

## CHAPTER V

### CONCLUSION AND RECOMMENDATION

#### 1.1. Conclusion

Based on the results and discussion, it can be concluded:

1. The relationship between organization status and internal control quality is positively insignificant. It indicates that the more effective the reporting line, the more it can enhance the internal audit performance. If the internal audit unit perform better, it can contribute to internal control quality.
2. The relationship between audit committee's involvement and internal control quality is positively insignificant. It indicates the more intensive audit committee review internal audit program, the better internal control quality because the role of audit committee will benefit internal audit unit to reduce the audit risk.
3. The relationship between internal auditor's competencies and internal control quality is negatively insignificant. It indicates that there is no linear correlation between both variables. If the internal auditor competence is getting higher, it does not mean the internal control quality improve as well.
4. The relationship between internal audit investment and internal control quality is negatively insignificant. It indicates that there is no linear correlation between both variables. If the internal audit investment is greater, the internal control quality will be lower.
5. The relationship between quality assurance and improvement program and internal control quality is positively insignificant. It indicates that the

existence of quality assurance and improvement program enhances the audit quality of internal auditor that will contribute to the better internal control quality.

6. The relationship between follow-up on internal control deficiencies and internal control quality are positively insignificant. It indicates that the existence of formal follow-up program procedure enhances the internal control quality.
7. Majority companies in all sectors have moderately effective in internal control and obey the regulations and professional standards.

The effectiveness of internal control is determined by the performance of internal audit unit. The performance can be seen from their obedience to the regulations and professional standards.

## **1.2. Recommendation**

1. Using more samples is highly recommended to see the effect of internal audit function characteristics on internal control quality simultaneously besides to generalize population. The future research should consider the other variables which affect internal control quality such as audit committee activity, CEO characteristics, etc.
2. The companies have to maintain the IT control continuously reminding industrial revolution 4.0. It is needed to do corrective action to reduce the risk. Chief Audit Executive have to ensure that the internal auditors work in accordance with the regulations and professional standard specifically related to the reporting line.