

## **THE EFFECT OF INTERNAL AUDIT FUNCTION SOURCING ON THE EXTERNAL AUDITOR'S RELIANCE DECISION: AN EXPERIMENTAL STUDY IN EGYPT**

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### **ABSTRACT**

Prior research indicates that external auditors are willing to rely on the work of the Internal Audit Function (IAF) when this function has been outsourced, or co-sourced, as opposed to maintain it in-house. This paper investigates whether external auditors in Egypt are sensitive to IAF sourcing by examining external auditors' reliance on the IAF outsourcing versus in-house IAF. This article also addresses the extent to which this relationship between IAF sourcing and external auditors' reliance is moderated by the audit firm size, external auditor's continuing professional education and experience. Participants in this study were 246 external auditors from Big and Non-Big 4 firms. This study utilized an experimental design in which IAF sourcing versus in-house was manipulated. Results indicated that IAF sourcing didn't affect the reliance decision. The results also showed that audit firm size, continuing professional education for the external auditor and external auditor experience didn't moderate this relationship. Those results are important to other researchers involved in investigating auditing quality for emerging countries.

**Keywords:** Internal Audit sourcing; in-house; External auditor; reliance decision; continuing professional education.

### **1. INTRODUCTION**

Many professional bodies and academics have indicated the importance of the role played by the IAF in evaluating and improving the operations of the company, where IA is one of the four pillars of corporate governance, along with the external audit, management and audit committee (Gramling et al., 2004; Abbott et al., 2016; Hegazy & Farghaly 2016). The IAF stems from the supervisory function of management and from the need to strengthen governance in different companies, and it intended to evaluate the control aspects of the company to help and to assist management in risk management and improve performance.

The Continuous growth in business activities, the size of companies and the complexity of their operations have led to the increased attention to the oversight function of management and the need for an IA as an independent oversight tool to assist management in its oversight function. A function that focuses on the evaluation and strengthening the internal control. The modern concept of IA has expanded the scope of IA activities and increased the functions of the internal auditor, as well as changing the basis of IA by helping overcoming the challenges facing enterprises by providing assurance and consulting services.

The external auditor's reliance on the IAF is one of the important research issues, which received the attention of accounting literature in response to the interest of both of the audit service providers and service seekers. This reliance can be through the direct assistant, under the supervision of external auditors or indirectly through reliance on the work of IA (International Auditing Standard ISA 610). The current governance environment has led to a greater focus on the relationship between the internal and external auditors. The external auditor's reliance on IA affects the nature, timing and extent of audit procedures performed by the external auditor, and therefore the extent of the external auditor reliance on the work of the IA is a key decision when planning the audit process which would affect the efficiency and effectiveness of the audit (Arel, 2010).

In this regard, some studies (Azad, 2017; Gros et al., 2017; Dumitrescu & Bobițan, 2016; Abbass & Aleqab, 2013) indicated that the reliance of the IAF by the external auditor has a positive impact on audit efficiency by reducing both audit Delay and audit costs.

On the other hand, the accounting literature demonstrated the complex nature of the decision of the external auditor's relying on IA because of the difficulty in estimating the factors and determinants of IA effectiveness and its components. In addition, the risks involved in the reliance decision such as consequences of the legal responsibility (Arel, 2010).

Also, the characteristics of IA are among the most important factors that must be taken into consideration. These factors include outsourcing of IA. Where the past years have seen an evolution in the internal auditing profession and outsourcing of IA has become an increasing trend (Desai et al., 2011; Glover et al., 2008). In addition, IIA (1999) emphasized the need to focus on who performs the service better regardless of whether he works within or outside the company. There is no doubt that allowing external parties to provide IA services underlines the quality of these services, and supports the reliability of financial and non-financial information and the establishment of acceptable transparency rules.

In this regard, some studies (Desai et al., 2011; Glover et al., 2008; Arel, 2010; Bartlett et al. 2015) indicated that IA outsourcing has a significant impact on the external auditor's perception

of the quality and the extent of reliance on the IAF. The extant literature showed that outsourcing of the IAF affects the decision of the external auditor to rely on it (Arel, 2010; Munro and Stewart, 2010; Desai et al., 2011; Bartlette et al., 2015) as a result of differences in institutional arrangements (e.g., the nature of the relationship with management, economic dependence, legal liability, etc.), which may affect external auditor perceptions of IA objectivity. So, this research examines the impact of the IAF sourcing on the External Auditor's reliance decision on the IAF in Egypt. Also, this study addresses the extent to which this relationship between IA sourcing and external auditor reliance is moderated by audit firm size, continuing professional education of the external auditor and external auditor experience.

The research is based on experimental design  $2 \times 1$  to examine the Effect of IAF outsourcing on external auditors' reliance decision. Participants in the study were 246 external auditors from big and Non-Big 4 audit firms in Egypt. Participants completed an experimental case in which we manipulated IAF been outsourced, as opposed to be maintained in-house. Results from the experiment indicated that IA sourcing did not affect the reliance decision. Those results showed that audit firm size; continuing professional education of the external auditor and external auditor experience didn't moderate the main relationship leading to the rejection of the study hypotheses.

The contribution of this research stems from improved understanding of the role of the IAF as an important component of corporate governance and provides further insight into the importance of the interconnection between internal and external auditors. This interconnection is the cornerstone of the success of the profession in performing what is required. It also contributes to supporting audit quality, because auditor's reliance on the work of the IA during the audit of financial statements and internal control is an important step in the planning of the audit process, which in turn affects the efficiency and effectiveness of the audit process.

The research also derives its practical importance from the fact that it seeks to test its practical hypotheses in the Egyptian professional practice environment, which is encouraging to research in this field to enrich the accounting thought on the one hand and push towards developing the Egyptian auditing standards to keep pace with the development in international standards, And of course the amendment of the current Egyptian Audit Standard No. 610 of 2008, which is now required more than ever before.

The remainder of this study is organized as follows; the second section is theoretical framework reviews relevant prior research in order to develop the study hypotheses. The third section is data and methodology, the fourth section presents the study results. Finally, the fifth section presents discussion of this results and recommendations.

## **2. THEORETICAL FRAMEWORK & HYPOTHESES DEVELOPMENT**

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## **2.1 The Development of Internal Audit:**

IIA has adopted in 1999 a revised definition of the IA, which defines it as "an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

In the light of this definition, it is clear that it offers a new vision of the IA profession, as it shows that there is a shift from focusing on control and accountability to focus on adding value to the company, also allowing the delegation of some or all of the IA to be outsourced and the IIA's definition emphasizes on the added value in the development of IAF, which confirms the essential contribution and effective assistance of the IAF of the entity (Ramamoorti, 2003).

According to this definition, the IA also provides assurance and consulting services in three areas: risk management, control, and governance processes. The modern definition of IA shows that the IAF varies widely among firms (Ramamoorti, 2003), and this change in the definition is consistent with a more value-added emphasis being placed on the IA. Thus, the shift and focus on value-added consulting services alongside assurance services means that IA has become a proactive role focusing on the Consumer (stakeholders)(Ramamoorti, 2003; Bananuka et al., 2017). And It relates to governance, risk management and control issues (Bananuka et al, 2017; Hass et al., 2006). This expansion of the IA's roles, as well as to expand their skills in an attempt to fill the demand side of the IA services lead to narrow the expectations gap in the IA, which reflected positively on the stakeholders in the IA in general and external auditing in particular.

## **2.2 Relationship between External Auditor and Internal Auditor**

Professional auditing standards allow reliance on the work of IA subject to an assessment of the IAF (ISA 610 (Revised) 2013; SAS 128, 2014; AS 2605, 1991). These standards require the external auditor to consider three key factors when assessing whether to rely on IA work; **1)** the extent to which the IAFs' organizational status and relevant policies and procedures supporting the objectivity of the internal auditors, **2)** the level of competency of the IAF; and **3)** Whether the IAF applies a systematic and disciplined approach, including quality control.

Other important amendments to these standards are to allow external auditors to request direct assistance from IA with respect to obtaining an understanding of controls, testing controls and performing substantive tests (Schneider, 2009).

Previous studies (Asiedu & Deffor, 2017; Krishnamoorthy & Maleta, 2016) have shown that

there are many reasons behind the external auditor's reliance on the IAF, showing that both external auditors and their clients were motivated to look for greater reliance on the IAF. These drivers are: the role of IA in the prevention and detection of fraud (Westhausen, 2017; Asiedu & Deffor, 2017; Gona et al., 2014), increased quality of financial reporting (Abbott et al., 2016; Gros et al., 2014), the reduction of audit delay (Azad et al., 2017; Abbott et al., 2012); pressures from auditing fees and competition in the profession market (Abbott et al., 2012; Prawitt et al., 2011).

Also, previous studies (Azad, 2017; Endaya & Hanefah, 2016; Pike et al., 2016; Dumitrescu & Bobițan, 2016; Ahmed & Shil, 2015; Abbass & Aleqab, 2013; Abbott et al., 2012) have shown that there are many benefits to both audit clients and external auditors could be achieved as a result of the external auditor's reliance on the IAF. These benefits include increasing audit efficiency, reducing audit report delay, increasing IA value, improving efficiency and enhancing quality of IAF, Support for transparency and collaborative relationship between external auditors and internal auditors and avoid duplication of performance to work.

### **2.3 Factors Influence External Auditors' Decisions on IA**

There are many factors that affect the decision of the external auditors' reliance on the IAF. Some agree (Brody, 2012; Abbass & Aleqab, 2013; Quick & Henrizi, 2018) that the reliance decision of the external auditor on IA depends on professional judgment that is influenced by many factors. These factors are numerous, some of which are related to the external auditor itself or his firm (internal factors), including the external audit firm partnership with large audit firms (BIG 4), the existence of an effective quality control system, the experience of the external auditor, his/her continuing professional education, professional development (Brody, 2012; Malaescu & Sutton, 2015; Paino et al., 2015; Quick & Henrizi, 2018), which can improve the quality of the professional judgments issued by the external auditor and thereby influence the quality of his reliance decision on IA.

Others are related to the operational characteristics of the company, whether internal or external (Glover et al., 2008; Arel 2010; Brandon 2010; Desai et al., 2011; Bame-Aldred et al., 2013; Davidson et al., 2013). These studies have shown that the quality factors of IAF differ in their relative effect. The results also showed that their impact is complex and tends to interact with other factors, such as the risk of a client's work or sourcing arrangements of the IAF.

#### **2.3.1 Internal Audit Sourcing**

Effective IAFs require a diversity of skills that many companies find it difficult to source and retain. Maintaining world class IA resources require significant investment in recruiting, training

and professionally developing IA personnel. Add to that the cost of the latest methodology, technology and management's time and resources. Companies therefore resort to the IAF to meet the requirements of maintaining an effective IAF. In this regard, the IIA's 2016 Common Body of Knowledge survey covered 166 countries in North America, 56 percent of the respondents reported using third parties for internal audit activity, the Middle East and North Africa followed with 43 percent, and South Asia was next at 40 percent. The global average was 38 percent.

For a public company, the choice to staff the IA department in-house or to outsource to an outside service can have implications on not only the IAF (e.g. cost, control) but also the external audit (Arel, 2010). In evaluating whether to rely on the work of others, external auditors are required to evaluate the competence and objectivity of the internal auditor if they intend to use the internal auditors' work for external audit purposes (SAS No. 128; ISA 610).

There is a debate on the impact of outsourcing of IAF on external auditors' reliance decision, where some (Arel, 2010; Munro and Stewart, 2010; Desai et al., 2011; Raiborn et al., 2017) suggested that internal audit source affect external auditor's reliance decision, as a result of perceived differences in competence and objectivity of the internal audit function.

In the same context, Ahlawat and Lowe, (2004) suggested that an out-sourced IAF is more objective than an in-house IAF. (GLover et al., 2008; Desai et al., 2011) found that sourcing of the IAF has a significant effect on the external auditor's reliance on the IAF. Also, GLover et al., (2008); Arel, (2010); Wood and Prawitt, (2013); Davidson et al., (2013), found that sourcing of the IAF doesn't affect the external auditor's reliance, but is linked to other factors, may relate to the company itself or external references or settings and features of the IAF itself.

On the other side, Coram et al. (2008), found that companies which maintain the IAF in-house will be more able to detect fraud, which means a preference in-house IAF compared to sourcing of the IAF. Also, Munro and Stewart (2010) found that external auditors make greater use of internal auditors as assistants for substantive testing when IA is provided in-house. While Wan-Hussin & Bamahros, (2013), found in significant association between the IAF sourcing arrangements and audit delay, which imply that there is no impact of IAF source on external auditor's reliance decision.

From the above, it is evident that there are different arguments and views regarding the superiority of an in-house versus an out-sourced IAF. But the researcher believes that the sourcing of the IAF affect the perceptions of the external auditor on the efficiency and objectivity of the IA, leading to the following hypothesis:

***H<sub>1</sub>: The sourcing of internal audit function affects the external auditor's reliance on internal***

**audit function.**

## **2.4 The Moderator Variables of the Relationship between the Sourcing of IAF and the External Auditor's Reliance**

Many extant literature (Brody, 2012; Gul et al., 2013; Guiral et al., 2015; Paino et al., 2015; Ocak & Özden, 2016; Che et al., 2017; Ocak & Kurt, 2017; Fatmawati & Fransiska, 2018) agreed that external auditor's reliance decision is a complex decision, requires professional judgment and may be influenced by many factors. These factors are linked to the task environment, client characteristics, audit function and the individual decision maker; external auditors. These characteristics which associated with the external auditor themselves are the auditors' working style, pervious experiences, external auditors' education and industry specialization. The personal characteristics of the auditors may serve as an indication of the level of professional care, which will be exercised during the auditing process. The researcher believes that these factors can be combined in three factors, audit firm size, external auditor's continuing professional education and experience.

Accordingly, it can be concluded that, audit firm size, External auditor's continuing professional education and experience can have a major impact on the relationship between the IAF sourcing and external auditor's reliance on IAF.

### **2.4.1 Audit Firm Size**

The size of the audit firm is one of the important variables related to the quality of audit, since DeAngelo (1981) considered the size of the audit firm quality indicator. Francis and Yu, (2009); Lennox & Pittman, (2010); Francis et al., (2013); Tepalagu & Lin, (2015), has agreed that there is a positive relationship between the size of the audit firm and the audit quality.

Similarly, Tepalagu & Lin, (2015); Gul et al., (2013); Francis et al., (2013) agreed that the quality of professional judgments is highly correlated with audit firm size, and the professional judgments of external auditors who belong to Big 4 audit firm are not affected by the economic importance of the audit client, as opposed to Non-Big audit firm. This is consistent with Altwaijry, (2017); Abbott et al., (2012), which dealt with the relationship between the size of the audit firm and the external auditor reliance decision on IAF. Accordingly, it can be concluded that, audit firm size can have a major impact on the relationship between the IAF sourcing and external auditor's reliance on IAF, and then the following hypothesis could be formulated:

***H<sub>1a</sub>: The impact of the internal audit function sourcing on the external auditor's reliance on internal audit function varies depending on the audit firm size.***

#### **2.4.2 External Auditor's Continuing Professional Education**

Many prior literatures Fatmawati & Fransiska, (2018); Che et al., (2017); Ocak and Özden, (2016); Cahan & Sun, (2015), have agreed that the continuing professional education of the external auditor is a crucial factor to improve the quality of financial reports and audit quality.

The quality of the external auditor's judgments in general, and the judgments quality of its reliance decision on IAF in particular, requires the availability of expertise and skills, to reduce bias when issuing judgments during the audit process, as well as the need to identify the skills and techniques of the new knowledge and methods which can be achieved by continuing professional education to meet these challenges (Ocak and Özden, 2017; Sutaryo and Lase, 2015; Munro & Stewart, 2011; Said Suwaidan & Qasim, 2010). Accordingly, it can be concluded that external auditor's continuing professional education have a major impact on the relationship between the IAF sourcing and external auditor's reliance on IAF, and then the following hypothesis can be formulated:

***H<sub>1b</sub>: The impact of the internal audit function sourcing on the external auditor's reliance on internal audit function varies depending on level of continuing Professional Education of External Auditor.***

#### **2.4.3 External Auditor Experience**

Previous studies Quick &Henrizi, (2018); Zamzami et al., (2017); Che et al., (2017); Cahan& Sun, (2015); Mala & Chand, (2015); Guiral et al., (2015)had shown that experience is one of the basic pillars which affect the external auditor's effort and it has a positive effect on assessment of material misstatement and thus affect audit quality. Zarefar&Zarefar, (2016) added that the external auditor must have a sufficient professional experience that will help him to issue the appropriate professional judgments, and to take the necessary decisions more accurately and objectively.

In the same context, Paino, (2015) examined the impact of external auditor experience on its reliance decision on the IAF and found that external auditor experience affect the reliance decision on IAF. Accordingly, it can be concluded that, external auditor experience can have a major impact on the relationship between the IAF sourcing and external auditor's reliance on IAF, and then the following hypothesis can be formulated:

***H<sub>1c</sub>: The impact of the internal audit function sourcing on the external auditor's reliance on internal audit function varies depending on External auditor experiences.***



### **3. RESEARCH DESIGN**

The research is based on the experimental design to test the study hypotheses. 2x1, between-subjects, experiment was employed, fully crossing IAF sourcing arrangement (in-house and outsourced) under three determinates; audit firm size, External auditor's continuing professional education and experience.

#### **3.1 Sample Selection**

Participants in this study consisted of 246 partners, managers and seniors from big and Non-Big 4 audit firms in Egypt. A total of 953 experimental cases were distributed to participants through manual delivery, social networking sites (LINKED IN) and interviews of auditors located in Alexandria. After a period ranging from two weeks to 10 weeks, the researcher received 261 cases, constituting 27.4% response rate. 15 cases were excluded due to incomplete replies or failure to complete the manipulation check.

#### **3.2 Research Experiment**

The research experiment included two independent scenarios relating to external auditors' reliance on the work of IAF. The instrument was divided into three parts, together with an instruction sheet. The first part includes personal data, which represented in the name, qualifications, professional certification and experience. The second part included a set of technical terms related to internal audit roles, and the determinants of the quality of the IAF, which may be difficult for the members of the sample to understand what was meant. The third part of the instrument contained information about a company that was listed on the Egyptian Stock Exchange. In addition to information on the company's internal auditing, industry information, a description of the board of directors, audit committee. This section included the manipulation of internal audit source, in-house or outsourced.

#### **3.3 Research Variables**

##### **3.3.1 Independent Variables**

IAF source was manipulated between subjects at two levels; in-house and outsourced. Participants assigned to the in-house IA condition were instructed that the company employed 15 internal auditors, including one internal audit director that reports to the audit committee, one assistant director, one audit manager, three audit seniors and nine staff auditors. Participants assigned to the outsourced internal audit condition were instructed that the company employs one internal audit director that reports to the audit committee and oversees the IA work

outsourced to another accounting firm. The outsourced employees from the accounting firm include an audit partner, audit manager, three audit seniors and nine staff auditors.

**3.3.2 Dependent Variables**

The dependent variable in this study was planned reliance (reliance). We asked participants to what extent he/she would rely on work already performed by internal auditors. The 11-point scale was anchored at “No reliance” (0), “Moderate reliance” (5), and “Extensive reliance” (10). Participants were asked to what extent they would adjust audit hours already budgeted.

**3.3.3 Moderating Variables**

There are three moderating variables; audit firm size was measured by big and Non-Big 4 audit firms (Gul et al., 2013; Francis et al., 2013), External auditor’s continuing professional education was measured by post graduation degrees (Ocak and Özden, 2017; Ocak, 2018), External auditor’s experience was measured by years in auditing public co. (Zarefar & Zarefar, 2016).

**4. RESULTS AND DISCUSSIONS**

**4.1 Results**

The research hypotheses were tested using a Mann-Whitney test because the level of reliance was measured using an ordinal scale. Our first hypothesis predicts that sourcing of IAF has a significant impact on the external auditor’s reliance. Our results are not consistent with H1; the sourcing variable is insignificant in the expected direction (p-value = .098, p >.05), as shown in Table 1. Thus, H1 was not supported.

**Table 1: Mann-Whitney Test**

		Ranks		
	sa	N	Mea	Sum of
	mple		n Rank	Ranks
11	h 1.	33	29.6	977.00
	00 2.	33	37.3	1234.0
	00 9			0
	T	66		
	otal			

**Test Statistics<sup>a</sup>**

	h1
	1
Mann-Whitney U	41 6.000
Wilcoxon W	97 7.000
Z	- 1.652-
Asymp. Sig. (2-tailed)	.09 8

a. Grouping Variable: sample

Also, it was predicted that audit firm size, external auditor’s continuing professional education and experience moderate the relationship between the IAF sourcing and the external auditor’s reliance (H<sub>1a</sub>, H<sub>1b</sub>, H<sub>1c</sub>) Our results are not consistent with H<sub>1a</sub>, H<sub>1b</sub> and H<sub>1c</sub> ; audit firm size is insignificant (p-value = .964, p>.05). As shown in Table 2. External auditor’s continuing professional education is insignificant (p-value = .237, p >.05).As shown in Table 3. External auditor experiences is insignificant in the expected direction (p-value = .234, p >.05).As shown in Table 4.

**Table 2: Mann-Whitney Test**

		Ranks			
		sa	N	Mean Rank	Sum of Ranks
11	h	1.0	33	33.39	1102.00
	0	2.0	33	33.61	1109.00
	Tot		66		
al					

**Test Statistics<sup>a</sup>**

**Test Statistics<sup>a</sup>**

		h1
U	Mann-Whitney	541.000
	Wilcoxon W	1102.000
	Z	-.045
	Asymp. Sig. (2-tailed)	.964

a. Grouping Variable: sample

Table 3: Mann-Whitney Test

		Ranks			
		sa	N	Mean Rank	Sum of Ranks
11	h	1.0	33	30.71	1013.50
	0	2.0	33	36.29	1197.50
	al	Tot	66		

Test Statistics<sup>a</sup>

	h1
	1
Mann-Whitney U	452.500
Wilcoxon W	1013.500
Z	-.183
Asymp. Sig. (2-tailed)	.237

a. Grouping Variable: sample

**Table 4: Mann-Whitney Test**

		Ranks			
	sample	N	Mean Rank	Sum of Ranks	
11	1.0	33	36.26	1196.50	
	2.0	33	30.74	1014.50	
	Tot	66			

**Test Statistics<sup>a</sup>**

	h11
Mann-Whitney U	453.500
Wilcoxon W	1014.500
Z	-1.191
Asymp. Sig. (2-tailed)	.234

a. Grouping Variable: sample

**4.2 Discussion of Results**

This study examines the impact of the IA sourcing (in-house vs. outsourced) on the external auditors’ reliance decision on the IAF in Egypt. The results suggested that external auditors’ reliance decision is not influenced by IA sourcing. This result may be driven by the fact that the external auditors in the Egyptian environment do not rely on the evaluation of the low degree of objectivity and competency of the in-house IA compared to outsourcing of IA. Also, this study addressed the extent to which this relationship between IA sourcing and external auditor reliance is moderated by audit firm size, External auditor’s continuing professional education and experience. The results suggested that these variables didn’t moderate the relationship between the IAF sourcing and the external auditor’s reliance.

This means that the quality of auditing in the Egyptian environment is low, despite the

availability of the material, technological and technical competencies in the large audit firms. Also, the availability of qualifications and professional certificates obtained by the external auditor did not make a difference and didn't modify the decision of the auditors.

## **5. CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Conclusions**

The researcher concludes from the foregoing results that IAF sourcing didn't affect the External Auditor's reliance decision. Also audit firm size, external auditor's continuing professional education and experience didn't moderate the main relationship leading the rejection of the research hypotheses.

There are number of limitations to this study that should be taken into consideration when interpreting these findings. Our sample size is relatively small and, as with all experimental designs, the findings of this study may not be generalizable to other populations. Manipulation checks were not included in the experiment to avoid the possibility of demand effects in an experiment that was undertaken in an uncontrolled environment. While our preliminary testing was designed to confirm the strength of our manipulations, we cannot be certain that all participants interpreted the manipulations as intended. In addition, the participants were given limited information about the internal audit department and didn't interact with the IAs described in any manner. In practice, personal reactions to the IAs may also impact the reliance decision.

### **5.2 Recommendations**

The importance of establishing a professional body for internal auditing in Egypt which drafting internal audit standards that are appropriate to the nature of the activity and size of the companies operating in Egypt, while formulating the rules and conduct of the profession of internal auditing. The importance of further accounting research in the field of cooperation between internal auditors and external auditors, especially the impact of this cooperation on the financial indicators of companies. The importance of further accounting research on other factors affecting cooperation between internal auditors and external auditors.

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