

Abstract

Previous studies have separately investigated the relationship between the internal auditors' characteristics and the level of external auditors' reliance, and the relationship between the level of external auditors' reliance and the audit efficiency so it has not fully described how the external auditors make decisions to rely on internal audit work, that has an impact on audit efficiency. Therefore, the current study aims to fill the research gap by analyzing the relationship among the internal auditors' characteristics, the level of external auditors' reliance and the audit efficiency in one comprehensive research model with the institutional environment as a moderating variable in the relationship between the level of external auditors' reliance and the audit efficiency. The consideration that the reliance of external auditors is for dealing with the limited resources in Asia. Surveys are conducted to collect data from 34 representative auditors (BPK) from Structural Equation Model (SEM) using Partial Least Square (PLS) version 8.0. The results of this study show that internal audit work has a significant impact on external auditors' reliance on internal audit work. Furthermore, the institutional environment on the relationship between internal audit work and external auditors' reliance. This study contributes to the existing literature on audit efficiency theory and practice in the public sector audits.

Keywords: External auditors' reliance, Institutional environment, Internal audit work, Audit efficiency,



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