

## *Independence for Internal Auditors: Is it Necessary?*

### Independensi Internal Auditor, Perlukah?

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**Abstrak** - Independensi diperlukan untuk menjaga kualitas hasil audit dan kredibilitas laporan keuangan, terutama pada auditor eksternal yang bersifat independen dengan klien. Adapun auditor internal yang berada di dalam organisasi, apakah independensi tetap diperlukan?. Artikel ini ditujukan untuk menganalisis aspek independensi pada auditor internal dan bagaimana auditor internal dalam penugasannya menjaga dan memastikan kualitas hasil audit menjadi kredibel. Penelitian ini menggunakan metode kualitatif deskriptif dengan pendekatan studi literatur. Hasil analisa menunjukkan auditor internal yang berada di dalam struktur organisasi suatu entitas tetap memerlukan prinsip independensi dalam penugasannya, meskipun auditor internal berada di bawah manajemen (direksi atau komisaris) akan tetapi dalam menjalankan tugasnya harus tetap independen kepada departemen yang diaudit sehingga selama proses audit dan pelaporan menjadi tetap obyektif, netral dan tidak memihak. Laporan audit yang obyektif ditujukan kepada manajemen untuk dijadikan sebagai dasar evaluasi atas kinerja dan tindak lanjut perbaikan pada departemen yang diaudit. Studi ini mencoba mengisi kekosongan gap penelitian tentang independensi audit pada auditor internal karena hampir semua penelitian independensi audit mengarah ke auditor eksternal. Studi ini berkontribusi pada peningkatan literasi independensi audit pada auditor internal dan berimplikasi pada kebutuhan kode etik independensi pada auditor internal.

**Kata Kunci:** Audit, Auditor Internal, Independensi

**Abstract** - Independence is needed to maintain the quality of audit results and the credibility of financial reports, especially for external auditors independent of clients. As for the internal auditors within the organization, is independence still necessary? This article is intended to analyze the independence aspects of internal auditors and how internal auditors, in their assignments, maintain and ensure the quality of audit results that are credible. This study uses a descriptive qualitative method with a literature study approach. The results of the analysis show that internal auditors who are in the organizational structure of an entity still require independence in their assignments, even though they are under management (directors or commissioners), but in carrying out their duties they must remain independent of the department being audited so that during the audit process and reporting they remain objective, neutral, and impartial. An accurate audit report is addressed to management to evaluate performance and follow up on improvements in the department being audited. This study tries to fill the gap in research on audit independence among internal auditors because almost all research on audit independence involves external auditors. This study contributes to increasing audit independence literacy for internal auditors and has implications for the need for an independence code of ethics for internal auditors.

**Keywords:** Audit, Independence, Internal Auditor

## INTRODUCTION

The issue of auditor independence in the audit process is a very important topic because it relates to the quality of the audit results and the credibility of the resulting financial reports (Al Fayi, 2022; Djusnimar & Dinata, 2022; Megayani et al., 2020; Santoso & Riharjo, 2020; Ta & Doan, 2022; Wardhani et al., 2015). Independence makes audit results objective, real, and

impartial so that with independence, the quality of the audit will be better and can maintain the trust of all parties involved (Megayani et al., 2020; Santoso & Riharjo, 2020).

The case of PT. Sunprima Nusantara Pembinaan (SNP Finance) is an example of an auditor independence phenomenon that has an impact on the caliber of audit results in Indonesia (Yudistira, 2018). Because the audit process cannot be conducted objectively and audit opinions are nevertheless provided as a result, users are misled by biased information that is transmitted and mistakes in the presentation of financial statements that cannot be discovered. In this instance, the minister of finance imposed administrative sanctions on the public accounting firm (KAP) Satrio Bing, Eny & Partners (Deloitte Indonesia) for failing to adhere to professional accountant standards during the SNP Finance audit process for financial statements for the fiscal years 2012 to 2016. There are weaknesses. KAP quality control system in terms of the assignment of auditor personnel, where the auditor team assigned to SNP finance has for a long period of time been in an audit engagement with the same client (Yudistira, 2018). With a long period of assignment to the same client, it is possible for the auditor to become too familiar with the client, which can interfere with the auditor's independence (Junaidi et al., 2016).

The quality of audit results is positively impacted by independence, according to the findings of numerous studies that have been done on the subject (DeAngelo, 1981; Efendy, 2010; Megayani et al., 2020; Santoso & Riharjo, 2020; Wardhani et al., 2015). The independence of an auditor in audit assignments has a positive impact on the quality of audit results, so any increase in that independence will boost the quality of those results; conversely, any decrease in that independence will lower the quality of those results.

In the accountant professional code of ethics, independence is one of the principles that must be maintained and implemented consistently by accountants (IAI, 2020). In this case, the accountant in question is an accountant who practices serving the public (a public accountant). Public accountant independence standards cover every assignment activity, which includes audit engagement activities, review engagements, and/or other assurance engagements (IAI, 2020). Accounting professionals must be independent of both their thoughts and their looks. While independence in appearance is related to avoiding facts and circumstances that are very significant so that parties have a rational and informed third party who is likely to conclude that the integrity of the parties has not been compromised, independence in thinking is related to a mental attitude that makes it possible to state a conclusion without being influenced by pressure that can compromise professional judgment. (IAI, 2020).

In contrast to external auditors, internal auditors are more prone to conflicts of interest with company management. Conflicts of interest are something that must be avoided, even though they often occur in the field. Conflicts of interest are something that must be avoided, even though they often occur in the field. Research result from Djusnimar & Dinata (2022) shows that there is a conflict of interest between the auditor and the company's client caused by economic dependence, career threats, and ethical dilemmas experienced by the auditor, thereby reducing the attitude of independence, professionalism, and skepticism. Internal auditors have conflicts of interest with management, according to Nordin (2022) occurs because the internal auditor is part of the organization, it is difficult to act independently, and he tends to be influenced by management, who is the superior of the internal auditor in the company.

The internal auditor's code of ethics is also different from the external auditor's code of ethics. For external auditors, there is a code of ethics of independence in duty, but for internal auditors, according to what is stated in the code of ethics of IIA Indonesia (IIA, n.d.-b) did not mention the independence principle that should be used as a guideline. The internal auditor's code of ethics only consists of the principles of integrity, objectivity, confidentiality, and competence (IIA, n.d.-b).

Many studies examine the independence of auditors. Agnesia (2020) tested the effect of auditor competence, auditor independence, and auditor ethics on audit quality, with the research sample

being external auditors at KAP in South Jakarta, with positive results (influential). Saad (2021) empirically tested the effect of independence, objectivity, and professionalism on audit quality, with the research sample being external auditors at KAPs in Central Jakarta, with positive results (influential). Sulistyawati (2021) tested the effect of auditor ethics, independence, and due professional care on audit quality, with the research sample being external auditors at KAP in Central Jakarta, with positive results (a significant effect). Djusnimar & Dinata (2022) used the phenomenological method to examine the involvement of KAP external auditors in East Java in a conflict of interest with company management, with the result that there was a conflict of interest between the auditor and the company's clients based on economic dependence, career threats, and ethical dilemmas that affect. Previous research on audit independence shows that almost all leads to external auditors and none leads to internal auditors. This study attempts to fill the gap in audit independence literacy among internal auditors. This article is intended to analyze the principle of independence for the internal auditor profession and whether internal auditors require the principle of independence in carrying out their profession. This is related to the existence of an internal auditor in an organization that is under management in the organizational structure. With a position that is dependent on organizational management, what should be done by internal auditors to maintain objectivity in the assignment process for audit reporting?. This study contributes to increasing audit independence literacy for internal auditors and has implications for the need for an independence code of ethics for internal auditors.

## **LITERATURE REVIEW**

### **Agency Theory**

Agency theory refers to situations where asset owners or stakeholders (principals) rely on other parties (agents) to manage certain assets or tasks (Jensen & Meckling, 1976). Agency theory supports the need for internal audits because they help reduce agency risk, increase accountability, transparency, and risk control, as well as improve information quality and efficiency within organizations (Adams, 1994). With an internal audit, asset owners or stakeholders can have greater confidence that internal agents carry out their duties properly and in accordance with the interests of the organization. Agency theory supports audit independence. Audit independence refers to the auditor's ability and obligation to act with objectivity and without any influence affecting their assessment of the entity being audited. In the context of agency theory, audit independence is an important key to maintaining the relationship between principals (asset owners or stakeholders) and agents (management or the entity being audited) (Adams, 1994).

### **Auditing Independence**

The definition of independence, according to the Big Indonesian Dictionary (KBBI), is that which is not bound, independent, free-spirited, and independent. Public accountant professional standards (SPAP) Section 220 explains that audit independence occurs when the auditor is not easily influenced (IAPI, 2020). Professional auditors are objective, honest, free from pressure from other parties, do not have personal interests, and do not have close relationships with clients, whether owners, management, or staff. The code of ethics for public accountants states that audit independence is a behavior that accountants must have in order to be able to free themselves from personal interests in carrying out their duties that are inconsistent with the principles of objectivity and integrity (IAPI, 2020). The audit opinion on the assignment of financial reports must prioritize professionalism and integrity so that they remain objective and independent, referring to the professional standards of public accountants issued by the Indonesian institute of accountants, so that the quality of audit results can be maintained so as to provide benefits for the benefit of clients and all parties with an interest in financial reports (Megayani et al., 2020).

Independent is the action and attitude of the auditor by consistently standing, not easily influenced, fairly leaning towards one's interests, and prioritizing honesty to clients, both to the owner and management of the company, as well as to other parties with an interest in financial reports (Christiawan, 2002). Independence is also interpreted as a mental attitude that is free from influence, not controlled by other parties, not dependent on other people, and honest auditors in maintaining objectivity and always with consideration of facts so that they are impartial in formulating and expressing opinions (Mulyadi, 2002).

Factors as indicators of independence are: a) a mental attitude that is free from influence, so that the audit reports produced are of high quality; b) not being controlled by other parties, so that the audit reports produced are free from manipulation; c) not being dependent on other people, so that the audit results are beyond doubt (Mulyadi, 2002).

Independence has three dimensions: 1) programming independence; 2) investigative independence; and 3) reporting independence. Challenges in the assignment of auditors in maintaining an independent mental attitude and sometimes disrupting an auditor's independent mental attitude are: a) as an independent auditor, the auditor receives a service award from the client; b) as a service actor, the auditor tends to satisfy client expectations; c) as the auditor survives with its establishment, there is the potential for the release of cooperation with clients (Mulyadi, 2002)

### **Internal Audit**

Internal audit is an independent and objective consulting and assurance activity designed to add value and improve an organization's operations, which helps the organization achieve its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of its risk management, control, and governance processes (IIA, n.d.-a). The profession of internal auditor is one that involves independent and objective examination of the systems, processes, and activities of an organization. The internal auditor's function is to evaluate the effectiveness of internal controls, identify potential risks, and provide recommendations for improvements that can increase the efficiency and effectiveness of the company's operations.

The assignment of internal auditors aims to make an objective assessment aimed at the company's management. Internal auditors play a role in the scope of standard operating procedures (SOP) and company policies that have been set by the company owner and management (Kiral & Karabacak, 2020). Internal audit has a dual role, namely advising management on decisions to be made and providing assurance to the organization on audit results. Internal auditors are in a unique situation as a provider of assurance services within the organization while at the same time providing consulting services to managers (Zunaedi et al., 2022).

As a consultant, the internal auditor provides recommendations according to the needs of the company's management. Internal auditors serve as enterprise management solution partners. Realizing the potential role of a consultant, internal auditors must adapt their competence to the needs of management. Internal auditors are responsible for verifying the recommendations made regarding sound risk management. The process of risk management and the internal audit function are critical to success and organizational sustainability, and risk management is a vital element that is based on uncertainty about events or outcomes that can occur that have a major impact on achieving strategic objectives (Tamimi, 2021).

### **Association of Internal Auditors**

The association organization that is the parent organization of the internal auditor profession is the Institute of Internal Auditors (IIA). IIA is a non-profit professional organization dedicated to the advancement and development of the internal audit profession in Indonesia. The IIA is said to be the mother of the profession because the IIA is an organization that is the reference and issuer of internal audit practice standards throughout the world (IIA, n.d.-a). IIA Indonesia, an

affiliate of IIA global, was founded in 1989 with the aim of developing and improving the internal audit profession in Indonesia. This is reflected in IIA's motto, "Progress Through Sharing". IIA Indonesia's vision is the creation of a professional internal auditor who is recognized as an irreplaceable resource with regard to effective governance, risk management, and control processes in order to realize the common interest (IIA, n.d.-a).

IIA's mission is to provide dynamic leadership for the global profession of internal auditing. Activities to support this mission will include (IIA, n.d.-a) the following: 1) advocate for and promote the value that internal audit professionals add to their organizations; 2) provide comprehensive educational and professional development opportunities; other professional practice standards and guidelines; and certification programs; 3) research, disseminate, and promote to practitioners and stakeholder knowledge of internal audit and its proper role in control, risk management, and governance; 4) educate practitioners and other relevant audiences on best practices in internal auditing; 5) gathering internal auditors to share information and experiences.

## **METHODOLOGY**

This article is a literature review that analyzes previous research articles on the principle of independence in internal auditors. This study uses a descriptive-qualitative approach. Moleong (2017) according to the definition of descriptive qualitative research given by the American qualitative research association, this type of study tries to comprehend the phenomena that research participants go through using verbal and linguistic descriptions to provide comprehension and justification for readers. Rhoades (2011) states that the literature study approach is intended to assist readers in understanding the entire body of available research on a topic obtained from various literary sources, informing them about the advantages and disadvantages of studying that topic. Through a literature study on various sources of previous research regarding independence in the auditor profession, it is hoped that conclusions can be drawn about whether the principle of independence is required by internal auditors in presenting quality audit reports.

The steps taken in the literature study in this article are: first, determining the topic or research question; second, identifying relevant information in the form of inclusion/exclusion criteria or keywords; third, performing a literature search with identified keywords; fourth, screening all and excluding irrelevant studies; fifth, researching relevant studies; sixth, synthesizing findings; and seventh, developing conclusions and recommendations (Rhoades, 2011).

## **RESULTS AND DISCUSSION**

### **Internal Auditor Profession**

The role and function of internal audit within the organization start from its function as a watchdog, consultant, and strategic business partner for management to a risk-based audit so that internal auditors, in preparing annual audit plans, are involved in identifying and analyzing business risks faced by the organization (Zamani et al., 2018). Internal auditing is needed by organizations in the process of preventing and detecting fraud and assisting management in making decisions using a risk assessment approach.

In carrying out their duties within an entity, internal auditors include several types of audit assignments carried out related to financial and non-financial audits, which include (Zamani et al., 2018):

#### Financial Audit

A financial audit is an audit conducted on transactions, accounting records, and financial reports either at the branch, section, or department level or at the head office financial report level.

#### Compliance Audit

Compliance audits are conducted to determine whether activities and/or entities comply with laws, regulations, policies, and procedures established by the organization and by binding parties. Auditors usually provide recommendations for improvements in the controls and processes used to comply with various regulations.

#### Performance Audit

Performance audits are conducted to determine how an entity or work unit manages the use of resources economically, effectively, and efficiently in meeting the mission and objectives of the entity.

#### Procurement Audit

Procurement audit is one of the internal audit functions that oversees the implementation of the procurement of goods and/or services within the entity.

#### Information System Audit

This audit aims to review the internal control of the information system and how to use the system, which includes the evaluation of input systems, processes, outputs, backup and recovery plans, financial systems, and information system facilities.

#### Review of the Internal Control Structure

An audit aimed at assessing the effectiveness and efficiency of work unit activities, the reliability of the financial reporting process, compliance with applicable regulations, and safeguarding work unit assets.

### **Internal Auditors are in The Organizational Structure Under Management**

According to IIA through the international professional practices framework (IPPF), internal audit activities are departments, divisions, consulting teams, or other practitioners who provide independent and objective assurance and consulting services intended to add value and improve organizational operational activities (Nurjaman, 2019). The internal auditing operations are established by the board of directors, audit committee, or the highest level of the organization (henceforth referred to as the board) (Zamani et al., 2018). The board determines the responsibilities of the internal audit activity as part of its oversight role. Internal audit reports are presented functionally and administratively to the board of directors and the company's directors. Departments, divisions, consulting teams, or other professionals that provide impartial assurance and consulting services are considered to be engaged in external audit activities.

The important thing to note is that internal auditors operate within the organization where they work and are accountable to the company's management. The primary distinction between external and internal auditors is that the latter often represent clients and are tasked with giving shareholders and other interested parties an unbiased assessment of a company's financial statements. Meanwhile, internal auditors focus on internal audits and assist management in improving organizational control and efficiency.

Through a methodical and organized approach to assessing and enhancing the efficacy of processes, risk management, internal control, and governance, the internal audit activity aids a company in achieving its goals. A person's position in the organization is important to support professionalism. In order to work effectively with management, internal auditing is very much determined by freedom in conducting inspections. The freedom referred to in this case is in the sense of being able to enter every level of management being examined.

Herewith are several alternative internal audit positions in the organizational structure of an entity, each of which has its own strengths and weaknesses (Nurjaman, 2019):

The internal audit section is under the Director of Finance

In this section, internal audit is positioned parallel to the finance and accounting department, which is fully responsible to the director of finance. The weakness is that the scope of the internal audit examination is narrower, only emphasizing control over the financial section. If related to independence, the level of freedom of internal audit is small and narrow. The advantage is that internal audit reports can be studied and responded to immediately.

The Internal Audit Section is the staff of the Main Director

In this case, internal audit has high independence because it can carry out audits of all sections, except for the head of the company or the main director. Weaknesses: The main director has many tasks, so the main director cannot study the internal audit results in depth and the corrective actions obtained cannot be taken immediately.

The Internal Audit Section is a staff member of the Board of Commissioners

This section is internal audit as staff of the board of commissioners, and its position is above the main director. This position provides a very high level of independence because internal audit can examine all aspects of the organization. Weaknesses are that members of the board of commissioners cannot be found at any time; they may also lack expertise in day-to-day operational issues, so they cannot quickly take action or respond to suggestions submitted by internal audit for prevention and improvement.

The Internal Audit Section is led by an Internal Audit Director

This section is led directly by the director of internal Audit, who directs the personnel and activities of the internal audit department and has responsibility for audit staff training and programs. The director of internal audit has free access to the chairman of the board of commissioners. The director of internal audit's responsibility is to prepare an annual plan for auditing all company units and present the program for approval.

#### **Independence as an Auditor's Code of Ethics**

Independence is a very important code of ethics for auditors. This refers to the auditor's ability and obligation to act objectively, impartially, and without any conflict of interest that could undermine the integrity and reliability of the audit report. Independence is the principle underlying public trust in the auditing profession.

Independence, according to the Big Indonesian Dictionary (KBBI), is defined as being independent, not bound, independent, and free-spirited. The public accountant professional standard (SPAP) states that independent means not easily influenced (IAPI, 2020). Auditors must be trustworthy, unbiased, and free from outside influences. They must also have no personal connections to their clients, whether they are business owners, top management, or staff members. According to the public accountant code of ethics, independence is the attitude that accountants should have in order to be free from conflicts of interest when doing their tasks and is in opposition to the values of objectivity and integrity. (IAPI, 2020).

Auditors must be trustworthy, unbiased, and free from outside influences. They must also have no personal connections to their clients, whether they be business owners, top management, or staff members. According to the public accountant code of ethics, independence is the attitude that accountants should have in order to be free from conflicts of interest when doing their tasks and is in opposition to the values of objectivity and integrity (IAPI, 2020).

Independent is the attitude and actions of an accountant that are consistent in their establishment without being easily influenced or fair, not taking sides with one's interests, and prioritizing honesty to clients, both management and company owners, as well as to other parties using financial statements (Christiawan, 2002). When an auditor is considered independent, this means that the auditor can carry out their duties free from influences that can affect their judgments and decisions. In this context, independence may include independence in fact and independence in appearance.

Another definition of independence is a mental state that is unaffected by outside forces, unaffected by others, unreliant on others, and honest in preserving objectivity and constantly taking into account the facts so that they are unbiased in forming and expressing ideas (Mulyadi, 2002).

Providing opinions on auditing financial statements, public accountants must prioritize integrity and professionalism to remain independent and objective by referring to the professional standards of public accountants issued by the Indonesian Institute of Accountants to maintain

the quality of audit results so that they are useful for the benefit of clients and for all parties who use financial reports (Megayani et al., 2020).

True independence refers to the fact that auditors are not actually influenced by personal relationships or interests that may affect their objectivity. This means that the auditor must avoid conflicts of interest that can reduce his independence. For example, the auditor may not own shares or have a financial interest in the company he is auditing or have personal relationships with individuals who are involved in the decision-making process in that company.

Independence indicators include: a) a mental attitude that is free from influence, so that the audit reports produced are of high quality; b) not being controlled by other parties, so that the audit reports produced are free from manipulation; c) not being dependent on other people, so that audit reports that are results are beyond doubt (Mulyadi, 2002). Independence has three dimensions: 1) programming independence; 2) investigative independence; and 3) reporting independence. Challenges in the assignment of auditors in maintaining an independent mental attitude and sometimes disrupting an auditor's independent mental attitude are: a) as an independent auditor, the auditor receives a service award from the client; b) as a service actor, the auditor tends to satisfy client expectations; c) as the auditor survives with its establishment, there is the potential for the release of cooperation with clients (Mulyadi, 2002).

Violating a code of ethics for independence can seriously impact the public's confidence in audit reports and the integrity of the audit profession as a whole. Therefore, auditors must always try to maintain their independence and avoid situations that could threaten it.

#### **Independence for the Internal Auditor: Is It Necessary?**

Independence in the profession of internal auditors is very important and necessary. Independence refers to the ability of an internal auditor to carry out their duties objectively, free from influence or pressure that may affect their judgments and decisions. Independence in the accounting profession, both external and internal auditors, is appropriate to maintain objectivity in assignments and to be able to produce neutral and impartial audit reports, so that with independence, audit quality will be better and can maintain the trust of all parties involved. related (Megayani et al., 2020; Santoso & Riharjo, 2020).

Even though internal auditors are people in an organization, in carrying out their duties they must also be independent, but the independent framing of internal auditors is different from that of external auditors, and the direction of their independence is also different. The independence of the external auditor is towards the auditee company (as one entity), and the independence of the internal auditor is towards the branches, sections, and departments within the company (according to the assignments made).

Independence is very necessary in the profession of internal auditors because: 1). Objectivity: As an internal auditor, your primary objective is to evaluate and ensure the effectiveness of an organization's internal control system. To do this well, you must be able to maintain objectivity in your judgments. Independence allows you to avoid bias or unwarranted preferences and provide honest and accurate judgments. 2). Reliability of reports: Independence is a key factor in producing reliable reports. Those who rely on the internal auditor's report, such as management and external stakeholders, must be sure that the report is not influenced by a conflict of interest or external pressure. Independence ensures that the report reflects the actual situation and can be relied upon for decision-making. 3). Adherence to professional standards: The profession of internal auditors has ethical standards and professional guidelines that must be followed. One of the main principles contained in these standards is independence. By maintaining independence, an internal auditor ensures that they comply with the ethical and professional requirements set forth for their profession. 4). Preventing fraud and abuse: Having an independent internal auditor can help prevent and detect fraud or abuse within an organization. By working independently, an internal auditor can objectively evaluate business processes, identify gaps or weaknesses, and provide recommendations for improvement.

To preserve an independent and impartial mental attitude, the internal audit activity is never subject to intervention from any part of the organization, including with regard to audit selection, scope, processes, frequency, timeliness, or reporting on content. Internal auditors won't have any direct operational control or authority over any of the audited activities. As a result, they won't set up internal controls, create policies, put up systems, create records, or do anything else that may cause internal conflict and skew the auditor's assessment.

In many cases, the independence of internal auditors can be strengthened through measures such as setting up an organizational structure that ensures segregation of duties, controlling conflicts of interest, professional training and development, and appropriate supervision and disciplinary action.

When gathering, analyzing, and disseminating data concerning the tasks or procedures under scrutiny, internal auditors shall maintain objectivity to the highest professional standard. Internal auditors will weigh all relevant factors equally and will not be swayed by their own or other people's interests when making decisions. Internal auditors shall attest to organizational independence and internal audit efforts to the board at least once a year (Nurjaman, 2019).

Internal auditors are auditors who work in companies (state companies and private companies) whose main task is to determine whether the policies and procedures set by top management have been complied with, whether or not the safeguarding of organizational assets is good, the efficiency and effectiveness of organizational activity procedures, and the reliability of the information produced by various parts of the organization. The success or failure of the internal auditor's task within the company is greatly influenced by its position in the company's organizational structure. Internal auditors should be placed in such a way as to enable them to carry out their authority and responsibilities properly and guarantee their independence.

There are several conditions that are given so that the internal auditor can work effectively and freely (Nurjaman, 2019): 1) management and the board of commissioners must provide strong support for internal auditing; 2) the head of the internal audit department must be responsible to officials at a higher level and with authority to ensure that the audit area is covered and to take immediate action in accordance with the inspection report; 3) the functions and responsibilities of the auditor must be clearly stated in written form and in an official document that has been approved by the board of commissioners; 3) the head of the internal audit department must deal directly with the commissioner or board of independent special commissions and directors. He must submit his report periodically to the board of commissioners for findings that are considered important in his examination.

Overall, independence is a very important principle in the internal audit profession. This ensures that auditors can carry out their duties with integrity, objectivity, and professionalism to support the effectiveness and transparency of an organization's internal controls.

## **CONCLUSION**

This article is intended to analyze the independence aspects of internal auditors and how internal auditors, in their assignments, maintain and ensure the quality of audit results that are credible. The results of the analysis show that internal auditors who are in the organizational structure of an entity still require the principle of independence in their assignments, even though the position of the internal auditor is under management (directors or commissioners). In carrying out their duties, they must remain independent of the part or department being audited so that, during the audit process and reporting, they remain objective, neutral, and impartial. An objective audit report consists of financial audits, compliance audits, performance audits, procurement audits, and information system audits, prepared objectively for management (directors or commissioners) to serve as a basis for evaluation of performance and follow-up improvements in the audited department. This study tries to fill the gap in research on audit independence among internal auditors because almost all research on audit independence

involves external auditors. This study contributes to increasing audit independence literacy for internal auditors and has implications for the need for an independence code of ethics for internal auditors. This article uses the literature study method as an initial description for a descriptive explanation of the aspects of independence in the internal auditor profession; therefore, it has limitations because it has not been tested quantitatively. Suggested further research can be carried out using quantitative methods in the form of distributing questionnaires and involving internal auditor respondents to see the influence of independence on the quality of audit results. The author would like to thank all parties who assisted in the research process until the publication of this article.

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