. Internal auditors' work performance from the external auditor point of view

1. Effective internal audit work plan is important.

Strongly Disagree ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 Strongly Agree

2. Internal auditors' tests should well design in order to address the test objectives.

Strongly Disagree ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 Strongly Agree

3. The extent of the tests should sufficient in terms of sample sizes, locations covered, etc.

Strongly Disagree ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 Strongly Agree

4. The timing and the period covered by the tests should appropriate.

Strongly Disagree ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 Strongly Agree

5. The tests perform should be as planned and expand where necessary.

Strongly Disagree ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 Strongly Agree

6. Appropriate conclusions are important for internal auditors.

Strongly Disagree ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 Strongly Agree

7. Internal auditors' conclusions should support with adequate working paper documentations.

Strongly Disagree ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 Strongly Agree

8. The internal audit reports should thorough and of high quality.

Strongly Disagree ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 Strongly Agree

9. Internal audit reports should consistent with the work performed.

Strongly Disagree ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 Strongly Agree

10. Internal auditor's work should adequately review and supervise.

Strongly Disagree ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 Strongly Agree

D. External auditor perspectives

1. Professional judgement is important for external auditors .

Strongly Disagree 1 2 3 4 5 Strongly Agree

Please explain

2. Internal auditors' objectivity is the most important factor in evaluating the strength of client's internal audit function .

Strongly Disagree 1 2 3 4 5 Strongly Agree

Please explain

E. Please fill the specified box that is appropriate to you.

1. Gender

- ☐ Male
- ☐ Female

2. Nationality

- ☐ Indonesia
- ☐ Other

3. Age (years)

- ☐ Below 25
- ☐ 25 to 34
- ☐ 35 to 44
- ☐ 45 and Above

4. Education

- ☐ Diploma
- ☐ Degree
- ☐ Post Graduate

5. Professional qualification

- ☐ Yes
- ☐ No (please jump to question No. 7)

6. Detail of professional qualification

- ☐ CPA
- ☐ CIA
- ☐ ACCA
- ☐ Other:

7. Years of experience working in public accountant firm(s)

- ☐ Below 3
- ☐ 3 to 6
- ☐ 7 to 10
- ☐ 11 and above

8. Had experience working with client(s) who has internal audit function

- ☐ Yes
- ☐ No (don't need to answer the next question)

9. Number of client(s) with internal audit function

- ☐ Below 5
- ☐ 5 to 10
- ☐ 11 and above

Appendix 2: Decision aid to evaluate internal audit competence

Internal Audit Competence Evaluation	Yes	No
Do the internal auditors' have adequate educational backgrounds?	___	___
Are the practices for hiring and training internal auditors satisfactory?	___	___
Are internal auditors' provided with continuing education?	___	___
Do internal auditors have adequate professional experience?	___	___
Do the internal auditors have professional certification?	___	___
Does the internal audit function have appropriate policies, programs, and procedures?	___	___
Are internal auditors adequately instructed and supervised?	___	___
Do the internal auditors know the company's operations, processes, and procedures satisfactorily?	___	___
Does the internal audit function have effective and efficient assignment practices?	___	___
Do internal auditors receive performance evaluations from their superiors?	___	___
Do internal auditors receive performance evaluations from their superiors?	___	___

Appendix 3: Decision aid to evaluate internal audit objectivity

Internal Audit Objectivity Evaluation	Yes	No
Are internal auditors prohibited from auditing areas where they were recently assigned or will be assigned in the future?	___	___
Are internal auditors prohibited from auditing areas where relatives are employed in important or audit-sensitive positions?	___	___
Does the chief internal auditor report administratively to a senior officer who is not directly responsible for - preparing the company's financial statements?	___	___
Does the chief internal auditor have direct and unrestricted access to the audit committee and meet privately - with the committee on a regular basis?	___	___
Are the audit reports free of censorship by management?	___	___
Do internal auditors have complete access to documents and individuals?	___	___
Does top management support the internal audit function?	___	___
Are internal audit staff members rotated periodically on audits?	___	___
Is the audit committee or board of directors responsible for the appointment, removal, and compensation of the - chief internal auditor?	___	___
Are there policies to assure that compensation arrangements for internal auditors do not adversely affect objectivity?	___	___

Appendix 4: Decision aid to evaluate internal audit work performance

Internal Audit Work Performance Evaluation	Yes	No
Was the internal audit work planned effectively?	____	____
Were the internal auditors' tests well-designed to address the test objectives?	____	____
Was the extent of the tests sufficient in terms of sample sizes, locations covered, etc.?	____	____
Was the timing and the period covered by the tests appropriate?	____	____
Were the tests performed as planned and expanded where necessary?	____	____
Are the internal auditors' conclusions appropriate?	____	____
Is there adequate working paper documentation to support the internal auditors' conclusions?	____	____
Are the internal audit reports thorough and of high quality?	____	____
Are the internal audit reports consistent with the work performed?	____	____
Was there adequate supervision and review of the internal auditor's work?	____	____