

## **ABSTRACT**

*Public Accounting Firm (KAP) will do an initial assessment before accepting the audit alliance of a company. Many factors being decisive in his assessment of it, one of which is internal audit. Previous research indicates that performance, objectivity, and competence is an important factor in the assessment of internal audit. Three factors affect the external auditor's reliance. Can not be denied that there are other factors that affect the external audit's reliance then needs to do more research. On the research of three factors in different countries is often used as a measure of judgment. Various studies have also shown mixed results. This research was conducted to ensure the results according to the KAP in Central Java and Yogyakarta.*

*The sample used in this study were taken by using a simple random sampling method. The population of this research are all public accountant who worked on the KAP of Central Java and Yogyakarta. The methods used in the collection of data is the primary method of data collection, using the questionnaire filled out directly by public accountant as respondents of the study. Analysis on the study with factor analysis through the program SPSS.*

*The results showed that there are four factors that affect the external auditor's reliance. These factors are external auditor's reliance on the internal audit is work performance, freedom, experience, and expertise of internal auditor internal. The result of this research can support the audit process especially when planning the audit.*

*Keyword : Public Accounting Firm , internal audit, external auditor.*