



**External auditors' reliance on internal auditors and its impact on external auditors' independence: Evidence from Algerian audit environment**

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**Abstract:**

This study investigates the external auditor (EA) reliance on internal audit's work and its impact on external auditors' independence. The study employs a mixed method comprising a survey-based factorial experiment in addition to semi-structured interviews. The results, based on 55 fully-crossed factorial experiments with EAs show that external auditors' reliance on internal auditors work has a significant impact on external auditor's independence by influences on both external auditor's mental and virtual independence , and external auditor's mandatory change, and has no significant impact on providing advisory services.

**Key words:** External audit, internal audit, reliance on internal auditor work; external auditors' independence, Algerian audit environment

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## **Introduction:**

The value internal audit (IA) can add to the organization is affected by the co-operation and co-ordination between the internal and external audit, although Difference in the goals of each, there are common interests that provide the basis for co-operation between them

External auditors can rely on the works of internal auditors in their audit . There are a lot of opportunities for coordination and cooperation between the them which may yield synergistic outcomes such as higher quality audits and economic benefits . the external audit considered that the co-operation and coordination is only possible when some basic criteria on common skills and competencies are met but this does not exclude the possibility of establishing other forms of interaction, adequate enough for external audit .International Auditing Standard 610, SAS 500 in the UK, SAS 128 (replacing SAS 65) in the USA , and NAA 610 in Algeria state that EAs can rely on the work of IAs. However, these standards do not provide specific instructions for EAs regarding the degree of reliance on IAs' work. In fact, professional auditing standards recognize the potential contribution that internal auditors can provide to external auditors, This contribution can be made indirectly when internal auditors assist external auditors or directly when internal auditors perform various audits on which the external auditors may rely . The presence of standards, which allows external auditors to rely on the IAF, will elevate the importance to meet the criteria required for efficient and effective IAF . The coordination between internal auditors and external auditors on audit matters can efficiently reduce budgeted external audit hours, external audit efforts, external audit fees and audit delay .

However, cooperation between External auditors and internal auditors has been assumed to be something of a double-edged sword. The external auditor's use of the internal auditor's work may take a negative turn, and periodic meetings and meetings with the internal auditor and the familiarity that creates between them will lead him to accept or overlook the abuses that may be issued by the internal auditor, and thus bias in favor of the various parties of the organization's management at the expense of the relevant parties and reduce his objectivity in Expressing a neutral technical opinion, especially when relying excessively and unjustified.

So, the primary purpose of this paper is to advance prior research in internal audit (IA) evaluation, and how it can impact on external auditor's independence. By developing a questionnaire that can provide a response to the main problem:

**How does the external auditor's reliance on of the internal auditor's work affect on external auditor's independence?**

And Sub questions:

**Q01:**How does the external auditor's reliance on of the internal auditor's work affect on external auditor's mental and virtual independence?

**Q02:**How does the external auditor's reliance on of the internal auditor's work affect on external auditor's mandatory change?

**Q03:**How does the external auditor's reliance on of the internal auditor's work affect on providing advisory services?

In a similar vein, we believe that configural information processing is influential to EAs when they use material prepared by IAs. Hence, the study hypothesizes that EAs' judgment decision-making regarding their reliance on IA work is configural; EAs look for and take into consideration both the individual (i.e., main effect) and interactive effects of the three dependent variables as follow:

**H1: 'There is a no significant impact of external auditors' reliance on internal auditors on external auditor's independence'**

**H1a: 'There is a no significant impact of external auditors' reliance on internal auditors on external auditor's mental and virtual independence'.**

**H1b: 'There is a no significant impact of external auditors' reliance on internal auditors on external auditor's mandatory change'.**

**H1c: 'There is a no significant impact of external auditors' reliance on internal auditors on providing advisory services.**

**H1a: 'There is a no significant impact of external auditors' reliance on internal auditors on external auditor's mental and virtual independence'.**

**H1b: 'There is a no significant impact of external auditors' reliance on internal auditors on external auditor's mandatory change'.**

**H1c: 'There is a no significant impact of external auditors' reliance on internal auditors on providing advisory services.**

## **1 .Back ground and literature review**

The word audit in its literal meaning means listening, and it is derived from the Greek verb to listen (Ajang , Tabi Francline , & oh Martin , 2016, p. 03).

The International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) confirms that the audit is A process by which the external auditor aims to increase the degree of confidence among users, by expressing a conclusion regarding the measurement or evaluation of a subject, against the established standards, so that it must take into account the objective of the reasonable assurance process, which is to reduce the risks of the assurance process to an acceptable level (IIAB, 2018, p. 14).

According to the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA), internal auditing is an objective ,independent, consulting, assurance activity designing to add value and improve an organization's operations and assist it in bringing a systematic, disciplined approach to evaluate and improve the effectiveness of control, , governance processes and risk management (theiia, 2024, p. 01).

Relying on the work of internal auditors means using their work in preparing for the external audit mission through the use of various documents, records and reports issued by the internal auditor. They may also be used as consultants or to provide direct assistance to the external auditor ( Al Sukker, Ross, Al-Akra, & Abdel-Qader, 2018, p. 319), but this does not exempt him from bearing direct responsibility for his opinion and this cannot be reduced as a result of his use of the work of the internal auditor. He alone bears responsibility for the audit opinion expressed and this responsibility is not reduced by the use of the external auditor to work for the internal audit function (ECIIA, 2019, p. 05).

The International Auditing and Assurance Standards Board has focused on the relationship between internal and external auditing, through the standard ISA 610 which considered the most prominent standard that strengthens the relationship between the internal and external auditors, as it provided the main requirements that explain the use of internal audit work by the external auditor (Ayadi & Ouaker, 2023, p. 141). This is done by obtaining comprehensive knowledge of the work of the internal auditor or some parts of his work and his continuous monitoring of internal control systems. However, this standard did not control the degree of reliance of the external auditor on the work of the internal auditors, but rather focused on the issues that must be taken into consideration before reliance, especially the assessment of the objectivity of the internal auditors, their competence and their performance in the work ( Al Sukker, Ross, Al-Akra, & Abdel-Qader, 2018, p. 317).

The Institute of Internal Auditors also focused on the relationship between the internal and external auditors, with a paper that aimed to highlight the importance of building a strong and

positive relationship between external auditing and internal audit activity, while emphasizing the need to maintain clear boundaries between them in order to maintain the objectivity and independence of each one (IIA, 2020, p. 01).

Our study aims to investigate the extent to which the independence of the external auditor is affected when he decides to rely on the work of the internal auditor, in the Algerian audit environment.

## 2. Research methodology

A questionnaire is used to investigate the perception of external auditors as for the potential impact of their reliance on internal auditors in the conduct of their external audit work on their independence.

81 copies of the questionnaire were distributed to external auditors by the researchers. For a better response rate. Out of the 81 questionnaires, 60 questionnaires were returned of which 55 were usable and seven were excluded due to missed data. This represents a 74 percent response rate.

## 3. Data analysis and discussion questions

### 3.1 Statistical analysis for the first axis

**Table: 01 means and standard deviations for external auditor's reliance on internal audit work**

| Statement                                                                                                                                             | M    | SD   | Direction |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|-----------|
| 1. View the results of the Internal Audit Department's examination of the internal control system                                                     | 2.89 | 0.36 | High      |
| 2. I rely on internal control system plans conducted by the internal audit department in order to identify the strengths and weaknesses of the system | 2.69 | 0.60 | High      |
| 3. I cooperated with the internal audit department in understanding the nature of the accounting system of the institution                            | 2.65 | 0.67 | High      |
| 4. I cooperate with the internal audit department in understanding the nature of the information system of the institution under audit                | 2.82 | 0.54 | High      |
| 5. I cooperate with the internal auditor to make recommendations for improvements to the internal control system                                      | 2.67 | 0.63 | High      |
| 6. I rely on internal auditor work when the audit committee supports the relationship between internal and external auditors                          | 2.43 | 0.73 | High      |
| 7. I use internal auditor work when the Board of Directors encourages communication between internal and external auditors                            | 2.67 | 0.63 | High      |
| 8. I collaborate with the internal auditor to make recommendations for improvements in governance procedures                                          | 2.49 | 0.79 | High      |
| 9. I examine the risk assessment procedures carried out by the staff of the internal audit department                                                 | 2.87 | 0.43 | High      |
| 10. I use internal auditor work to estimate the procedures that I must follow when assessing control risks                                            | 2.56 | 0.71 | High      |
| 11. I coordinate with the internal auditor to determine the control procedures that are supposed to prevent potential errors and manipulations        | 2.45 | 0.81 | High      |
| 12. I compare control risk assessment results with control risk assessment results conducted by the Internal Audit Department                         | 2.67 | 0.61 | High      |
| 13. I examine the work programs of the internal auditor when planning the audit mission                                                               | 2.56 | 0.73 | High      |
| 14. My dependence on internal audit work is reduced from the                                                                                          | 2.12 | 0.74 | High      |

| external audit program                                                                                                                                          |             |             |             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|
| 15. The audit program was prepared based on the results of internal control system evaluation doing by the Internal Audit Department                            | 2.20        | 0.86        | High        |
| 16. Look at the reports prepared by the Internal Audit Department to identify the problems of the institution                                                   | 2.89        | 0.41        | High        |
| 17. I make sure that internal audit reports include important results and applicable reports                                                                    | 2.67        | 0.51        | High        |
| 18. I follow up the extent to which the internal auditor is keen to inform the Board of Directors in the event that the institution's problems are not resolved | 2.56        | 0.68        | High        |
| 19. I follow up the extent to which the organization's management responds to the recommendations of the internal auditor                                       | 2.72        | 0.55        | High        |
| The overall average of external auditor's reliance on internal audit work                                                                                       | <b>2.61</b> | <b>0.29</b> | <b>High</b> |

**Source.** By reseachers

Nineteen factors were used to assess the integration between internal and external audits. Table 02 shows the results of the questionnaire regarding the importance external auditors place on each factor. As indicated, the majority of respondents rated factors like "Reviewing internal audit findings on the internal control system" and "Examining reports from the internal audit department to identify institutional issues" highly, with an average score of 2.89 and a standard deviation of 0.41. Additionally, sixteen of the factors received high average scores with low standard deviations, indicating strong consensus among respondents on their importance.

### 3.2 Statistical analysis for the second axis (block 01)

**Table 02: means and standard deviations for mental and virtual independence**

| Statement                                                                                                                                              | M           | SD          | Direction   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|
| 1. I am keen to prevent members of the audit team from establishing personal relationships, financial or commercial operations, etc.,                  | 2.90        | 0.29        | High        |
| 2. I contract with the institution, taking into account the provisions of Article 715 bis 6                                                            | 2.85        | 0.40        | High        |
| 3. I observe the provisions of Article 64 of Law 01-10 while practicing the auditing profession to ensure intellectual independence                    | 2.90        | 0.29        | High        |
| 4. I refrain from carrying out the functions stipulated in Article 65 of Law 10-01 to ensure financial independence                                    | 2.80        | 0.40        | High        |
| 5. I abide by the provisions of Article 70 of Law 10-01 and do not seek from the client to request a task or job that falls within my legal competence | 2.85        | 0.35        | High        |
| 6. The institutions I audit have an audit committee                                                                                                    | 2.16        | 0.73        | High        |
| 7. The presence of an audit committee in the institutions that I audit contributes to the implementation of the process independently.                 | 2.50        | 0.66        | High        |
| The overall average of mental and virtual independence                                                                                                 | <b>2.71</b> | <b>0.24</b> | <b>High</b> |

**Source.** By reseachers.

Seven factors were used to assess the mental and apparent independence of external auditors. Table 03 presents the results of the questionnaire regarding the importance assigned to each factor by external auditors. As shown in the table, these factors fall under the approval category, with low standard deviations, indicating strong agreement with the statements in this area, particularly regarding the necessity to achieve mental and apparent independence. Most of

the respondents rated factors like "I am careful to prevent audit team members from forming personal, financial, or commercial relationships" and "I comply with the provisions of Article 64 of Law 01-10 to ensure intellectual independence" highly, with an average score of 2.90 and a standard deviation of 0.29. Furthermore, six other factors in this group received high average responses with low standard deviations, suggesting a strong consensus among respondents on their importance. The mean response for these factors is 2.71 with a standard deviation of 0.24, reflecting a high level of agreement among respondents regarding their significance in the reliance decision.

### 3.3 Statistical analysis for the second axis (block 02)

**Table 03: means and standard deviations for external auditor's mandatory change**

| Statement                                                                                                                                                                              | M    | SD   | direction |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|-----------|
| 1. The length of my contract with the audited institution increases my experience and a better understanding of the nature of the work                                                 | 2.78 | 0.56 | High      |
| 2. The duration of my association with the audited institution is determined by Article 27 of Law 01-10;                                                                               | 2.90 | 0.29 | high      |
| 3. I am more compatible with the decisions of the Board of Directors the longer the contract period is as a result of convergence of interests with the management of the institution; | 1.90 | 0.77 | middle    |
| 4. My change after a specific period of contracting with the institution enables me to resist the pressures that the administration may exert;                                         | 2.25 | 0.75 | middle    |
| 5. I approve the working papers that were prepared in the previous custody when my relationship with the customer continues for two consecutive terms;                                 | 2.72 | 0.55 | high      |
| 6. I lose the method of professional skepticism when renewing my contract with the institution under scrutiny;                                                                         | 1.45 | 0.74 | low       |
| 7. Sometimes a change is resorted to by the institution after only one term of the contract without allowing the completion of two consecutive terms;                                  | 2.21 | 0.76 | high      |
| 8. Changing me after a specific period of the contract leads to an increase in the effort to gain knowledge about the institution under audit;                                         | 2.29 | 0.73 | high      |
| The overall average of mandatory change of the external auditor                                                                                                                        | 2.25 | 0.35 | high      |

**Source.** By researchers.

Eight factors were used to measure the impact of mandatory change policy on the independence of external auditors. Table 04 presents the results of the questionnaire regarding the importance assigned to each factor by external auditors. As shown in the table, the responses indicate relative approval with low standard deviations, suggesting minimal variation in the answers from the study sample. The statement "The duration of my engagement is determined with the institution according to Article 27 of Law 10-01" was considered the most important by the respondents, with an average score of 2.90 and a standard deviation of 0.29. This highlights the study sample's attention to complying with legal provisions regarding the institutions under audit.

The overall average for the mandatory change policy dimension was 2.25, with a standard deviation of 0.35, reflecting a general agreement among the respondents on the importance of this policy in ensuring the independence of the external auditor

### 3.4. Statistical analysis for the second axis (block 03)

**Table 04: means and standard deviations for provide advisory services**

| Statement                                                                                                                           | M           | SD          | direction |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-----------|
| 1. I take care about the separation between advisory services and the task of legal auditing from the provision of auditing service | 2.70        | 0.53        | high      |
| 2. I do not provide legal auditing and advisory services to the same client at the same time                                        | 2.90        | 0.29        | high      |
| 3. I provide advisory services by following special policies and procedures                                                         | 1.90        | 0.77        | middle    |
| 4. The institution under audit makes restrictions on the provision of services other than the legal audit service                   | 2.25        | 0.75        | middle    |
| The overall average of provide advisory services                                                                                    | <b>2.70</b> | <b>0.53</b> | high      |

**Source.** By reseachers.

Four factors were used to assess the impact of providing advisory services on the independence of external auditors. Table 05 presents the results of the questionnaire, showing the level of importance assigned to each factor by external auditors. As observed from the table, the majority of respondents highly value factors such as "I do not provide both legal auditing and advisory services to the same client at the same time" and "I ensure a clear separation between advisory services and the auditing tasks," with arithmetic means of 2.90 and 2.70, and standard deviations of 0.29 and 0.53, respectively. Additionally, two factors in this group received moderate average responses, with low standard deviations, indicating a strong consensus among the respondents regarding the importance of these factors.

## 4. results and discussion

### 4.1 Hypothesis testing

Hypotheses will be tested using a one-way Anova test, as follows:

**H1: 'There is a no significant impact of external auditors' reliance on internal auditors on external auditor's independence'**

To test this hypothesis we can use regression and variance model as follows:

**Table 05: results of regressing the independent variable (external auditors' reliance on internal auditors) on the dependent variable (external auditor's independence)**

| regression model | R     | R <sup>2</sup> | B     | A     | variance analysis ANOVA |       |       |       |
|------------------|-------|----------------|-------|-------|-------------------------|-------|-------|-------|
|                  |       |                |       |       | F                       | SIG   | T     | SIG   |
|                  | 0.322 | 0.104          | 0.337 | 1.788 | 6.127                   | 0.017 | 2.475 | 0.017 |

**Source.** By reseachers

Table 06 presents the results of regressing the independent variable (external auditor's reliance on internal auditor's work) on the dependent variable (external audit independence). As indicated in the table, the regression model is statistically significant (F-value = 6.127), with a low adjusted R<sup>2</sup> of 0.104. This suggests that only 10.4% of the variation in external audit independence can be explained by the external auditor's reliance on the internal auditor's work. This indicates a weak positive effect, meaning that reliance on internal audit has a weak but statistically significant impact on the external auditor's independence. The significance level ( $\alpha$ ) is 0.017, which is below the 0.05 threshold. Therefore, based on this analysis, H1 is rejected, and we accept the alternative hypothesis: "External auditors' reliance on internal auditors has a significant impact on external auditor's independence."

The external auditor's reliance on internal auditor's work and its impact on external auditor's independence can be detailed by testing the sub-hypotheses as follows:

**There is a significant impact of external auditors' reliance on internal auditors on external auditor's independence'**

**H1a: 'There is a no significant impact of external auditors' reliance on internal auditors on external auditor's mental and virtual independence'**

To test this hypothesis we can use regression and variance model as follows:

**Table 06: results of regressing the independent variable (external auditors' reliance on internal auditors) on the dependent variable (external auditor's mental and virtual independence)**

| regression model | R     | R <sup>2</sup> | B     | A     | variance analysis ANOVA |       |       |       |
|------------------|-------|----------------|-------|-------|-------------------------|-------|-------|-------|
|                  |       |                |       |       | F                       | SIG   | T     | SIG   |
|                  | 0.729 | 8050.          | 0.229 | 2.122 | 4.491                   | 0.039 | 2.119 | 0.039 |

**Source.** By reseachers

Table 07 presents the results of regressing the independent variable (external auditor's reliance on internal auditor's work) on the dependent variable (external auditor's mental and virtual independence). The regression model is highly significant (F-value = 4.491) with an adjusted R<sup>2</sup> of 0.580. This indicates that 58% of the variation in the external auditor's mental and virtual independence can be explained by their reliance on the work of the internal auditor. This reflects a strong positive effect, meaning that the external auditor's reliance on internal auditors' work has a significant impact on their mental and virtual independence. The significance level ( $\alpha$ ) is 0.039, which is below the 0.05 threshold. Consequently, H1a is rejected, and we accept the alternative hypothesis: "External auditors' reliance on internal auditors has a significant impact on external auditor's mental and virtual independence.:

**H1b: 'There is a no significant impact of external auditors' reliance on internal auditors on external auditor's mandatory change'**

To test this hypothesis we can use regression and variance model as follows:

**Table 07: results of regressing the independent variable (external auditors' reliance on internal auditors) on the dependent variable (external auditor's mandatory change)**

| regression model | R     | R <sup>2</sup> | B     | A     | variance analysis ANOVA |       |        |       |
|------------------|-------|----------------|-------|-------|-------------------------|-------|--------|-------|
|                  |       |                |       |       | F                       | SIG   | T      | SIG   |
|                  | 0.859 | 0.585          | 0.229 | 1.197 | 148.873                 | 0.000 | 12.201 | 0.000 |

**Source.** By reseachers

Table 08 presents the results of regressing the independent variable (external auditor's reliance on internal auditor's work) on the dependent variable (external auditor's mandatory change). The regression model is highly significant (F-value = 148.873) with an adjusted R<sup>2</sup> of 0.585, indicating that 58.5% of the variation in the external auditor's mandatory change can be explained by their reliance on the internal auditor's work. This reflects a strong positive effect, meaning that the external auditor's reliance on internal auditors' work has a significant impact on the mandatory change of the external auditor. The significance level ( $\alpha$ ) is 0.000, which is well below the 0.05 threshold.

From the above **H1b** is incorrect and we **accept** the alternative hypothesis:

**There is a significant impact of external auditors' reliance on internal auditors on external auditor's mandatory change'**

# **H1c: 'There is a no significant impact of external auditors' reliance on internal auditors on providing advisory services**

To test this hypothesis we can use regression and variance model as follows:

**Table 08: results of regressing the independent variable (external auditors' reliance on internal auditors) on the dependent variable (Providing advisory services)**

| regression model | R     | R <sup>2</sup> | B     | A     | variance analysis ANOVA |       |       |       |
|------------------|-------|----------------|-------|-------|-------------------------|-------|-------|-------|
|                  |       |                |       |       | F                       | SIG   | T     | SIG   |
|                  | 0.131 | 0.17           | 0.235 | 2.069 | 0.919                   | 0.342 | 0.959 | 0.342 |

**Source.** By reseachers

Table 09 presents the results of regressing the independent variable (external auditor's reliance on internal auditor's work) on the dependent variable (external auditor's provision of advisory services). As shown in the table, the regression model is statistically significant (F-value = 0.919) but has a low adjusted R<sup>2</sup> of 0.17, indicating that only 17% of the variation in external auditors' provision of advisory services can be explained by their reliance on internal auditors' work. This suggests a weak effect, meaning that the reliance on internal auditors' work has a weak, statistically significant influence on the provision of advisory services. The significance level ( $\alpha$ ) is 0.342, which is greater than 0.05.

Therefore, based on these findings, H1c is rejected, and the alternative hypothesis is accepted: There is no significant impact of external auditors' reliance on internal auditors on the provision of advisory services

## **4.2 results**

The study was successful in measuring both the relative main and interactive effects of the independent variable on dependent variables. to investigate the perceptions of a sample of Jordanian external auditors to the importance given by them to a number of factors which may influence their reliance on internal auditor during their external audit; to examine the relationship, if any, between the degree of reliance on the internal audit and external auditor's independence. To accomplish these objectives, a questionnaire was designed and distributed to a sample of Algerian external auditors. The objectives measure revealed that external auditors' reliance on internal auditors affects on external auditor's independence of 10.4 %. External auditors' reliance on internal auditors affects on external auditor's mental and virtual independence of 58 %. External auditors' reliance on internal auditors affects on external auditor's mandatory change of 58.5 %. external auditors' reliance on internal auditors affects on providing advisory services of 17 %.

## Conclusion

The study successfully assessed both the main and interactive effects of the independent variable on the dependent variables. It aimed to investigate the perceptions of a sample of Jordanian external auditors regarding the importance they place on various factors that may influence their reliance on internal auditors during external audits. Additionally, the study examined the relationship, if any, between the degree of reliance on internal audits and the independence of external auditors.

## Key Findings:

- There is a significant impact of external auditors' reliance on internal auditors on their independence: Regression results showed a weak but statistically significant positive effect, with reliance explaining 10.4% of the variation in external auditor independence.
- Strong impact on mental and apparent independence: External auditors' reliance on internal audit work explains 58% of the variation in mental and apparent independence, indicating a strong positive relationship.
- Significant effect on mandatory auditor rotation: Reliance on internal auditors accounts for 58.5% of the variation in mandatory change of the external auditor, highlighting a notable influence.
- No significant impact on the provision of advisory services: The relationship between reliance on internal auditors and the provision of advisory services is statistically insignificant, indicating a degree of separation in this aspect.
- High consensus among respondents on the importance of cooperation between internal and external auditors: Survey responses showed high ratings for coordination factors, especially reviewing internal control systems and providing governance-related recommendations.

## Recommendations:

- Establish clear guidelines for the level of reliance on internal audit work: Although international standards (e.g., ISA 610) exist, they lack detailed criteria for determining the extent of reliance, calling for more precise internal regulatory frameworks in the Algerian audit environment.
- Strengthen auditor independence through mandatory rotation and contract limits: To prevent bias and reduce over-familiarity, the study recommends enforcing strict policies on auditor rotation and limiting long-term engagements.
- Maintain a clear separation between statutory audit and advisory services: External auditors should avoid offering both types of services to the same client to prevent conflicts of interest and ensure objectivity.
- Promote the role of audit committees in safeguarding auditor independence: Independent audit committees can minimize management influence and support external auditors in maintaining professional skepticism.
- Rigorously evaluate internal auditors' objectivity and competence before relying on their work: External auditors must thoroughly assess the internal audit function's qualifications and impartiality before incorporating their work into the external audit process.

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