

## ABSTRACT

External auditors are encouraged by professional standards to rely on internal auditors' work. Generally, decision aid is employed to assist external auditors in making reliance decision. The goals of this research is to rank-ordered the evaluation factors and to obtained the associated weights from the external auditors in Indonesia which will be implemented in Schneider's decision aid model for extents of internal audit reliance. A sample of 93 external auditors from 12 mid-sized international audit firms in Indonesia is employed to examine the preferences of external auditors on internal auditors' competence, objectivity and work performance factors. The result of this study indicate that internal auditors' work performance consider as the most important factors affecting the reliance decision, followed by objectivity and competence. Researcher believed that by revealing data from Indonesia this study will deliver significant contribution for practitioners and those who put value of the research as a tool for development. In addition, as Indonesia has planned to full adopting The International Standards on Auditing (ISA) in 2013, this study will be noteworthy.

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