

The Influence of Internal Audit Scope and Internal Auditors' Experience on Internal Audit Effectiveness in Omani Public Sector

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Abstract

The purpose of the study is to present empirical evidence on the influence of the internal audit scope and internal auditors experience on the internal audit effectiveness. Employing questionnaire including four sections with 48 questions for responds of 163 employees in Public Authority for Social Insurance (PASI) in the Sultanate of Oman, descriptive analysis, correlation analysis, and multiple regressions were employed to examine the relationships among the selected three variables. The study found that a significant relationship between internal audit effectiveness and its scope and auditors experience. The findings suggest that awareness has to be maximized on employees to better cooperate with internal audit staff to improve the applications of internal audit standards. Managers are well interested in the organizations activities and performance depending on the internal audit findings and observations.

Keywords: Internal audit effectiveness, internal audit scope, internal auditors experience, PASI, the Sultanate of Oman

الملخص

تهدف هذه الدراسة الى تقديم دليل عملي يتعلق باشر كل من نطاق التدقيق الداخلي وخبرة المدققين الداخلين على فاعلية التدقيق الداخلي. تم استخدام الاستبانة لتحقيق هذه الهدف. تكونت الاستبانة من اربعة محاور وثمان واربعون سؤالاً وزعت على مائة وثلاثة وستون موظفاً في الهيئة العامة للتأمينات الاجتماعية في سلطنة عمان. تم توظيف التحليل التوصيفي والارتباط والانحدار المتعدد لفحص العلاقة بين متغيرات الدراسة المختارة. وجدت الدراسة ان هناك علاقة مهمة بين فاعلية التدقيق الداخلي وكل من نطاق التدقيق الداخلي وخبرة المدققين الداخلين. استناداً الى نتائج الدراسة، فإنه يقترح ان يتم زيادة الاهتمام بالموظفين للحصول على مزيد من التعاون مع موظفي التدقيق الداخلي لتحسين تطبيق معايير التدقيق الداخلي. كما ان المدراء في المؤسسة سيستفيدوا من نتائج هذه الدراسة فيما يتعلق بفعاليات واداء موظفي المؤسسة.

پخته

ئەم تۈيىزىنەۋەيە ئامانجى بۇ دەرخىستىنى رىيەرىيکى پراكتىكى پەيوهىست بە كارىگەرى مەۋدai لىكۈلىنەۋەي ناوخۇي و ئەزمۇونى لىكۈلەرەكان لەسەر كارىگەرىبۇونى لىكۈلىنەۋەي ناوخۇي. راپرسى ئەنجام دراوه بۇ بە دىيەننەن ئەم ئامانجى. كە پىكەتتىۋە لە چىل و ھەشت پىرسىار و دابەش كراوه لە سەرسەد و شەسەت و سى فەرمانبەرلە يەكى كشتى زەمانى كۆمەلایەتى لە عمان شىكىردىنەۋەي تەھۋىسىنى و پەيوهىست بۇون و لادانى گۇراو بەگەر خراوه بۇ پېشىننى پەيوهىنى لەنیوان گۇراوهكانى خويندىنە بىزىرىاو. وە تۈيىزىنەۋەكە دەرى خىستووه كە پەيوهىنى كى گىرنىڭ ھېيە لە نېیوان كارىگەرى لىكۈلىنەۋەي ناوخۇيى و مەۋدai لىكۈلىنەۋەي ناوخۇي و ئەزمۇونى لىكۈلەرەكان. لەسەر دەرەنجامى تۈيىزىنەۋەكە بىشنىياز دەكىرىت كە زىاتر گىرنىڭ بىرىت بە فەرمانبەرلەن بۇ بەدەستەپەننەن ھاواكارى زىاتر لەگەل لىكۈلىنەرەكان بۇ باشتر جىئەجى كىرىنى پېۋەرەكانى پېشىن. وە سەرەرلە ئەمەن بەرىپەرەكان سوود دەپىنن لە ئەنجامەكانى ئەم تۈيىزىنەۋەيە لە لايەن چالاکى و دەۋشى فەرمانبەرەكانى ئە دامودەزگايدى.

1. Introduction

Since many changes have been occurred in the business environment over the last few centuries, the management should play a big role in managing their institutions and more effective in applying its laws. Failing to do so is the main reason that causes the great scandals of financial embezzlements, frauds and losses that have faced the worlds largest companies and institutions in various sectors. Internal audit processes provide a reasonable but not absolute assurance for the performance of the whole organization as well as its departments. At different management levels and for the purpose of giving guidance and advice, organizations have shown an increased concern to their internal auditors (1). Effectiveness refer to what level has the established objectives achieved. Internal audit effectiveness has to be periodically evaluated as a part of the internal audit process (2). Indicating the internal auditing scope is to examine and evaluate to what extent have the organization's governance and risk management are adequate and effective. In addition, the process of the internal audit expresses the organizations performance in handling out its responsibilities to achieve its assigned goals and objectives. As a such, the objective that evaluates the systems that are established to ensure the adherence to laws, policies, procedures, plans and regulations which might include a significant impact on both the organization and the effectiveness of its risk management processes (monitoring and evaluating).

The internal audit assesses the internal control systems and ensure the integrity procedures, but when some irregularities float up, a report with recommendations has to be sent by both administrative and financial departments to the board of directors who in turns decides and develops the appropriate solutions to close observation. Sometimes managers are procrastinating in implementing the recommendations and closing remarks for many reasons (3). For this study, it is unclear whether the internal audit findings and observations might correct or reduce the errors in the organizational function. It is expected that some managers will not respond to the internal audit findings. The case of non-responding managements will be finalized and added to the auditing report. The draft report will be reviewed by each level of the researched audited area management who has given the opportunity to review and discuss the report with their internal auditor who provides information regarding the managements strong and weak spots after reviewing policies and programs. So, it helps in smoothen the operation of an organization (4).

Also (4) pointed out that the scrutiny work of the current procedure rules is based on the risks in boards of directors and executive departments awakening. The current risks and the potential threats, mentioned in the internal audit departments report, must be maintained with solid recommendations and work seriously to implement the regulatory regimes within a limited time. As a research problem; no evidence has been found that examined the influence of the scope of internal audit and its staffs experience on the internal audit effectiveness in Omani public sector. Regarding the Public Authority for Social Insurance (hereafter PASI), as a public sector in the Sultanate of Oman, there is a lack in; (i) internal auditors who work in accordance to auditing scope, that produce inefficient evaluation for the institutions internal control systems; (ii) number of experienced auditing staff that affect the inefficiency of evaluating both organizations internal control systems and procedures; and (iii) dealing with organizations internal audit department's notes as similar as to those from the state audit institution. This study is built to examine whether or not these factors influence the internal audit effectiveness. The study addresses whether internal audit scope and internal auditors experience influence the

internal audit effectiveness. The objective of this study is to examine the influence of the internal audit scope and internal auditors experience on the internal audit effectiveness. The study may differ in ways other than in previous studies as; (1) it presents an argument on the influence of the internal audit scope and internal auditor staffs experience individually and simultaneously, on the internal audit effectiveness based on the sample respondents in a questionnaire then in a model; and (2) it is the first study that examines the influence of the internal audit scope and internal auditor staffs experience on the internal audit effectiveness in a public sector in the Sultanate of Oman. The significance of the study is in providing an important evidence regarding the influence of both internal audit scope and staffs experience on internal audit effectiveness as a guidance for Omani public sector to fill the gap in this area of literature. The expected results present the role of the scope of internal audit and experience levels of internal audit staff in improving and enhancing the performance of internal audit. The study continues as follows: Section two reviews the literature of the topic to build the research framework. Information about PASI is presented in section three. Section four implies the hypotheses, research design, and data collection. Section five presents the study findings. Finally, the last section presents discussion, conclusions, contributions and the suggestion for the future research.

2. Literature Review

2.1. Internal audit effectiveness

In corporate governances for internal assurance services, a unique position has been given to the internal audit by the public and regulatory bodies pushed by the scandals of the current organizations and the global financial crisis (5). Many issues those related to the financial revision, financial reporting and auditing have been unfolded since financial markets crisis on 2007. When evaluating businesses, management needs to evaluate the employees honesty as well as the performed works efficiency. The 20th century gave the logical answer by delegating these responsibilities to the established formal internal audit function (6).

2.2. Internal audit effectiveness and scope

The scope of internal audit has been quickly extended to include almost all financial transactions' verification, and gradually later it has moved from an "audit for management" to be an "audit of management" approach (7). The effectiveness of internal audit as the degree to which establish objectives and achieved (8). The internal audit has to realize the potential audited entities number in terms of both operations areas and the business units (9). The internal auditing could assist the organizations in better accomplish their goals by fetching a systematic and disciplined approach to improve and evaluate control, risk management, and the governance processes effectiveness (10). The internal auditors have to be characterized with the highest professional objectivity levels of communicating skills including gathering and evaluating information related to the examined activities or processes (10). Management's obligations in providing an increased attention to the recommendations of the internal audit and employing those with high qualifications deserves to be included in this study. When the internal auditors feel that the management has not fully utilized their reports, they might not be encouraged to provide their best efforts. As well as, the lack of management attention might send the auditee a bad idea regarding the internal audit services importance which in turn will affect the attributions of auditee adversely (11). A survey on internal auditors has been conducted by (12) in New Zealand to specify the functions that internal auditors believe to be necessary to their role. Many respondents comments refer to that in the recent years the internal audits role has been changed from «policeman» to a consultant. Most of those respondents did not perceive it as a problem. Audit performance for any activity within the audit scope is influenced by the internal

auditors knowledge and experience structures (13). This is what will be discussed in the next section.

2.3. Internal audit effectiveness and auditors experience

The general experience in auditing is related to audit training, knowledge, skills and expertise that can be applied to any client. In addition, audit's years of experience should be taken in account as a measure to general audit experience (14). (15) also argued that experience should be reflected by the years number for internal auditing experience that the internal auditors have spent in internal audit function. On the contrary, experience cannot be a function for job's years. Instead, experience is related to the suitable training environment that could provide a practice with feedback (16). Regarding auditors, researchers indicate that gaining such experience means that they will know (i) more about errors, (ii) the ways that provide them more specific knowledge about errors, (iii) more incidental errors, and (iv) the errors causes (17); (13); (18). auditors perform more effectively than those with less experience. This is due to that the audit experience could improve auditors abilities in processing information, making successful comparisons about the alternative solutions for auditing findings and initiating subsequent actions (20). It is very important for internal auditors having experience about internal auditing as it is a highly specialist job.

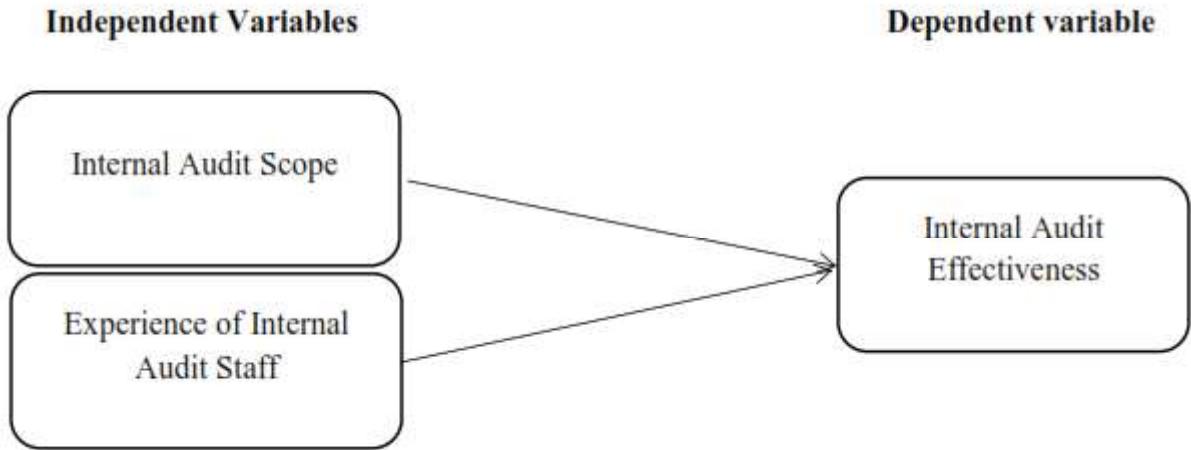
(19) shows that auditors perform is highly related to their experience, where highly experienced to achieve effectiveness, auditors have to utilize their experience (13). Auditing experience is strongly associated to the various levels of skills and knowledge that auditors have acquired as a result of long job practice in auditing professions in a way that can enhance its effectiveness (21). Accordingly, (22) explained that with a given amount of experience, even though experience could be a remarkable predictor for knowledge but persons couldnt equally have acquired all types of knowledge. Therefore, diversifying in audit knowledge could provide a strong fundamental to audit efficiency and effectiveness (23). In the public sector organizations, knowledge occupies a very important role in internal auditing. Similarly, many studies on internal audit staff show that a specific task experience could improve auditors abilities (17); (20); (16). This is due to that auditing as a profession largely rely on the judgments of well-trained experts (14). (24) concluded that the external auditor considered the internal auditor as having more effective role if they are working in a strong business risk environment and if they have a strong relationship with the audit committee. With high quality findings of internal audit, the internal audit function will be highly effective. Auditors with high level of experience could acquire and consider the relevant information better than those with less experience (25); (26). It is not expected to touch the differences between both high and less experienced auditors assessments when it is related to compliance goals (26). (Researchers are fully agreed with that the financial statements could give more confidence when they were being audited and signed by highly experienced auditors (27). With experienced and without experienced are totally various as the experienced ones have more advanced ways to use their knowledge than the inexperienced ones (28). In the governmental sectors, the function of the internal audit has been found to be of less effectiveness. This is due to many reasons such as the lack of both auditing staff and auditee cooperation in addition to the insufficient experience, training, and independence (29). Virtually, in the public sector organization, research has been conducted on the area of experience and expertise. This research referred to that an individuals knowledge will better change as his experience increases (30). (31) demonstrated that the effectiveness of the internal audit could be increased by increasing the ratio between the skilled internal auditors' number and the other employees.

Since the audit experience plays an independent role, its relationship with audit effectiveness has not been well researched especially in the public sector organizations (21). Therefore, this study tries to extend the prior studies by investigating the association between audit experience and internal audit effectiveness regarding the Omani public sector. While auditors experience represents a major subject in the area of auditing research (13), there is a need for the current study as well as the future ones to expand the research on audit staff experience. Additionally, one of the internal audits critical dimensions is the internal auditing staff's quality in terms of internal auditors' experiences and skills (32). Accordingly, there is an increased need to conduct more comprehensive studies both conceptual and empirical on the area of internal audit findings (33).

2.4. Theoretical framework

The relationship between the internal auditors and the management is based on the interests conflict. This conflict depends on another interest conflict between the management and the board of directors. Both conflicts are explained by the agency theory. This theory assumes that there is a conflict of interests between two parties. The first party is the principal and the second one is the agent. They are linked by a contract whereby the principal (the manager in the case of audit and directors board in the case of the organization) hires the second party's efforts (internal auditor in the case of audit and the manager in case of organization) to perform tasks for the benefit of principal and on his behalf (34). In both contracts, each party tries to achieve his own interests. In both cases, the principal pays wages and incentives to the agent to do his best

As the manager uses what she/he knows about organization's affairs to promote her/his interests, she/he tries to spruce up her/his performance that is evaluated by the board of directors... Therefore, the manager exerts pressure on internal auditors in order to tilt them to show results that supports the management. This caused the information asymmetry that could badly affect firm value and arise agency problem (35). One of the most important problems, as indicated by this theory, is information asymmetry between the two conflicted parties. Agency theory indicates that agency problems might arise due to incomplete information and uncertainty conditions (36). Information asymmetry (if exists) can play an effective role in the misunderstanding between the managers and the other interested parties. It could also affect both firms' performance and value in a long term (37). Internal auditing has the ability to enhance firms' performance. This enhancement could maximize firms' value and improve their operations. This can be reached by accomplishing their goals, getting a disciplined and systematic approach to well enhance and value risk management's effectiveness, control, and governance processes. Then the internal audit effectiveness will be achieved. The relationships among the research variables (internal audit effectiveness as dependent variables and internal audit scope and internal auditors experience as independent variables) are diagrammed into a framework as illustrated in Figure 3.1.

**Figure 1.** Conceptual framework

3 Public Authority for Social Insurance (PASI)

PASI has been chosen to be the study's population. The Omani Social Insurance Law that have been promulgated by the Royal Decree No.7291/, came into force since the first of July 1992. For the period from 1992 to 2015, the Omani economic growth increases the numbers of insured person employees, active employers and spent cases (OR) from 1679, 814 and 120,402 to 209,620, 15,471 and 58,644,000 respectively. The authority receives the contributions that are paid regarding to what insured under the social insurance scheme of retirement pension provision and other benefits as they are covered by the Omani Social Insurance Law. The amounts that have been collected from the mentioned contributions are invested. As a wise plan to distribute risks as well as increasing the returns, the authority tries to invest the collected funds locally and externally (inside and outside Oman) within specified proportions. While total assets are increased from OR 668,770,000 in 2011 to 1,133,474 in 2015, total investment assets are increased from OR 647,676,000 to 999,737,000 in those mentioned years respectively (PASI annual reports, 2011-2015). In the same line with the increase in authority's insured employees, active employers and spent cases numbers, this authority will face an increase in the expenses and income amounts. When comparing the case of PASI with other ministries, authorities and other organizations in the public sector, simply it could be found that PASI has the largest income and fifth expenses amounts for 2014 and fourth one for 2015 in the Sultanate of Oman (38). The internal audit department in PASI is passionate to follow a systematic method in improving and evaluating the control, risk management effectiveness, and governance processes. Table 1 illustrates the number of auditors compared with the number of employees according to the sectors in PASI.

Table1.
Comparison between the number of PASI employees and internal auditors for 2015

Sector	Employee (including managers) (1)	Internal Auditor (2)	employee No. to each auditor (3=1/2)
Insurance	171	2	85.5
Administrative and finance	105	2	102.5
Investment	20	2	10
Others	72 ¹	6 ²	See the below notes
Total	368	12	

Source: PASI annual reports 2015.

Notes: (1) "others" refers to (72) employees in departments that are not included in the three mentioned sectors and their work and tasks are audited by the (6) auditors regarding those sectors.

(2) "others" refers to (6) auditors for director of internal audit office, head of department,

2 technology auditors for all sectors and departments, assistant auditor and the coordinator. Technology auditors have no direct audit responsibility to any sector or department.

From Table 1, it is obviously noticed that internal auditors number is insufficient to audit the PASI employees tasks, departments and offices. For the aforementioned information and discussion, the study is stimulated to select this organization as the source of the study's sample data.

4. Hypotheses development and Research methods

Based on the theoretical framework and in accordance with the study's problem, questions and objectives, the research hypotheses are stated as:

H1: Internal audit scope influences internal audit effectiveness.

H2: Audit staffs experiences influences internal audit effectiveness.

The study examines the influence of two independent variables (hereafter IVs) namely internal audit scope and internal auditors experience on one dependent variable (hereafter DV) namely, the internal audit effectiveness. Data collected via questionnaire and archival data from the records of the Public Authority for Social Insurance in the Sultanate of Oman are the strategy of the study. As a qualitative research as like as the current study, questionnaires are more appropriate for obtaining quantitative information and explaining how many people hold a certain (pre-defined) opinion; focus Groups are better for exploring exactly how those opinions are constructed (39). Since a questionnaire is a series of questions that are carefully designed in order to obtain accurate information from respondents, the study uses questionnaire technique to collect data. The questionnaires design and questions have been evaluated by experts to review and measure its validity before distributing for collecting data. The researchers rearranges the questionnaire according to evaluators comments.

The study selected representative sample from different sectors (insurance, finance and management, investments and others) in the selected public organization. From each of those sectors, the study got an employee representation. Then random numbers of those employees have been selected as study's sample. These random numbers could reflect the relative size of those sectors. This is known as stratified random sampling (40) which is found relevant to be adopted in the study.

The study's targeted sample covered all sectors in PASI in the Sultanate of Oman. The study's populations frequencies and percentages according to these sectors are summarized in Table 2. After excluding the managers in PASI, the total number of the population for employees is 290, while the study's sample is 163 as illustrated in the table.

Table 2.
Research populations frequencies and percentages according to PASI sectors

	Insurance Sector	Financial and Managerial Sector	Investment Sector	Others	Total
Total Pop. (1)	171	105	20	72	368
Employee Pop. (2)	141	81	15	53	290
% of Total Pop (3 = 2 / 1)	82.45	77.14	75	73.6	78.80
Employee Sample Size (4)	88	51	11	13	163
% of Employee Pop. (5 = 4 / 2)	62.4	62.9	73.3	24.5	56.2
% of Total Pop (6 = 4 / 1)	51.5	48.57	55	18	44.2

Source: (41).

Note: Pop : Population Size;

Others: Refer to employees in departments that are not included in the three mentioned sectors

For the study, the relationship between the internal audit effectiveness as a DV and three IVs namely audit scope and auditors experience under two hypotheses has been tested using multiple regressions. Employing this model will enable the study to capture the incremental effects of the selected factors (IVs) on the mentioned DV. Using the regression procedure makes the analysis being easily conducted on SPSS. Since the researchers examine whether the internal audit effectiveness is influenced by audit scope and experience, the general expression for the internal audit effectiveness in the form of regression equation is:

$$IAE = f \{SCOPE + EXPERIENCE\}$$

where; IAE = internal audit effectiveness; SCOPE = audit scope; Experience = staffs experience

Then, the regression model will be written as follow:

$$IAE = \beta_0 + \beta_1 SCOPE + \beta_2 EXPERIENCE + e \quad (1)$$

where; e = errors term.

SPSS output for the ANOVA shows values for sum of squares, degrees of freedom (known as df), mean square, f, and significance (referred as Sig). Significance indicates the exact significance level of the ANOVA which statistically means that there are significant values for studys model (42).

Since the unstandardized coefficients represent the estimated regression models coefficients, the Betas (standardized coefficients) represents the values that are converted to the same scale for different variables to be more comparable. From the constructed regression equations for the study, the standardized coefficients (Betas values) illustrate the contribution of each IVs in explaining the variance in the DV. Betas values reflect the variation in the research DV. Also, the t-test and the associated 2-tailed p-values are employed and examining whether a given coefficient is significantly different from zero. (42).

5. Findings

The important major assumptions that must be taken in the researchers consideration are normality, correlation, linearity, multicollinearity, and homoscedasticity. Testing these assumptions makes the data being suitable for regression analysis (42).

5.1. Descriptive statistics

The descriptive statistics are shown in Table 3. Each factor of gender, age, education, experience, or sector has 163 observations. Among these factors, experience recorded the highest mean and median values while the lowest are for gender. For standard deviation, all factors values are below 3 which ensure the absence of outliers that could significantly affected the analysis and in turn the results. All factors present skewness and kurtosis values (except for education) within ± 2 which ensures the normality of the studys variables distribution. Age, education and sector show a distribution that is clustered in the center with long thin tails as they displayed positive kurtosis values as mentioned by (42). There is no violation from regression analysis that might impact studys analysis and results based on Table 3.

Table 3.
Descriptive statistics for responds

N	Gender	Age	Education	Experience	Sector
Valid	163	163	163	163	163
Missing	0	0	0	0	0
Mean	1.4110	1.6503	2.1963	2.2638	1.6871
Median	1.0000	2.0000	2.0000	2.0000	1.0000
Std. Deviation	.49354	.70740	1.83202	1.16443	.91302
Skewness	.365	.830	8.012	.634	1.304
Std. Error of Skewness	.190	.190	.190	.190	.190
Kurtosis	-1.890	.240	84.778	-.445	.860
Std. Error of Kurtosis	.378	.378	.378	.378	.378
Minimum	1.00	1.00	1.00	1.00	1.00
Maximum	2.00	4.00	6.00	6.00	4.00

5.2. Correlation test

Table 4 indicates the direction and significant correlations between the researchs variables (audit scope and experience with internal audit effectiveness).

Table 4.
Correlation test between internal audit effectiveness and Audit scope, Experience

		Internal Audit Effectiveness	Audit Scope	‘Auditors Experience
Internal Audit Effectiveness	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	163		
Audit Scope	Pearson Correlation	.357**	1	
	Sig. (2-tailed)	.000		
	N	163	163	
‘Auditors Experience	Pearson Correlation	.419**	.282**	1
	Sig. (2-tailed)	.000	.000	
	N	163	163	163

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

5.3. Regression results

Hypotheses 1 and 2 state that the internal audit scope and staff’s experience influence the internal audit effectiveness. The significant F statistic in ANOVA results are shown in Table 5 shows that the model as a whole is significant to be adopted.

The results of the study can clearly present that there is a highly significant positive relationship between internal audit effectiveness and audit scope and auditors’ experience. From this table it is clear that audit scope has significantly and positively influenced the internal audit effectiveness ($\beta = 0.259$ and t -test = 3.607 at $P = 0.00$). Auditors’ experience has significantly and positively influenced the internal audit effectiveness ($\beta = 0.346$ and t -test = 4.811 at $P = 0.00$).

Table 5
Regression results

Model / variable	coefficients	Value
	R	.488
	R Square	.238
	Adjusted R Square	.228
	F	24.949
	Sig.	.000
Audit Scope	Beta	.259
	t-test	3.607
	Sig.	.000
Staff Experience	Beta	.346
	t-test	4.811
	Sig.	.000

6. Discussion, conclusions and contributions

6.1 Discussion and conclusions

6.1.1. Internal audit effectiveness and audit scope

Regarding Hypothesis (1), the result is consistent with the previous studies of (12), (11), (13). The result is supported by the (43) internal audit definition and other studies that associate the internal audit effectiveness with the significant business activities, developments, voluminous and diverse transactions results (44) and the number of auditable activities or units in different business units (9). Based on the studys results, the findings revealed that internal audit scope has positively influenced the internal audit effectiveness. Therefore, Hypotheses (1) has been accepted.

6.1.2. Internal audit effectiveness and auditor's experience

From testing Hypothesis (2), the result is supported by the IIA's standard 1210. This standard mentioned to that the internal auditors should possess the knowledge, skills and other competencies that they have need to perform their responsibilities (45). Also, our result is harmonious with many previous studies that considered the knowledge to be having a very important role in internal auditing in the public sector organizations and specific task experience can improve auditors judgments (16);(17);(20). With the line of the positive and significant relationship between internal audit effectiveness and auditors experience, the result is conformable with other studies. These studies referred to that auditors have to utilize their experience in order to achieve effectiveness (13) and the impact of experience especially in the decision making aspect in important fields (14). Previous studies found that in their organizations, generally the highly experienced auditors perform more effectively than less experienced auditors (22). Experienced auditors are more able to use their knowledge in sophisticated ways than inexperienced auditors (28) as more relevant information is acquired and considered by more experienced auditors than less experienced ones (25). This result is consistent with prior studies that define the knowledge as; years of audit experience (14); (15), proper training environment as well as years of audit experience (16). Also, this result is supported by (43) definition for internal audit and other studies that associate the internal audit effectiveness with the significant business activities, developments, voluminous and diverse transactions results (44) and the number of auditable activities or units in different business units (9). Based on the studys results, the findings revealed that auditors experience has positively influenced the internal audit effectiveness. Therefore, Hypotheses (2) has been accepted.

6.2. Contributions

As the result shows significant positive influence, awareness has to be maximized on employees to better cooperate with internal audit staff to improve the applications of internal audit. Therefore, board of directors, controls and public accountants might be interested with the trend of the findings. Employing data from the Sultanate of Oman in the study contributes to the literature. Concluding similar results to that from prior research that employed data from different regions in the world could strengthen and generalized the results. Since audit in general and internal audit in practical are essential components for accounting courses, the results are relevant for the courses theoretically and practically

6.3. Suggestions for future research

Future studies are called to extend this study by examining the influence of other factors on the internal audit effectiveness. This may provide new insights of the possible factors that could influence this effectiveness. Future research is encouraged to employ larger sample size to investigate whether this factor may moderate its influence on the internal audit effectiveness. Future studies also are called to examine the influence of many factors on internal audit effectiveness and compare the results with others from across countries in Middle East, Gulf Cooperation Council, or with other regions. This could generalize the results of the internal audit effectiveness.

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