

THE IMPACT OF INTERNAL AUDIT ORGANIZATIONAL STATUS, DUAL ROLE IN ASSURANCE AND CONSULTING, AND INVOLVEMENT IN RISK MANAGEMENT TO THE INTERNAL AUDITOR'S OBJECTIVITY

ABSTRACT

The purpose of this research is to examine the relationship between internal audit organizational status, internal audit dual role in assurance and consulting, and internal audit involvement in risk management to the objectivity of internal auditor. Using multiple regression analysis and the samples of 55 internal auditors from public universities in Yogyakarta, the result states that there is no relationship between organizational status and involvement in risk management to the objectivity of internal auditors of public universities in Yogyakarta. However, the internal audit dual role in assurance and consulting positively and significantly impact the internal auditor's objectivity.

Keywords: Internal Audit, Organizational Status, Dual Role Assurance and Consulting, Risk Management, Objectivity

I. Introduction

The purpose of this research is to evaluate the impact of organizational status, dual role in assurance and consulting, and involvement in risk management of internal auditors to the internal auditor's objectivity. According to Sarens and de Beelde (2006) in Jenny and Nava (2010), internal auditors are in a unique position as employees of an organization with responsibility to assess and monitor decisions and operating activities made by management, and to advise management on the adequacy and effectiveness of internal control as well. Institute of Internal Auditors (IIA) code of ethics (2000) stated that the appropriate status of organization enables the internal auditors' function to exercise all of the organizational independence of individual internal auditors to act objectively.

In term of dual role of both consulting and assurance, Van Peurse (2005) in Jenny and Nava (2010) had done a research toward six internal auditors in New Zealand who were employed in a major corporation. Four participants came from public sector or quasi-public sector organizations while the two participants were internal auditors of outsource providers. This research provides valuable insights to our understanding how internal auditors balance their assurance and consulting roles in order to maintain the objectivity. Both of assurance and consulting are needed by internal auditor since they will increase the value of the organization. Furthermore, IIA (2009), in conjunction with COSO, has issued a position statement on the role of internal audit in Enterprise Risk Management, suggesting ways for internal auditors to maintain the objectivity and independence.

This study was done to provide evidences on the relationship between variables of internal auditors position and function and objectivity. Specifically this study has tested positive relationships of the organizational status, the dual role in assurance and consulting, and involvement to the risk management of internal audit to the internal auditor's objectivity. Based on survey data of 55 internal auditors from five public universities in Yogyakarta, the multiple regression results indicated that only dual roles positively affect the internal auditors' objectivity. The insignificant effects of organizational status and involvement in risk management to the internal auditors' objectivity may be caused by the variety of organizational structures and the little activities of risk analysis.

The following parts sequentially present literature review, hypothesis formulation, research method, and results and analysis. The conclusion, limitation, and future research end the paper.

II. Literature Review

Internal Audit in Public University

There are some regulations that must be followed by internal auditor from public sector. Government provided regulation and law in order to improve all of the organization under the government and internal audit function in public sector is one of strongest elements. Public University is one of the elements under the government in Indonesia. There are some regulations that stated by Government Internal Control System to the public universities in Indonesia. In order to achieve the goal, all of public universities in Indonesia must have an Internal Audit Unit as part of university's organization structure according to the regulation by Ministry of Education and Culture of Indonesia as it is stated in Ministry of Education of Indonesia Regulation Number 47 Year 2011. These regulations are including the internal control activities, monitoring unit, and also state that Internal Audit Unit is also part of Ministry of Education of Indonesia.

Internal Auditor Objectivity

The Institute of Internal Auditors (IIA) has IIA Code of Ethics and it is actually has the same purpose with AICPA Code of Ethics and both of them are divided into ethical principles and ethical rules. The difference is although internal auditor cannot be as independent as external auditor, but IIA gives significant emphasis toward the integrity and objectivity in both principles and rules. The Glossary to the IIA Standards defined objectivity

as, “An unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they have an honest belief in their work product and that no significant quality compromises are made. Objectivity requires internal auditors not to subordinate their judgment on audit matters to that of others.

Organizational Status

Organizational status of internal audit department should be sufficient in order to accomplish the audit responsibilities. Internal auditor is responsible to the treasurer, Board of Directors that responsible in assuring the audit findings and recommendations such as audit committee in order to reach the appropriate level of effectiveness.

Sarens and de Beelde (2006) in Jenny and Nava (2010), stated that internal auditors are in an unique position as employees of an organization with responsibility to assess and monitor decisions made by management and also to advise management on the adequacy and effectiveness of internal controls. IIA code of ethics (2000) stated that the appropriate status of organization enable the function to exercise all of the organizational independence and individual internal auditors to act objectively. According to this statement, internal audit function in organization has a responsibility to the effectiveness of internal control in order to achieve the goal in the company.

Beside the internal control purposes, Raghunandan et al. (2001) in his survey to the United States chief internal auditors had found that independent committees with at least one member with accounting or finance expertise had longer meetings and more private meetings with the chief of internal auditor. Mat Zain and Subramaniam (2007) study of heads of internal audit from eleven organizations in Malaysia reflects that audit committees have important position in order to determine internal audit objectivity. This study reveals that internal auditors place significant trust in audit committees to take up the key questioning role in more formal settings. These researches stated that actually audit committees have an influence with internal auditor and it contrasts with O’Leary and Stewart (2007) research that stated audit committee had little impact on internal auditors perception of their willingness to act objectively. The research states that there is no significance influence from audit committee to the internal auditors.

Assurance and Consulting

Internal auditor needs to have a knowledge and skilled not only as a watchdog, but also as a consultant. The role of consultant is not only focus on the problems and findings, but

also focuses on giving an effective recommendation to the organization. (Sharifudin Husen, 2008). Consulting service needs to combine both internal control and compliance and corefunction of the internal auditor's organization, so internal auditor will do the activities objectively and according to the rules that had already stated. The consulting and assurance activities that had done by internal auditor will affect positively to the organization because every supervision that also being equipped with recommendation will determine the goal of the organization.

According to Chapman (2011) in Jenny and Nava (2010), consulting services do not elevate internal audit to a more strategic role in the organization, but those are generally a problem-solving nature with internal audit working closely with management to assist management to achieve its objective. Further, consulting involves a more pro-active approach whereby internal audit becomes a partner with management (Bou-Raad, 2000) in Jenny and Nava (2010). Ahlawat and Lowe (2004) in Jenny and Nava (2010) stated that aligning toward the internal audit function, internal auditors conduct either assurance or consulting activities results in greater objectivity and increases management and other stakeholders' perception of the internal audit objectivity.

Internal Audit's Role in Risk Management

IIA (2009) stated the roles of internal audit on risk management processes. The core of internal audit roles in ERM are including gives assurance on risk management processes, evaluates risk management process and risks report, and reviews management key of risks. There are also internal auditing roles with safeguards which are including in facilitating the identification and evaluation of risks, coaching the management, coordinating ERM activities, consolidating the reporting on risks, maintaining and developing the ERM framework, championing establishment of ERM, and developing risk management strategy broadly.

There are some roles of internal auditing that should not undertake which are including the setting in the risk appetite, imposing risk management process, management assurance on risks, taking decisions on risk responses, implementing risk responses on management's behalf, and accountability for risk management.

IIA (2004) stated the in conjunction with COSO, a position statement on the role of internal audit in ERM, suggesting ways for internal auditors in maintaining their objectivity and independence. The reason why those roles that had already stated above should not undertake by internal auditors is because it could compromise the independence and objectivity of internal audit. However, the roles that are legitimate provided that undertaken

with safeguards may challenges internal auditor's independence and objectivity as it allows for flexibility and extensive variation in the internal auditor involvement in ERM. According to this, Fraser and Henry (2007) argued that internal auditors may be involved in facilitating workshops and conducting face to face interviews with line management, but it is difficult to distinguish providing impartial advice from taking executive decision.

However, Jenny and Nava (2010) stated that although there is limited empirical evidence between involvement of risk management and the professional objectivity, different type of safeguards are able to assist internal audit to play a significant role in establishment of ERM frameworks while being in a position to monitor and provide assurance on the frameworks once they operating. For examples of safeguards are including the roles played by audit committees, by separate risk management and by the external auditors. ERM is widely used in public sector entities and play an important role in the development and implication of objectivity. Contrast to other research, De Zwan et al. (2009) examined that the extent of internal auditors' involvement in ERM is likely to have a significant and negative effect on the objectivity in terms of their willingness to report on breakdown of risk procedures to the audit committee. But, according to the research, there was no significant interaction found between the independent variables affecting respondents' perceptions of internal audit objectivity and as a result those factors do not affect the objectivity of internal auditor.

III. Hypothesis Formulation

The Relationship between Organizational Status and Internal Auditor's Objectivity

The organizational status of an organization focused on how the organization monitors the management effectiveness of internal control and the relationship between internal audit and the audit committee. There are a lot of surveys and researches that already stated above can strengthen the positive relationship between organizational status and internal auditor's objectivity. The relation between internal audit and audit committee and also the effectiveness of management internal control of organization can determine internal auditors act objectively or not. According to Boynton and Johnson (2006), monitoring activities are usually involves ongoing monitoring program, separate evaluations, and an element of reporting deficiencies to the audit committee. Monitoring is part of COSO that need to be applied by internal audit function in organization. Ongoing monitoring program means that internal audit performs tests of controls using an integrated test facility or regularly rotate tests of different aspects of the internal control systems. While in separate evaluation, one of the duties is audit committee might charge internal audit with periodic reviews of IT risks and controls. Finally, internal

auditor must involves the monitoring control with the audit committees by reporting the deficiencies that occur in in ongoing monitoring program and separate evaluations regularly for discussion and decisions about corrective actions. These monitoring activities that should be done by internal auditor are required an effective internal control and relationship with the audit committee in order to achieve the internal auditor's objectivity since audit committees are part of organization that relate to the key questioning role of internal auditor.

Ha₁: The organizational status of internal audit positively impacts the internal auditor's objectivity.

The Relationship between Dual Role In Assurance and Consulting and Internal Auditor's Objectivity

The dual role in assurance and consulting of internal auditor affects positively the internal auditor's objectivity. According to International Standards for the Professional Practice of Internal Auditing in the nature of consulting services should be defined in the audit charter (1000.C1), there is an interrelationship between assurance and consulting since consulting is often the direct result of assurance services so it should be recognized that assurance actually can be generated from consulting engagements.

Although there are some researches that reported about consulting decreases the ability of objectivity and independent, but according to the International Standards for the Professional Practice of Internal Auditing itself shown that actually consulting service provides the solution toward the management and be the interest toward the organization and as a result the dual role in assurance and consulting will not effect negatively to the internal auditor activity's objectivity.

Ha₂: The internal audit's dual role in assurance and consulting positively impacts the internal auditor's objectivity.

The Relationship between Internal Audit in Risk Management and Internal Auditor's Objectivity

Enterprise Risk Management (ERM) as it had already explained above can be applied in the organization in order to achieve internal auditor's objectivity. There are some pro and contra toward the statement from some of the prior researches. However, risk management actually a key driver of internal auditors in providing the assurance and consulting services regarding the involvement of internal auditor in risk management process.

The legitimate internal auditing roles with a different type of safeguards actually can identify the internal auditors whether they have or not achieve the professional objectivity since it purposes to monitor and provide assurance on the ERM frameworks while operating. According to IIA (2011), there are six roles of internal auditors that should not be undertake since those are management responsibilities and it would clearly impair to the internal audit activity's objectivity. From the survey, there are only few of internal auditors that taking those type of roles. As a result, despite there are some researches that argue about internal auditor's involvement in Risk Management, in the end, internal auditors need to consider the safeguards in order to determine the objectivity and mitigate all of the effects that should not undertake.

Ha3: The involvement to the risk management of internal audit positively impacts the internal auditor's objectivity.

III. Research Methodology

Types and Data Resources

This research is based on primary data. Data is observed and collected directly from the first-hand experience without the intermediary. The data includes all of the results of questionnaire distribution to all of Internal Audit Unit public universities in Yogyakarta. These data comes from how internal auditor assessing their experiences.

Data Collection Method

The method in collecting the data is by using questionnaires. Questionnaire is distributed directly to the internal auditors in Internal Audit Unit of Public Universities in Yogyakarta. The rating scale that is being used by this research is Likert scale. According to Sekaran (2013), Likert scale is designed to examine how strongly subjects agree or disagree with statements on a five-point scale. The respondents select one from these statements that suit to the situation.

Data Analysis Method

After collected the data from questionnaires that distributed to all of Internal Audit Unit of Public Universities in Yogyakarta, Statistical Product and Service Solutions (SPSS) is going to be used in this research to analyze the data and to test the significance of impacts. The

analysis method is using the descriptive statistics and multiple regression analysis. The descriptive statistics is used to determine the minimum, means, standard deviations, and variance of the data. However, multiple regression analysis purposes to determine whether more than one independent variables affect the dependent variable or not. The equations that will use in this research model is $Y = a + bX_1 + cX_2 + dX_3 + e$.

Where,

Y = dependent variable, which is the objectivity of internal auditor.

X₁ = independent variable, which is the organizational status of internal audit.

X₂ = independent variable, which is the dual role in assurance and consulting of internal audit.

X₃ = independent variable, which is the involvement of risk management of internal audit.

a = constant; b, c, and d = regression coefficients; and e = error terms.

Variable Instruments

The instrument that is being used in this research is questionnaire. The questionnaire consists of close-ended questions from different variables. The ratio scale is likert scale from one to five. The distributed questionnaires are also being tested whether the measurement is valid and reliable. The Bivariate Pearson is used to analyze the correlation between the item score and total score in order to determine the validity. While the reliability instrument is used in order to test whether the result of questionnaire is accurate and consistent from time to time toward the same subject.

Classical Assumption Test

Classical assumption tests are including normality test, multicollinearity test, heteroscedasticity test, and goodness of fit. The normality test purposes to analyze whether the variable is being analyzed is normally distributed or not. The statistics test that will be used is non-parametric test, which is the Kolmogorov-Smirnov. The significance standard is 0,05 and the data is concluded as normal distribution if the significance value is higher than 5% or 0,05. Multicollinearity test is used in order to detect the multicollinearity. If the multicollinearity is lower than 0,10 or the VIF value is higher than 10, the multicollinearity is detected. The statistical test method for heteroscedasticity test in this research uses the Glesjer test. According to this test, if the significance value between independent variable and the residual is more than 0,05, there is no symptom of heteroscedasticity.

However, Goodness of Fit is a statistical model that purposes to measure the discrepancy between observed values and the values expected under the model in questions and describes how well is the observations. Measurements in this research are including the statistical hypothesis testing and the Coefficient of Determination (R^2). Coefficient of Determination (R^2) is an important tool in determining the degree of linear-correlation of variables in regression analysis and measures the ability of the model in explaining the variation of dependent variable (Ghozali, 2006). The t-test is used to determine whether H_a is accepted or rejected. While F-test is to determine whether all independent variables correspondingly affect the dependent variable.

IV. Results and Analysis

Respondent Characteristics

The respondents of this research are including internal auditors of Public Universities in Yogyakarta. Internal Auditors are including the staffs and the head of Internal Audit Unit Department. Although those questionnaires do not filled by all of the members of Internal Audit Unit, there are already more than half questionnaires filled by other members. There are some internal auditors who are not only part of internal auditors in Internal Audit Unit. For example, in Indonesian Institute of Arts (ISI) and Pembangunan Nasional Veteran University (UPN), there are some internal auditors that happened to be outside the members of Internal Audit Unit, but also responsible toward internal audit activities corresponding to their faculties. The total of all respondents are 55 samples with 41 questions in total from all of variables. The respondents of questionnaires are including all of internal auditors of public universities in Yogyakarta with different age, education background, gender, position, and length of working. Bellows are the result of questionnaires respondents according to the classification. Tables A1 to A5 in the appendixes show the percentage of respondents and characteristics of respondents.

Descriptive Statistics

Table 1 gives the descriptive statistics of the respondents of all The largest data value of respondents per variable is 24, 28, 20, and 36 correspondently to the organizational status, dual role in assurance and consulting, involvement in risk management, and objectivity respectively.

Table 1
Descriptive Statistics

	N	Range	Max	Min	Sum	Mean	Standard Deviation
Organizational Status	55	24	24	48	2243	40.78	5.130
Dual Role	55	27	28	55	2531	46.02	5.046
Risk Management	55	30	20	50	2152	39.13	5.413
Objectivity	55	14	36	50	2334	42.44	3.814

Instrument Test

Validity Test

Bivariate Pearson is used to analyze by correlating between the item score and the total score. The total score is the sum from all of the items. The correlation analysis is used in this test. There are 55 samples included for this research from all of 55 internal auditors. According to Tables 2 to 5 thus respective variables are valid, therefore the reliability test can also be tested and analyzed since all of the results of Pearson Correlation are above 0.266, as stated in the R table.

Table 2
The Result of Internal Auditor's Organizational Status Validity

Question Items	<i>Pearson Correlation</i>	R Table	Result Description
Organizational_Status1	0.579	0.266	Valid
Organizational_Status2	0.676	0.266	Valid
Organizational_Status3	0.649	0.266	Valid
Organizational_Status4	0.639	0.266	Valid
Organizational_Status5	0.566	0.266	Valid
Organizational_Status6	0.519	0.266	Valid
Organizational_Status7	0.479	0.266	Valid
Organizational_Status8	0.290	0.266	Valid
Organizational_Status9	0.274	0.266	Valid
Organizational_Status10	0.317	0.266	Valid

Table 3
The Result of Internal Auditor's Dual Role In Assurance and Consulting Validity

Question Items	<i>Pearson Correlation</i>	R table	Result Description
Dual_Role1	0.672	0.266	Valid
Dual_Role2	0.503	0.266	Valid
Dual_Role3	0.432	0.266	Valid
Dual_Role4	0.638	0.266	Valid
Dual_Role5	0.280	0.266	Valid
Dual_Role6	0.550	0.266	Valid
Dual_Role7	0.610	0.266	Valid
Dual_Role8	0.476	0.266	Valid
Dual_Role9	0.595	0.266	Valid
Dual_Role10	0.683	0.266	Valid
Dual_Role11	0.666	0.266	Valid

Table 4
The Result of Internal Auditor's Involvement in Risk Management Validity

Question Items	<i>Pearson Correlation</i>	R table	Result Description
Risk_Management1	0.568	0.266	Valid
Risk_Management2	0.487	0.266	Valid
Risk_Management3	0.434	0.266	Valid
Risk_Management4	0.442	0.266	Valid
Risk_Management5	0.530	0.266	Valid
Risk_Management6	0.526	0.266	Valid
Risk_Management7	0.522	0.266	Valid
Risk_Management8	0.485	0.266	Valid
Risk_Management9	0.649	0.266	Valid
Risk_Management10	0.619	0.266	Valid

Table 5
The Result of Internal Auditor's Objectivity Validity

Question Items	<i>Pearson Correlation</i>	R table	Result Description
Objectivity1	0.334	0.266	Valid
Objectivity2	0.439	0.266	Valid
Objectivity3	0.275	0.266	Valid
Objectivity4	0.277	0.266	Valid
Objectivity5	0.642	0.266	Valid
Objectivity6	0.368	0.266	Valid
Objectivity7	0.542	0.266	Valid
Objectivity8	0.491	0.266	Valid
Objectivity9	0.533	0.266	Valid
Objectivity10	0.399	0.266	Valid

Reliability Test

Table 6 shows all of the variables in this research concluded as reliable. Reliability Test measures the stability and consistency from time to time and shows that Cronbach's Alpha is higher than 0.70, therefore the variable result is reliable.

Table 6
The Result of Reliability Instrument

Variabel	Cronbach's Alpha	Results
Organizational Status	0.823	Reliable
Dual Role in Assurance and Consulting	0.857	Reliable
Involvement in Risk Management	0.898	Reliable
Objectivity	0.810	Reliable

Classical Assumption Test

Normality Test

The non-parametric test is used in order to test the normality of the research. The research is used to one-sample Kolmogorov-Smirnov Test. Bellow is table of the result of normality test. The significance of variable is 0.200, which is higher than 0.05. Therefore, the research is normally distributed.

Multicollinearity Test

Multicollinearity is detected if the tolerance value is lower than 0.10 and the variance inflation factor (VIF) is higher than 10. Bellow is the result of all of variables multicollinearity test. According to the table 8, all of variables number of tolerance and VIF is higher than 0.10 and lower than 10 respectively. As results from those variables, there are no multicollinearity detected.

Heteroscedasticity Test

According to the result, there are no heteroscedasticity detected in all of independent variables, which are including organizational status, dual role in consulting and assurance, and involvement in risk management. The significance of each variable is higher than the significance standard (0.05).

Table 7
The Result of Normality Test

		Unstandardized Residual
N		55
Normal Parameters ^{a,b}	Mean	0,0000000
	Std. Deviation	3.05902920
Most Extreme Differences	Absolute	.075
	Positive	.075
	Negative	-.063
Kolmogorov-Smirnov Z		.075
Asymp. Sig. (2-tailed)		.200

Table 8
The Result of Multicollinearity Test

Variables	Collinearity Statistics		Results
	Tolerance	VIF	
Organizational Status	0.481	2.081	Multicollinearity Undetected
Dual Role in Assurance and Consulting	0.482	2.076	Multicollinearity Undetected
Involvement in Risk Management	0.771	1.297	Multicollinearity Undetected

Table 9
The Result of Heteroscedasticity Test

Independent Variable	Significance (>0.05)	Results
Organizational Status	0.522	Heteroscedasticity Undetected
Dual Role in Assurance and Consulting	0.903	Heteroscedasticity Undetected
Involvement in Risk Management	0.132	Heteroscedasticity Undetected

Hypothesis Analysis

Regression Analysis

The equation of regression model according to the Table 10 is **Objectivity = 22.533 - 0.137 Organizational Status + 0.465 Dual Role in Assurance and Consulting + 0.101 Involvement in Risk Management + e**. Bellows are the explanation from the result of regression analysis of the equation and the relation between all of independent variables to the dependent variable.

The result of F-test with the F-value is 8.381. The significance of F according to the F-table with the significance standard 0.05 is 3.175. According to this result, the F of regression

result is above the F-table. Therefore, the organizational status, dual role in assurance and consulting, and involvement in risk management affect simultaneously to the objectivity. However, the adjusted r-square of regression model is 0.291. Therefore, variables give contribution 29.1% to the internal auditor's objectivity. While 70.9% is the number of factor that affected internal auditor's objectivity, which does not included to the model.

Table 10
Regression Analysis

ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	249.123	3	83.041	8.381	0.000
Residual	505.314	51	9.908		
Total	754.436	54			

Model Summary

Model	R	R Square	Adjusted R Square
1	0.575	0.330	0.291

Model	Unstandardized Coefficient		Standardize Coefficient	t	Sig.
	b	Std. Error	Beta		
(Constant)	22.533	4.401		5.120	0.000
Organizational_Status	-0.137	0.125	-0.181	-1.093	0.279
Dual_Role	0.465	0.124	0.619	3.747	0.000
Risk_Management	0.101	0.095	0.138	1.061	0.294

Organizational Hypothesis: Ha is Rejected

According to the table 4.10, the regression coefficient of Organizational Status is -0.137 and the significance standard is 5%. Since the significance of organizational status variable is 0.279, which is higher than the significance standard, therefore the variable is insignificance. The result of t from regression is -1.093 and the value of t-table is 2.00665 and the result of this regression is insignificance. Furthermore, the **result of hypothesis (Ha) by statistics in this research is rejected**. The variable explains that there is no significant impact of organizational status to the objectivity of internal auditors.

This hypothesis result is contradicted to the theories from Turley and Zaman (2007) in Jenny and Nava (2010) that the research resulted about actually audit committees can strengthen internal audit organizational status in order to be objective and independent.

However, from the research that had already conducted in all public universities in Yogyakarta, the hypothesis shows **there is no significant impact of organizational status to the internal auditor's objectivity**. In order to do the monitoring effectiveness in internal control, it shows that the audit committee do not have significant role in order to strengthen the independent and objectivity of internal auditors. According to O'Leary and Stewart (2007) in Riham Suleiman Muqattash (2013), there is a no significant impact on internal auditors perceptions from audit committees of their willingness to act objectively. The actual reason relates to the different nature and culture from every country and economy point of view.

The public universities in Yogyakarta including Yogyakarta State University (UNY) and Kalijaga Islamic University (UIN) do not have audit committee to control and monitoring the Internal Audit Unit activities. Although there are no audit committees in monitoring all of the activities, those do not give impact to the internal auditor's objectivity. Other than audit committee, the audit report are recommended and supervised by Supervisory Board. Although the rest of universities have audit committees, the result of research still shows that the organizational status do not have impact to the internal auditor's objectivity.

In conclusion, the H_a is rejected because internal auditor's objectivity in Yogyakarta could not be determined by the relationship between the audit committee and internal auditors. The result of the research in public universities in Yogyakarta is contradicted from the theory that shows the organizational status impacts significantly to the internal auditor's objectivity.

The Dual Role in Assurance and Consulting Hypothesis: H_a is Accepted

Dual role in assurance and consulting regression coefficient is 0.465. The standard of significance is 0.05 and the variable has significance number of 0.000. The value of t from the regression is 3.747. The value of t-table is 2.00665 and the result shows the t-table is lower than the result of t-regression, therefore **the hypothesis (H_a) of dual role in assurance and consulting is accepted** and shows that there is significant impact of dual role in assurance and consulting to the objectivity of internal auditor. The higher dual role in assurance and consulting, the higher will be the internal auditor's objectivity.

The dual role in assurance and consulting of internal auditors affects positively to the internal auditor's objectivity. The hypothesis is accepted and there is a significant impact between the independent variable and dependent variable. The result of the research hypothesis equals to the theories that support the positive impact of dual role in assurance and consulting of internal auditor to the internal auditor's objectivity. In the public universities in

Yogyakarta, the result shows that the assurance and consulting activities are required since there is a relationship between assurance and consulting since the direct result of assurance comes from the consulting activities. The role of consulting in the internal audit is not only focusing on the problem but it also focuses on giving the recommendation toward the universities in order to monitor the activities and gives

The role of consultant is not only focus on the problems and findings, but also focuses on giving an effective recommendation. According to Ahlawat and Lowe (2004) in Jenny and Nava (2010), the align toward the internal audit function, such that internal auditors conduct either assurance or consulting activities, results in greater objectivity and increases management and other stakeholders' perception of the internal audit objectivity. And as a result, the dual role do not impacts negatively to the internal auditor's objectivity.

Involvement in Risk Management Hypothesis : Ha is Rejected

The involvement of risk management coefficient variable is 0.101. The standard of significance is 0.05 and the variable significance number is 1.061. The value of t-table is 2.00665 and the result shows that the value of the t-table is 1.0661, which is lower. As a result, the **hypothesis (Ha) of involvement in risk management is rejected** and it shows that there is no significant impact of involvement of risk management to the internal auditor's objectivity.

The involvement of internal auditor in risk management does not have significant impacts to the internal auditor's objectivity. The result of the hypothesis (Ha) of this research is rejected and it contradicts to the theory that showed the independent variable gives impact to the dependent variable.

The involvement in risk management according to Jenny and Nava (2010) stated that the different type of safeguards in the establishment of Enterprise Risk Management Frameworks play an important role to the internal auditor objectivity. The type of safeguards are include facilitating the identification and evaluation of risks, coaching the management, coordinating ERM activities, consolidating the reporting on risks, maintaining and developing the ERM framework, championing establishment of ERM, and developing risk management strategy broadly.

However, the result of the hypothesis toward the research in Public Universities in Yogyakarta showed that there is no significant impact of the different types of safeguards to internal auditor's objectivity. According to De Zwan et al. (2009) from the questionnaires

survey toward 117 certified internal auditors in Australia, the interaction between the involvement in ERM do not affect the objectivity in terms of the willingness to report on breakdown of risk procedure to the audit committee. Since there are no significant relations between internal auditor and audit committee, the research found that there is no significant impact between the risk management and internal auditor's objectivity.

According to this statement, there is no relation between the involvement of risk management and internal auditor's objectivity in the scope of university in only monitoring and examining how the risk management being executed in the university's activities. Therefore, the objectivity of internal auditor does not have any relation with how the risk management being established since there is no involvement of internal auditor.

Internal Audit Unit of public universities in Yogyakarta is under the supervision of rector. The unit needs to report to the rector about how the activities being executed. The matter is different with the theory, which addressed to the internal auditor in company that had also participated in establishment of risk management including the company's procedure. However, the matter is different from the scope of university overview because the activities are monitoring and examining the implementation and establishment of risk management. Therefore this matter does not have any relation with the internal auditor's objectivity. Apart from this reason, the audit committees also do not have an authority to establish the risk management, and as already stated in the organizational status, there is no significant relation between internal auditor and audit committee in the scope of public universities in Yogyakarta. Hence, the internal auditor does not have any relation to the audit committee in reporting the breakdown of risk procedure and according to the rejecting theory, there is no relation between involvement in risk management to the internal auditor's objectivity in the scope of public university in Yogyakarta.

IV. Conclusions, Limitations, and Future Research

Conclusions

The organizational status does not affect positively to the internal auditor's objectivity. The internal auditors relationship with audit committee is one of the factor of the influences from the organizational status. However, there are two public universities in Yogyakarta do not have audit committee, and thus do not affect the internal auditor's objectivity. These differences happened because of different culture from every entities or organizations. Dual role in assurance and consulting in public universities affect positively to the internal auditor's

objectivity. The role of consulting is important for internal auditors in order to give recommendation and monitor all of activities of internal auditors in each university. Hence, the assurance and consulting activities are required since the direct result of assurance comes from consulting activities. However, the involvement to the risk management of internal audit in public universities does not affect positively to the internal auditor's objectivity. There is no significant impact from involvement of internal auditor in risk management to the internal auditor's objectivity. The matter is internal auditor does not establish the risk management, yet monitoring and examine how the risk management being executed. In addition, according to De Zwan et al. (2009), no significant relationship between internal auditors and audit committees will not affects to internal auditor's objectivity. Therefore, in the scope of public universities, Internal Audit Unit is under the supervision of Rector in order to examine the risk management that had established by university and there is no relationship between internal auditor and audit committees in order to manage the breakdown of risk management, and as a result, internal auditor's objectivity does not have an impact from this situation.

Limitations

Limitations of this research are including the limited samples because it is only including public universities in Yogyakarta and only in the scope of internal auditors in Internal Audit Unit of corresponding university, the likelihood of error from the respondents in filling the questions in the questionnaires since researcher do not monitor internal auditor in fulfilling the questionnaires, and the result of organizational status and risk management variables is not significant because the audit committees factor that do not have relevant relationship with internal auditors of public universities in Yogyakarta.

Future Research

In the future research, the researcher should include private universities. Some private universities do not have Internal Audit Unit and have different organizational structure. Therefore, the future research should be conducted in order to find the relationship between variables from different samples. Furthermore, The future research should be conducted in the universities that have a relation between audit committees and internal auditors. Therefore, the organizational status and involvement in risk management variables can be significant. Latter, the future research should be higher than 55 samples so there will be wider possibilities from each variable.

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APPENDIXES

**Table A1
Percentage of Respondents**

Description	Total	Percentage
Number of distributed questionnaires		
Universitas Gadjah Mada (UGM)	18	100%
Indonesian Institute of Arts (ISI)	20	
Pembangunan Nasional Veteran University (UPN)	20	
Yogyakarta State University (UNY)	7	
Sunan Kalijaga Islamic University (UIN)	9	
Number of not responded questionnaires		
	8	28.38 %
Universitas Gadjah Mada (UGM)	10	
Indonesian Institute of Arts (ISI)	1	
Pembangunan Nasional Veteran University (UPN)	1	
Yogyakarta State University (UNY)	1	
Sunan Kalijaga Islamic University (UIN)		
Number of responded or analyzed questionnaires		
	12	74.32 %
Universitas Gadjah Mada (UGM)	10	
Indonesian Institute of Arts (ISI)	10	
Pembangunan Nasional Veteran University (UPN)	19	
Yogyakarta State University (UNY)	6	
Sunan Kalijaga Islamic University (UIN)	8	

**Table A2
Age Classification of Respondents**

Age	Percentage
20 - 30 years old	20 %
30 - 40 years old	45 %
More than 40 years old	36%

Table A3
Gender Classification of Respondents

Gender	Percentage
Female	45%
Male	55%

Table A4
Education Background of Respondents

Education Background	Percentage
Bachelor Degree	36%
Master Degree or Equal	47%
Doctoral Degree	16%

Table A5
Respondents' Length of Work

Length of Work	Percentage
1 – 5 years	42%
6 – 10 years	38%
More than 10 years	20%