

**T.C.
ISTANBUL AYDIN UNIVERSITY
INSTITUTE OF GRADUATE STUDIES**



**INTERNAL AUDIT FUNCTION: A COMPARISON BETWEEN
PRIVATE AND PUBLIC SECTORS IN BALKH-AFGHANISTAN**

MASTER'S THESIS

Mohammad Javid AFZALI

**Department of Business
Business Administration Program**

DECEMBER, 2021

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APPROVAL PAGE

DECLARATION

I hereby state that with admiration the “IAF: A comparison between private and public sectors in Balkh-Afghanistan” has been presented as Master degree research. It is with my deepest gratitude and warmest affection that I dedicate this work to the people who served as an inspiration from my advisor under whose constant guidance I have completed this research to my supporting family and friends.

M. Javid AFZALI

FOREWORD

First of all, I would like to deeply thank God for providing me the wisdom, energy, knowledge, and devotion to complete this mission successfully. Second, I would like to express my warmest gratitude to my advisor Dr. ESİN NESRİN CAN who made this work possible, her guidance and advice accompanied me through all stages of writing my thesis.

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Using this opportunity, I would like to thank all the respondents for their involvement in my survey completion as without their prompt engagement the compilation of this survey would have not been achievable.

Last but not least, I must express my appreciation to my friends for supporting me by continues encouragement, moral boosting and affection during this journey.

To my mother to whom I shall remain indebt

To my family and friends.

December, 2021

Mohammad Javid AFZALI

INTERNAL AUDIT FUNCTION: A COMPARISON BETWEEN PRIVATE AND PUBLIC SECTORS IN BALKH-AFGHANISTAN

ABSTRACT

This thesis was presented at the University of Istanbul Aydin's MBA program. When properly established, administered, and managed, an internal audit may help an organization accomplish its objectives. Companies that effectively established, ran and managed internal audits became better able to spot their business dangers and inefficiencies in the system, allowing them to take corrective steps and reinforce procedures. The core goal of this paper is to analysing IAF and the comparison of private and public sectors in Balkh-Afghanistan. The research employed a selective sample strategy and included internal auditors from Afghanistan's private and public sectors. The analysis was conducted in the manner of a research study, employing quantitative research methodologies. Self-administered questionnaires are a type of quantitative research instrument. These questionnaires were created on a 5-point Likert scale, sent to Balkh's internal auditors in the P&P sector¹, and evaluated with SPSS² statistical software. According to the findings, increasing the usage of internal audit competence, internal audit independence, internal audit working quality, and internal audit management system improves IAF in the P&P sectors of Balkh Afghanistan.

Some good recommendations could be given the importance of internal audit in the corporate organization, future corporate mechanisms such as the audit committee, external audit, and ownership structure should be examined for their impact on IA effectiveness. In addition, future studies could include larger sample size and the discovery of a scale for evaluating the effectiveness of internal auditing. Also, one may use the effect of Sector of organization, outsourcing of internal audit and management training ground over IAF.

Keywords: Internal Audit, Internal Audit and Management, Private and public Sectors, Internal Auditors, Balkh, Afghanistan.

¹ Private and Public Sector

² Statistical Package for Social Science

İÇ DENETİM FONKSİYONU: BELH-AFGANISTAN'DA ÖZEL VE KAMU SEKTÖRÜ KARŞILAŞTIRMASI

ÖZET

Bu tez İstanbul Aydın Üniversitesi'nin MBA programında sunulmuştur. Düzgün bir şekilde kurulduğunda, yönetildiğinde ve yönetildiğinde bir iç denetim, bir kuruluşun amaçlarına ulaşmasına yardımcı olabilir. İç denetimleri etkin bir şekilde oluşturan, yürüten ve yöneten şirketler, sistemdeki iş tehlikelerini ve verimsizliklerini daha iyi tespit ederek düzeltici adımlar atmalarını ve prosedürleri güçlendirmelerini sağladı. Bu makalenin temel amacı, IAF'yi ve Balkh-Afganistan'daki özel sektör ile kamu sektörlerinin karşılaştırmasını analiz etmektir. Araştırma, seçici bir örneklem stratejisi kullandı ve Afganistan'ın özel ve kamu sektörlerinden iç denetçileri içeriyordu.

Analiz, nicel araştırma metodolojileri kullanılarak bir araştırma çalışması tarzında yapılmıştır. Kendi kendine uygulanan anketler, bir tür nicel araştırma aracıdır.

Bu anketler 5'li Likert ölçeğinde oluşturulmuş, Balkh'ın P&P sektöründeki iç denetçilerine gönderilmiş ve SPSS istatistik yazılımı ile değerlendirilmiştir. Bulgulara göre, İç denetim yetkinliği, iç denetim bağımsızlığı, iç denetim çalışma kalitesi ve iç denetim yönetim sisteminin kullanımının artırılması, Belkh Afganistan'ın kamu ve özel sektörlerinde IAF'yi iyileştirmektedir.

Kurumsal organizasyonda iç denetimin önemine dair bazı iyi tavsiyeler verilebilir, denetim komitesi, dış denetim ve sahiplik yapısı gibi gelecekteki kurumsal mekanizmalar, IA etkinliği üzerindeki etkileri açısından incelenmelidir. Ek olarak, gelecekteki çalışmalar daha büyük örneklem hacmini ve iç denetimin etkinliğini değerlendirmek için bir ölçeğin keşfini içerebilir. Ayrıca Organizasyon sektörünün, İç Denetim Dış Kaynak Kullanımı ve Yönetim Eğitim Alanının IAF üzerindeki etkisi de kullanılabilir.

Anahtar kelimeler: İç Denetim, İç Denetim ve Yönetim, Özel ve Kamu Sektörü, Özel ve Kamu Sektörü, İç Denetçiler, Belh, Afganistan.

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ABBREVIATIONS

| | |
|----------------|-------------------------------------------------------------------------|
| AC | : Audit Committee |
| AICPA | : American Institute of Certified Professional Accountants |
| BOD | : Board of Directors |
| IA | : Internal Audit |
| IAD | : Internal Audit Department |
| IAF | : Internal Audit Function |
| IAS | : International Auditing Standards |
| IFRS | : International Financial Reporting Standards |
| IIA | : Institute of Internal Auditors |
| IPPF | : International Professional Practices Framework |
| ISPPIA | : Institute of Standards on the Professional Practice of Internal Audit |
| IT | : Information Technology |
| OECD | : Organization for Economic Cooperation and Development |
| P&P | : Private and Public |
| SPPIA | : Standards on the Professional Practice of Internal Audit |
| SPSS | : Statistical Package for Social Science |

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I. INTRODUCTION

A. Background of Study

In today's market, auditing has become increasingly important as a result of the split of ownership and management amongst enterprises, which is believed to lead to interest conflicts between agents and administrators (Adams, 1994:8-12).

Internal auditing is an essential component of a company's management system., and it entails auditor responsibilities done by the audit committee and the audit committee and the executive board to improve the accuracy of financial accounts. IAF (IAF) grew in popularity as a result of the organizational crises that occurred around the end of the twentieth century Faqiri, Marouf & Can, Esin. (2020).

One of the really successful means of managing and promoting corporate governance processes is to improve disciplined corporate governance (Belay, Z. (2007). Internal evaluation is a vital piece of a firm's control structure, and it involves BOD and AC auditor duties aimed at improving financial statement performance. Internal audit (IA) grew in importance as a result of the organizational crisis that started at the end of the twentieth century (Moeller, 2004).

William, D. G., Brierley, J. A. & Al-T wajry, A. (2003). According to the report, having an IAD for a company has two advantages. It enhances various business activities and risk management first and foremost. Second, it allows a company to prevent and identify mistakes and theft in order to protect its assets. Various pieces of law, such as the Sarbanes-Oxley Act of 2004 and the OECD Corporate Governance Principles, have confirmed the necessity of IA.

IA production and success evaluation in a rapidly changing economic and market environment, the IAF (IAF) considers organizational complexities and relies on an advisory approach to an enterprise's success and competitiveness rather than measuring reliability (Willborn, W. & Karapetrovic, S. (2000). The value-adding function enables the company to achieve economy, production, competitiveness, and good results. In addition, the efficacy of the IA has an impact on the value-added

function. Despite this, various researchers claim that IAF is not always effective. Many other studies have indicated that IA is effective in various fields. Historically, auditing analysis has been carried out and interpreted from the lens of agency theory's analytical dimension (Hanefah, & Endaya, 2013).

As a result, it was the primary rationale for the restriction of IA research (Mihret, et al., 2010). As a result, several researchers advocated for the use of institutional theory (Abu - Azza, 2012). The research looked at incorporating and analyzing the study findings from a particular viewpoint, drawing on Endaya and Hanefah's (2013). Theoretical basis for comparing the efficiency of IA to earlier research. Another method taken by Endaya and Hanefa (2013) is the synthesis of three theories: institutional, agency, and communications. Though agency theory is primarily used in this study to determine the analytical passion with which internal auditors achieve their targets, against the desires of representatives of the administrative ideologies. Endaya and Hanefah have taken a different direction by combining 3 theories (2013). The value of productive interaction with internal and external auditors is described in the communication theory.

B. Problem Statement

There has been a lot of interest in and attention on IAF as a tool for strengthening the governance structure of the public sector in emerging countries. J. Diamond (2002). This has come from a number of places, including [OECD] and [WTO] members, as well as nations that largely rely on contribution and loans. An increased need for accountability and openness has resulted in more information about government programs and services, necessitating an improved financial reporting system. Simultaneously, the growing emphasis on accountability and improving public-sector performance has prompted management to "protect" itself by improving IAF processes, which will provide them with some basic guarantees that they will meet these extraneous desires.

Assessing and improving the effectiveness of risk management, control, and institutional arrangements emphasizes the relevance of internal audit in identifying risks and management's methods for managing or lowering them. Controls are part of the risk management process because they help management by lowering risk exposure (Selim and Mc Namee, 1999).

Internal auditing and hazard identification practices differ depending on the context (Arena and Azzone, 2006; Allegrini and D'Onza, 2003). Internal audit, according to Karagiorgos et al. (2007), is a vital component of good risk management and, as a result, organizational survival and success. Furthermore, the climate in Afghanistan varies from that in developed nations, where the internal auditing profession is more evolved and firms must adhere to stronger corporate governance rules. To expand and widen one's understanding of internal auditing and risk assessment procedures in emerging country public and private enterprises, it is better to analyse the topic from the perspective of emerging countries.

C. Objectives of Study

1. General objectives

The ultimate goal of study is to establish IAF variables and compare P&P sectors in Balkh, Afghanistan.

2. Specific objectives

The goal of this research is to fulfil the stated fundamental research hypothesis goals:

- Examining the capabilities of internal auditors in order to assure the success of internal auditing in the public sector.
- Examining the capabilities of internal auditors in order to assure the success of internal auditing in the public sector.
- Examining the extent of independence that an inner auditor has when conducting internal audits in the private sector.
- Examining the independence of the inner auditor when conducting internal audits in the public sector.
- Determine the level of success of the private sector's of internal audit quality.
- Determine the level of success of the public sector's of internal audit quality.
- In order to attain efficacy, investigate the breadth of IA operations in the private sector with sufficient managerial assistance.

- In order to attain efficacy, research the scope of IA operations in the public sector with sufficient managerial assistance.

D. The Research Hypotheses

The researcher began filling in the gaps in the study literature with the following leading hypotheses for investigation. The goal is to achieve a broad objective.

H₁: The effectiveness of IA in the P&B sectors is closely tied to the IA department's competence.

H₂: In both the P&B sectors, IA efficiency is intimately tied to IA independence.

H₃: The quality of IA work quality is closely linked to IA efficiency in both the private and public sectors.

H₄: In both the P&B sectors, management support is positively related to the effectiveness of IA.

E. Research Significance

It is expected that the P&B sectors under study, as well as other organizations, will benefit from the findings of this study:

- In order to appreciate the IAF and its comparison in the P&B sectors, the study will combine P&B sector, institutional, and communication theories to widen IAF theories. The research will add to the sector's existing understanding of IAF performance.
- The majority of preceding IA productivity literature was created using quantitative approaches, whereas the remainder was created using qualitative approaches (Abu-Azza, 2012; Mihret, et al., 2010).
- Through investigating by a quantitative approach, the researcher plans to widen the limitation of research methods in literature.
- Through the examination of the quantitative approach, this paper intends to extend the constraint in research system literature. It will aid the P&B sectors, as well as other countries with comparable circumstances, in

determining the IAF in this regard. It signifies that the study's findings acknowledge the contrasts between the P&B sectors in Balkh, Afghanistan.

- The study contributes to the existing IAF productivity literature in the P&B sectors, as well as associated sectors.
- The study identifies suitable work fields for aspiring researchers to explore.

F. Limitation and Scope of Study

1. Scope of study

The study focused on the effectiveness of IADs in organizations, narrowing the study area for the P&B sectors. The researchers identified IA efficiency determinants in terms of IA team competence, IA independence, IA work quality, and management support.

2. Limitation of study

Because each country, whether developed or emerging, such as Afghanistan, has its own nature and culture, as do private and public sectors, as well as their branches, depending on their line of business, the study's conclusions cannot be generically aggregated across a number of conditions. Based on the results of a survey other than the IAF and a comparison between the P&B sectors, a country or even a sector may have different opinions. As a result, generalizing such a result in these numerous circumstances may be valuable.

G. Organization of the Study

This research is divided into five pieces. The research background, problem statement, research purpose, research hypotheses, project importance, limitation, scope, and study organization are all included in the first section. The second chapter covers auditing, the role of internal auditing, the study's background, internal auditing theories, IA efficiency, the theoretical framework, and the literature gap.

The procedure of analysis was described in Chapter three. This section covers the following topics: justification, philosophy of study, research design, acceptable technique, demographic and data sampling, data gathering procedure, links between research aim, research hypotheses, and data source, observation, and assessment.

Chapter 4 will concentrate on reporting results and reviewing testing procedures in accordance with the research plan. The fifth and final chapter summarizes the results and hypotheses, as well as providing guidance and recommendations for future research.

II. THEORETICAL FRAMEWORK AND LITERATURE REVIEW

A. Introduction

The nature of auditing and accounting has altered dramatically in recent years as a result of environmental changes. Traditional roles, on the other hand, remain to define these professions. The purpose of auditing is to provide assurance that information in a financial statement prepared in accordance with generally accepted accounting principles or other rules is accurate. The management of the reporting company is largely responsible for the financial statements. The independent auditor, on the other hand, is crucial in financial reporting. External auditors are expected to provide technical expertise, integrity, independence, and objectivity to financial statement users (Abera & Gualu). An audit is a way of obtaining and analyzing objective data about economic actions and events in order to assess the degree of consistency between these claims and set criteria, as well as presenting the results to interested users (Hayes, et al., 2005). It's a form of attestation service in which the auditor writes a report expressing his or her judgment on whether the financial statements comply with generally accepted accounting principles or other recognized criteria like IAS and IFRS. Despite significant changes in the business environment and financial markets, the key elements of financial statements remain same in terms of providing users with accurate financial information about the firm, and the audit of such statements remains unchanged as a result (Abera & Gualu). It is the process of acquiring and analyzing data evidence in order to analyze and report on the degree of correlation between the data and preset criteria. The audit should be conducted by a qualified, unbiased professional (Arens, 2012).

Audits serve a key economic function while also serving the public interest by increasing accountability and strengthening financial reporting trust and confidence. As a result, audits help to boost economic growth by expanding the types, volume, and value of transactions that people are ready to do. However, we have witnessed a global need for audit quality improvements in recent years, particularly in light of

corporate scandals (Institute of Chartered Accountants, 2005). This section looks at the literature on internal audit's definition and role, private vs. public sector internal audit, internal audit theories based on agency, institutional, and communication theory, the study area's history, and internal audit effectiveness.

B. Internal Audit

1. Definition and roles of internal audit

Internal auditing is one of the most active and important issues that has come to our attention recently. Internal auditing as an effective tool for corporate governance is at a key point in its development, as demand for audit services continues to climb (Karagiorgos, 2010).

Internal auditing is a value-adding, independent assurance and consulting activity that enhances a company's operations. It helps a firm achieve its objectives by reviewing and enhancing the effectiveness of risk management, control, and governance systems in a methodical, disciplined manner (Pickett, 2005). In a simple and more conventional definition, internal auditing is defined as an independent evaluation function developed within an organization to analyze and evaluate its actions as a service to the organization. The new Institute of Internal Audit later defined internal audit as an impartial, objective assurance and consulting activity that contributes to and improves an organization's operations (IIA, 2001). It helps a firm achieve its objectives by reviewing and enhancing the effectiveness of risk management, control, and governance systems in a methodical, disciplined manner. The major tasks of internal auditors, according to this description, are to give assurance to the organization and provide consultation services to corporate governance's overall management. Internal audit can provide assurance services to the organization by providing an independent opinion and conclusions about the organization's operation, function, system, and well-being; and internal audit can provide consulting services to the organization by providing advisory services based on the engagement client's specific requests. Internal auditing is a process in which internal auditors acquire information on the efficacy of the quality system while staying unbiased to the area, function, or processes being examined (IIA, 2001).

Assurance vs. consulting Internal audit's value-added role as an assurance and consultation activity is highlighted in the IIA definition. Consulting services are "advisory and related client service activities, the nature and scope of which are agreed upon with the client, and are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility," according to the IIA (IIA, 2009). Engagement in consulting activities, according to Chapman (2001), has elevated internal audit to a more strategic role inside the company. She went on to say that most consulting efforts are problem-solving in nature, with internal audit collaborating closely with management to assist them achieve their objectives. Furthermore, consulting implies a more proactive approach in which internal audit collaborates with management (Stewart & Subramaniam, 2010). Internal auditing is a profession and activity that helps firms achieve their objectives by reducing risks and improving internal controls (Asare, 2009).

In accordance with the Statement on Auditing Practice (SAP-6) of the Statement on Auditing Practice (SAP-6) of the Statement on Auditing Practice (SAP-6) of the Statement on Auditing Practice (SAP-6) of the Statement on Auditing Practice (SAP-6) of the Statement on Auditing Practice (SAP-6) of the Statement on Auditing Practice (SAP-6) of the Statement on Auditing Practice (SAP-6) of the Statement on Auditing Practice (SAP-6) of the Statement on Auditing Practice (SAP-6) of the Internal auditors are employed by individual businesses to analyze and assess the effectiveness of their operations for management. They devote a significant amount of time and effort on internal control reviews. Operational audits account for the majority of their work, while compliance audits are also possible. Internal auditors play an important role in financial audits in a number of countries. The work of the internal auditor should be evaluated by an external auditor in some instances. The internal audit department sends direct reports to the president or board of directors. Internal auditors must be kept apart from department heads and other executives whose work they are inspecting. Internal auditors, on the other hand, will never be regarded independent in the same sense as independent auditors are since they work for the company being audited. Rick, Roger, Arnold, and Philip are four friends (Rick, et al., 2005).

Modern IA is based on the three "Es" of effectiveness, efficiency, and economy, according to Ridley (2008, p. 287). Chambers (1992, p. 22) defines effectiveness as "doing the right thing," whereas efficiency entails "doing them well" and economy entails "doing them cheaply." Effectiveness is the most important "E" to examine. If IA is not successful, no matter how well or cheaply the service is supplied, it is ultimately useless. Effectiveness is defined in a variety of ways by various authors. Arena and Azzone (2009), for example, defined efficacy as the capacity to generate results that are consistent with objectives. The degree to which an internal audit office fulfills its stated aim or obtains the expected result is characterized as "internal audit effectiveness." According to (Mihret & Yismaw, 2007), "effectiveness is the achievement of internal auditing goals and objectives using factor measures provided for detecting such variables" (Ditternhofer, 2001). The three authors defined effectiveness in terms of achieving internal audit goals and objectives, but in slightly different ways.

Internal auditing is an objective examination of financial and operational systems and procedures that helps to the achievement of business objectives, demands management commitment to carry out, and provides useful recommendations for changes as needed. Internal auditing suffers as a result of management's lack of attention, which has a negative impact on the audited attributes.

2. Internal audit in public sector

Internal public audit is a functionally independent and objective insurance and advisory activity that adds value and improves the activities of the public entity, assists it in achieving its objectives, and evaluates and improves efficiency and effectiveness, risk management, control, and governance processes through a systematic and methodical approach. This definition of internal public audit in this normative act, which can be found at the bottom of the page, is based on a version devised by the Institute of Internal Auditors (IIA), an American organization whose mission is to standardize internal auditing, starting with the definition of concepts, setting objectives, and continuing with the organization and performance of this activity (Dumitru & Viorica, 2019).

Setting strategy, providing supervision, and fostering ethics in businesses are all examples of good governance. Internal and external auditing services, as well as independent audits, assist effective governance in the public sector. Auditors ensure that public organizations are meeting their legal and ethical commitments to their constituents by working successfully and efficiently (Internal auditors' institute, 2019).

Internal auditing is intended to give independent, objective assurance and guidance to assist boards of directors in fulfilling their oversight responsibilities, whether in the private or public sector. Internal auditing adds value when it identifies opportunities to improve governance, risk management, and control procedures. Internal auditing is also intelligent, proactive, and future-focused, according to one of The IIA's Core Principles for the Professional Practice of Internal Auditing. Internal auditors offer assessments and consulting services in areas such as finance, performance, and compliance in order to accomplish these tasks (Internal auditors' institute, 2019).

These tasks are typically in line with the IPPF's necessary guidelines. The nature of the public sector, on the other hand, presents a unique framework for internal auditing, which is compounded further by the amount of freedom, control, regulation, and accountability within each governmental jurisdiction (e.g., local, regional, national, multinational). Furthermore, the public sector's internal auditing is scrutinized by external examiners who may have a greater field of jurisdiction than their private-sector counterparts. External auditors in the public sector, for example, may issue reports on the economy, efficiency, and effectiveness of the public organization's resource allocation. Internal auditors may better navigate the complicated environment and prevent mistakes by understanding the particular needs, challenges, and implications of auditing in public sector businesses (Internal auditors' institute, 2019).

To control auditing public sector enterprises, several governments establish their own authorized rules and instructions. CAEs must be able to recognize when the IPPF's obligatory advice is in contradiction with other legal and regulatory obligations, or when it is insufficient to meet or comply with those other requirements. The GAO issues the GAGAS and INTOSAI publishes the ISSAIs, for example. Authoritative agencies over external auditing establish generally

recognized frameworks of standards and guidelines utilized by external auditors. These standard-setting agencies create expectations for external auditors and regulators to guarantee that legal and regulatory obligations are met, which may include standards for both the organization and the internal audit activities (Internal auditors' institute, 2019).

3. Internal audit in the private sector

Whether compulsory or voluntary, the benefits of an independent audit far outweigh the expenses since it helps the board of directors fulfil its fiduciary role of providing impartial supervision and monitoring while also safeguarding the interests of stakeholders. In addition, an audit committee backed by an IAF connects the company's monitoring, governance, and oversight with the internal control environment's supervision (Stippich, 2012).

Despite the fact that public-sector rules differ greatly from private-sector regulations, private-sector audit committees are responsible for important governance, monitoring, and oversight duties. As a result, following the lead of its public counterparts is in the best interests of a private firm. Internal audit plans cover a variety of areas, including financial reporting, operational efficiency, and adherence to laws, regulations, and business policies. When smaller companies develop in size and complexity, internal auditors must be able to spot and handle potential problems more rapidly (Stippich, 2012).

The IAF values good analytical tools, hazard identification methodology, training, and preparation regardless of the size of the firm or the kind of audit being undertaken. While some tools may not be required early in a company's life, the organization should begin to create the groundwork for long-term fiscal responsibility and put in place the necessary elements and people to monitor, manage, and execute the IAF from the start (Stippich, 2012).

Although a completely independent audit committee is not needed by law in the private sector, the audit committee should include as many independent individuals as feasible in order to fulfill its duties (Stippich, 2012).

Independence fosters impartial deliberation about activities that would benefit the firm in the long run, even if the audit committee's recommendations occasionally contradict management's thinking (Stippich, 2012).

The fact that the laws regulating private businesses are less stringent than those controlling the public sector does not justify laxity in the private sector. Companies may reduce the risk of fraud, theft, and embezzlement by implementing effective governance. Going through the trouble of independent monitoring and oversight, on the other hand, does not need private firms rewriting the rules (Stippich, 2012).

Private entities will ultimately spare themselves problems (or worse) by meeting the grid of duty that public corporations must follow. Avoid the "only what is necessary" mentality. Instead, aim for the best possible standard (Stippich, 2012).

The audit committee is more critical than ever, given the rising expectations on organizations to deliver more with fewer resources. The audit committee provides the expert knowledge necessary to assess the company's corporate-level risks, debate the areas of greatest risk, and devise appropriate work plans to mitigate those risks by taking a fresh look at an organization's inner workings (Stippich, 2012).

A good audit committee will also supplement current audit operations and improve the overall quality of the organization's corporate governance by evaluating a company's control environment and reviewing its ongoing risk mitigation actions (Stippich, 2012).

Similarities and variances in the conduct of internal audit activities in the public and private sectors Internal auditing is carried out in both public and private organisations. As a result, a comparison and explanation of the similarities and variations in how this activity is carried out in the two sets of entities is appreciated (Dumitri and Viorica, 2019).

The following are some of the parallels that exist between internal public auditing and internal auditing in the private sector: 1) both types of internal audit are subject to evaluations by external financial auditors (the auditors of the Court of Accounts, respectively the statutory financial auditors); 2) both have professional bodies that coordinate and use very similar rules, rules, and procedures, many of which are identical; 3) both focus on the evaluation of the internal control of the audited entities; 4) both types of internal audit are subject to evaluations by external financial auditors (the auditors of the Court of Accounts, respectively the statutory financial auditors); (Dumitri and Viorica, 2019).

In terms of the orientation or direction of the conceptual framework in which the two types of audits function, there are significant distinctions between internal audits of firms and public entities. These discrepancies, according to Carhill and Kincaid experts, are caused by at least two major factors: 1) Public sector firms operate under a more rigorous conceptual framework, where actions are regulated by legislative laws; 2) These entities are service-oriented, hence cost factors and profitability outcomes are given less weight. Another expert, Goodwin J., looked at the differences between corporate and government internal auditing and came up with the following major conclusions as a consequence of his research: 1) In the private sector, there is a higher proclivity for using internal auditors and internal audit directors through staff rotation than in the public sector; 2) internal audit appears to have a more consolidated status in the public sector than in the private sector; 3) the IAF within public organizations is located immediately after general management in the hierarchical structure; 4) internal audit in public organizations is located immediately after general management in the hierarchy (Dumitri and Viorica, 2019).

C. Background of Study Area

The study covers a comparison of effectiveness of internal audit in public sectors vs private sectors in Afghanistan.

1. Private sector in Afghanistan

The Afghan economy is made up of a complex mix of informal, official, criminal, and aid-supported aspects. Afghanistan's formal private sector accounts for only 10–12% of the country's official GDP. Despite its potential, the Afghan private sector is neither a driver of economic progress nor a tool for social inclusion. 90% of Afghans work in businesses with less than five workers, with the bulk of those businesses being single proprietorships (Richard, Jiayi, and Henrik, 2015). Although Afghanistan's few large enterprises contribute only a small percentage of employment, they are critical in terms of generating government tax revenue, attracting foreign direct investment (FDI), providing critical services (such as telecommunications and construction), introducing technology and management standards, and catalyzing the establishment of smaller businesses. Outside of the

services sector linked to international presence, foreign ownership is minimal and mostly concentrated in technology-intensive industries like extractive and communications. Male members of the same family are usually involved in the ownership and administration of large Afghan-owned businesses. As a way to support their primary company, distribute risk, or reinvest earnings, major corporate groupings prefer to be involved in numerous areas, most notably logistics, commerce, finance, security, and construction. Even though they are located elsewhere, many Afghan business organizations have a strong commercial foundation in their home country, where they frequently have links to the ethno-political elite. This strategy promotes established interests and marginalizes entrepreneurs; nevertheless, it also provides a method for these businesses to mitigate risk in a volatile and insecure environment while continuing to engage in the Afghan economy. 500 000 micro-enterprises, mostly in the informal sector, are operating across the nation and provide significant job and apprenticeship opportunities. As a result of the war economy, official institutions crumbled, the social fabric was ripped apart, and illegal crops and criminal cross-border operations were entrenched in the economy. The government's capacity to collect taxes and deliver key public services and products is hampered by a weak fiscal policy (Richard, Jiayi, and Henrik, 2015).

2. Public sector in Afghanistan

In practically every location, the Afghan population's access to essential services has considerably improved since 2001. School enrollment has risen dramatically, with over eight million children already enrolled, with girls accounting for 39% of the total. Delegating more authority to province and local governments is one of the current initiatives for strengthening subnational service delivery.

The goal of this paper is to identify administrative bottlenecks in three critical public service delivery sectors: education, health, and agricultural extension. The analysis follows the service delivery chain from central to provincial, district to community level, with a focus on service delivery in these three sectors via the lens of sub-national governance and its connections to line ministries' service delivery responsibilities.

In the context of a predicted budgetary future of restraint, the research offers suggestions to the Afghan government on how to remove major restrictions to service delivery at sub-national levels on a long-term basis. The major conclusions of the paper are based on qualitative research. The key findings are based on existing literature and reports, as well as field visits to five provinces and ten districts, qualitative analyses of over 171 key-informant interviews at various levels of service delivery administration, 68 in-depth interviews with community leaders, and a community household survey in 20 communities across five provinces, and assessments of 55 service facilities (such as schools and clinics) (World Bank Report, 2014).

Section one provides an executive summary; section two gives a brief introduction to the study objectives and clarifies some key definitions; section three outlines the methods used to conduct the analysis; sections four, five, and six provide in-depth discussions of education, health, and agriculture extension, respectively; and section seven concludes with recommendations. Appendix one contains the overarching governance structures as well as further methodological information (World Bank Report, 2014).

3. Public education

Expand the number of indicators available in the EMIS self-reporting system. Internal monitoring and reporting procedures should be strengthened. Regular independent third-party reviews will be used to ensure the accuracy of monitoring and reporting. Improve the alignment of provincial teacher training programs with the requirements of the province. Transparency in teacher recruiting and appointment processes should be improved. Develop a customized incentive scheme to help teachers in the most distant and vulnerable districts increase their capability (World Bank Report, 2014).

4. Public health

Strengthen the Ministry of Public Health's administrative power over its provincial line departments, including the ability to nominate and remove provincial directors. Improve data organization and strengthen and intensify HMIS verification systems. Create a "citizen's public health policy," a simplified BPHS policy, and distribute it to subnational levels. Enhance pharmaceutical regulation and oversight.

Reduce the number of long-term medicine shortages in public health (World Bank Report, 2014).

5. Agricultural extension services

Develop a plan that understands the flat or even decreasing budget environment by integrating achievable targets and observable indicators. Strengthen the Ministry's position as a sector regulator by establishing minimum criteria and using a "contracted out" model for critical extension services. To improve technical and dissemination capabilities, develop a combined work plan for the research and extension directorates. Create a nationwide program for extension offices to use radio and television to disseminate information with farmers. Create agricultural extension communication materials to be used strategically across provinces in farmer trainings and bazaar activities (World Bank Report, 2014).

D. Theories of Internal Audit

Theory is defined by (Gill & Johnson, 2002) as a model for the cause-and-effect linkages of two or more variables that can or cannot be quantified. There has been a lot of study on internal auditing theory (Endaya & Hanefah, 2013); developed a new technique that combines three major theories: communication, agency, and institutional.

1. Communication theory

The inquiry was backed up by IIA standards and past research, as well as an efficacy hypothesis of internal auditing communication. Strong IAD contact skills have already been found to be significant (Golen, 2008). A lack of information and communication issues may be connected to the ability to communicate effectively (Endaya & Hanefah, 2013).

Small and large amounts of data are incompatible with effective communication. A constructive debate will reveal how interior auditors, auditees, employee representatives, and internal inspectors worked together to accomplish positive results (Endaya & Hanefah, 2013). It is required of inside auditors, and the efficacy of an internal audit is determined on good communication skills, which are addressed in communication theory.

The power of normative isomorphism strengthens as organizational capabilities improve. Because of an institution's embracing of careers, it has a positive association with institutional reform (Abu-Musa, 2008). Professionalization appears to have two qualities that are required for isomorphism sources (DiMaggio, & Powell, 1983). First, higher education practitioners get structured training. As a result, internal auditors must take practical auditing courses at a college or university level. Second, educational schools' training programs must be followed; this will allow internal inspectors to become CIA-certified or create a section focused on IIA for their companies. As a result, institutions of higher learning and training, such as internal auditing, are crucial for the role's progress. For the following reasons, institutional theory is relevant to our investigation:

To begin, institutional theory is concerned with IA activities that are part of organizational structures and attempts to address these organizational patterns without respect for a specific set of corporate goals (Abu-Musa, 2008). Second, institutional theory helps countries with underdeveloped stock markets, such as Afghanistan (Yismaw, & Mihret, 2007). As a consequence, according to organizational theory, the study explores the deciding determinants of IA efficacy employing isomorphic normative and coercive procedures.

2. Agency theory

The relationship between the proprietor(s) and the top executive(s) is the subject of the agency theory (Adams, 1994, p. 8-12). This lends credence to a positivist philosophical school of thought (Rotich, & Changwony, 2015). As an entity in the legal framework of organizations, senior management supervises the whole firm on behalf of the owners. As a result, management may put its resources to good use in order to assist individuals. As a result, an independent entity (internal auditor) must be established to oversee all of the organization's actions in order to protect the owners from such a risk (Pumphrey & Peurse, 2005).

Inside auditors must behave themselves in a professional manner (Endaya & Hanefah, 2013). In order to execute their work properly and perfectly, they must be able to make justified judgements, have training and professional certificates, and auditing experience (Yismaw, & Mihret, 2007).

Professional inside auditors boost the executive committee's and audit committee's trust. Internal audits are used to monitor senior management actions in order to reduce problems for the benefit of the institution's stakeholders. Internal auditors are members of audit committee and members of board of directors who examine the senior management team's work. Internal auditors, on the other hand, may be working against the panel and its audit committee for a variety of reasons (financial incentives from management, personal connections with managers). This is due to top managers' authority to agree on the function and remuneration of interior auditors. Such issues will be resolved by a problem-solving assessment team with full organizational power (Endaya & Hanefah, 2013).

3. Institutional theory

The impact of administrative pressures on hierarchical organizations is discussed in institutional theory. Institutional strains might come from the outside or from within (Yismaw, & Mihret, 2007). Mimetic, coercive, and normative are three social factors. Institutional pressures have also been highlighted by (Azzone, & Arena, 2009) as rules and regulations that influence individuals in parts and organizations (coercive isomorphism); new company selections (mimetic isomorphism); and professional or consultative groups (normative isomorphism). This resemblance will make it simpler to deal with other businesses in order to recruit career-minded workers, to be seen as genuine and trustworthy, and to qualify for administrative positions. The creation of IAD14 is complicated by coercive isomorphism (William, Brierley, & Al-Twajry, 2003, p. 506-532). Institutions, according to institutional theorists, are elements of a larger institutional ground that comprises a number of institutions or sectors that are linked in some way. Institutions' interconnected causes have an influence on other organizations (Yismaw, & Mihret, 2007; Azzone, and Arena, 2009) Propose an institutional framework to explain how IA15 progress is influenced by conforming and legitimizing processes. Institutions are conceptual frameworks that are extremely resilient (Changwony, & Rotich, 2015). Systems are the rules and resources that allow social structures to operate.

4. Linking theory

Auditing research has traditionally been carried out in accordance with the agency's philosophy (Gilchrist, Pilcher, & Singh, 2011). Although (Yismaw, & Mihret, 2007) stated that neo - classical economic theory, in particular agency theory, was the fundamental motivation for IA work in restricted form. As a result, they proposed the institution hypothesis. The use of several theories enables for cultural, psychological, and economic elements to be considered. Institutional and agency theories have been used by some of the scholars (Yismaw, & Mihret, 2007). Although, in this study, Agencies theory is mostly utilized to explain the financial incentive that leads internal auditors to pursue their personal goals or organizations, frequently in opposition with members' interests. The theory of communication was used to demonstrate need of effective communication to auditors and the auditees.

E. The Internal Auditing Standard

Internal audit is one of the primary units of many entities; according to (Nagy, Albert, & Cenker, 2002), the internal revenue board is aware that the income amount on which tax is not manipulated, and that in the conclusion, the accountant report authorizes actions for improved and effective future performance. Internal audit examines and assesses the overall correctness, appropriateness, and efficiency of the domestic control process. "Internal audit identifies and avoids mistakes, frauds, and outcomes based on economic records honesty and fairness," according to (Nagy, Albert, & Cenker, 2002).

Financial organizations like to have a strong internal auditing system because it allows the board of directors to analyse and evaluate the organizations real performance in the most efficient and effective way possible. For better understanding and enhancing audit performance, Basel internal auditing requirements are highly suggested. The internal audit of companies and the collaboration of the director with the 2001 auditor's sample were replaced by the Basel internal audit system, which was designed in 2012.

If the Basel standards are not satisfied, it is better to follow the IIA19 system, which was established in the United States in 2012.

In order to reap the benefits of the audits mentioned above, all of the organizations operations should be protected by the IA20. Internal auditing teams that are both professional and fair are critical since audits may be utilized by the senior management board to track the overall performance of the company. The internal audit role was created by the Basel Supervisory Committee in 2012. Basel's internal audit criteria were unanimously deemed the finest and most trustworthy. As a result, the Basel standards are used by most organizations.

1. The functions of internal auditing

Objectivity and independence are essential qualities for auditors since they cannot completely execute their jobs without them. To get the expected benefits from the internal auditing department, the auditing should be done without interference (Keatinge, 2014).

According to (Basel, 2012) in terms of the IAF in institutions, the Executive Committee has significant auditing role play. It must ensure that the auditor has adequate expertise to investigate every unit and division of the company. No internal control should be created with the intent of establishing internal audit measures and exercising them, since this might jeopardize their impartiality. Whereas the auditor can provide advice while the executive's board requests that the audit improve specific internal control aspects. According to the companies internal audit rules and structures (Basel, 2012), audit employees in the department should be reassigned to other financial services when suitable since conducting regular work might reduce their objective quality. Auditors should not work in the auditing department for an extended period of time since this might impair their objectivity. Qualifications and good professional practice guarantee that auditors have the necessary skills and knowledge to do their task fully and confidently. Market opportunities and market uncertainties have increased as both sectors has developed significantly.

'The employee must have acquired the appropriate levels of expert and technical competence related to their position in order to understand and apply the applicable ethical and professional attitudes and conduct,' according to the Chartered Banker Professional Standards Board Framework (2011, p. 3).

Internal auditors having access to extra information can evaluate any department. However, as a matter of ethics, the data should not be utilized for personal gain or malevolent intent. To further improve professional ethical practices, financial institutions could apply the ethics code to auditors or compel them to conform with international norms such as the IIA and IAS. At the very least, the Code of Ethics should address the key auditing principles, such as objectivity, professionalism, privacy, and honesty (Basel, 2012).

The Board of Management and Senior Management can employ internal audits more effectively after ethical standards are maintained within organizations.

One approach for administrations to strengthen and benefit more from internal audit department to have a clear, update, and rigorous audit charter. According to the IIA website, "the International Audit Charter is a structured agreement articulating the purpose, jurisdiction, and responsibility of the internal auditing process" (2012). The Basel internal audit guidelines state that the internal audit Charter, which defines the mission, function, and powers of the auditor inside the organizations, is the responsibility of all institutions. Basel (2012) rules for companies internal audit position indicate that the audit unit's position, authority, duties, and relations, the audit objective and context, and the internal audit head's responsibility should all be include in the internal audit charter.

In order to receive reliable and unambiguous feedback from internal audit, every activity and unit of any organization should be audited. A continuing internally reviewed timetable should be developed, with certain portions changed based on the disclosed threat. The auditor will ensure that all risks identified by the organizations risk management program are incorporated, such as liquidity, interest rates, financial and legal concerns. The investigation will focus on all risk-mitigation strategies that have been revealed. Internal audit will focus on the danger rather than cyclical enforcement procedures, according to (Keatinge, 2014). All entities must have some level of capital, and that proportion must be within certain limits, or else companies would suffer a liquidity crisis. The financial auditor is also in charge of monitoring the sufficiency and liquidity of companies' assets. The auditor will conduct capital stress tests to determine how much further it will decline or increase. According to internal auditing rules in bas, and each division is required to report their operation statements to the executive team and senior management (Basel, 2012). Domestic

auditors should ensure that legislation and internal statements are correct, reliable, and up to date. Internal auditors will check that companies personnel and activities follow laws, regulations, codes of ethics, and business practices. Financial auditing is a vital activity since the board of directors must determine whether or not financial data and statements are correct. As outlined in (Basel, 2012) standards for internal audit responsibilities in associations, internal audit department will examine the reporting of balances, information on profits and costs, and other financial statements on a regular basis.

During the inquiry, the quality and dependability of the data utilized in the cost computation should be verified. The data utilized in these systems must be evaluated during the auditing process to ensure the pricing system's validity and trustworthiness. According to Basel rules, the continuity of the IAF is a necessary requirement for an effective internal audit program. The governing board and the chief internal audit must ensure audit in all departments.

F. Empirical Literature

An effective IAF is one of the four pillars of corporate governance together with management, the board of audit committees, and the external auditor, according to a corporate governance model proposed by the Institute of Internal Auditors (IIA). Previous work, for example, supports the concept that IAF is a crucial corporate governance device that oversees organizational risk, evaluates and assesses control systems, and plays a vital role in organizational governance.

Prior study has shown that there is a gap between public and private sector IAF when comparing public and private sector IAF. Internal controls in national departments are acknowledged as efficient corporate governance systems in South Africa, although they are not as well developed as those in the public sector, according to the IAF.

Bank lending officers' thoughts on the influence of reporting arrangements on internal audit abilities to avoid financial statement fraud are assessed, according to studies on the IAF's operational and organizational status. IAF that report to top management are viewed as being less competent of preventing misleading financial

reporting than those that simply report to the audit committee, according to the study's findings.

Similarly, a case study technique was used to analyze the expectations and perceptions of both senior management and internal auditors regarding the relationship between the two groups in five Belgian organizations. Internal audit's perceived independence may be harmed when it serves primarily as a management support function, according to the study.

Prior research has yielded conflicting results when it comes to the choice to fire the chief internal auditor. Examine the impact of the IAF and the audit committee on the independence and objectivity of internal auditors, for example. According to their findings, 72 percent of the audit committee members were engaged in the chief internal auditor's removal. In a comparable case, 52 percent of audit committee members in Australia and New Zealand were engaged in the decision to fire the chief internal auditor.

In recent years, it has become more common to outsource internal audit services. Several benefits of outsourcing internal audit services have been identified in prior research. The impact of outsourcing the IAF in the United Kingdom (UK) P&B sector firms, as well as the influence of outsourcing choice on auditor independence and audit service quality, are investigated in this paper. According to the findings of the survey, the majority of enterprises prefer an in-house IAF, and not all respondents believe that outsourcing internal audit services to external audit firms compromises independence.

1. Competence of the internal audit team

To improve the performance of organizations and departments with an added value role, the IA team need a diverse set of capabilities (Burnaby, 2009). This capacity has been proven by a number of writers in various ways.

For instance, Belay (2007, p. 36-39) defines competence as a person's ability to correctly do a profession or job based on their level of education or training, industry experience, and attempts to maintain skillful growth. In this regard, (Baharud-din, Shokiyah, and Ibrahim, 2014) evaluate the IA team's educational knowledge, competency, abilities, and professional growth efforts. Internal auditors, therefore, must be competent on the job and in terms of education in order to increase IA's

performance (Burnaby, 2009). Internal auditors must therefore comprehend interaction, organizational structure, and information technology (Abu-Musa, 2008). According to IIA25, (2011), internal auditors should have the required experience, credentials, and training to conduct out their tasks. Furthermore, in-house auditors must do tasks other than financial transactions (Flesher & Zanzig, 2000). The purpose of this study is to examine the relationship between IA competency and IA performance, including professionalism, ability, effective communication, career growth, and IT26 access. Internal auditors in a business must be proficient. A first-degree qualification, qualifying membership in an organization such as the IIA or the American Institute of Certified Public Accountants (AICPA), and a relevant field certificate such as CIA27 are all required for competence (IIA, 2011; Yismaw, & Mihret, 2007). Professional certification is of high quality for IA employees; it enables auditors to offer value and improve departmental and corporate performance. As a result, professional internal auditors can contribute to IA performance (Okafor & Ibadin, 2009). Experience is a key asset in emerging auditor competencies. An internal auditor must be able to make well-supported decisions in order to carry out the audit process. Internal auditors are expected to work productively with auditees risk (Pumphrey & Peurse, 2005). The effectiveness of the relationship between interior auditors and other institutional actors is evaluated (William, Brierley, & Al-Twajry, 2003, p. 506-532; Hawkes, and Adams, 1995). Confirm that active interaction or close cooperation between auditees and internal auditors strengthens IA. Internal auditors in a company can benefit from excellent communication and engagement if they listen and communicate well risk (Pumphrey & Peurse, 2005). External organizations such as universities, corporations, or learning institutions, as well as internal entities formed by enterprises, such as house-training development, may provide training and development (Yismaw, & Mihret, 2007). Inspectors' performance will increase as a result of this sort of training and development, which will be in line with the organization's and department's professional growth (Wubishet, & Dereje, 2014). Inner inspectors must enhance their CIS28 knowledge and competence in order to conduct, oversee, and assess work completed (Abu-Musa, 2008). It is employed in the execution of content tests and analytical investigations. Internal auditors must enhance IT utilization in IA in order to make an attempt at this (Wubishet, & Dereje, 2014). IT allows IA to improve the quality of information, fill paper sheets, and provide additional services such as software

planning (Salehi, & Husini, 2011). It also finished the audit procedure on schedule and with accurate statistical data (Abu-Musa, 2008). Previous research has demonstrated that competence plays a significant influence in IA effectiveness (Yismaw, & Mihret, 2007). If a company has competent internal audit staff, it can benefit from the following:

To begin with, the company is capable of performing a thorough audit. Second, IA statements are used to certify audit expenses that have been certified as a consequence of their audits by independent inspectors. J. Goodwin-Stewart and P. Kent (2006) Third, core auditors have the ability to provide accurate data on documents (Engle, 1999). Internal auditors can function in the firm to identify this as a career or a path to a management job, according to the internal auditor's ideas on IAD (Goodwin-Stewart, & Kent, 2006). As previously indicated, there are fewer professional auditors working than those working in administration (Goodwin-Stewart, & Kent, 2006). The degree to which IA has concentrated on the management position has therefore been related to the firm's performance (Cohen, & Sayag, 2010). As a result, the IA team's talents have a significant influence on IA performance.

2. Independence of internal audit

Freedom in the context of external auditors has been discussed previously (Cohen, & Sayag, 2010). However, these days, the internal auditor's independence is emphasized (Subramaniam, & Stewart, 2010). Because without IAD independence, IA effectiveness cannot be attained, IA efficiency is founded in independence (Santagato, Vanasco, & Skousen, 1996). The term "independence" refers to both mental and physical freedom (Subramaniam, & Stewart, 2010).

"The idea of independence is often used to signify the capacity of the auditor to be fair and unbiased in his or her evaluation and appraisal, and not to be under excessive pressure from any party to the point where this can affect his or her judgment," Abu-Musa adds (2008).

(IIA, 2001) "Independence is the freedom from conditions that impair the internal audit activity's ability to carry out internal audit duties in an unbiased manner," says the standard.

Two things, in particular, may have an influence on IA's autonomy. The first is IA institutional autonomy, and the second is the independence of internal auditors (Goodwin-Stewart, & Kent, 2006). When the link between the internal audit operation and the audit committee is understood, organizational flexibility may be explained. Domestic auditor employee emancipation, on the other hand, comprises individual IAD staff members' objectivity and independence in employing IA operations as a basis for top management (Goodwin-Stewart, & Kent, 2006). Organizational independence can be achieved in this regard by reporting IA operations to the organization's higher authorities. Simultaneously, impartiality, integrity, and the avoidance of conflicts of interest will result in personal liberty (IIA, 2001). The IIA has developed many independence quality standards and related advisory procedures (IIA, 2010; IIA, 2009). The review of organizational activities up to a year later, social interest conflicts, scope and resource constraints, and restrictions on access to data, personnel, and property during this time are all linked to impairments. The IAD director must connect directly with the business board of directors, according to attribute 1110 (KPMG, 2003; IIA, 2010).

The IAD direct validates the IAD's organizational independence at least once a year in corporate organizations, according to the standard. As a result, the activities of the IAD have a significant influence on the independence and efficacy of the IA. In all agencies, organizations, and activity firms, the IAD must be allowed to carry out its responsibilities on its own initiative. IA must be allowed to publish and publicly divulge its findings and assessments. A head authority should be granted for the president of the IAD to speak with the chairman, audit committee, and the president on his/her initiative (IIA, 2010). The following are some of the advantages of presenting reports to bodies such as the board of auditors (a subcommittee of the board of directors):

First and foremost, it definitely broadens the auditor's scope; for example, the audit might cover executive management and the chairman. Third, no IA results can be called into question by the audit committee board. Third, the board of directors' attitude toward the IAD will alter, which may have a beneficial influence on spending. Fourth, IA is self-contained. Last but not least, the board of directors may critically evaluate IAD (KPMG, 2003).

3. Quality of internal audit

As part of its evaluation of good audit preparation and control, this study looked at audit performance (Prawit, Smith, & Wood, 2010), IA fieldwork, finding and reporting, following up on IA suggestions, and successfully dealing with external auditors. At the institutional level and for each individual commitment, IAD should plan operations accordingly (Prawit, Smith, & Wood, 2010). For each audit commitment, IA plans include policy and strategy planning, audit priorities, and audit programs (Yismaw, & Mihret, 2007). The yearly IA plan appears to be the major basis for integrating the IA function with external auditors, AC, and management expectations in this case (IIA, 2001). The IA director must establish threat-based plans in accordance with ISPPPIA in order to define IA activity priorities that are consistent with the organization's goals (IIA, 2010). The number of audit people and the amount of time needed to do field work (Tandon, Sudharsanam, & Sundharabahu, 2010). In nutshell, the audit plan enables IAD to meet its objective and assess IA's progress (George, 2015). The creation of internal auditing programs for inner auditors, as well as documents that satisfy internal auditing objectives, are covered in SPPIA 2240. (IIA, 2011). These IA projects must first be authorized before they can be executed.

The focus of IA research is on the performance of auditors in the early stages of a project (Yismaw, & Mihret, 2007). Interior inspectors must be vigilant during the IA function in order to acquire evidence and identify the inspector's role (Yismaw, & Mihret, 2007). As a result, IA fieldwork should focus on internal auditors. It's from the standpoint of IA's operations. Throughout the fieldwork assessment stage, working reports are used (Arens, 2012). Working reports are used to keep track of facts for reporting, provide information that supports the audit strategy throughout the audit, and review IA activity. Any audit job's final result is a written audit report, however unlike the outside auditor's report, the inside assessment report's information is not arranged in a compact format (Kinfu, & Bayou, 2009). One of the IA's responsibilities, according to (Sawyer, & Vinten, 1996), is to identify and provide input on the organization's primary difficulties.

4. Management support

The efficacy of IA is determined by management support (Yismaw, & Mihret, 2007). Internal auditors expect top management to assist and support them since IA operations take place in a complicated and supportive environment.

5. Effectiveness of internal audit

The four attributes of good governance are transparency, accountability, responsiveness, and effectiveness (Belay, 2007:9-13) Effectiveness refers to a company's ability to keep track of its items and activities across all of its internal and external components (Gregory, & Ramnaravan, 1983). The metrics acquired as accomplishing operational objectives and goals are also used to determine effectiveness (Dittenhofer, 2001). A similar statement may be used to describe the effectiveness of IA (IIA, 2010). There are other elements in accomplishing these goals that have an influence on their success (Yismaw, & Mihret, 2007). Similarly, the success of the IA office is defined in terms of meeting its predetermined goals. As a result, IA is successful when the operation's required service is provided (Azzone, & Arena, 2009).

Audit success, according to (Willborn, & Karapetrovic, 2000, p. 680-704), is a composite issue that needs an auditor's capacity to execute an audit error-free, to function easily where suitable, and to select relevant objectives. IA efficacy has yet to be extensively researched, and research on IA effectiveness is sparse.

G. Conceptual Framework

A conceptual framework is a presenting model in which a researcher conceptualizes or expresses the links between the study's independent and dependent variables visually or diagrammatically. The goal of a conceptual framework is to make it easier for the reader to see the proposed linkages immediately.

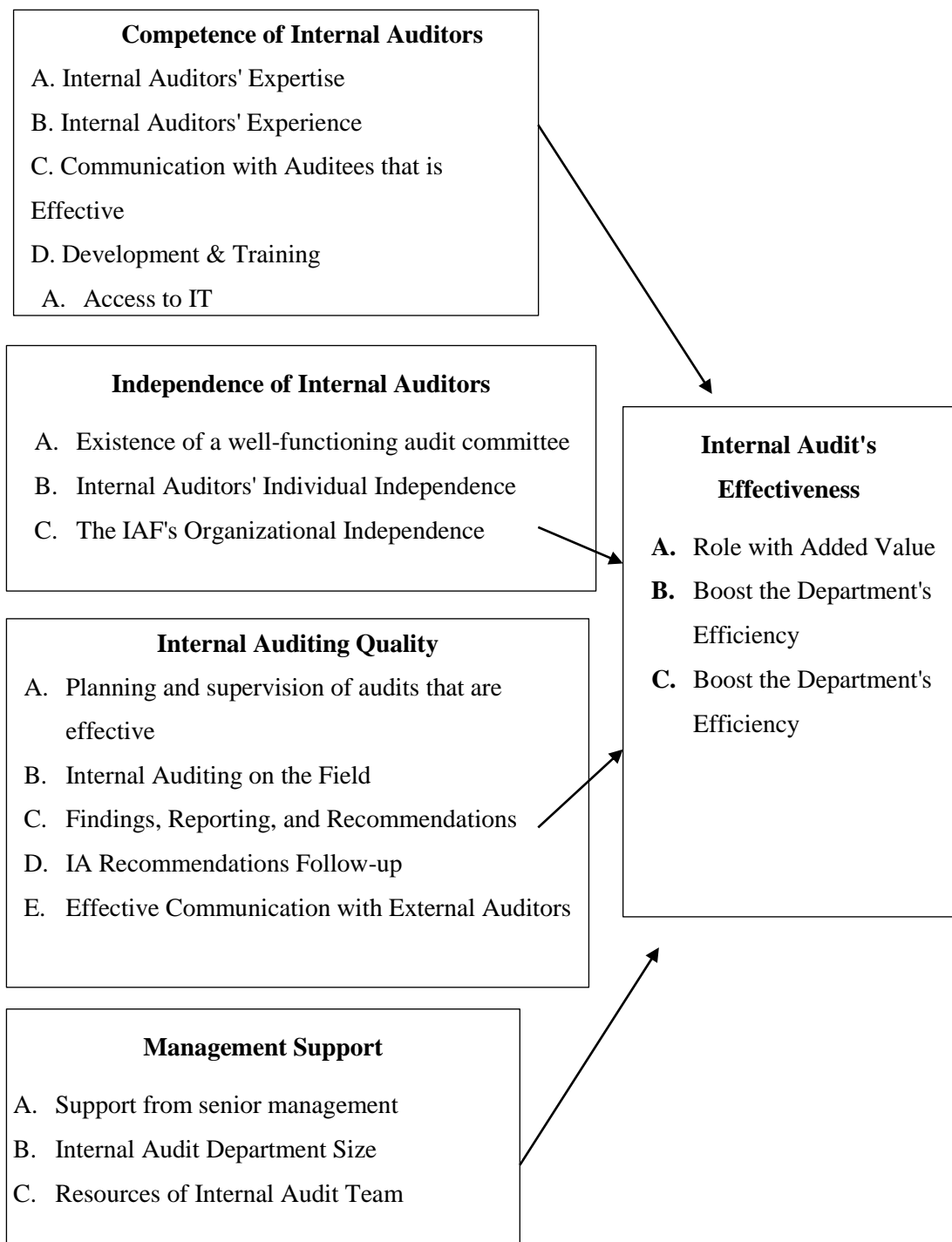


Figure 1 Internal Audit Effectiveness in the Public and Private Sectors: A Conceptual Model.

Source: Shewhart, & Wilks, 2004.

III. RESEARCH METHODOLOGY

A. Introduction

The usefulness of IA was demonstrated both theoretically and empirically in the preceding section. The literature review section of the thesis is useful and aids in methodology selection; this section of the thesis builds on what is presented in chapter one and the researcher's technique. As a result, this chapter addresses research goals and tests the study hypotheses stated and clarified in chapter one. It will be rigorous, systematic, and objective. To provide accurate results and guard against statistical mistakes, necessary and appropriate data collecting techniques and frameworks will be developed. This discussion will mostly focus on sampling and sample size techniques, as well as population, research design, case study strategy, data types, and data analysis methods.

B. Research Philosophy

Realism, positivism, pragmatism, and interpretivism are four theoretical philosophies that dominate science (Saunders, et. Al. & Creswell, 2009). These four scientific ideas analyse the world from various perspectives (Creswell, 2003). Scholars have gained and extended their knowledge over the years based on a variety of worldviews. The sorts of research philosophies they used, for example, were as follows:

Positivism (post-positivism) (Wubishet, & Dereje, 2014), constructivism (Mihret, et al., 2010), and pragmatism (Abu-Azza, 2012). The researcher attempted to develop knowledge using a pragmatic claim of knowledge in this investigation. "A worldview that arises from acts, situations, and consequences rather than antecedent conditions (as in post positivism)" is how pragmatism is defined (Creswell, 2003).

Since pragmatists look at the world from multiple perspectives and not in absolute terms, pragmatism is not limited to a single field of study (Creswell, 2009). It includes quantitative and qualitative components, as well as deductive, inductive,

subjective, and objective components, and so provides the best work by recognizing elements of analytical hypotheses (Saunders, et al., 2009).

C. Research Design

In this study, the investigator used the explanatory study to analyze the study results. Explanatory research reveals a causal relationship between variables (Saunders, et al., 20019). Explanatory studies or issues are needed in such a study to explain the relationship between variables, thus it is detailed in great detail using quantitative techniques such as regression and correlation to provide a clearer understanding. In this strategy, the researcher need quantitative data to investigate the relationship between independent and dependent variables (Firestone, 1987). The framework or starting point for undertaking meaningful research is the study design, which provides a structure for data collection, assessment, and analysis. The research design is the common thread that runs through the entire endeavor. A framework is used to outline the study and suggest that tests or groups assess programs or processes, and assignment procedures are working together to deal with major research concerns in all important aspects of the research project. The study's goal is to effectively find strategies to reduce risk while also guaranteeing the efficacy of processes, the dependability of claim management, and compliance with applicable laws, all of which influence the effectiveness of internal audit in P&B sector in Balkh, Afghanistan. A case study is used to obtain quantitative data utilizing a questionnaire-based technique. Respondents were given a standardized questionnaire to fill out in order to produce accurate replies. Because this is a case study, the investigator has used a causal explanatory approach.

D. Research Methods

This is a quantitative study, and the purpose of the quantitative analysis is to categorize data in order to generalize the population (Marczyk, et al., 2005). In order to meet the research's purpose, the data for this survey is collected via a self-administered questionnaire.

1. Survey design

When using cross-sectional surveys, data is not collected at different times over time like longitudinal data, but rather all of the data is obtained at the same moment (Creswell, 2009). Surveys include self-administered questionnaires, interviews, systematic record reviews, and coordinated observations (Creswell, 2009).

In this work, the researchers employed self-administered surveys. A lower cost option, the chance for participants to learn more about the concerns, and more confidential and easily available data are just a few of the potential advantages (Cooper, & Schindler, 2006). As a result, the survey is being done in order to discover the elements that influence IA effectiveness in terms of IA team competency, independence, work quality, and management support. Self-administered surveys can be handled in one of three ways: face to face, over the phone, or over email (Marczyk, et al., 2005). The investigator chose a face-to-face survey since the return rate and intellectual honesty are high while filling out a questionnaire (Marczyk, et al., 2005).

2. Survey instrument

George, (2005) created a self-administered questionnaire, which the investigator used in this study. The research hypotheses and objectives are linked to the investigation. Despite this, the researcher modifies sections of the substance of the questions and readily explains the respondents' allegations. The survey is divided into three parts. The contestants' profiles are discussed in the first section. The basic information section comprises five questions on the respondent's background, present status, and demographic characteristics. The second section had twenty-one Likert scale questions intended at achieving a consistent, objective examination of study hypotheses; the third component was made up of groups. Finally, there is an open-ended inquiry to elicit more thoughts from the participants.

The first group consists of six Likert scale questions about IA team competence; Three Likert scale questions about IA independence make up the second group; six Likert scale questions about IA quality make up the third group; three Likert scale questions about management support make up the fourth group; and three Likert scale questions about IA effectiveness make up the fifth group. The survey is written in both English and Persian. Appendix 1 contains a sampling of the

whole set of instruments. Questions on the Likert scale typically include five degrees of agreement: strongly agree, agree, neutral (undecided), disagree, and strongly disagree. During the analytics process, these are combined into a single aggregated value (Kothari, 2004; Boone Jr & Boone, 2012).

A quantitative assessment of a personality or character characteristic is obtained by combining factors (Boone & Boone Jr., 2012). A "reasonable" Likert-scale is one that has a neutral choice on both sides, resulting in a less biased measure. Both the scale labels and the numerical scale can change (Vanek, 2012). The investigator used five-point Likert scales to display the following values: [1] signified strong agreement, [2] agreed, [3] neutral, [4] disagree, and [5] strongly disagreed. The numbers in the inquiries supplied reflect conventional scale computation and the generation of data suitable for quantitative research (Boone Jr & Boone, 2012). A mean score of less than 3.00 suggests agreement with the questionnaire logic in this respect. A mean response of higher than 3.00, on the other hand, is regarded to be in disagreement with the questionnaire item (Boone Jr & Boone, 2012). The findings of a standard deviation of less than 1.00, on the other hand, show that the respondent's perspectives are comparable. On the other hand, a standard deviation of higher than 1.00 suggested that the participants' perceptions differed. Shewhart and Wilks (Shewhart, & Wilks, 2004).

Table 1 Likert Scale.

| Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|----------------|-------|---------|----------|-------------------|
| 1 | 2 | 3 | 4 | 5 |

E. Sampling and Population

1. Population of the study

The study population, according to (Creswell, 2009), is the collection of all practical measures of persons, things, or interests. Internal audit personnel of Balkh P&B sector are the target demographic of the study.

The population definition is the initial step in the sample design process (Creswell, 2009). Internal auditors of all P&B companies in Balkh are designated as the research population in the second chapter of the study area. As a result, the population for this study includes internal auditors of Balkh P&B sectors.

2. Sample of the study

In some studies, it is frequently difficult to study every individual of the population included. Many research, however, can overcome the difficulty if the target group is small and not excessively dispersed. As a result, representative samples are advised and accepted for any academic research to meet the problem of access to the complete population. In order to best reflect the population, a survey is performed to a group of persons or items picked from a wider population (Mason, et al., 1997).

The investigator employed a purposive and convenient sampling strategy in this study. The purposeful sampling technique is connected to the research's nature and is required for the study's character (Mihret, et al., 2010). Internal auditors are not present in most Balkh P&B companies.

Because the sample frame is small, the head offices of all P&B companies in the sample frame have been identified. At the head offices, the population unit, which relates to the staff of the IAD of the ABs, is presently about 195. As a result, this study only included internal auditors of P&B companies, resulting in a population of 210 participants. A purposive sample approach is appropriate for this research since the definition and difficulties with the analysis presuppose the presence of internal auditors. When selecting respondents, convenience and purposive sample methods were employed to pick employees from various categories.

When a purposive sampler, also known as a judgmental sample, is used, the investigator chooses the sample that gives the most correct data for the investigation. Staff from the departments of IA, claims, and finance, for example, were involved in the research. Because the respondents could be easily reached by the study's research team, the investigator employed convenience sampling.

3. Sources of data

Primary data source is employed in this research. Primary sources allow the researcher to examine the evidence firsthand without the opinions, analysis, and interpretations of others. The survey questionnaire helps the researcher to collect a primary source of data. Questionnaires make it possible to collect vast volumes of data in a short amount of time. A systematic questionnaire was utilized to obtain data from the respondents. These were given to P&B companies' internal audit employees, and their responses were supposed to be based on their experience, attitude, opinion, and perspective.

F. Data Collection Procedure

First, the investigator obtained a letter of recommendation from the Department of Social Science, College of Business Administration at Istanbul Aydin University. Its goal is for it to be accepted and for participants' confidentiality to improve. Because the research participants were individuals, they retained their freedom to participate or not participate, and nothing was done without regard for ethical issues. Participants' perceptions subtly impact the research outcomes, according to Cooper & Schindler (2006); no one is obligated to participate.

Specific Objectives, Research Hypotheses, and Data Sources: What's the Connection

A table depicts the relationship between specific study objectives, hypotheses, and data sources.

Table 2 Connection between Specific Objectives, Research Hypotheses and Data Sources.

| Specific Objectives | Research Hypothesis | Data Sources |
|-----------------------------------------------------------------------------------------------------------|---------------------|---------------------------|
| Examining the extent of internal auditors ' competence to ensure that internal audits are effective. | 1 | Survey question no. 1-6 |
| Examine the degree of independence of the internal auditor for internal audit efficiency. | 2 | Survey question no. 7-9 |
| Measuring internal audit quality to ensure that internal audit effectiveness is achieved. | 3 | Survey question no. 10-15 |
| Investigating the extent of IA operations under the appropriate management support to achieve efficiency. | 4 | Survey question no. 16-18 |

G. Data Analysis

Data analysis also comprises investigating the main aim of the research, classifying, tabulating, and recombining data obtained (Yin, 2003). The quantitative technique of analysis used to analyse the data.

To analyse the obtained data in this article, the investigator utilized version 26 of the SPSS (Statistical Package for the Social Science) software. Because it has become the most popular social scientist-friendly equipment in the recent times (Dawson, 2002; Singh, 2007). In accordance with the survey instrument used, the investigator employed ordinal sort (ranked) of categorical data, which is the basis of the Likert questionnaire. The information gathered in this respect is transformed into hypothesis variables via a questionnaire. This is accomplished by calculating the mean values for each construct of item answers.

Researchers used demographic factors and descriptive statistics, such as frequency count, percent central tendency calculation (mean), and dispersion measurement, to summarise and define the observation findings (standard deviations). Other statistical studies, such as reliability (Cronbach's Alpha), autocorrelation assessment (Durbin-Watson), regression analysis (ANOVA), and ultimately hypothesis testing, are then given based on the data gathered via questionnaire.

H. Model Specification

There are three types of multiple regressions, each of which is designed to answer a different question: Standard multiple regression is used to assess the relationship between a set of independent variables and a dependent variable. Hierarchical, or sequential, regression is used to assess the correlations between a collection of independent variables and a dependent variable after controlling for the impact of certain other independent factors on the dependent variable. Stepwise regression, also known as statistical regression, is a technique for determining which subset of independent variables has the greatest relationship with a dependent variable.

The five independent variables are entered into the regression equation at the same time based on the study's goal of estimating the magnitude of the effect of the five components using standard multiple regression. The strength of the link between the set of independent factors and the dependent variable is measured by multiple R and R². To see if the link can be generalized to the population represented by the sample, a F test is utilized. Based on the assumptions below, a t-test is used to analyse the individual association between each independent variable and the dependent variable. If these assumptions are correct, the OLS process generates the most accurate estimates possible. Estimators that generate unbiased estimates with the minimum variance are referred to as "efficient" in statistics. Efficiency is a statistical term that evaluates the quality of estimates obtained using various approaches while keeping the sample size constant.

- *Linearity Assumption.* The dependent and independent variables have a linear relationship.
- *Homoscedasticity Assumption.* The variances of the dependent and independent variables are just the same.
- *The lack of collinearity or multicollinearity is assumed.* Between two or more independent variables, there is no association.
- *Normal distribution's Assumption.* The data for both the independent and dependent variables have a normal distribution.

IV. DATA ANALYSIS AND INTERPRETATION

A. Introduction

In this chapter will concentrate on the analysis of data gathered from the questionnaire. In entire current chapter, we will have a look to demographic characteristics of respondents, descriptive statistics and a method called Ordinary Least Square Regression Analysis will be used to reject or accept hypotheses based on the data set's reliability.

B. Analysis of Questionnaire Administrated and Return

Questionnaires were provided to 250 employees of private and public sectors in the Balkh Province of Afghanistan for this study. A questionnaire was utilized to collect the information needed to evaluate our hypotheses. Respondents responded to 210 of the 250 questions. A total of 210 people were chosen at random using standard random sampling procedures, yielding an 84 percent response rate. A questionnaire was utilized to collect the information needed to evaluate our hypotheses.

C. Data Processing: Demographic Characteristics of respondents

1. Gender

The survey took into account both male and female respondents. Female respondents made up 50.5 percent of the total number of responses., while male respondents accounted for 49.5 percent, totalling 210 responses. The percentage distribution of responders by gender is shown in Table 3.

Table 3 Gender.

| | | Occurrence | Percent % | Valid % | Cumulative % |
|-------|--------|------------|-----------|---------|--------------|
| Valid | Male | 104 | 49.5 | 49.5 | 49.5 |
| | Female | 106 | 50.5 | 50.5 | 100.0 |
| | Total | 210 | 100.0 | 100.0 | |

Source: Field Survey, 2021

The Pie graph for gender contribution of each respondent is shown below:

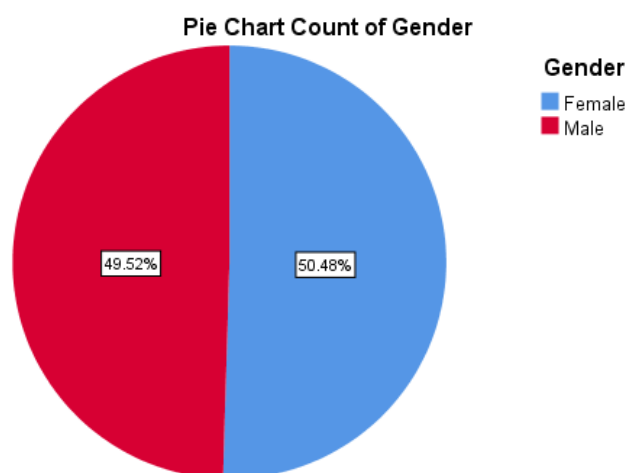


Figure 2 Gender.

2. Age

The great majority of the 210 people who took part in the survey are between the ages of 36 and 45, with 13.8 percent of those under the age of 24. 24.4 percent of the population is between the ages of 25 and 35. 22.9 percent of those polled are between the ages of 46 and 55. Only 8.1 percent of those surveyed are beyond the age of 56. Table 4 provides more information on the age distribution of respondents based on their ages.

Table 4 Age.

| | | Occurrence | % | Valid % | Cumulative % |
|-------|--------------|------------|-------|---------|--------------|
| Valid | Up to 24 Y/O | 29 | 13.8 | 13.8 | 13.8 |
| | 25-35 Y/O | 52 | 24.8 | 24.8 | 38.6 |
| | 36-45 Y/O | 64 | 30.5 | 30.5 | 69.0 |
| | 46-55 Y/O | 48 | 22.9 | 22.9 | 91.9 |
| | +56 Y/O | 17 | 8.1 | 8.1 | 100.0 |
| | Total | 210 | 100.0 | 100.0 | |

Source: Field Survey, 2021

The histogram count of age is shown in Figure 3.

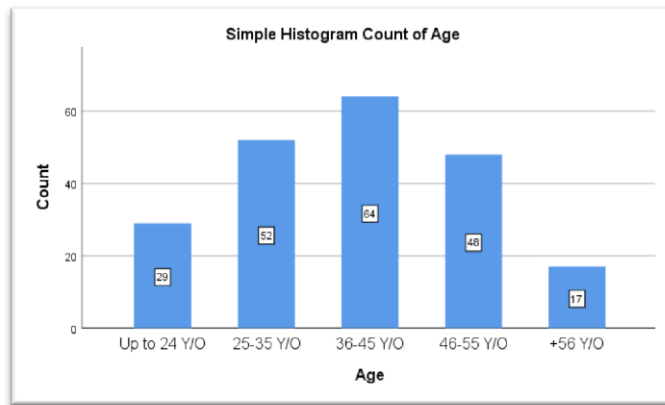


Figure 3 Age.

3. Marital status

Employees who are married or single, as shown in Table 5, account for 46.1 percent and 40.9 percent of respondents, respectively. In the whole sample of respondents, there are just 22 occurrences of Divorced, Separated, or Widowed groupings.

Table 5 Marital Status.

| | | Occurrence | % | Valid % | Cumulative % |
|-------|--------------------|------------|-------|---------|--------------|
| Valid | Single | 60 | 28.6 | 28.6 | 28.6 |
| | Married | 102 | 48.6 | 48.6 | 77.1 |
| | Divorced/Separated | 48 | 22.9 | 22.9 | 100.0 |
| | Total | 210 | 100.0 | 100.0 | |

Source: Field Survey, 2021

In Figure 4 the histogram of the marital status of respondents has given.

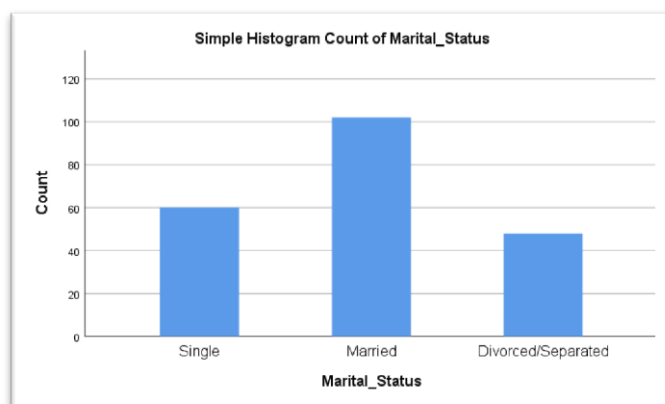


Figure 4 Marital Status.

4. Qualification

Master's degrees are held by the majority of responders 31.4A total of 23.3 percent of those tested hold a bachelor's degree. Only 20% of the population holds a PhD degree. There are 35 respondents with degrees below a bachelor's degree among the 210 persons polled. The number of respondents with a postgraduate degree account for 8.6% of the total sample size. Table 6 shows how the qualification was distributed among the various groups of respondents.

Table 6 Qualification.

| | | Occurrence | % | Valid % | Cumulative % |
|-------|------------------|------------|-------|---------|--------------|
| Valid | Under Bachelor | 35 | 16.7 | 16.7 | 16.7 |
| | Bachelor Degree | 49 | 23.3 | 23.3 | 40.0 |
| | Master Degree | 66 | 31.4 | 31.4 | 71.4 |
| | Doctorate Degree | 42 | 20.0 | 20.0 | 91.4 |
| | Above Doctorate | 18 | 8.6 | 8.6 | 100.0 |
| | Total | 210 | 100.0 | 100.0 | |

Source: Field Survey, 2021

The histogram of the data for Education's Level of respondents is shown below:

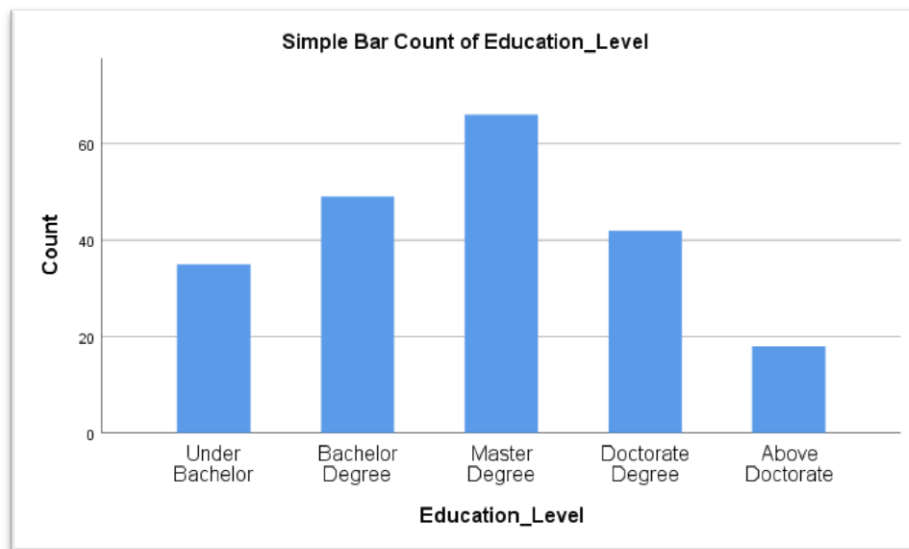


Figure 5 Qualification.

5. Working experience

The frequency table of the number of job experiences is shown in table 7 below. The responses were divided into five categories:

Table 7 Working Experience.

| | | Occurrence | % | Valid % | Cumulative % |
|-------|---------------------|------------|-------|---------|--------------|
| Valid | Less than two years | 36 | 17.1 | 17.1 | 17.1 |
| | Two to four years | 60 | 28.6 | 28.6 | 45.7 |
| | Five to seven years | 44 | 21.0 | 21.0 | 66.7 |
| | Eight to ten years | 43 | 20.5 | 20.5 | 87.1 |
| | Above ten years | 27 | 12.9 | 12.9 | 100.0 |
| | Total | 210 | 100.0 | 100.0 | |

Source: Field Survey, 2021

28.6% of those surveyed have 2-4 years of work experience. 21.0 percent of the respondents had worked for 5-7 years. 8-10 years of work experience is represented by 20.5 percent of respondents. 17.1% of those surveyed have less than two years of job experience. Only 27 of those surveyed have more than ten years of work experience, contributing for 12.9 percent of the sample size. Figure 6 depicts the distribution of 210 respondents' employment experiences.

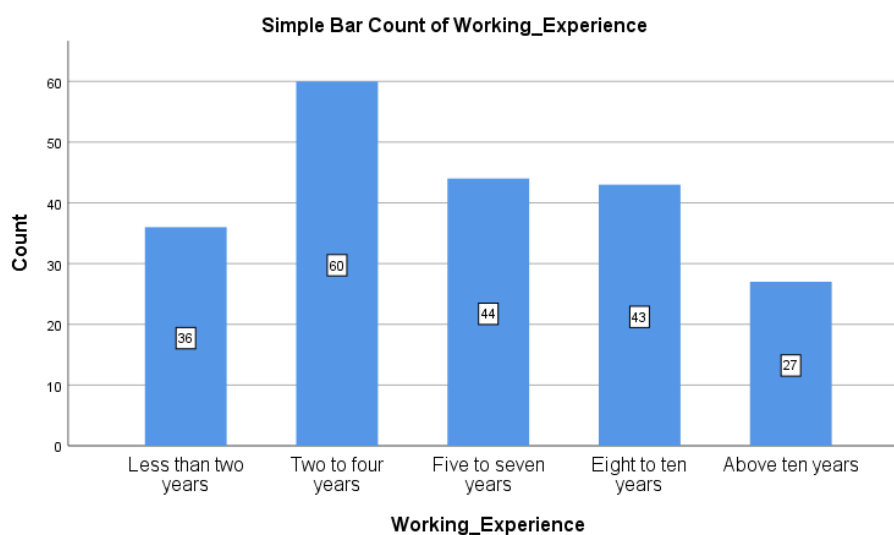


Figure 6 Working Experience.

6. Sectors

Table 8 Sectors.

| | | Occurrence | % | Valid % | Cumulative % |
|-------|---------|------------|-------|---------|--------------|
| Valid | Public | 102 | 48.6 | 48.6 | 48.6 |
| | Private | 108 | 51.4 | 51.4 | 100.0 |
| | Total | 210 | 100.0 | 100.0 | |

Source: Field Survey, 2021

On the table 8 below, the frequency table of the “sector” has given. The respondents were categorized into 2 groups as follows:

48.6 percent of those polled work in the public sector. while 51.4 percent of respondents work in the private sector.

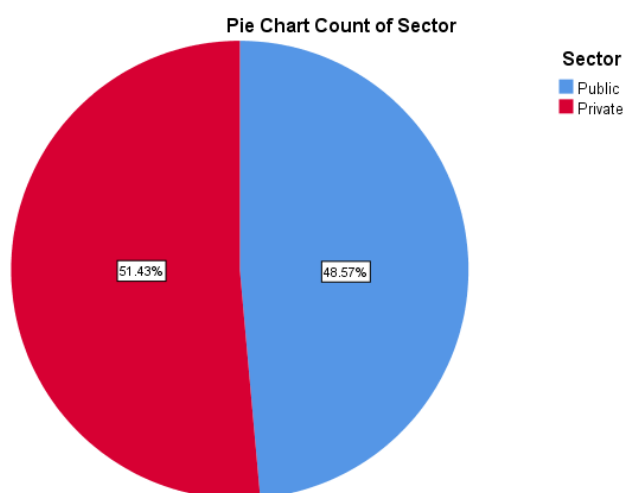


Figure 7 Sectors.

D. Descriptive Statistics

All of the questions are classified from 1 to 20. Among all of these questions, a collection of questions aimed at certain independence variables and dependent variables has been divided into five sections. Here's a quick rundown of the coded questions with their sections:

Questions concerning 1st section, IA competence:

- Q1. Internal auditors are well-informed of total activities in the department.
- Q2. Do you agree that the audit unit or department has progressed with sufficiently trained or qualified staff?
- Q3. Internal auditors are active (to develop or track, not merely respond).

Q4. The internal audit established excellent collaboration between inspectors and auditees.

Q5. Internal inspectors regularly attend workshops or vocational training.

Q6. Internal auditors have a strong and appropriate educational background.

Questions concerning 2nd section, IA Independence

Q7. Internal audit results and recommendations must be provided to the Board of Directors (or the Audit Committee).

Q8. Internal auditors have complete access to the company's units and workers.

Q9. Internal auditors contribute to the creation of organizational processes.

Questions Concerning 3rd section, IA Work Quality

Q10. The targets set for interior audits have been achieved.

Q11. Internal and external auditors effectively communicate.

Q12. The interior audit findings are correctly stated and argued.

Q13. Interior audit guidance can be implemented easily.

Q14. The report of the internal audit is perfect (Logic and clear)

Questions Concerning 4th section, IA Management Support

Q15. Top management supports the personnel of the IAD.

Q16. The IAD is large enough to carry out its responsibilities successfully.

Q17. Internal audits have certain criteria and needs, and senior management is prepared to meet them.

Questions Concerning 5th section, IA Effectiveness

Q18. The internal audit ensures adding value to the company.

Q19. Internal audit enhances departmental efficiency.

Q20. Internal audit rises the effectiveness of the corporate.

Table 9 Descriptive Statistics for IA Competence.

| | N | Mean | Std. Deviation | Skewness | Kurtosis |
|---------|-----|--------|----------------|----------|----------|
| Q1 | 210 | 2.6524 | 1.10593 | .166 | -.867 |
| Q2 | 210 | 2.7238 | 1.24889 | .120 | -1.090 |
| Q3 | 210 | 2.7905 | 1.19964 | .109 | -1.049 |
| Q4 | 210 | 2.9667 | 1.27314 | .049 | -1.035 |
| Q5 | 210 | 3.2143 | 1.22055 | -.115 | -1.029 |
| Q6 | 210 | 3.1048 | 1.23679 | -.155 | -.968 |
| Valid N | 210 | | | | |

Source: Field Survey, 2021

The mean response to all questions in the fourth section (Q1-Q6) investigating management support is very close to 3.00 (mean=2.96), according to the fourth section (Q1-Q6) investigating management support. It signifies those participants approve private and public sectors management support. The standard deviation of 1.21 indicates that the participants' perceptions are similar.

Table 10 IA Independence Descriptive Statistics.

| | N | Mean | Std. Deviation | Skewness | Kurtosis |
|---------|-----|--------|----------------|----------|----------|
| Q7 | 210 | 2.9714 | 1.25242 | -.064 | -1.099 |
| Q8 | 210 | 2.9667 | 1.23499 | .141 | -.960 |
| Q9 | 210 | 3.0524 | 1.26873 | -.042 | -1.038 |
| Valid N | 210 | | | | |

Source: Field Survey, 2021

According to the fourth portion (Q7-Q9) investigating IA Independence, the mean response to all questions is very close to 3.00 (mean=2.99). It means that management in private and public sectors are accepted by participants. The standard deviation of 1.25 suggests that the individuals' perceptions are identical.

Table 11 Descriptive Statistics of IA Work Quality.

| | N | Mean | Std. Deviation | Skewness | Kurtosis |
|---------|-----|--------|----------------|----------|----------|
| Q10 | 210 | 3.0571 | 1.27417 | -.038 | -1.091 |
| Q11 | 210 | 3.1238 | 1.28811 | -.152 | -1.127 |
| Q12 | 210 | 3.1000 | 1.27715 | -.133 | -1.027 |
| Q13 | 210 | 3.0857 | 1.24980 | .015 | -1.059 |
| Q14 | 210 | 3.1524 | 1.24340 | -.142 | -1.006 |
| Valid N | 210 | | | | |

Source: Field Survey, 2021

The mean response to all questions in the fourth section (Q10-Q14) investigating IA Work Quality is greater than 3.00 (mean=3.1). It signifies those participants approve Private and Public Sector's management support. The standard deviation of 1.266 implies that the participants' perceptions are close.

Table 12 IA Management Support Descriptive Statistics.

| | N | Mean | Std. Deviation | Skewness | Kurtosis |
|---------|-----|--------|----------------|----------|----------|
| Q15 | 210 | 3.3571 | 1.20647 | -.337 | -.771 |
| Q16 | 210 | 3.1476 | 1.27625 | -.308 | -1.049 |
| Q17 | 210 | 3.1238 | 1.33553 | -.095 | -1.234 |
| Valid N | 210 | | | | |

Source: Field Survey, 2021

According to the fourth portion (Q15-Q17) investigating IA Management Support, the mean response to all questions is larger than 3.00 (mean=3.2). It means that management support of Private and Public sectors are accepted by participants. the standard deviation of 1.27 indicates that the perceptions of participants are close to each other.

Table 13 Descriptive Statistics of IA Effectiveness.

| | N | Mean | Std. Deviation | Skewness | Kurtosis |
|---------|-----|--------|----------------|----------|----------|
| Q18 | 210 | 3.1667 | 1.31820 | -.159 | -1.167 |
| Q19 | 210 | 3.1333 | 1.26087 | -.153 | -1.060 |
| Q20 | 210 | 3.2333 | 1.29328 | -.255 | -1.071 |
| Valid N | 210 | | | | |

Source: Field Survey, 2021

According to the fourth portion (Q15-Q17) investigating IA Effectiveness, the mean response to all questions is larger than 3.00 (mean=3.18). It means that management support of Private and Public sectors are accepted by participants. the standard deviation of 1.29 indicates that the perceptions of participants are close to each other.

E. Questionnaire's Reliability

In a Likert-scale questionnaire, the questionnaire's accuracy or reliability is vital. The Cronbach Alpha (α) reliability measurement value of this study is 0.794, which is higher than the value 7.0, as shown in Table 14. As a result, the data analysis was a breeze with the replies obtained in this study.

Table 14 Statistics on Reliability.

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .794 | 20 |

Source: Field Survey, 2021

1. Autocorrelation assessment

Auto-correlated residuals are those that show patterns in the model's residuals (Brooks, 2008). The DW41 autocorrelation test is a first-order autocorrelation test. This presupposes a link between one error and the one before it. When the Durbin-Watson result is near to 2, the null hypothesis cannot be rejected in this form of analysis (Hair, et al., 1998). Because it reveals that autocorrelation is minimal or

non-existent. When it's less than two, there's a positive correlation; when it's greater than two, there's a negative correlation. Based on Table 15, the statistical significance of this Durbin Watson analysis is 2.026, which is greater than 2. As a result, there is a negative impact.

Table 15 Model Summary^b.

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1 | .498 ^a | .248 | .233 | .83289 | 2.026 |

a. Predictors: (Constant), IAMS, IAI, IAWQ, IAC

b. Dependent Variable: IAE

Source: Field Survey, 2021

Based on Table 15, the appropriate tests for the variables used to indicate the efficiency of IA were investigated. It indicates that the entire contribution of competency of Internal Audit groups, Internal Audit Independence, Internal Audit Work Quality, and Management Support accounts for 24.8 percent (0.248) of the difference in internal audit efficiency.

F. Regression Results

Table 16 ANOVA^a.

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1 | Regression | 46.930 | 4 | 11.733 | 16.913 | .000 ^b |
| | Residual | 142.211 | 205 | .694 | | |
| | Total | 189.141 | 209 | | | |

a. Dependent Variable: IAE

b. Predictors: (Constant), IAMS, IAI, IAWQ, IAC

Source: Field Survey, 2021

Table 16, ANOVA, emphasizes the significance of the F-statistics (P=0.000) and F=16.913 model, which shows that the predictions and the impacts of the regression variables have a significant link. The model is well-suited to estimating IA efficiency.

Table 17 Coefficients^a.

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .706 | .315 | | 2.242 | .026 |
| | IAC | .135 | .108 | .096 | 1.248 | .214 |
| | IAI | .074 | .078 | .067 | 0.942 | .347 |
| | IAWQ | .223 | .091 | .178 | 2.444 | .015 |
| | IAMS | .363 | .078 | .312 | 4.685 | .000 |

a. Dependent Variable: IAE

Source: Field Survey, 2021

The independent variable with a significance level (sig.) of less than 5 percent will make a significant influence to the dependent variable's expected value. Indeed, a variable with a significance level (sig.) higher than this cannot contribute meaningfully to the dependent variable's predicted value (Hair, et al., 1998; Brooks, 2008).

According to Table 17, the independent variables have a statistical significance of 5% over the dependent variable (Effectiveness of IA), but two of the independent variables (IA Competence and IA Independence) have no statistical significance over the dependent variable (Effectiveness of IA) because the significance levels are greater than 0.05. However, while the significance thresholds are less than 0.05, the independent variables (Work Quality and Management Support) have substantial contributions to the dependent variable (IA effectiveness).

Table 18 Coefficients^a.

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.635 | .290 | | 5.633 | .000 |
| | IAC | .370 | .106 | .262 | 3.508 | .001 |
| | IAI | .155 | .082 | .142 | 1.898 | .059 |

a. Dependent Variable: IAE

Source: Field Survey, 2021

If we compare the effect of just the first two independent variables (Competence and Independence) on the dependent variable (Effectiveness of Internal Audit) as shown in Table 18; the independent variables' statistical significance over the dependent variable at 5% of significance; IA Competence is significantly contributed over the dependent variable (Effectiveness of IA). The contribution of IA independence over the dependent variable (IA Effectiveness) is insignificant.

Table 19 Coefficients^a.

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .958 | .288 | | 3.328 | .001 |
| | IAWQ | .303 | .081 | .242 | 3.727 | .000 |
| | IAMS | .399 | .076 | .343 | 5.283 | .000 |

a. Dependent Variable: IAE

Source: Field Survey, 2021

If we compare the effect of just the last two independent variables (Work Quality and Management Support) Table 19 shows the statistical significance of the independent variables over the dependent variable (Effectiveness of Internal Audit)

at 5% significance level for the dependent variable (Effectiveness of Internal Audit). Both the IA Work Quality and IA Management Support over the dependent variable (Effectiveness of IA) have significant contribution.

G. Data Results and Interpretation

In this part, the results of the quantitative data analysis are presented. The hypotheses study is used to determine the significant impact of independent factors on the dependent variable (Field Survey, 2020). In this study, hypotheses are evaluated for a significant impact of IA Competency, Independence, Work Quality, and Management Support on IA Effectiveness, which is measured by bringing value to a firm, enhancing departmental performance, and increasing corporate efficiency. Table 17 demonstrates that the p-values for Work Quality and Management Support are statistically significant ($p < 0.05$), implying that the third and fourth hypotheses are well supported. The p-value for Independence and Competence is statistically negligible at ($P < 0.05$), which lacks support for hypotheses 1 and 2.

H. Hypothesis Testing

- *Null Hypothesis I:*

There is no statistically significant difference at level ($\alpha = 0.01$) between Effectiveness of IA and Competency of IA in Private and Public sectors.

- *Null Hypothesis II:*

There is no statistically significant difference at level ($\alpha = 0.01$) between Effectiveness of IA and Independency of IA in Private and Public sectors

- *Null Hypothesis III:*

There is no statistically significant difference at level ($\alpha = 0.01$) between Effectiveness of IA and Work Quality of IA in Private and Public sectors.

- *Null Hypothesis IV:*

There is no statistically significant difference at level ($\alpha = 0.01$) between Effectiveness of IA and Management Support of IA in Private and Public sectors.

Pearson correlation test was used to test the hypothesis I, the results showed that all correlations are statistically significant with P-values less than $\alpha = 0.01$ and Pearson Correlation Coefficient = 0.482. This indicates that there is a high positive correlation between IA Competence and IA Independence. The Table 20 Shows the summary of the test's result.

Table 20 Correlations.

| | | IAC | IAI | IAWQ | IAMS | IAE |
|------|---------------------|--------|--------|--------|--------|--------|
| IAC | Pearson Correlation | 1 | .492** | .502** | .363** | .332** |
| | Sig. (2-tailed) | | .000 | .000 | .000 | .000 |
| IAI | Pearson Correlation | .492** | 1 | .398** | .274** | .271** |
| | Sig. (2-tailed) | .000 | | .000 | .000 | .000 |
| IAWQ | Pearson Correlation | .502** | .398** | 1 | .351** | .362** |
| | Sig. (2-tailed) | .000 | .000 | | .000 | .000 |
| IAMS | Pearson Correlation | .363** | .274** | .351** | 1 | .428** |
| | Sig. (2-tailed) | .000 | .000 | .000 | | .000 |
| IAE | Pearson Correlation | .332** | .271** | .362** | .428** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | |

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey, 2021

I. Hypothesis Results

H₁: There is statistically significant difference at level ($\alpha = 0.01$) between Effectiveness of IA and Competency of IA in Private and Public sectors.

H₂: There is statistically significant difference at level ($\alpha = 0.01$) between Effectiveness of IA and Independency of IA in Private and Public sectors

H₃: There is statistically significant difference at level ($\alpha = 0.01$) between Effectiveness of IA and Work Quality of IA in Private and Public sectors.

H₄: There is statistically significant difference at level ($\alpha = 0.01$) between Effectiveness of IA and Management Support of IA in Private and Public sectors.

From Table 21 below, we can find the linear association between independent variables and dependent variables:

Table 21 Pearson's Correlations for Hypothesis.

| Hypothesis | Structural Paths | Person's Correlation Coefficient | Result |
|----------------|------------------|----------------------------------|-----------|
| Hypothesis I | IAC implies IAE | .332** | Supported |
| Hypothesis II | IAI implies IAE | .271** | Supported |
| Hypothesis III | IAWQ implies IAE | .362** | Supported |
| Hypothesis IV | IAMS implies IAE | .428** | Supported |

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey, 2021

It can be seen that all hypothesized are supported as all Pearson's Correlation Coefficients are positive and significance at the 0.01 level.

Table 22 One-Sample Test.

| | t | df | Sig. (2-tailed) | Mean | Std. Deviation |
|------|--------|-----|-----------------|--------|----------------|
| IAC | -1.966 | 209 | .051 | 2.9087 | .67262 |
| IAI | -.053 | 209 | .958 | 2.9968 | .86763 |
| IAWQ | 1.979 | 209 | .049 | 3.1038 | .76031 |
| IAMS | 3.711 | 209 | .000 | 3.2095 | .81813 |

Source: Field Survey, 2021

One may use the One Sample T test to check whether the means of each dependent and independent variables are above the Test Value 3 or not. From Table 22 it can be seen that for variables IAWQ and IAMS the means are above Test Value=3. The mean of IAWQ is 3.0138 and the mean for IAMS is 3.0295 which both are statistically significant at 0.05 level.

J. Regression Result

We've also decided to employ regression analysis to figure out how strong and which way the association between two or more variables is.

In the study, the dependent variable used was IAE. The model adopted is:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Equation 1

Where;

$Y = \text{IAE}$

$X_1 = \text{IAC}$

$X_2 = \text{IAI}$

$X_3 = \text{IAWQ}$

$X_4 = \text{IAMS}$

$\beta_i = \text{Regression Coefficients, } i = 0,1,2,3,4$

$\varepsilon = \text{Error Term}$

R, or the correlation coefficient, is shown in table 23 to indicate the link between the study variables. According to the data in the table below, the research variables had a positive connection, as demonstrated by the 5% significant level. The coefficient of determination, or modified R squared, shows how much the dependent variable varies as a result of changes in the dependent variables. According to the findings in the table below, the value of R squared was 0.248, showing a variance of 24.8 percent on IAE due to changes in IAMS, IAI, IAWQ, and IAC at the 95 percent confidence range. This suggests that the dependent variable's swings can be explained by 24.8 percent.

Table 23 Model Summary.

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | R Square Change | Change Statistics | | | Sig. F Change |
|-------|-------------------|----------|-------------------|----------------------------|-----------------|-------------------|-----|-----|---------------|
| | | | | | | F Change | df1 | df2 | |
| 1 | .498 ^a | .248 | .233 | .83289 | .248 | 16.913 | 4 | 205 | .000 |

a. Predictors: (Constant), IAMS, IAI, IAWQ, IAC

Source: Field Survey, 2021

The regression coefficients can be found from Table 24 along with an examination of the T-values indicating the contribution of IAWQ and IAMS to predication of IAE.

Table 24 Regression Coefficients^a.

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .706 | .315 | | 2.242 | .026 |
| | IAC | .135 | .108 | .096 | 1.248 | .214 |
| | IAI | .074 | .078 | .067 | .942 | .347 |
| | IAWQ | .223 | .091 | .178 | 2.444 | .015 |
| | IAMS | .363 | .078 | .312 | 4.685 | .000 |

a. Dependent Variable: IAE

Source: Field Survey, 2021

The regression equation can be derived from the regression coefficient above:

$$Y = 0.706 + 0.135X_1 + 0.074X_2 + 0.223X_3 + 0.363X_4 + \varepsilon$$

Equation 2

As previously stated in the interpretation and analysis, the above equation is our final estimated equation that shows how much each independent variable may effect or influence the dependent variable.

Table 24 shows IAC³ weak linkages to IAE⁴ at P value less than 0.05. The magnitude (B), which influenced IAE, was B=0.135 and the t-value was 1.248 respectively. The sign of a positive scale and t-value of less than 2 indicate poor interaction between IAC and IAE.

Table 24 shows IAI⁵ weak linkages to IAE at P value less than 0.05. The magnitude (B), which influenced IAE, was B=0.074 and the t-value was 0.942 respectively. The sign of a positive scale and t-value of less than 2 indicate poor interaction between IAI and IAE.

Table 24 shows IAWQ⁶ moderate linkages to IAE at P-value less than 0.05. The magnitude (B), which influenced IAE, was B=0.223 and the t-value was 2.444 respectively. The sign of a positive scale and t-value of larger than 2 indicate moderate interaction between IAWQ and IAE.

Table 24 shows IAMS moderate linkages to IAE at P value less than 0.05. The magnitude (B), which influenced IAE, was B=0.363 and the t-value was 4.685 respectively. The sign of a positive scale and t-value of larger than 2 indicate moderate interaction between IAMS⁷ and IAE.

³ Internal Audit Competence

⁴ Internal Audit Efficiency

⁵ Internal Audit Independence

⁶ Internal Audit Work Quality

⁷ Internal Audit Management Support

V. CONCLUSION AND RECOMMENDATION

A. Introduction

The research project wraps up in this chapter. It summarizes the research findings and conclusions, draws conclusions, and provides recommendations for future changes or initiatives on the subjects presented. The study's main goal was to determine the influence of internal audit competency, independence, working quality, and internal audit management system on IAF in both the public and private sectors of Afghanistan's Balkh province.

B. Conclusion of the Study

The association between IAF and Competence of Internal Audit, Independence of Internal Audit, Internal Audit Working Quality, and Internal Audit Management System was assessed using reliability and validity measurement. The model was tested using Regression Analysis and Durbin-Watson Analysis, and the following major discoveries were discovered: To begin with, all independent variables have a direct positive link with Internal Audit Efficiency, which confirmed the study's first, second, third, and fourth hypotheses.

To conclude, the data show that increasing the use of Internal Audit Competence, Internal Audit Independence, Internal Audit Working Quality, and Internal Audit Management System increases IA Functionality from a statistical standpoint.

Internal Audit Competence and Internal Audit Independency are the only independent factors that have a significant impact on our dependent variable (Functionality of Internal Audit) at the 0.05 level.

Table 25 Comparisons of Correlations for public and private sectors.

| | | IAE (private) | IAE (public) |
|------|---------------------|---------------|--------------|
| IAC | Pearson Correlation | 0.310** | 0.289** |
| | Sig. (2-tailed) | 0.001 | 0.003 |
| IAI | Pearson Correlation | 0.172 | 0.258** |
| | Sig. (2-tailed) | 0.075 | 0.009 |
| IAWQ | Pearson Correlation | 0.236* | 0.438** |
| | Sig. (2-tailed) | 0.014 | 0.000 |
| IAMS | Pearson Correlation | 0.435** | 0.309** |
| | Sig. (2-tailed) | 0.000 | 0.002 |
| IAE | Pearson Correlation | 1 | 1 |
| | Sig. (2-tailed) | | |

** . At the 0.01 level, correlation is significant (2-tailed).

* . At the 0.05 level, the correlation is significant (2-tailed).

Source: Field Survey, 2021

If we compare the Pearson Correlation Coefficients of IAE with IAC, IAI, IAWQ, and IAMS for both public and private sector cases, we obtain Table 25 above that shows how strong the linear relationship between the independent and dependent variables is.

As results show, the similarity and differences of all correlations explored briefly. The correlation of IAC and IAE for private sector obtained 0.310 and the correlation of IAC and IAE for public sector is 0.289 (both are statistically significant at 0.001 level); both correlation coefficients are very similar to each other. The correlation of IAI and IAE for private sector obtained 0.172 and the correlation of IAI and IAE for public sector is 0.258, but the correlation coefficient obtained for private sector is not statistically significant at 0.05 level); both correlation coefficients are weak and slightly similar to each other. The correlation of IAWQ and IAE for private sector obtained 0.236 and the correlation of IAWQ and IAE for public sector is 0.438 (both are statistically significant at 0.001 level); the linear correlation coefficient between IAWQ and IAE for public sector is much higher than the linear correlation coefficient between IAWQ and IAE for private sector. The correlation of IAMS and IAE for private sector obtained 0.435 and the correlation of IAMS and IAE for public sector is 0.309 (both are statistically significant at 0.001 level); the linear correlation coefficient between IAMS and IAE for private sector is much higher than the linear correlation coefficient between IAMS and IAE for public sector.

Table 26 T-Test Comparison Between Private and Public Sectors.

| | Public Sector | | | Private Sector | | |
|-----|---------------|-----------------|-----------------|----------------|-----------------|-----------------|
| | t | Sig. (2-tailed) | Mean Difference | t | Sig. (2-tailed) | Mean Difference |
| Q1 | -3.432 | .001 | -.34314 | -3.062 | .003 | -.35185 |
| Q2 | -1.737 | .085 | -.20588 | -2.743 | .007 | -.34259 |
| Q3 | -.171 | .865 | -.01961 | -3.329 | .001 | -.38889 |
| Q4 | 2.025 | .045 | .24510 | -2.425 | .017 | -.29630 |
| Q5 | 2.775 | .007 | .33333 | .866 | .388 | .10185 |
| Q6 | 2.103 | .038 | .25490 | -.311 | .756 | -.03704 |
| Q7 | 2.224 | .028 | .25490 | -2.397 | .018 | -.29630 |
| Q8 | .243 | .808 | .02941 | -.770 | .443 | -.09259 |
| Q9 | .243 | .808 | .02941 | .585 | .560 | .07407 |
| Q10 | 1.000 | .320 | .12745 | -.076 | .939 | -.00926 |
| Q11 | 1.961 | .053 | .23529 | .142 | .887 | .01852 |
| Q12 | 1.845 | .068 | .22549 | -.147 | .884 | -.01852 |
| Q13 | 1.702 | .092 | .20588 | -.227 | .821 | -.02778 |
| Q14 | 1.339 | .183 | .17647 | 1.161 | .248 | .12963 |
| Q15 | 2.195 | .030 | .26471 | 3.867 | .000 | .44444 |
| Q16 | 1.593 | .114 | .19608 | .807 | .421 | .10185 |
| Q17 | .736 | .464 | .09804 | 1.157 | .250 | .14815 |
| Q18 | 1.430 | .156 | .17647 | 1.178 | .241 | .15741 |
| Q19 | -.296 | .768 | -.05455 | 1.791 | .076 | .20370 |
| Q20 | 2.821 | .006 | .35294 | .950 | .344 | .12037 |

Source: Field Survey, 2021

From Comparison Table above which is the comparison table of t-test between Public and private sector, it can be seen that in public sector, Q4, Q5, Q6, Q7, Q15 and Q20 are significant at 95 percent confidence level and their means are positive. Therefore, these questions are supported. in private sector only two questions are supported. Q7 and Q15 are significant at 95 percent confidence level and their means are positive.

C. Limitations of the Study

As with any research, this study has some limitations. First and importantly, the study enlisted the participation of 210 people from both P&B sectors which this amount is less than the expected number of respondents to be done for making better conclusions, the parameters of our population were unknown.

We look at the parallels and contrasts between public sector internal auditing and its private-sector counterpart. Organizational status, outsourcing, using internal audit as a "tour of duty" function, activities, and relationships with the external

auditor are all factors considered. The research is based on a survey of chief internal auditors in Australian and New Zealand companies. Internal audit in the public and private sectors appears to have different statuses, with public sector internal auditors reporting to the chief financial officer less frequently. While both public and private sector firms outsource similar amounts of work, public sector organizations are more likely to use an external auditor. In both industries, there is minimal variation between internal audit activities and exchanges with external audit. Internal audit in the private sector, on the other hand, is thought to result in a bigger reduction in audit fees than in the public sector.

D. Recommendations for Future Researches

One may use only the effect of Internal Audit Competency and Internal Audit Independency over the functionality of Internal Audit; in that case the results would be different from what I have achieved. The result would underpin executives and academics to focus on IAE in Balkh P&B sectors. The sample size of 210 is not enough to obtain expected results; the separation of this sample size (N=210) into two groups of private sector and public sector, decreases the strength of the linear relationships between dependent variable and independent variables. The findings could be useful to the auditing profession, management, audit committees of directors, and rule-making bodies in identifying the major aspects that contribute to improving the efficiency of IA.

Given the importance of internal audit in the corporate organization, future corporate mechanisms such as the audit committee, external audit, and ownership structure should be examined for their impact on IA effectiveness. In addition, future study could include a larger sample size and the discovery of a scale for evaluating the effectiveness of internal auditing. Also, one may use the effect of Sector of Organization, Outsourcing of Internal Audit and Management Training Ground over IAF.

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APPENDIX

Appendix A: Questionnaire

Appendix B: Ethics Approval Form

Appendix A: Questionnaire

Guidance: The aim of this study is to collect and provide data for MBA research at Istanbul Aydin University. The findings and conclusions of this paper will benefit both the education and business sectors in Afghanistan. Interviewees' cooperation is extremely valuable and valued in this regard. I, Mohammad Javid Afzali, would like to express my gratitude in advance for your contribution.

Part I: General Information

Guidance: Please address the query below and place a (thick) in the box which suits you best.

1. **Gender** Male Female

2. **Age**

1. Up to 24 Y/O 2. 25-35 Y/O 3. 36-45 Y/O

4. 46-55 Y/O 5. + 56 Y/O

3. **Marital Status**

1. Single 2. Married 3. Divorced/Separated

4. **Educational Level**

1. Under Bachelor Degree 2. Bachelor Degree 3. Master

4. Doctorate Degree 5. Above Doctorate

5. **Working Experience**

1. Less than two years 2. Two to four years 3. Five to seven years

4. Eight to ten years 5. Above ten years

6. **Work Sector**

1. Private 2. Public

Part II: Internal Audit Questions

Please put just a tick query in the box that best fits your answer.

| Statement | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------|---------|-------|----------------|
| | (5) | (4) | (3) | (2) | (1) |
| A. Competency of Internal Auditors | | | | | |
| 1 Internal auditors are well-informed of total activities in the department. | | | | | |
| 2 Do you agree that the audit unit or department has progressed with sufficiently trained or qualified staff? | | | | | |
| 3 Internal auditors are active (to develop or track, not merely respond). | | | | | |
| 4 The internal audit established excellent collaboration between inspectors and auditees. | | | | | |
| 5 Internal inspectors regularly attend workshops or vocational training. | | | | | |
| 6 Internal auditors have a strong and appropriate educational background. | | | | | |
| B. Independence of IA | | | | | |
| 7 The internal investigation shall provide and submit findings and suggestions to the Board of Directors (or the Audit Committee). | | | | | |
| 8 Interior investigators have full access to every units and employee's of the company. | | | | | |
| 9 Interior investigators are participating in the development of organizational procedures. | | | | | |

| Statement | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|----------|---------|-------|----------------|--|
| | (5) | (4) | (3) | (2) | (1) | |
| C. Quality of IA | | | | | | |
| 10 | The targets set for interior audits have been achieved. | | | | | |
| 11 | Internal and external auditors effectively communicate. | | | | | |
| 13 | The interior audit findings are correctly stated and argued. | | | | | |
| 14 | Interior audit guidance can be implemented easily. | | | | | |
| 15 | The report of the internal audit is perfect (Logic and clear) | | | | | |
| D. Management Support | | | | | | |
| 16 | Top management supports the personnel of the IAD. | | | | | |
| 17 | The IAD is wide enough to effectively carry out its duties. | | | | | |
| 18 | Senior management is ready to respond to the requirements and needs of internal audits. | | | | | |
| E. Effectiveness of Internal Audit | | | | | | |
| 19 | The internal audit ensures adding value to the company. | | | | | |
| 20 | Internal audit enhances departmental efficiency. | | | | | |
| 21 | Internal audit rises the effectiveness of the corporate. | | | | | |
| Please indicate if you encounter any kind of concept that is not mentioned in this questionnaire when assessing the efficacy of internal audits within your company. | | | | | | |

Reference: Shewhart, W. A. & Wilks, S. S., 2004. Methods for Testing and Evaluating Survey Questionnaires. In: R. M. Groves, et al. eds. Wiley Series in Survey Methodology. New Jersey: A John Wiley & Sons, Inc. Publications.

Appendix B: Ethical Approval Form

Evrak Tarih ve Sayısı: 14.07.2021-18288



T.C.
İSTANBUL AYDIN ÜNİVERSİTESİ REKTÖRLÜĞÜ
Lisansüstü Eğitim Enstitüsü Müdürlüğü

Sayı : E-88083623-020-18288
Konu : Etik Onayı Hk.

14.07.2021

Sayın MOHAMMAD JAVID AFZALI

Tez çalışmanızda kullanmak üzere yapmayı talep ettiğiniz anketiniz İstanbul Aydın Üniversitesi Etik Komisyonu'nun 09.07.2021 tarihli ve 2021/08 sayılı kararıyla uygun bulunmuştur. Bilgilerinize rica ederim.

Prof. Dr. Ragıp Kutay KARACA
Müdür

Bu belge, güvenli elektronik imza ile imzalanmıştır.

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Telefon : 444 1 428 Unvanı : Yazı İşleri Uzmanı
Web : <http://www.aydin.edu.tr/> Tel No : 31002
Kep Adresi : iau.yazisleri@iau.hs03.kep.tr



RESUME

Name Surname: Mohammad Javid AFZALI

ABOUT ME

A motivated, enthusiastic, hard/smart working person with more than 10 years of work experience in different fields such as sales, customer service, marketing, finance, team leading, management, and teaching the English language. In addition, someone who is a great achiever, team player, organizer, and marvelous motivator.

Furthermore, the type of person who will achieve the organizational and departmental goals under any pressure by never taking NO as an answer.

WORK EXPERIENCE

Charter Sales Manager

Sirius Aero GMBH [01/02/2022 – Current]

City: Vienna

Country: Austria

- Generating charter sales
- Selling & coordinating charter flights
- Preparing personalized quotes, sales documents, and client agreements
- Following up and diligently maintaining the new inquiry process
- Utilizing CRM (Bitrix) to enter, track, and grow client contacts
- Watching over trip and details to ensure successful charter experience
- Assisting Flight Operations in aircraft sourcing efforts

International Sales Manager

Golden Group Investments [02/2021 – 06/2021]

City: Istanbul

Country: Turkey

- Real estate business development on the international market.
- Data analysis, excel reports, lead management.
- Collaborating with CRM and leads to interact and understand clients' needs.

B2B Sales and Marketing Manager

Skonic News [02/2020 – 01/2021]

City: Istanbul

Country: Turkey

- Contributing information, ideas, and research to help develop marketing and sales strategies.
- Analysing trends, data, demographics, pricing strategies, and other information that can potentially improve marketing and sales performance.
- Maintaining excellent relationships with clients through superior customer service and efficient communication.

Portfolio Manager**Istanbul Government Projects. [11/10/2019 – 10/01/2020]****City:** Istanbul**Country:** Turkey

- Meeting with clients to determine their investment goals.
- Advising, explaining and differentiating between various investment opportunities in Istanbul-Turkey.
- Networking with clients to build strong relationships to build trust for doing business.

Customer Support**THE LIQUIDITY [03/06/2019 – 10/10/2019]****City:** Istanbul**Country:** Turkey

- Serving customers by providing product and service information and resolving product and service problems.
- Attracting potential customers by answering product and service questions and suggesting information about other products and services.
- Determining the cause of the problem, selecting and explaining the best solution to solve the problem,
- Expediting correction or adjustment, and following up to ensure resolution.

CSP (Customer Service point) Representative**MTN (Telecommunication company) [22/06/2011 – 31/01/2019]****City:** Balkh**Country:** Afghanistan

- Receiving customer complaints, analyzing the issue, coordinating and solving the problem in line with the
- company's policy.
- Offering goods and services by briefing customers about new campaigns and promotions.
- Invoice creation, past dues clearance and executing new individual and postpaid contracts

English Teacher (Part Time)**Tanwir Academic Centre [01/03/2016 – 31/12/2018]****City:** Balkh**Country:** Afghanistan

- Planning, Preparing and delivering lessons to all students in the class.
- Teaching According to the educational needs, abilities and achievement of each individual and group of students.
- Assigning work, correcting and marking work carried out by my Students.

Account Receivable Supervisor (Part Time)**Hamesha Sadat Recruitment Services Co. LTD [02/11/2009 – 05/02/2011]****City:** Kabul**Country:** Afghanistan

- Invoice and report creation on a daily and monthly basis.
- Reporting daily financial input & output activities to concerns.
- Salary distribution to outsourced agents.

Data entry agent (Part Time)**MTN (Telecommunication company) Afghanistan [01/01/2009 – 31/05/2010]****City:** Kabul**Country:** Afghanistan

- Punching data into the database system.
- Daily SAF auditing.
- Daily checking reports & sending to supervisor.

EDUCATION AND TRAINING**MBA (Master of Business Administration)****IAU (Istanbul Aydin University) [06/02/2019 – Current]****Address:** Istanbul (Turkey)**Compulsory Subjects**

- Advanced Accounting
- Contemporary Management and Strategic Planning
- Research Methods in Social Sciences
- Introduction to Thesis and Seminar

Elective courses

- Accounting Standards Application
- Digital Marketing and E-Commerce
- Financial Markets and Institutions

Economic (Business & Administration Department)**Aria University of Higher Education [21/04/2012 – 06/02/2016]****Address:** Balkh (Afghanistan)**Certificate in Marketing Skills****AHEAD Funded by USAID [15/06/2013 – 11/07/2013]****Address:** Mazar-e-sharif (Afghanistan)**DIT****Ajeer Institute [03/01/2011 – 30/11/2011]****Address:** Darwazi Balkh, Mazar-e-sharif, Afghanistan, Kabul (Afghanistan)**Google IT Support****Google/INCO Academy Austria [01/09/2021 – Current]****Address:** Google/INCO Academy Austria, (Austria)

- Technical Support Fundamentals
- The Bits and Bytes of Computer Networking
- Operating Systems and You: Becoming a Power User
- System Administration and IT Infrastructure Services
- IT Security: Defense against the digital dark arts.

English language program certificate**Tanwir Academic Center [01/2012 – 10/2012]****Address:** Mazar-e-sharif (Afghanistan)**Certificate of english language****OXUS Learning Center of USA [02/2011 – 12/2011]****Address:** Mazar-e-sharif (Afghanistan)

High school 12th grade graduation certificate
OmmHbibya High School [1998 – 2008]
Address: Peshawar (Pakistan)

LANGUAGE SKILLS

Mother tongue(s): Persian

Other language(s):

English

| | | |
|-------------------|-----------------------|---------------|
| LISTENING | C2 READING | C1 WRITING C1 |
| SPOKEN PRODUCTION | C2 SPOKEN INTERACTION | C2 |

Pashto

| | | |
|-------------------|-----------------------|---------------|
| LISTENING | C2 READING | C1 WRITING B2 |
| SPOKEN PRODUCTION | C2 SPOKEN INTERACTION | C2 |

Urdu

| | | |
|-------------------|-----------------------|---------------|
| LISTENING | C2 READING | C1 WRITING B2 |
| SPOKEN PRODUCTION | C2 SPOKEN INTERACTION | C2 |

Hindi

| | | |
|-------------------|-----------------------|---------------|
| LISTENING | C1 READING | A1 WRITING A1 |
| SPOKEN PRODUCTION | B2 SPOKEN INTERACTION | C1 |

Turkish

| | | |
|-------------------|-----------------------|---------------|
| LISTENING | A2 READING | A2 WRITING A1 |
| SPOKEN PRODUCTION | A2 SPOKEN INTERACTION | A2 |

German

| | | |
|-------------------|-----------------------|---------------|
| LISTENING | A2 READING | A2 WRITING A2 |
| SPOKEN PRODUCTION | A2 SPOKEN INTERACTION | A2 |

COMMUNICATION AND INTERPERSONAL SKILLS

- Communication Skills gained through my English classes and working in the customer relation department.
- Financial skills obtained while performing my job as an account receivable supervisor.
- Face to face and back-office customer support skills gained while performing customer Support in the liquidity as well as a customer service representative.
- Art of Investing and portfolio managerial abilities obtained while working as a portfolio manager in IGP.
- Throughout my past academic and career background, I learned to achieve assigned goals under any situation and forgot to say NO at any situation, and never give up.