

The Relationship between Audit Experience and Internal Audit Effectiveness in the Public Sector Organizations

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Abstract *Experience on organizational operations plays an important role in ensuring objective achievement of such organizations, likewise internal audit experience within an organizations contribute toward objective achievement of such organization. In line with this, the aim of this paper is to examine the relationship between audit experience and internal audit effectiveness in the public sector organizations. The paper is a literature review paper and the paper concluded that audit experience can influence the effectiveness of internal auditors in the public sector organizations. The paper needs to be validated empirically.*

Key words Audit experience, internal audit effectiveness, public sector organizations

DOI: 10.6007/IJARAFMS/v3-i3/224

URL: <http://dx.doi.org/10.6007/IJARAFMS/v3-i3/224>

1. Introduction

Knowing the factors that influence internal audit effectiveness is important because effective internal audit can lead to the improvement of four important processes in the organization: learning (educating staff how to do their work better), motivation (auditing also leads to improvement of performance), deterrence (knowing that an audit is discourage any things that can lead to abuse), and process improvements (internal audit may also ensure that the right things are done in the right way) (Eden and Moriah,1996). Therefore, in line with this, there are needs for a more comprehensive study on the issue of internal audit effectiveness both conceptual and empirical (Cohen & Sayag, 2010), also considering the little literature about the measurement of auditing effectiveness particularly in the public sector, more need to be done (Mizrahi & Ness-Weisman, 2007). Similarly, earnings quality of both public and private companies is increasing in auditor experience (Chi et al, 2010) this is because auditors that have experience tend to perform best audit practices in order to achieve better audit outcomes that would lead to audit success due to their abilities to react to their clients expectations, needs and the requirements due to their awareness to various auditing standards and practice (Ussahawanitchakit, 2012).

In addition, Bonner (1990) show that auditors with more experience generally perform more effectively than auditors with less experience, this is because experience improve auditor's abilities to process information, make mental comparisons of alternative solutions and initiate subsequent action than inexperience (Chung & Monroe, 2000). Audit experience is one of the main topics in auditing research (Sudsomboon & Ussahawanitchakit, 2009). Therefore, future research is needed to conduct research on audit experience (Intakhan & Ussahawanitchakit, 2010; Ussahawanitchakit, 2012). In view of the above, the objective of the research is to examine the relationship between audit experience and internal audit effectiveness. Section two of the paper present the literature review including the underpinning theory, while section three deals with the conclusion.

2. Literature Review

2.1. Internal audit effectiveness

Effective internal audit system helps in achieving performance, profitability and prevents in loss of revenues particularly in public sectors (Vijayakumar & Nagaraja, 2012) even though Pilcher Gilchrist and Singh (2011) observed that efficiency and effectiveness of audit in a public sectors context is more complex than in the private sectors. But then consideration must be given to the effectiveness of internal auditors particularly in the public sector organizations. It is quite interesting that audit effectiveness is an outcome of auditors' activities, duties, professional practices and responsibilities through a high commitment with audit standards, goals, objectives, policies and procedures (Ussahawanitchakit & Intakhan, 2011). In the same vein, Shoomuangpak and Ussahawanitchakit (2009) provided that audit effectiveness refers to "achieving audit's objective by gathering of sufficient and appropriate audit evidence in order to reasonable opinion regarding the financial statements compliance with generally accepted accounting principles." Also, Institute of Internal Audit (2010) defined internal audit effectiveness "as the degree (including quality) to which established objectives are achieved".

In the same vein, internal audit effectiveness means the extent to which an internal audit office meets its purposes (Mihret & Yismaw, 2007). While Mizrahi and Ness-Weisman (2007) give their own definition which is in line with the ability of the internal auditor intervention in prevention and correction of deficiencies and they finally defined internal audit effectiveness as "the number and scope of deficiencies corrected following the auditing process." Therefore, from the above definition, this study defined audit effectiveness or internal audit effectiveness as the ability of the auditors either internal or external to achieved established objective within the organization.

Many organizations are showing concerned to their internal auditors in order to give guidance and advice at different levels of management (Davies, 2001). This is because the internal audit plays an important role in the organizational process, and therefore it is not only required to perform ordinary assurance activities, but also to serve as a strategic partner of the organization and add value to its activities towards improving organizational processes and ensuring their effectiveness and efficiency (Al-Twaijry et al, 2003; Mihret et al, 2010; Savcuk, 2007). Therefore, organizations with effective and efficient internal audit function are more than those that have not such a function to detect fraud within their organizations (Corama, Ferguson & Moroney, 2006; Coetzee & Fourie 2009; IIA, 2010; Omar & Abu Bakar, 2012; Radu, 2012). At the same time, there is need for the internal audit to be effective so as to create improvement in the government parastatals (Unegbu & Kida, 2011). Hence, an effective internal auditor is the one who assist his organisation in meeting their objectives; therefore, public sector organizations should ensure that their internal audit is effective so as to create value and effectiveness in such organization.

Effective internal auditor professionals should provide the following characteristics: The ability to align the structure of internal audit with the dynamics of the organizational operation; There should be strong relationship between management skills for maintaining appropriate visibility and audit committee needs and expectations; There should be strong service delivery capabilities (consistency in approach, standards, and delivery), including the abilities to maintain audit focus and alignment of resources to the plan; There should also be strong management skills which will ensured that internal audit teams have appropriate skilled and motivation (Alberta, 2005). Beside the above, the level of training, education, experience as well as professional qualifications of the internal auditors influenced the effectiveness of internal audit (Al-Twaijry et al., 2003).

Furthermore, effective internal audit function could be a major asset for improving public confidence in financial reporting and corporate governance if it contain these element; Organizational independence, a formal mandate (existence of approved audit charter, unrestricted access, sufficient funding, competent leadership, competent staff, existence of audit committee, stakeholder support, professional audit standards and unlimited scope (Belay, 2007; De Smet & Mention 2011). However, the following variables influence internal audit effectiveness; qualified and adequate staff, professionalism, and relationship with the audit committee (Sarens, 2009). In line with this, Chartered Institute of Public Finance and Accountancy (2006) provided that an effective internal audit service should aspire to: understand the whole organisation, its needs and objectives; understand its position with respect to the organisation's other sources of assurance and plan its work accordingly; be seen as a catalyst for change at the heart of the organisation; add value and assist the

organisation in achieving its objectives; help to shape the ethics and standards of the organisation, ensure the right resources are available and seek opportunities for joint working with other organisations' auditor. Hence, the above discussions indicate the importance of having effective internal auditors. Therefore, public sector organisation should make sure that their internal auditors are effective by providing them with necessary requirement as identified above. Because the effectiveness of internal audit will definitely benefits the management of the organisation effectively in their objective achievement.

Several studies have been conducted on internal audit effectiveness, (Ahmad, et al 2009; Arena & Azzone 2009; Cohen & Sayag, 2010; Dominic & Nonna, 2011; Intakhan & Ussahawanitchakit, 2010; Mihret & Yismaw, 2007; Mihret et al 2010; Mizrahi & Ness-Weisman, 2007; Omar & Abu Bakar, 2012; Theofanis, et al 2011; Unegbu & Kida, 2011; Ussahawanitchakit & Intakhan, 2011) for example the study carried out by Ahmad et al (2009) on the effectiveness of internal audit in Malaysian public sector, in which they consider only the people that attend symposium 2008 held in National Audit Academy in Negeri Sembilan Malaysia as a sample, simple percentage for data analysis found the lack of audit staff is ranked as the major problem faced by internal auditors in conducting an effective internal auditing. The study concluded by suggesting that future studies should adopt other methods such as field survey of wider groups of internal auditors both in public and the private sectors. Likewise, Theofanis, et al (2011) examine the relationship between element of internal control system and internal audit effectiveness and the result of the study reveal positive relationship between the two relationships. Even though the studies used only 52 Hotels in Greek as a sample and mail survey for data collection, but at conclusion they suggest that if future studies should carried out research on internal audit effectiveness with large sample, the result will be better than their own.

Also study carried out by Mihret and Yismaw (2007) on the internal audit effectiveness: An Ethiopian public sector case study in which they use these variables i.e. internal audit quality, support of management, organizational setting and attributes from auditee towards determining the internal audit effectiveness and used Questionnaire, interview and documentation for research instrument and finally fund that internal audit effectiveness is strongly influenced by internal audit quality and support from management, whereas organizational setting and attributes of the auditee do not have any strong impact on audit effectiveness.

in a related study carried out by Cohen and Sayag (2010) on the effectiveness of internal auditing: An empirical examination of its determinants in Israeli Organizations in which they used these variables; Sector – private versus public, Professional proficiency of internal auditors, Quality of audit work, Organizational independence, Career and advancement, Top management support in determine their relationship with the internal audit effectiveness, also used questionnaire and mail survey of 292 organization in their methodology and fund that the support of management is almost crucial to the operation and success of internal audit effectiveness. The study also reveals that other determinants of internal audit effectiveness are derive from support of top management such as proficient internal audit staff, developing career, organizational independence for internal audit work are all results of decisions made by top management. The two studies above seems that they have something in common which is so effective toward determining the internal audit effectiveness i.e. management support despite the differences of other variables. This means that management support is highly needed for the success of internal audit effectiveness.

In another study carried out by Arena and Azzone (2009) on Identifying organizational drivers of internal audit effectiveness in which they uses these variables; resources and competencies of an internal audit team, activities and processes performed and organizational role in determining the dependent variable and uses 153 Italian companies and survey method of data collection, fund that the effectiveness of internal auditing is influenced by; the characteristics of the internal audit team; the audit processes and activities; and the organizational links. Hence the above studies give more emphasis on internal audit effectiveness at private sectors; little is known in the public sectors. Therefore, more research on internal audit effectiveness should be conducted in the public sector organizations so as to contribute to the public sector literature on internal audit effectiveness.

2.2. Audit Experience

For a longer period of time, behavioral researchers give more concerned on the effects of experience particularly in the aspect of decision making in a highly important fields such as auditing (Ahdolmohammadi & Wright, 1987; Wright & Wright, 1997) this shows that experience is an important issue to consider (Leh-

mann & Norman, 2006) because auditors' professional practices through audit experience influenced their audit professionalism and this have significant impact on their audit efficiency and effectiveness (Intakhan & Ussahawanitchakit, 2010). In line with the above, recently, research in the area of professional experience in accounting and auditing are increasing (Gaballa & Ning, 2011) and due to this development, the impact of auditor experience on earnings quality and perceptions of earnings quality has been the focus as the area of research in the United States (Chi, Myers, Omer, & Xie, 2010) additionally, investors in China perceive earnings to be more credible especially when it's audited by more experienced auditors (Wang, Yu, Zhang & Zhao (2012). Virtually this should also be an area of research in the public sector organizations context.

Various researches on experience and expertise recommend that an individual's knowledge changes as experience increases (Knapp & Knapp, 2001). In this vein, Libby and Frederick (1990) suggest that this knowledge advantage was as a result of the ability to generate more likely explanations for audit findings. This led the earlier researchers suggest that when an auditors gain experience, it's an indication that; they know more about errors; they have more accurate knowledge on error; they know more occasional errors, and the causes features of errors (Cohen & Kida, 1989; Gaballa & Ning, 2011; Libby & Frederick, 1990; Intakhan & Ussahawanitchakit, 2010; Tubbs, 1993). But Bonner and Lewis (1990) argued that even though experience is a good predictor of knowledge but not all types of knowledge are acquired equally by persons with a given amount of experience, likewise not all persons with similar experience in a domain are likely to have similar problem solving abilities but rather it depend on the task or clients activities and because the different types of knowledge are acquired through different specific experiences and training.

Additionally, Carpenter et al, (2002) argued that being you have audit experience, it does not means you have the capacity of detecting fraud but rather its individual experience in fraud detection that will give him the capability of detecting fraud. Therefore, the diversification of such audit knowledge is also fundamental to audit efficiency and audit effectiveness (Musig & Ussahawanitchakit, 2011). In effect, such knowledge should also play important role in internal audit effectiveness in the public sector organizations.

Similarly, research on auditor experience show that specific task experience can improves auditors' judgments (Agoglia, Beaudoin & Tsakumis, 2006; Carpenter, Durtschi & Gaynor, 2002; Cohen & Kida, 1989; Chung & Monroe 2000; Donnell, 2002; Messier, 1983) this is because auditing is a profession whose main functions rely largely on the judgments of trained experts (Ahdolmohammadi & Wright, 1987). In addition, Asare et al, (2009) also support that client relations concerns may still influence auditors' judgments in reporting, for instance, auditors tend to interpret ambiguous standards in a ways to support client-preferred accounting methods. In line with the above statement, Kaplan, Donnell and Arel (2008) noted that experience suppose to influence auditors' judgments about information provided by management when it is in consistent with management's self-interest, in the other hand if such information from management is not consistent with management's self-interest then will view that information with less suspicion. Though Russo (2002) argued that the effect of experience on performing a task can then be assessed by measuring the resulting change in the task automatically, despite that experience auditor may have the ability of identifying the right information that will aid his judgment (Bonner, 1990) because they gain the experience as a result of training and field experience acquired earlier in their careers (Arel, Kaplan & Donnell 2005). Therefore, experience auditors should make sure that their judgment in whatever issues is always accurate in order to go along with the standard.

Furthermore, it's important to define audit experience so as to identify the direction of the research work. Chung and Monroe (2000) considered audit experience as "the auditors unique knowledge, competencies and capabilities that exist from job practices in auditing profession which lead to the enhancement of auditor's abilities to process relevant information, make a metal comparisons of alternative way out, initiate subsequent actions and also provide decision making efficiency and effectiveness through a good memory of information necessary and an accurate judgment of audit works." While Musig and Ussahawanitchakit, (2011) view audit experience as the skills which are obtained from audit tasks concerning relevant audit standards and accounting guidance and error specific experiences (i.e. financial misstatements), which affect audit task and audit performance. Also Carpenter et al, (2002) point out that experience is the act practice and feedback and can lead to knowledge acquisition. Therefore, for the purpose of this study, audit experience refers to different kind of knowledge and skills which the auditor obtain as a result length of tenure of the job practice in the auditing professions which will enhance his effectiveness.

In line with the above, auditors are required to utilize their experience toward achieving effectiveness (Intakhan & Ussahawanitchakit, 2010). Even though Wright and Wright (1997) and Wang et al, (2012) classified the audit experience into two that is general audit experience and client specific audit experience. The general audit experience concerned with the audit knowledge, trainings, skills, expertise that can be applicable to the audit of any client. But Bonner and Lewis (1990) argued that results from both accounting and auditing fields suggest that general experience is an incomplete measure of task specific expertise. In addition, years of audit experience has been considered as the measure of general audit experience (Wright & Wright 1997), experience can also be seen as the average number of years of internal auditing experience of the internal auditors in internal audit function (Prawitt et al 2008). But Carpenter et al, (2002) argued that experience does not need to be a function of years on the job, rather that experience can be consider in the proper training environment that provides practice with feedback (Carpenter et al, 2002). While the client-specific audit experience deals with the audit experience that is applicable only to the current client. Donnell (2002) suggest that both experience can provide auditors with either regular knowledge or design knowledge. Even though one of the advantages of employing more experienced auditors was the complete consideration of possible explanations of events and this is because more experienced auditors' perceptions were frequently accurate (Libby, & Frederick, 1990).

In the same vein, it's also agreed that financial statements gave a greater confidence if it's being audited and signed by partners who have more auditing experience (Chi et al, 2010). Thus, this show that experienced auditors have the ability to generate more financial statement errors from transaction cycle which inexperienced auditors could not (Libby & Frederick, 1990). But this is been argued by Carpenter et al, (2002) that accounting profession has been under assault for several years because of the inability of auditors to detect frauds before the issuance of a company's financial statements, because to some extent they ignore the requirement of standard and unfortunately allow their clients' to dictate their reporting choices (Asare, et al, 2009).

While on the other hand, the auditors that have audit experience are more aware of the impact of regulations in the audit process and thereby improving their audit quality than un experience one (Brown & Jones, 2011; Gaballa & Ning, 2011; Wang et al, 2012) even with respect to knowledge structures Choo and Trotman (1991) found that experienced and inexperienced auditors are entirely different, because experience auditors has more sophisticated ways of using their knowledge than inexperienced auditors. This is because the knowledge structures influence their audit duties, functions as well as their audit activities (Intakhan, & Ussahawanitchakit, 2010). Therefore, experience in audit should also play an important role in audit effectiveness particularly in the public sector organizations.

In addition of the above, Shelton (1999) found that both experienced and inexperienced auditors even when they discover relevant information, it's only the experienced auditors that are willing to ignore irrelevant information especially when making audit judgments while the inexperience consider the irrelevant fact. Not withstand, Donnell (2002) suggest that inexperienced auditors may already have the knowledge they need to perform analytical procedures effectively because they learned it through error specific experience also, Libby and Frederick (1990) view that, most of the activity of many actual procedures in an audit program is handle by inexperienced auditors, that is explaining and interpreting the implications of the results of those procedures for further testing while the possible audit adjustment is usually handle by more experience auditors. Likewise, Asare et al, (2009) noted that more experienced auditors were more likely to recommend an inventory write off than less experienced auditors. In addition, Bierstaker and Thibodeau (2006) also affirm that more experienced auditors acquired and consider more relevant information than less experienced auditors and it is because more experienced auditors were able to utilize more concepts in their memory which make them to acquire more relevant information. While Shelton (1999) also suggests that the less experience auditors should be train in such a way that they can focus on relevant information and ignore irrelevant information.

Base on the comparison given above (between experience and inexperience auditors), it's believe that the judgments given by experienced auditors can also been used as a yardstick for other performance measures especially in determining firm policies and auditing standards (Bonner, 1990) this is because, the effects of audit experience continue to be significant as the complexity of the audit decision grows (Ahdolmohammadi & Wright, 1987). In addition, management gives more concern on a judgment of the high

experience group than the judgments of the low-experience group (Kaplan et al (2008) and at the same time, the auditors that has adequate experience are usually assigned to control and evaluate different tasks within audit firms (Arel et al, 2005). This show that auditors with different levels of experience can be assigned to perform various tasks within an organization because they can perform tasks that inexperienced auditors cannot perform. This should equally applicable to internal auditors at public sector organizations. Even though we don't expect the differences between more experience and less experienced auditors' assessments to differ as to great extent when it come to compliance goal (Asare, et al, 2009).

Moreover, as auditors gain experience, their knowledge structures become well developed (Arel et al, 2005; Bonner, 1990; Libby & Frederick, 1990). Identification of differences in knowledge between experienced and inexperienced auditors was as a result of practical benefit for the training of the auditors, even though the identification of the knowledge can also lead to more effective assignment to the auditors, in order to perform tasks which they have the right level of knowledge (Libby & Frederick, 1990; Tubbs, 1993). But Bonner and Lewis (1990) argued that different audit tasks require different types of knowledge and researchers should specify the knowledge needed to complete tasks and not to assume that all individuals at a given level of experience equally possess task-specific knowledge, though such knowledge also give them the capability to identify any obstacles that will jeopardize clients' probability to continue as a going-concern (Choo & Trotman, 1991; Intakhan & Ussahawanitchakit, 2010; Lehmann & Norman 2006; Ussahawanitchakit, 2012; Wang et al, 2012; Shelton, 1999) and well organized knowledge improve the performance of an expert (Gaballa & Ning, 2011).

Such knowledge could enable experienced decision makers to focus on relevant information (Shelton, 1999) this is because auditors with different levels of training and experience engage in different audit decision tasks (Libby & Frederick, 1990). This means experience auditors usually consider relevant information in their decisions. In addition, the negotiation of experience can also lead to a better outcome, for example; Fu, Tan & Zhang (2011) found that negotiation of experience between auditors within the context of different client negotiation style improve the perception of auditors' negotiation outcome, it also help in their effectiveness and efficiency because negotiation of such experience is associated with knowledge negotiation strategies to employ during auditor-client negotiations. This indicates that audit firms that consider negotiation of experience would benefit by assigning those auditors with greater negotiation of experience to deals with different clients issues. This is also good at the public sector organizations if the internal auditors will negotiate their experience with their counterpart in different organizations because it will improve their effectiveness.

Most of the previous studies that has been conducted on audit experience neglect the impact of such experience on internal audit effectiveness in the public sector organizations, for instances; some of the few previous studies that has been conducted on audit experience give more concern on the role of the audit experience in the aspect of discovering of error and judgments in the financial statement for example (Bonner, 1990; Cohen & Kida 1989; Choo & Trotman, 1991; Chung & Monroe, 2000; Donnell, 2002; Libby & Frederick, 1990; Messier, 1983; Russo, 2002; Shelton, 1999; Tubbs, 1992). While some of the few recent studies on audit experience did not examine the audit experience in relation to internal audit effectiveness in the public sectors organizations (Asare et al, 2009; Chanruang & Ussahawanitchakit, 2011; Chi et al, 2010; Gaballa & Ning, 2011; Intakhan & Ussahawanitchakit 2010; Kaplan et al, 2008; Ussahawanitchakit, 2012; Ussahawanitchakit & Intakhan, 2011; Wang et al, 2012).

For example: A study carried out by Chung and Monroe (2000) on the effects of experience and task difficulty on accuracy and confidence assessments of auditors. This study examines the effects of audit experience and task difficulty on auditors' appropriateness of confidence. In which they used audit experience as independent variable toward measuring the dependent variable which are perceived task difficulty and confidence, the study make used of questionnaire and descriptive statistic for data analysis and found that audit experience had a significant negative relation with perceived task difficulty and a significant positive relation with confidence.

In a related study carried out by Chi et al, (2010) on the effects of auditors' pre-client and client-specific experience on earnings quality and perceptions of earnings quality: Evidence from private and public Companies in Taiwan; in which they examine the effects of various measures of auditor experience on earnings quality and perceptions of earnings quality for both private and public companies in Taiwan. Used questionnaire

and ordinary least squares regression for data analysis and found that; general audit experience enhances earnings quality for private companies. This is the same with the finding of Bonner (1990) that experience auditor are better than inexperienced auditors at judging the relative frequency of financial statement errors. In addition, results from experiment that has been conducted by Kaplan et al (2008) demonstrated that audit seniors with less experience are usually influenced to a greater extent by a management in line with their self interest than audit seniors with more experience.

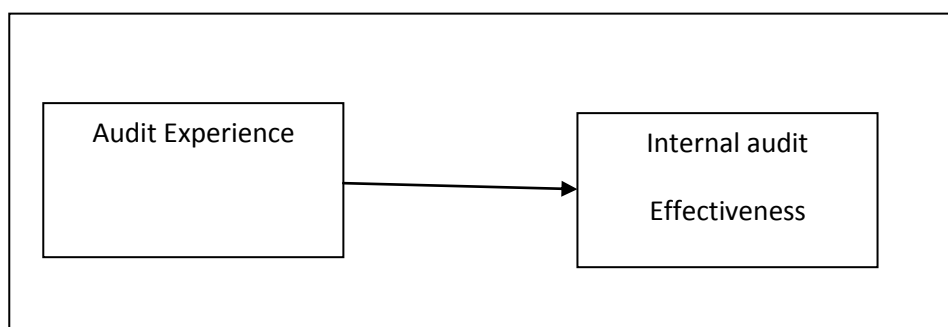
Likewise, Gaballa and Ning (2011) carried out a study on the effects of experience on the performance of the external auditor. The aim of the study was to consider the impact of professional experience upon the performance of the external auditor of his functions in Libya and used Standard deviation, Mann-Whitney for data interpretation and found that the number of years of experience does not materially affect the performance of the external auditor in Libya. However, Donnell (2002) found that performance improve as error specific experience increased. In addition, Libby and Frederick (1990) demonstrated that experience may enhance performance because it will help the auditors to learn to retrieve and also to apply the knowledge. Likewise Asare et al, (2009) found that more experienced auditors are more likely to recommend an inventory write off than less experienced auditors when they are presented with a competing goal than when they are presented with a compliance goal. Also Bonner and Lewis (1990) suggest that special knowledge related to a specific issue within a general scope is important to expert performance. Furthermore, Carpenter et al, (2002) found that the audit novices who had received practice and feedback in detecting fraud are more accurately in the assessment relevance of fraud risk factors related to the firm environment than those experience auditors, even though they make use of eighteen senior auditors from a Big 5 audit firms and eighteen graduate accounting students enrolled at a large state university as their samples.

Similarly, Wang et al (2012) carried out research on engaging audit partner experience and audit. The objective of the study is to examine the relation between individual audit partner experience and actual as well as perceived audit quality. They used questionnaire for data collection, descriptive statistics and Pearson correlation for data analysis. The result of the study reveals that; audit partner experience increases both actual and perceived audit quality. likewise in a related study carried out by Ussahawanitchakit and Intakhan (2011) Ussahawanitchakit (2012) in which they consider the moderating effect of audit experience and they finally found that the audit experience did not play the role of moderating effect and this is in contrast with the studies carried out by Intakhan and Ussahawanitchakit (2010) and Chanruang and Ussahawanitchakit (2011) in which they consider the audit experience as independent variable and find it positive. To this end, it seems that the audit experience play more of independent variable than a moderating effect.

Despite the above studies that has been conducted on audit experience, none of the studies examine the relationship between audit experiences and the internal audit effectiveness particularly in the public sector organizations. Therefore, this research will extend the previous research by examining the relationship between audit experience and internal audit effectiveness at public sector organizations.

Theoretical framework

Based on the above discussion at literature review section, the following is the study theoretical framework:



Proposition

P1 Audit experience has significant impact on internal audit effectiveness in the public sector organizations.

2.3. Underpinning Theory

Contingency theory is known as one of those theory that are usually been used recently in management accounting and auditing research (Abushaiba & Zainuddin, 2012; Reid & Smith, 2000; Sudsomboon & Ussahawanitchakit, 2009; Valanciene & Gimzauskiene, 2009) though the utilization of the theory may have different effect, and equally it effectiveness depend upon the stage/or field that is been proposed (Chenhall, 2003; Drazin & Van de Ven, 1985), additionally, the relevant of any given factor should be contingent upon other factors (Krishnamoorthy, 2002) but then contingency theory enables a researcher to systematically introduce factors to explain or predict expected phenomena (Umanath, 2003). This is because it does depend on one's interpretation of the theory, and such theory has the capability of producing accurate hypotheses and consistent functions (Schoonhoven, 1981). Therefore, this indicates the possibility of applying contingency framework in the public sectors (Wood, 2009). Mean while a contingency theory also differs with other theories in the form of their specific propositions, this is because it's hypothesize a conditional relationship between two or more independent variables with a dependent variable and subject it to an empirical test (Drazin & Van de Ven, 1985). Therefore, this study proposes that internal audit effectiveness in the public sectors organization is contingent upon the audit experience.

3. Conclusion

This paper presents the relationship between audit experience and internal audit effectiveness in the public sector organizations. The paper is constraint to only considering the audit experience as the independent variable; it is a conceptual literature review paper at public sectors. However, despite the limitation of the paper, the paper contribute to knowledge by extending the existing literature on the internal audit effectiveness through determining the effectiveness of internal audit at public sectors in relation to audit experience as recommend that more research should be carry out on internal audit effectiveness in the public sector (Mizrahi & Nes-Newman, 2007) the paper also contribute on the internal audit effectiveness at the public sector since most of the previous studies give more concerned in the private sector organizations and fail to develop a model showing the relation between audit experience and internal audit effectiveness in the public sector. Despite the fact that this paper is part of ongoing PhD thesis of the researcher. Future research should validate it in different public sector organizations of different countries using different kind of analysis. Likewise future research should look at the possibility of inserting other moderating or mediating variables in order to strength or to influence the relationship between audit experience and internal audit effectiveness. Also, more research should be conducted on internal audit effectiveness.

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