

**UNIVERSITY OF EDUCATION, WINNEBA**

**INTERNAL AUDIT INDEPENDENCE AND AUDIT EFFECTIVENESS THE  
ROLE OF ORGANISATIONAL SUPPORT AND INTERNAL AUDIT  
QUALITY IN METROPOLITAN, MUNICIPAL AND DISTRICT  
ASSEMBLIES IN THE EASTERN REGION OF GHANA.**



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**MASTER OF BUSINESS ADMINISTRATION**

**UNIVERSITY OF EDUCATION, WINNEBA**

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School of Business, submitted to the School of  
Graduate Studies, in partial fulfilment of the  
requirements for award of the degree of  
Master of Business Administration  
(Accounting)  
in the University of Education, Winneba**

**NOVEMBER, 2022**

## DECLARATION

### Student's Declaration

I, **Horsu Godwin Kudjo**, declare that this work except quotations and references contained in published works which have all been identified and duly acknowledged, is entirely my original work, and it has not been submitted either in part or whole for another degree anywhere.

**SIGNATURE:** .....

**DATE:** .....



### Supervisor's Declaration

I, hereby declare that the preparation and presentation of this work were supervised by the guidelines for the supervision of dissertations as laid down by the University of Education, Winneba.

**DR. RICHARD ODURO (SUPERVISOR)**

**SIGNATURE:** .....

**DATE:** .....

## **DEDICATION**

This work is dedicated to my wife Patience Teiko Tetteh who inspired me to who I am today.



## ACKNOWLEDGEMENTS

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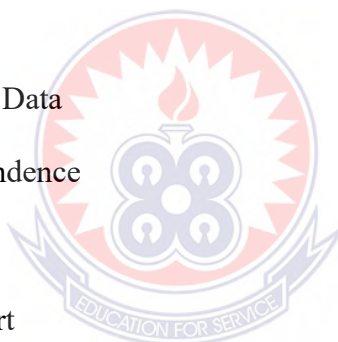
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## ABSTRACT

This study examines internal audit independency and audit effectiveness among local government in Ghana: The role of organizational support and audit quality. Ghana's local government system is structured into metropolitan, municipal and district assemblies. For the purpose of the study, the researcher focused on the Eastern region of Ghana which has the second highest number of metropolitan, municipal and district assemblies. The motivation for the study is derived from the increased interest in the internal audits of local government units. Using a descriptive survey, the data gathered, through the use of questionnaire, revealed that majority of the internal audit staff of metropolitan, municipal and district assemblies in the Eastern Region of Ghana possess the requisite professional proficiency. Contrary to the perception that audit quality in the public sector is usually compromised, the study revealed that there exists high quality of audit work due to compliance with the international standards on auditing and local audit legislations. Internal audit independence has positive yet insignificant relationship with internal audit effectiveness. However, audit quality and organisational support were found to have statistically insignificant and negative relationship with internal audit effectiveness. Audit quality and organisational support positively and insignificantly moderate the internal audit and effectiveness of internal audit relationship.

## CHAPTER ONE

### INTRODUCTION

#### 1.0 Background of the study

Internal audit involves systematic utilisation of methodology for scrutinising business processes and making recommendations. Internal audit profession involves advising organisations on how to better achieve certain objectives, they provide advice through managing risk and improving internal control system. The Institute of Internal Auditors (IIA) (1978) as cited in Abbey (2010) defines internal audit as an appraisal activity which is independently established within an organisation as a service to the organisation. As a profession of considerable responsibility in carrying the trust of the people, auditors must ensure audit quality of results (Frohnen & Clarke, 2002). Turley and Willekens (2008) states that audit quality is the ability of the auditor to identify material misstatement in the financial statements and their willing to issue an appropriate and unbiased audit report based on the audit result.

Moreover, International Standard ISO 8402-1986 (1989) Titled Quality Vocabulary adapted by Suseno (2013) remarks that audit quality is an independent examination and systematic way that determine whether quality activities and related results company are in line with planned arrangements and whether these arrangements are implemented effectively and are suitable to achieve objectives. As asserted by Jun and Lin (2009) there are evidences of failures in audit procedures. Arens et al. (2012) opined that audit failures occurs when auditors deliver inaccurate audit opinion in as much as not meeting the established audit standards. In the event of audit failure cases as exemplified by the audit failure in Kanebo, Japan caused by the conspiracy of auditors in Chu Aoyama public accountant office affiliated with Price Waterhouse (PWC), one of the big four public accountant offices as well as the executive of

Kanebo company (Skinner & Srinivasan, 2011). The case in Kanebo illustrated the audit execution that does not meet auditing standards, resulting in poor audit quality. Such case is in contrast to the standards remarked by Boyton et al. (2006) in which audit quality should refer to standards constituting the criteria and quality standards of the execution.

Cheng et al. (2009) remarks that audit quality is one of the most widely discussed topics in audit profession, Vanstraelen (2000), explains that audit quality is the ability of auditor to detect and report material misstatement in the investigated sample during auditing process, furthermore he claims that an auditor is not only demanded to detect but also to report occurring material misstatement. When such measures are taken, auditing process is considered more effective and of high quality. This is in line with Richard (2006) stating that audit quality is a balance between the auditor's competence and independence of which organisational support plays a significant role. Moore et al. (2006) point out the importance of independent attitude of the auditor by referring to a number of auditing scandals in the United States including in Enron Corp. WorldCom and several public companies in 2001 and 2002, which overlooked independence and triggered audit failure. Based on previous elaboration and exemplifications, it can be realised that the audit quality is one of determining factors in audit effectiveness.

Internal audit success has also been seen to be influenced by organisational support and dedication. In reality, the organisation's support for the auditing process is critical to the performance of the internal function effectively. Internal auditing entails issues such as good governance, which is dependent in part on management's professionalism to ensure a demanding internal audit feature. As a result of this,

senior management has placed a greater emphasis on the audit function and has changed their perceptions of internal auditing (Okiro & Ndungu, 2013).

In addition, the International Standards for the Professional Practice of Internal Auditing emphasize the role of the Audit Chief Executive informing senior management of any scope or financial constraints that impede the audit's success. The way in which the organisation expresses their enthusiasm for internal auditing is likely a good indicator of the importance and role of internal auditing in an organization.

According to the literature, senior management assistance is one of the most significant aspects impacting internal audit efficacy. According to Mihret et al (2010), there is a good association between top management support and internal audit efficacy. According to Cohen and Sayag (2010), organisational support is also a major determinant of internal audit efficacy, as mentioned in the previous report. Similarly, according to Alzeban and Gwilliam (2014), management assistance is positively and strongly correlated with internal audit effectiveness, as well as all other factors impacting internal audit effectiveness. This support in turn permits the internal audit department to execute its duties and fulfil its responsibilities. Senior management expects the internal audit department to provide them with satisfactory, reliable, and relevant reporting on the work done.

Findings drawn and recommendations made suggest, support from top management has been cited in previous research as being vital to the effectiveness of the internal audit function. Management support might also be deficient if management fails to implement the recommendations of the internal audit, such act could greatly reduce the effectiveness of the internal audit function (Alles et al., 2018).

As significant as internal audit is, there is the need for the activities carried out to be of quality for it to serve its purpose. With the support of the organisation, internal audit would work with confidence and professionalism to ensure the effectiveness of controls, ensure compliance, to detect and prevent fraud.

### **1.1 Statement of the Problem**

Weak governance systems that led to various corporate scandals in the US (i.e. Enron, WorldCom, Tyco) resulted in the enactment of the Sarbanes-Oxley Act 2002, a leading piece of legislation calling for increased governance of US listed corporations while exerting a significant influence over corporate governance systems in countries around the world (AlHares, 2019). The Sarbanes-Oxley Act Section 404 mandates all publicly trading companies in the US to establish internal controls and procedures for financial reporting and to document, test, and maintain those controls (Marks, 2017). Recently, the Association of Certified Fraud Examiners (ACFE) reported that there were 2,690 cases of occupational fraud in 125 countries, leading to confounding losses amounting to more than USD 7 billion, with 42% of these fraud cases being attributed to the organization's lack of adequate internal controls (ACFE, 2018). If only the fundamental tenets of internal audits (IA) were applied and internal controls respected, these companies would not have been exposed to such unnecessary risks. Hence, the importance of internal controls as a mechanism of corporate governance of which IA is a natural constituent, cannot be overemphasized.

Despite widespread acceptance of the benefits of internal audit, its activities are limited due to relatively little support from management leading to poor performance. Further, it appears that the quality of the internal audit has been compromised in many public institutions. In Ghana the Internal Audit Agency Act, 2003 (Act 658) also created the Internal Audit Agency with the core mandate to organize, promote, as well



as provide assurance for internal Audit Units in Ministries, Departments, and Agencies (MDAs), as well as Metropolitan, Municipal, and District Assemblies (Metropolitan, municipal and district assemblies). The Agency's primary mandate is to ensure transparency and success in Ghana's public sector (Frimpong, 2015). Internal auditing is useful for tracking government budgets, ensuring fiscal accountability, and enhancing the governance systems of public entities (Nwaobia et al., 2016).

Due to the sensitivity and crucial role of internal audit, researchers have strived to evaluate factors that affect its performance (Mihret, 2010; Ali, 2018; Ninsiima, 2019; Anthony, 2017; Nafuna, 2014). Study of Mihret, 2010 revealed that, internal auditing could be used as a mechanism of internal control, risk management and internal governance, there is no gap existing between organisation goals and internal audit, internal auditing not only plays positive role in organisation's goals but also improve organisation's efficiencies. (Ali, 2018) asserts that, there is a significant relationship between competence of internal audit department and organisational performance, there is significant relationship between independence of internal audit and organisational performance.

Cohen and Sayag (2010) and Karagiorgos, Drogalas and Giovanis (2011) conducted studies were based on effectiveness of internal audit. Their study revealed some determinants of internal audit effectiveness, their findings were that, independence; competency and management support are the determinant. Without a doubt, the findings of the studies above opened up a whole new area for research, and recommended the need for more research on the internal audit quality especially in developing countries where more attention should be given.

There are many incidents of fraud and embezzlement in recent times despite the roles of internal auditors in public sectors. There are several complaints on how public funds is misappropriated by management. This evidence poor quality of internal audit which can be due to lack of management support.

The Daily Graphic (2016, p. 33, March 10) reported the embezzlement of GH 549,245.59 of some eight assemblies in 2014 as a results of cash flows and insertions on cheques after endorsement. (Auditor General's Report for 2014.), further, an audit report released by Audit Service of Ghana on August 6, 2020. Stated, Koforidua Technical University (Auditor-General Report, 2019), has perpetuated many financial malfeasances. This revealed poor quality of the internal audit function, which could be because of lack of independence and management support. Poor audit quality of the internal auditors and lack of management support since it established that these factors affect the effectiveness of the internal audit functions. From this background, this study intends to assess internal audit independency and effectiveness of audit function, the role of organisational support and internal audit quality: the case of metropolitan and district assemblies in the Eastern region of Ghana.

## **1.2 Purpose of the Study**

The study examines the extent to which internal audit effectiveness in the (Metropolitan, municipal and district assemblies) in the Eastern Region is influenced by factors such as internal audit independence, audit quality and organisational support for internal audit.

### 1.3 Research Objectives

1. To examine the effect of internal audit independence on the effectiveness of internal audit in metropolitan, municipal and district assemblies in the Eastern Region.
2. To assess the moderating role of organizational support and audit quality on the relationship between audit independency and audit effectiveness in (Metropolitan, municipal and district assemblies) in the Eastern Region.

### 1.4 Hypotheses

**H<sub>1</sub>:** Internal audit independence positively affects the effectiveness of internal audit in metropolitan, municipal and district assemblies in the Eastern Region.

**H<sub>2</sub>:** Audit quality has positive moderating effect on audit independency and audit effectiveness in metropolitan, municipal and district assemblies in the Eastern Region.

**H<sub>3</sub>:** Organisational support has positive moderating role in the internal audit effectiveness in metropolitan, municipal and district assemblies in the Eastern Region of Ghana.

### 1.5 Significance of the Study

The findings of this study would benefit management of various assemblies, the central government, Ghana internal audit agency internal auditors, standard setters in accounting and auditing.

The findings would enable management of Metropolitan, municipal and district assemblies to come out with policies that would improve the quality of the internal audit, it would also remind government of the effect of internal audit on operations of their policies.

The finding would add to contribution to existing articles on internal audit and building up knowledge in academic research. This study would also have significant impact on internal audit further research into. Policies concerning financial control and internal structure in Ghana would also be shaped. Students would also be enlightened on information relating to the impact of the MMDA's and its relevance to the socio-economic growth of the country as a whole.

### **1.6 Organization of the Study**

This study would be in five chapters: chapter one, introduction entails the background to the study, statement of the problem, purpose of the study, research hypotheses, significance of the study and organisation of the study. Chapter two, the literature review entails the introduction, theoretical review, conceptual review, empirical review, conceptual framework and summary of the chapter. Chapter three, research methodology entails the introduction, research design, research setting, population, sample and sampling techniques, research instruments, validity and reliability of instruments, data collection procedure, ethical consideration and data analysis procedure. Chapter four data analysis, presentation, and finally Chapter five deals about conclusion and recommendation.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This section of the research study focuses on the review of related journals, articles, and documents in the context of the research study topic, the objectives, and the scope of the study. The various documents were gathered and reviewed to produce this section. Thus, the independence of internal audit, the concepts of internal audit, the quality of internal audit, the various models, the theoretical framework guiding this research study, the various empirical studies, and the conceptual framework for the study were all unveiled in this study.

#### **2.1 Theoretical Framework**

In order to complete the research and literature review, there was the need to evaluate the various theories that guide the study. This is critical since it gives much scholarly backing to the interrelationship between the various variables that have been adopted for the research study. The stakeholder theory was adopted for the study and contingency theory. The various theories have been expatiated in the details below.

##### **2.1.1 Stakeholder Theory**

Freeman (1984) first outlined this approach in his book *Strategic Management: A Stakeholder Approach*. The idea recognizes and models the different stakeholder groups in an organisation. It is a philosophy of corporate ethics and organisational management that deals with morals and values in organisational management. According to the conventional perspective on a corporation, known as the shareholder view, the shareholders or stockholders are the actual owners of the business, and the company has a legal obligation to prioritize their demands and maximize profit for

them. According to the stakeholder hypothesis, there are more parties engaged, including as workers, clients, suppliers, local governments, political organisations, business associations, and labour unions. Even rival companies are occasionally considered stakeholders; their standing is based on their ability to influence the company and its stakeholders. There are several competing definitions of what constitutes a stakeholder in the scholarly literature (Miles, 2012). The organisation is considered a stakeholder in this study and has the power to influence certain outcomes. Based on this, this study has defined the parameters of the research using the stakeholder theory and the contingency theory as a foundation.

### **2.1.2 Contingency Theory**

An audit's objective is to evaluate the accuracy of the data, processes, rules, and procedures of an organisation. Government rules compel independent financial audits of some financial institutions, but industry standards may also require audits in other areas, such as technology and safety. The ultimate results of a corporation are affected by a number of circumstances, regardless of the audit subject, and the contingency theory considers these elements during the audit process. There is no set way to lead, govern, and manage an organisation, according to Fred (1964), who wrote about the contingency theory of leadership and management. Organisations and their operations are influenced by a variety of internal and external variables. The purposes of audits themselves are types of organisations that are impacted by a variety of environmental conditions. Due to the existence of such circumstances, auditing may be controlled by using the contingency theory, with the understanding that the procedures and results of audits depend on uncertain and contingent factors. To get results rapidly, audit teams combine structure and contingency. The focus of auditing projects might range from assessing the efficiency of manufacturing processes to checking the financial

records of the organisation to determining if regulations are being followed. The learning curve is minimized and the likelihood of error is decreased by choosing auditors with specialized training or those who have a specific skill set in the subject area. The independence of the internal audit and the efficiency of the internal audit function in this report are dependent on a number of variables. This study used the contingency theory as a substructure to establish the path of the research as it explores how organisational support and internal audit quality might really influence the outcome.

## **2.2 Concept of internal audit**

According to Clarke (2022), Internal Audit is a department or organisation within a company tasked with providing unbiased, independent reviews of systems, business organisations, and processes. Internal Audit is part of the internal control system put in place by management to measure, analyze, and evaluate the efficiency and effectiveness of other controls established by management in order to ensure smooth administration, cost minimization, ensure capacity utilization, and maximum benefit derivation (Unegbu & Obi, 2012). Gordon (2022) defined an internal audit as an independent, objective, and consulting activity that improves and adds value to the operations of an organisation. It ensures a systematic, disciplined approach to improving and evaluating the risk management effectiveness of governance and control processes. The definitions of Clark (2022), Unegbe, and Obi (2012) above establish internal audit as a section in an organisation while the definition by Gordon established internal audit as the review that the internal audit section carries out. In simpler words, the internal audit section in an organisation is saddled with the responsibility of carrying out internal audits for the organisation. Depending on the

segment of an organisation's activity being reviewed, internal audit is divided into different types. The different types of internal audits are discussed.

## **2.3 Types of Internal Audit**

### **2.3.1 Financial Audits**

Brandon Malekie (2021) described financial audits as a study of the internal audit function and accounting records to acquire audit evidence to confirm the veracity of the financial statements. Certified public accountants (CPAs) often conduct financial audits using standardised auditing practices. According to Wilson (2022), a financial audit is an impartial or objective method of assessing the financial statements of a company or organisation to ensure that the information contained in the financial statements is accurate. An organisation's financial reports and financial reporting procedures are evaluated impartially and independently as part of a financial audit.

When these financial audits are done adequately, they help determine whether fraud occurs within an organisation and identify areas for improvement within the context of finance in an organisation. The financial audits practically nip fraud in the bud while reducing the probability that it would occur or recur in the future. Additionally, financial audits are conducted to weed out financial reporting mistakes as well as the offenders if the case is serious enough. Financial auditing essentially safeguards the interests of the organisation.

### **2.3.2 Performance Audit**

Performance auditing (PA) has seen significant evolutions in recent decades, according to Tarek et al. (2021). This has sparked significant interest from academics and practitioners alike on its emergence, evolution, transformation, and outcomes in



many worldwide contexts. Nevertheless, in more recent years, scholars have been able to define performance audit.

A performance audit, according to Johnsen (2016), is an assessment that is based on choices made or objectives set by the legislature, addresses the economy, efficiency, and effectiveness of public programs or organisations, and may be conducted throughout the whole public sector.

Gheorghiu (2012) added the definition of a performance audit of public organisations as a methodical, coordinated, and unbiased analysis of governmental operations. The evaluation of government operations' economic, efficient, cost-effective, and environmental consequences is part of its purview, as are methods for gauging their success, accountability systems, safeguards for public property, and conformity with laws. Gheorghiu (2012) continued by saying that the audit's target might be a department, agency, or functional sector of the entire government. Performance audits can help to improve financial and economic management by providing the data necessary to make decisions about whether to continue, modify, or end a measure. They can also help to improve planning for potential analogous measures and inform stakeholders about the success or failure (achievement of a goal, effect, and economy) of the measures they plan and implement.

### **2.3.3 Compliance Audit**

Compliance audits comprise a wide range of externally and internally driven examinations of an organisation's fulfilment of legal or regulatory requirements, industry standards, licensing terms, contractual commitments, or other formal obligations (Gantz, 2014). Alternatively, KAPP (1978) defined a corporate compliance audit as an independent review and evaluation of a corporation's internal

operations and procedures to determine if it is compliant with applicable laws, regulations, and guidance.

Regardless of the industry, size, location, or complexity of an organisation, corporate compliance audits are essential to its daily operations. These audits serve as a way to confirm that the company is abiding by all applicable federal rules and regulations. Compliance audits are crucial because they aid in finding holes, contradictions, or other flaws in a company's operations so that they may be fixed appropriately. This reduces the corporation's risk exposure to unfavourable outcomes including bad press, reputational damage, government investigations, sanctions, and other penalties. Compliance audits are crucial for assisting businesses in keeping up with all developments that have an impact on their operations.

## **2.4 Models of Internal Audit**

There are different internal audit models each of which has its advantages and disadvantages. It is, however, paramount for an organisation to critically study its particular organisational structure and decide on the most effective internal audit model to adopt. The three types of internal audit models include in-house, co-sourced, and outsourced.

### **2.4.1 In-house Internal Audit Model**

The in-house internal audit model comprises the obligation of doing internal audits, and the resources needed in carrying out these tasks are supplied within an organisation. This implies that every internal audit activity is carried out by workers who work for the organisation alone (Nemati & Zeitouny, 2012). The in-house model's fundamental traits were also described by Suri et al. (2014). These features include that in the internal model, the internal audit department manages all aspects of

hiring, training, and performance management; develops and maintains the business' internal audit methodology; develops or purchases, integrates, and maintains its technology platform and audit software; and utilises publicly available content, informal networks, or professional. Using the internal audit department as a source of future talent for the company is prioritised or is typically driven by corporate culture concerns, which is a fundamental advantage of this strategy. Furthermore, internal auditors that work for the organisation tend to receive better treatment from the staff (Jain, 2020). The business may be able to find future managerial talent here. Maintaining institutional knowledge (White, 2020). Internal auditors work directly for the firm and are wholly devoted to it. Additional benefits include a higher degree of internal audit function ownership and a deeper comprehension of the company culture, which enable internal auditors to master the interaction with diverse process owners (Zeitouny, 2012).

Some drawbacks include the fact that the model is the slowest path to organisational transformation, the staffing model is the least adaptable, the internal audit department is a fixed expense, company access to subject-matter experts is constrained, rising costs are connected to investments in methodology, technology, insight, and training, and it might be challenging to find and keep qualified internal auditors. Costs connected with travel are greater.

#### **2.4.2 Co-sourced Internal Audit Model**

The co-sourced internal audit approach entails collaboration between an organisation's internal audit department and an externally contracted internal audit service provider to conduct internal audits (Dunkelberger, 2022). A combination of firm workers and staff from a third-party service makes up the internal audit division. Risk evaluation and planning are the responsibilities of the internal audit department, which employs

members of both teams to carry out the plan and submit the findings. In the co-sourcing paradigm, the organisation and the outside partner jointly provide the methodology, technology, and infrastructure for knowledge. To satisfy particular resource demands, external resources are added to the internal personnel. The internal audit division either builds its own technology platform and methodology or makes use of the third-party provider's approach and technological investments. The third-party provider offers insight into other businesses, benchmarking information, and best practices.

The internal audit model's advantages of co-sourcing include the model is a method for improving the efficiency and capacities of the internal audit department (Pepper, 2022), a variable expense of this fairly flexible personnel approach is internal audit, the strategy offers a reasonable path to transformative change (Suri 2014), the staffing approach has some flexibility (Dunkelberger, 2022), internal audit is a large variable expense, the third-party supplier has made investments in methodology, technology, knowledge, benchmarking data, and best practices, all of which are immediately available to the organisation (Coleman, 2022), the business has rapid access to resources or subject-matter experts in particular regions, the third-party vendor and internal auditors exchange knowledge in both directions (Pittway, 2016), the business is still in possession of a possible source of future managerial talent. In addition, expenditures associated with travel are decreased while institutional knowledge is retained. The co-sourcing model also has its disadvantages. One of the major deficiencies of the Internal Audit Co-sourcing model is that it requires continuous coordination from the organisation to ensure seamless delivery of the internal audit services, as the responsibility of managing the internal audit function remains with the

organisation (Zeitouny, 2012). Further, the two audit teams require cultural integration.

### **2.4.3 Outsourced Internal Audit Model**

According to Khan et al., (2020) arranging an external entity to perform a task, which would otherwise be performed by the company's own staff, is known as "Outsourcing". Thus, the outsourced internal audit model occurs when the company outsources the task of internal auditing to an external entity or third party. In the outsourced model, the third-party provider is responsible for all staffing and personnel matters (such as recruiting, retention, and training) (Course, 2014). More so, the third-party provider's investments in methodology, knowledge, and technology are available to the company. The model is a turnkey solution with full and immediate access to the company's global personnel, subject-matter experts, methodology, and technology. Internal audit is a variable cost of this fully flexible staffing model. The model is the quickest route to transformational change. The model is the quickest route to transformational change. The staffing model is fully flexible. The internal audit department is a variable cost. The company has immediate access to the third-party provider's investments in methodology, technology, knowledge, benchmarking data, and best practices. The company has immediate access to subject-matter experts or resources in specific geographies. The third-party provider is responsible for training, recruiting, and career development. Travel-related costs are reduced. The company no longer has a potential source of future management talent. There is a potential loss of institutional knowledge. The internal auditors are not under the direct control or 100 percent dedicated to the company. Company personnel might consider the internal auditors to be outsiders. The model is a cultural change for the company.

## **2.5 The Internal Audit Function (IAF)**

IAF goals include assessing the effectiveness of internal controls and the dependability of financial reporting, as well as ensuring that projects and plans are carried out as planned and that assets of the organisation are protected from theft or fraud (Omolaye & Jacob, 2017). According to Chongpitaksakun (2022), the IAF is essential to the governing process. IAF is typically used by management to make sure that risks are adequately monitored, quantified, and processed, as well as those organisational activities are under control (Joksimovi & Alseddig, 2017; Vadasi, Bekiaris, & Andrikopoulos, 2019). The corporate governance process includes IAF. It is in charge of assessing the internal control system's efficacy and efficiency. IAF is required to establish the process for auditing both financial reporting and its operations since the goals of the internal control system have enlarged the area of governance to oversee both the financial reporting dimension and operation dimension.

IAF is essential in enhancing the credibility of financial statements, as well. IAF needs to have certain notable constituents in order to be able to identify fraud and sign to the stakeholders. 3 097 articles from 37 journals published between the years 2000 and March 2019 were examined by Turetken, Jethefer, & Ozkan (2020). They discovered that the factors influencing IAF efficacy may be divided into two categories: supply-side and demand-side. IAF typically works to support the accuracy of the financial statements (Kewo, & Afiah, 2017; Tambingon, Yadiati, & Kewo, 2018), but there are some indications that the effectiveness of internal controls can lower the level of earnings management (Ghaleb, Kamardin, & Al-Qadasi, 2020), and the frequency of meetings between the audit committee and IAF would lower the discretionary accrual (Alzoubi, 2019). Additionally, the IIA, Australia (2020) said that

the IAF comprises offering an unbiased, independent evaluation of an organisation's activities, giving management information on how well risk management, control, and governance systems are working, serving as a catalyst for better governance, risk management, and control, advising management on the information it needs to know at the appropriate time.

## **2.6 Internal Audit Independence**

The International Organisation of Supreme Audit Institutions (INTOSAI, 2022) defined independence as freedom from dependence on, or influence or control by, another person, organisation, or state. The Institute of Internal Auditors, Australia (IIA, Australia, 2022) defined independence as the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. Internal auditors should not be threatened with having to account to the management of the company because they work for and primarily answer to the audited entity or an audit committee. For internal auditors, independence is the absence of circumstances that can jeopardise the ability of the internal audit activity or the chief audit executive (CAE) to perform their duties objectively. Internal auditors' independence enables them to make fair judgments that are crucial to the proper execution of engagements.

Internal audit independence is a crucial idea that allows the function to work independently and give management useful feedback on how to continually improve effective control procedures (Warga, 2014). According to Lawrence (2013), the increased frequency of financial reporting and external audit failures encouraged the internal audit profession to push for more autonomy in organisational structures. In nations where the role of internal audit is highly valued, functional reporting shifted from senior officers in the organisation to specific committees established under the

boards that report to the board of directors. Cox (2020) listed three methods for achieving internal audit independence. The three ways are as follows: the Internal Audit function should report directly to the Audit Committee rather than the organisation's management; the Audit Committee should review and approve the Internal Audit Charter and Plan, it should also receive and review reports on Internal Audit Engagements, and it should keep an eye on the effectiveness and independence of the Internal Audit function; While the Internal Audit Budget may be determined in conjunction with the Chief Executive Officer, the Audit Committee should review and approve the Internal Audit Charter and Plan.

### **2.6.1 Importance of Internal Audit Independence**

Independence and objectivity are vital in ensuring that stakeholders view the audit work performed, and the results, as credible, factual, and unbiased (Jachi and Yona, 2019). The nature of internal auditing and the role of providing unbiased and accurate information on the use of public resources and services delivered require the internal audit activity to perform their duties without restrictions - free from interference or pressures from the organisation being reviewed or the area under audit. The development of sound working relationships with management and staff at all levels of the organisation is fundamental to the effectiveness of the internal audit function (INTOSAI, 2022). The internal audit activity's knowledge and understanding of the organisation assist in building effective relationships and in evaluating and improving the effectiveness of risk management, internal control, and governance processes (Cohen & Sayag, 2010; Abu-Azza, 2012). Ideally, and where appropriate, the organisation's employees should bring concerns, information, and important matters to the attention of the internal audit activity. In addition, an effective and well-run audit activity would be sought out for services, information, and guidance. By



providing unbiased, objective assessments of whether public sector operations and resources are responsibly and effectively managed to achieve intended results, the auditor can help the public sector organisation achieve accountability and integrity, improve operations, and instil confidence among citizens and stakeholders.

## **2.7 Concept of Internal Audit Quality**

According to De Angelo (1981), internal audit quality is defined as the market's assessment of the joint probability that an auditor would simultaneously discover a material misstatement or irregularity in the accounting system of the client company, and would mention and disclose that misstatements or irregularity. Additionally, Okaro et al. (2015) as Adeyemi and Fagbemi (2010) asserted that internal audit quality is the joint probability, as determined by the market, that a specific auditor would simultaneously find a flaw in the client's accounting system and report that flaw. This means that the auditor has both the technical competence to find any discrepancies during the auditing and the independence to guarantee that material omissions and mistakes are rectified or divulged. Internal Audit Quality comprehensively addresses the Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing; with all eyes on internal audit, you need to understand stakeholder expectations and communicate success measures that demonstrate quality (Leung & Cooper 2009).

With all eyes on internal audit, you need to comprehend stakeholder expectations and communicate success metrics that demonstrate quality. Internal Audit Quality is a comprehensive examination of the Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing (Leung & Cooper 2009). Internal audit quality (IAQ), according to Boskou et al. (2019), is crucial to an organisation's sustainability since it helps the company maintain efficient controls and

prevent fraud. Internal Audit Quality's objective is to support chief audit executives and internal auditors in integrating quality into every aspect of internal audit, from long-term and short-term planning to daily operations. The four characteristics of the audit itself—inputs, process, outputs, and context—were suggested by Knechel et al. (2013) to be the most crucial to take into account in IAQ. According to Gonthier-Besacier et al. (2016), the function of the professional in the audit process and the professional's personal qualities may both have an impact on how IAQ is perceived. According to Alaraji (2020), the use of corporate governance pillars in private sector businesses has made a commitment to enhancing and implementing quality in control function and IAF, strengthening the internal control system and IAQ, as well as improving financial statements in terms of objectivity and dependability. IAQ is measured by Ismael and Kamel (2021) using four unique proxies: size, independence, methodology, and management, skills, and knowledge. The study conducted by Roussy and Brivot (2016), which recommends that the IAQ should be interpreted taking into account four perspectives: the Institute of Internal Auditors' perspective (IIA); the internal auditors' perspective; the external auditors' perspective; and the members of the Audit Committee's perspective, is supported by Gonthier-Besacier et al. (2016), who highlight the distinct perceptions of IAQ among the various stakeholders.

There isn't much agreement on how to assess and even present the audit quality from the viewpoints of the external auditor and the audit committee (Knechel et al. 2013). Only the external auditor's perspective has been used to discuss the specific IAQ topic, primarily in relation to the financial statements' disclosure (Mat Zain et al., 2015; Abbott et al., 2016). An increase in the reliance of external auditors on the work of internal auditors would be made possible by high levels of IAQ and higher levels

of efficiency (Mat Zain et al., 2015). According to this viewpoint, IAQ should be evaluated in light of the IAF's independence and the expertise of internal auditors Otuya (2019). Therefore, the auditor's skill would be evaluated as the quality of detection, and the auditor's independence would be evaluated as the quality of revelation Otuya (2019).

### **2.7.1 Quality of detection (auditor's competency)**

Competency, according to Arens et al. (2012), is the knowledge and skill set required to complete tasks that are specific to a job. According to (Madawaki & Ahmi 2021), a competent person (has expertise) is someone who has the abilities to carry out his or her duties effectively, quickly, intuitively, and very rarely or never makes mistakes. This is important because auditors can quickly spot fraud because they have the procedural skills and in-depth knowledge required for conducting audits. Competency in the field of internal auditing refers to the acquisition of specific knowledge that raises the standard of internal auditing. It includes knowledge, expertise, and experience in internal auditing (Mahzan & Hassan, 2015). It's common to think that the auditor's competence ensures their capacity for detection. It is also one of the most important factors in establishing the calibre of an internal audit. The institute of internal auditors (IIA) emphasises the significance of having necessary knowledge, skills, experience, and professional certification for internal auditors to work more successfully. The IIA is a well-known standards-setter for internal audit (Bello, Ayoib & Zalina, 2017).

According to Suraida (2005), auditors with high competency requirements may create dependable audit quality, enabling them to quickly identify fraud in an organisation. According to research by Zarefar (2016), Nazib (2017), and Cogan (2018), the overall criteria for audits is that they must be conducted by someone with the necessary

technical proficiency and auditor-specific training. As a result, highly competent auditors often have a strong ability to spot fraud. Knowledge, skills, and other competencies are collective phrases that demonstrate the professional skills/abilities needed by internal auditors to properly carry out their duties. Internal auditors are urged to demonstrate their knowledge and abilities by obtaining the necessary professional certifications and credentials. The International Auditor Competency Framework, created by the Institute of Internal Auditing in 2012 and published in Putra in 2016 (the Institute of Internal Auditors), divides the auditor's internal competency framework into four categories. These categories are:

### **Interpersonal skill**

The capacity needed to communicate with others effectively is known as interpersonal competence. An internal auditor must possess a variety of skills in this field, including the ability to create and apply persuasion methods, convey information clearly and persuasively, and demonstrate a willingness to listen to others. He must also be capable of managing tasks including creating rules and procedures, hiring people, and planning, prioritising, and upholding performance.

### **Tools and techniques**

An auditor must be proficient in operational and management research tools, forecasting methods, project management, business process analysis, balanced scorecard, risk assessment methods, control and governance procedures, as well as methods for data collection and analysis.

### **Standards, theories and methodologies of internal audit**

Understanding the code of ethics, attribute standards, and performance standards outlined in the standards of international internal audit is a requirement for auditors.

## **Knowledge areas**

A qualified auditor should be knowledgeable in managerial accounting, financial accounting, financial management, legal and regulatory requirements, ethical standards, and information fraud.

### **2.7.2 Quality of revelation (Auditor's independence)**

Independence is vulnerable to ambiguity and confusion because it has no universally accepted meaning or interpretation (Wines, 2012). When referring to independence, the idea is to be free from any management interference while auditors carry out internal audit tasks and produce audit reports (Cooper et al., 2009; Bouteina & Abdeslam, 2021). One of the most important aspects for establishing internal audit quality is internal audit independence; this is what auditing is all about (Chun, 2007). It is considered a major force behind the internal audit function (Alzeban & Gwilliams, 2014). In order to ensure the integrity of the auditor's judgments, suggestions, and conclusions, the internal auditor must be independent. Therefore, the independence of the auditor is crucial to the efficient performance of the function of internal audit. It is essential to the accuracy of auditors' reports as well. If auditors were not independent in fact and in appearance, those reports would not be reliable, and creditors and investors would have little faith in them. The organisational standing and the auditor's objectivity serve as the key sources of independence (Bouteina & Abdeslam, 2021). In actuality, independence exists when and where auditors are able to function without any conflicts of interest and with complete objectivity, honesty, and impartiality. Certain authors came up with different aspects of internal audit independence. Arens (2014) supposed that auditor independence includes two aspects:

### **Independence of mind**

The auditor's mental state must be independent of thought in order for the audit to be conducted objectively. The long-standing necessity that members be independent in fact is reflected in their independence of thinking.

### **Independence in appearance**

Others' interpretations of its independence are what give it its outward look. According to Mautz and Sharaf (1993), independence refers to the auditor's mental attitude of objectivity and honesty when examining the facts and presenting his view. In order to prevent situations where people can question the auditor's freedom, the auditor must provide the impression to the public that they function freely. The public's sense of independence is linked to the appearance of independence. According to Pickett (2010), internal auditors should carry out their responsibilities freely and impartially. According to Pickett (2010) and Umar et al., (2019), the independence of the Internal Auditor in carrying out its activities includes:

### **Programming independence**

Because of the requirement for programming independence, the independent auditor must choose the auditing procedures to be used and the auditing methods to be applied to the chosen areas.

### **Reporting independence**

Independent reporting should have the freedom to present all available information. This entails not feeling pressured to downplay the importance or impact of reported facts, refraining from using deceptive language—either intentionally or unintentionally—when reporting facts, opinions, and recommendations in the

auditor's interpretation, and refraining from any attempts to discredit the auditor's consideration of facts or opinions in the internal audit report.

### **Independence in verification**

The independence in verification allows for unrestricted access to all records, asset assessments, and employee examinations that are pertinent to the audit being conducted. It also secures active management employee cooperation during audit verification. They are free of any managerial initiatives that would restrict the activities being examined or the gathering of evidence, as well as any personal interests that might obstruct verification.

### **2.8 The role of organizational support on internal audit effectiveness and independence**

Managerial support for audit could be defined as the involvement and commitment to success of the work by giving adequate attention and allocating needed support (Ma'ayan & Carmeli, 2015). The degree to which the internal audit unit can accomplish its goals depends in large part on management assistance (Alzeban & Gwilliams, 2014). An effective internal audit requires the dedication and cooperation of senior management. Dellai et al. (2016) claim that an internal audit system is ineffective without management assistance, that an internal audit on its own lacks the resources to complete its task, and that an internal audit is unable to outsource competent internal audit professionals without management support. According to Dawodu et al. (2017), management may show that it supports internal audit by highlighting the importance of impartial, independent internal auditing in finding opportunities to raise performance quality and by acting on the recommendations of the internal audit unit. The chief executives and other top government officials should demonstrate a strong commitment to enhancing the calibre of internal audit in the case

of district, municipal, and metropolitan legislatures. Additionally, it may show that it stands behind the internal audit division throughout the entire company to make sure that the auditors are treated with the utmost respect.

It is crucial that everyone in the organisation be aware of what internal audit does and how powerful it is. Internal audit is, for the most part, only as helpful as management makes it. According to the study by Abdulaziz and Nedal (2013), the Internal Audit Department suffers because Senior Management provides less assistance. Alzeban and Sawan (2013) further argued that managerial assistance is crucial as a concept in and of itself as well as in relation to concerns about resources, expertise, and certification. According to Mihret and Yismaw (2007), management's inability to put internal audit recommendations into practice has a significant impact on the auditors' commitment to building a career as internal auditors as well as their attitude toward increasing audit quality. This concurs with Van Gansberghe's (2005) theory, according to which the success of internal audits is directly related to how well audit recommendations are implemented. Audit findings and suggestions won't be very useful unless management is committed to putting them into practice, according to Mihret and Yismaw (2007). The results of these studies suggested that if people do not see how their work contributes to the overall achievement of organisational goals, they would not find the internal audit profession to be appealing to them. Even those who accept internal audit appointments may not carry out their duties with the utmost professionalism.

## **2.9 Empirical Studies**

The research was undertaken by Novisi (2019) to evaluate the efficiency of the internal audit function inside the Ghana Police Service. He stressed how successfully the Service is pursuing the internal audit role. Hence the evaluation of the Ghana



Police Service's internal audit effectiveness (IAE) influencing elements. Multivariate regression analysis was utilized to examine data that were received from the internal audit division of the GPS's regional offices in order to ascertain the relationship between IAE and the other five key parameters. Competency and staff Size are positively related to internal audit effectiveness at a 5 percent level of significance, respectively, according to the correlation and regression analyses of these parameters. The other factors, including independence of internal audit, support from the Ghana Police Council, and relationships with external auditors, all indicated a positive and substantial correlation with internal audit effectiveness.

According to the study's findings, the internal audit function is more successful when it has top management support, independence, expertise, size, and cooperation between internal and external auditors. Various elements, such as the poor skill level of the internal audit personnel and other ad hoc tasks given to internal auditors, are identified as having a detrimental impact on the function of the internal audit department. Through empirical research carried out in medium and large Serbian companies, Ljubisavljevic and Jovanovic (2011) sought to show the level of internal audit development, accountants' perceptions of the duties and functions of internal audit, and if there is a relationship between enterprise size and legal form and the organisation and obligations of internal audit. According to the study's findings, internal auditing in businesses in the Republic of Serbia is not at the same level of advancement as it is in nations with established market economies. This is supported by the fact that the management of most Serbian companies still does not recognize the contribution that internal audits can provide to the company regarding the improvement of the quality of operation and risk management. Using the Internal Control-Integrated Framework, Aikins et al. (2022) looked into the circumstances in

which internal auditing is conducted in four particular local governments in Ghana's Central Region. A key informant interview guide based on interpretivism and a qualitative methodology was utilised to recruit 14 key informants at various levels of governance using the purposive sampling strategy. Pattern matching and content analysis based on topics were used to analyse the data. The study's conclusions show that internal auditors had to deal with difficult circumstances, including as intimidation, threats, and administrative interference, while carrying out their jobs.

Internal audits' efficiency was analysed by Udeh and Eugene (2016) in the Nigerian government sector. Four federal parastatals in Nigeria's Enugu State were chosen using a straightforward random selection procedure. There were 182 participants in the research, including 127 accountants and 55 internal auditors from parastatals. The instrument for gathering data was a self-structured questionnaire with a four-point adapted Likert scale. The size of study's sample consisted of 168 respondents who correctly completed and submitted their questionnaire. Chi-square was utilised to test the stated hypothesis whereas mean was used in data analysis. The investigation discovered that the null hypothesis, according to which the application of existing sanctions for transgressions of internal audit procedures is considerably effective generally, was rejected since  $X^2$  computed of 61.929 was more than  $X^2$  critical (3.841). Therefore, it became clear that even while there were sufficient penalties available, they were not consistently imposed across all panels for violations of internal audit processes. The 2019 study by Ezekiel examines how internal audit effectiveness affects fraud in the Nigerian public sector. 160 internal auditors from government institutions in Lagos State participated in this study. Through the distribution of a questionnaire, information for the study was gathered. The data were analysed using multiple regression. The study's conclusions show that internal audit

quality, which is a proxy for the independence, competence, and integrity of internal auditors, has a considerable impact on corruption and can aid in containing it in the public sector, with an adjusted  $R^2$  value of 0.735. In 10 chosen ministries, department and agencies in Rivers State, Abu's (2019) study explored the connection between internal audit and risk management. The essential data from the study's cross-sectional survey, which was conducted, using administered copies of the questionnaire, were used to compile the data. Using Taro Yamane's calculation at a 0.05 level of significance, a sample size of 109 and a total population of 150 were determined. Additionally, 109 copies of the questionnaire were given out to the responders; 90 of those copies were returned after being filled out. Using the Cronbach Alpha method, the instruments were confirmed with reliability over 0.7 coefficient. The SPSS 23 version was used to examine six research questions and six hypotheses using spearman's rank order coefficient of correlation. According to the results, the idea of internal audit has a favourable influence on risk management and risk finance.

In conclusion, risk management in Nigerian public sector MDAs is significantly impacted by internal audits. In order to offer proof of the perception of the efficiency of internal audit accountability in the Nigerian public sector, Onoja et al. (2013) conducted research. The research is focused on the use of auditing to enhance public sector management utilising the Kogi State ministry of finance in order to carry out an accurate evaluation. Additionally, it determined the extent to which Nigerian audit processes are encouraged to be accountable, effective, and efficient. Data were acquired through questionnaires given to the state's auditor general's office personnel, as well as an interview with the state auditor general regarding the challenges confronting the state's audit and accountability system. Chi-square and cross-

tabulations were employed to evaluate the data. The study indicated that Kogi State's public sectors have a sizable number of internal audit departments, allowing them to operate efficiently. Internal audits can also effectively detect fraud and fraudulent actions in the public sector. The study also showed that the null hypothesis, which asserts that the internal control system in existence in Kogi state regarding the auditing of public sector accounts is not effective, is accepted since the computed chi-square of 3.448 is less than the tabulated (% level of 9.49 significance). As a result, the state's internal control mechanisms are particularly poor. Due to political involvement and the expertise of some auditing professionals, audit processes and accountability are also inadequate.

With a focus on its key factors, Taiwo (2019) evaluated the public sector's internal audit effectiveness in Nigeria. Due to the fact that the two ministries had almost identical structural and operational features in their internal audit organisations, they were chosen for the study utilising the purposive sample approach. Random sampling was employed to proportionally stratify the data collected, and the Z-test and descriptive statistics were utilised to analyse the data. The study rejected the null hypothesis and supported the alternative hypothesis since the calculated value of the Z-test was determined to be more than the critical value (Compute value > critical value, i.e. 13.546 > 1.98) from the calculation on the respondent's analysis. The outcome suggests that the effectiveness of the Nigerian public sector is significantly influenced by internal audit efficiency.

Ta and Thanh (2022) looked at the independence of internal audit, the skill of internal auditors, management support for internal audit, and the calibre of internal audit work as four elements impacting internal audit effectiveness in Vietnam. Using SPSS software, quantitative and qualitative assessments were carried out, along with

additional studies including a logistics regression model. One hundred and forty-four answers were gathered from internal Vietnamese auditors of non-financial firms listed on the Vietnamese stock market in 2021 through semi-structured in-depth interviews and an online survey. After the data was processed, the findings showed that two factors—internal auditor independence and management support for internal audit—had a favourable impact on internal audit effectiveness, although the competence of internal auditors and the calibre of their work had no bearing. Njoroge (2012) set out to identify the elements that go into making the internal audit function in Kenya's public universities a successful corporate governance tool. In order to better understand and appreciate the elements required for the Internal Audit Function to be effective, and to determine how the function may best support the advancement of Good Corporate Governance in Kenyan public institutions, he undertook research. The whole employees of UON's internal audit department served as the study's target group. 40 respondents in total were sought after. The effectiveness of the internal audit function was the dependent variable, and the following factors were independent of it: the professional competence of internal auditors, the calibre of the audit work, organisational independence, career advancement, and top management support.

Njoroge (2012) used descriptive statistics to assess the data gathered and then presented it as percentages, a frequency distribution, and charts. The study's conclusions indicated that a number of variables affect how well the internal audit function performs as a corporate governance instrument at public institutions. These variables include internal auditors' level of expertise, the accuracy of the audit work, organisational independence, opportunities for career progression, and senior management's support.

Mokono and Nasieku (2018) conducted a study on the elements influencing the performance of internal auditors at Kenyan public institutions. They sought to accomplish the following goals: to identify the working environment, to evaluate the obstacles to internal auditor independence, and to evaluate the influence of technical competency on internal auditor performance at Kenyan public institutions. In light of these findings, the study assesses the impact of the workplace and determines the impact of internal auditors' independence and competence on their performance in Kenya's public universities. The target demographic for the descriptive research was the chief internal auditors of Kenya's 31 chartered public institutions, which are accredited by the Higher Education ministry. The sample size of 31 was determined using a random simple sampling method. Analysis was conducted using primary data. The study discovered that the three independent variables—the internal auditor's working environment, internal audit independence and authority, and internal auditor's technical competence—impacted the performance of the internal audit function, with an R squared value of 0.797 and each independent variable having p values lower than the 0.05 significant value.

The impact of the internal audit function on the economic condition of Rift Valley Bottler's Limited, Eldoret, was examined by Omwonu and Wanyama in 2021. They sought to provide answers to the following research questions: How do internal audit functions affect Rift Valley Bottlers' financial performance? How do risk management and budgetary controls affect Rift Valley Bottler Limited Company's financial performance? How do financial accountability and reporting practices affect Rift Valley Bottler's limited company's financial performance? The research design for the study was descriptive cross-sectional. Utilising a 40-person sample from the finance, human resources, and procurement divisions. Respondents were chosen using

a Census sample approach. The tool for gathering data was a questionnaire. Data analysis using quantitative methods. To illustrate the link between independent and dependent variables, multiple regression analysis was utilised. The research discovered that Rift Valley Bottler's Limited Company's financial performance is impacted by budgetary control ( $p=0.004$ ). The study also claimed that Rift Valley Bottler's Limited Company's financial performance is impacted by financial responsibility ( $p=0.005$ ).

To learn more about the internal audit unit's existence and level of independence, Modibbo and Adama (2015) investigated the efficiency of the internal audit unit at the local government level in Adamawa state. Through the distribution of questionnaires to a sample of ten (10) local governments chosen at random among twenty-one (21) local governments in Adamawa state, primary data were gathered. The data provided was analysed using the Simple Percentage method. The study's key result is that the internal audit unit at the local government level in the state does not operate as a separate department but rather as a unit under the local government chairman's office. The unit has become quite reliant as a result of this.

In order to determine whether or not the internal audit unit had a positive impact on the effectiveness of the internal control system of higher education institutions, Modibbo 920150 evaluated the impact of the internal audit unit on the internal control system of universities of higher education in Adamawa State, Nigeria. The study used a survey and research methodology in which primary data were gathered via a questionnaire given to respondents at the eight (8) sampled higher educational institutions in the State who worked in internal audit units, finance, and administrative personnel.

The data collected by using the SPSS 15.0 version were analysed using descriptive statistics and the Chi-square method. The study's key conclusions are that internal audit departments at postsecondary institutions in Adamawa State are ineffective because they lack independence, have insufficient employees, and submit internal audit results late. The research also found that the management of the institutions did not adequately implement the internal control system's components, particularly in the areas of supervision, division of roles, authorization, and approval, and personnel controls. The efficiency of internal auditing was evaluated by Tackie et al. (2016) in Ghana's decentralised local government administrative systems. They claim that the district assemblies, municipal assemblies, and metropolitan assemblies make up Ghana's local government system (Metropolitan, municipal and district assemblies). The study concentrated on Ghana's Ashanti region, which has the most Metropolitan, municipal and district assemblies. The rising interest in local government internal audits served as the study's driving force. Data from a questionnaire used in a descriptive study showed that the majority of the internal audit employees of Metropolitan, municipal and district assemblies in Ghana's Ashanti Region possess the necessary professional expertise. Contrary to popular belief, audit quality is not always degraded in the public sector, as evidenced by the study, which also showed that local audit laws and international standards for auditing are followed. Internal audit effectiveness was shown to have no link with top management support, but it did have a statistically significant positive relation with professional competence, organisational independence, and career progression.

The efficiency of internal audit at the Keta Municipal Education office was studied by Ayrah (2016). The study sought to: determine the extent of management support for internal auditors in the Keta Municipal Education office; examine the independence



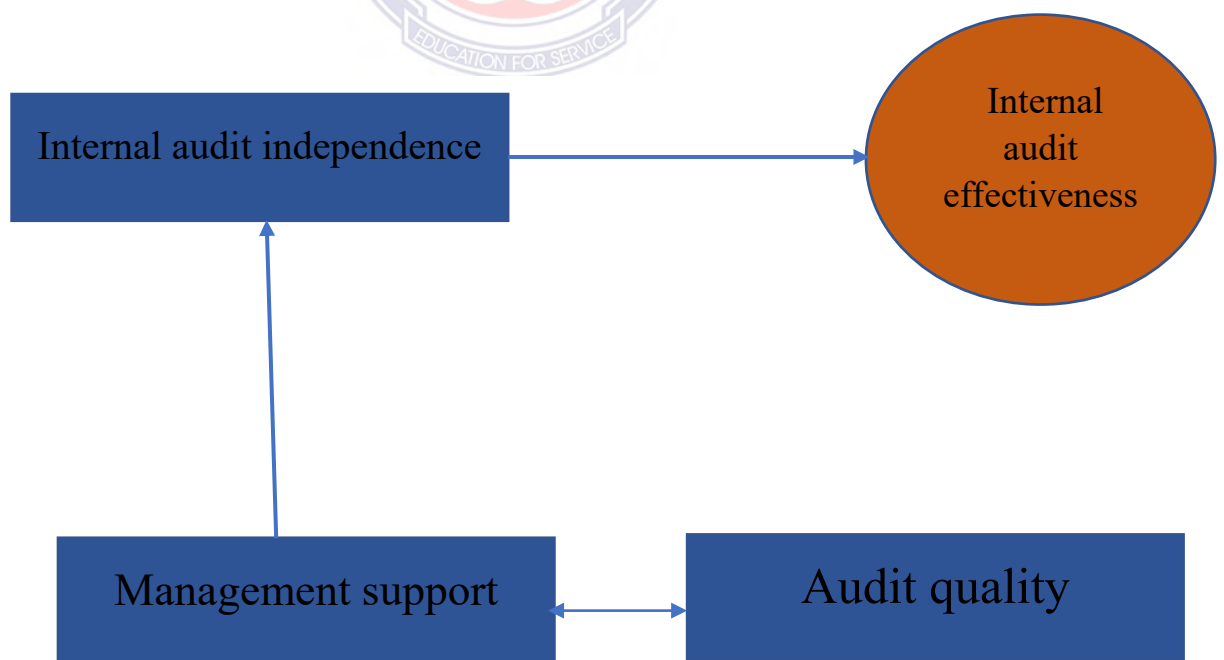
of internal auditors in the Keta Municipal Education office; ascertain whether the Keta Municipal Education office has an adequate and competent internal audit staff; and finally, to: examine the effectiveness of internal auditors in identifying non-compliance activities in the Keta Municipal Education office. The study sampled sixty (60) respondents using the purposive sampling approach, comprising 44 department heads, 8 members of management, and 8 internal auditors. Only 56 surveys were really recovered, processed with SPSS, and the findings were shown in tables, pie charts, and bar graphs. Data were gathered using two modified questionnaires. According to the research's findings, management support, the presence of a sufficient and knowledgeable internal audit staff, and approved internal audit standards and laws were all statistically significant and positively correlated with internal audit effectiveness in the public education offices.

In order to increase the operational effectiveness of Iraqi businesses, which are represented by the banking and industrial sectors, Zaidan and Neamah (2022) investigated the impact of the quality of internal audit functions. They discussed the idea of the internal audit function's quality and its part in boosting a company's performance and efficiency, helping to manage and enhance strategic decision-making before enhancing operational efficiency. A sampling of the businesses listed on the Iraqi Stock Exchange within the time frame used for the study (2012-2019). These data are statistically analyzed using the (SPSS) application to determine the nature of the link and impact between the independent factors and the dependent variable. Measurements of operational effectiveness are made using the Data Envelope Analysis (DEA) tool. According to the study, there is a link between operational effectiveness and the internal audit department members' qualifications (Pearson's  $r = 0.198$ ;  $\beta = 0.222$ ;  $R^2 = 0.039$ ), professionalism (Pearson's  $r =$

0.134;  $\beta = 0.096$ ; R squared = 0.018), and participation in yearly training programs (Pearson's  $r = 0.387$ ;  $\beta = 0.225$ ; R squared = 0.150) and programs for international internal auditing standards (Pearson's  $r = 0.253$ ;  $\beta = 0.180$ ; R squared = 0.064). While the average pay of internal audit department employees is negatively correlated with operational effectiveness (Pearson's  $r = -0.472$ ;  $\beta = -54.877$ ; R squared = 0.222).

## 2.10 Conceptual framework

Figure 2.1 illustrates the conceptual framework for the study. The conceptual framework focuses on the variables and their relationship that have to be explored in order to achieve the objectives of the study. The study had independent variables consisting of internal audit independence, management support, and audit quality. While the dependent variable is the effectiveness of internal audits. Likewise, the objective formulated mediating variables which were the role of management support and audit quality on the effects of internal audit independence and effectiveness of the internal audit.



**Figure 2.1 Conceptual framework**

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.0 Introduction

This chapter dealt with the procedure, strategy, and methods used to conduct the research study. Thus, focuses on the techniques to select the participants for the study, the study area, the research design, and sampling techniques for data gathering and analysis. Further, the research methodology section was very crucial for the study due to the necessary details and processes that have been asserted to help conclude the study efficiently. This section of the research also highlights the ethical considerations to be adopted in ensuring the practices for conducting research are critically obeyed and as well as software for data analysis.

#### 3.1 Study Area

The Eastern Region occupies a land area of 19,323 kilometers and constitutes 8.1 percent of the total land area of Ghana. It is the sixth-largest region in terms of land area. It lies between latitudes 6° and 7° North and between longitudes 1°30' West and 0°30' East. The region shares common boundaries with the Greater Accra, Central, Bono East, Ashanti, and Volta Regions. Eastern Region is one of the sixteen administrative regions of Ghana with Koforidua as the administrative capital. The Eastern Region has the Akwapem-New Juaben and Birim which respectively had two and four native authorities. The Eastern Region consists of exactly 33 Municipalities and Districts in the region today (GSS, 2020). Akans are the dominant inhabitants and natives of the Eastern region and Akan, Ewe, Krobo, Hausa and English are the main spoken languages. The Eastern region is the location of the Akosombo dam and the economy of the Eastern region is dominated by its high-capacity electricity generation.

The 2021 projected population for the Eastern Region based on the 2020 population census figure of 2,925,653 and an annual growth rate of 2.5%. The population is 49% male and 51% female with an Urban-Rural split of 43.3 to 56.6 respectively. About 41.3% of the population is below age 15. The entire 33 municipalities and districts in the Eastern regions contained their own administrative offices manages the official activities in the region through business activities revenue collection and expenditure. Also, this is in line with the ideals of decentralization that have been initiated and enhanced since the period of 1992.

### **3.2 Research Design**

This study adopted the descriptive cross-sectional research design. Thus, the study takes into consideration quantitative approach to data gathering and analysis. The descriptive cross-sectional research was crucial due to the variabilities of the background of participants of the research. Most importantly the different municipalities and districts and their auditors. The descriptive research design seeks to understand the question of how. Creswell and Creswell (2017), descriptive statistics helps to draw inferences about populations and to estimate the parameters of the research and answers the question of what, why and how.

### **3.3 Population of the study**

The population of the study was 33 Municipalities, Metropolitans and Districts in the Eastern Region (GSS, 2022). Comprising of the internal audit members and staff in the respective municipalities and districts. As noted by Saunders , Elliott-Sale, Artiole, Swinton, Dolan, Roscheal & Gualano (2017), population of a study comprises of all the parameters and participants within which the sample size has to be selected from to conduct the research study.

### **3.4 Sample size**

The sample size for the study is 90 respondents. The sample size ensured that 30 municipalities metropolitans and districts were selected for the research study. Further, three internal auditors were selected from each municipality, metropolitans and district. Thus, bringing the number of sample size to ninety (90) participants selected from each municipality and district in eastern region of Ghana. Three (3) respondents each were selected from the following assemblies in the eastern region. Yilo-Krobo Municipal, West Akim Municipal, Upper West Akim, Upper Manya Krobo, Suhum Municipal, Okere District, Nsawam Adoagyire, New Juaben South, New Juaben North, Lower Manya Krobo, Kwahu West Municipal, Kwahu South District, Achiase District, Kwaebibirem Municipal, Fanteakwa South, Fanteakwa North, Denkyembou District, Birim South, Birim North, Birim Central, Ayensuano District, Atiwa West District, Atiwa East District, Asuogyaman District, Asene Manso Akroso District, Akyemansa District, Akuapim South District, Akuapim North Municipal, Abuakwa North Municipal, Abuakwa South Municipal.

### **3.5 Sampling technique**

The research adopted two (2) sampling techniques; thus, the purposive and convenience sampling technique were used to gather the respondent or participants for the research study. To start with, the purposive sampling technique focused on the internal audit department in the various districts and municipalities. Thus, purposive sampling ensured that those who are privy to the information or are able to give accurate data or information about specific study are targeted. Purposive sampling is a non – probability sampling technique that is use to select participants for specific research based on their proximity to give the appropriate information (Kadija, 2011). After the internal department within the districts have been ascertained, the next

sampling technique is the convenient sampling techniques, thus, focuses on participants that are readily available within the specific internal department and can respond to the questionnaires or research instruments. According to Creswell and Creswell (2017), convenience sampling technique is a non-probability sampling method where units are selected for inclusion in the sample because they are the easiest for the researcher to access. This can be due to geographical proximity, availability at a given time, or willingness to participate in the research.

These research techniques were adopted by the researcher in order to provide quality data from those who are dealing with the internal audit activities within the municipality and district and also ensure that the information provide are given in a timely manner through the convenience sampling technique.

### **3.6 Research instrument**

The study adopted the use of questionnaire for data gathering. This was critical due to the number of the participants of the research. In order to save time while responding to the objectives of the study. Questionnaires are set of questions that are made available to research participants to solicit information or data for specific research (Saunders et al., 2017). The questionnaires were made up of the opened ended questions and closed ended questions to give responses for the research. The questions in the questionnaire were structured based on the objectives of the research study. Thus, ensured that information provided by the respondents helps to achieve the objectives of the study. The research adopted the questionnaires because, they offer a fast, efficient and inexpensive means of gathering large amounts of information from sizeable sample volumes. These tools are particularly effective for measuring subject behaviour, preferences, intentions, attitudes and opinions. The

questionnaire was designed just as the one used in the main work with same structure. The scale used are in the appendix.

### **3.7 Pre – Test of Instruments**

Pre-testing is a very important aspect in survey research. The pre-test of research instrument was done to establish the fact that the questions set in the questionnaire are reliable and valid from other Internal Auditors, this means that if they are done in a repeated format the same results were achieved and also it tends to measure what it was meant to measure. The research selected Internal auditors in different jurisdictions, such as Greater Accra, they were given the sample questionnaires and their responses were evaluated afterwards. The pre – test instruments were necessary to pre-test questionnaire before administering to the research sample. Hilton (2015) explains pre-testing as a method of checking that a questionnaire works as intended and is understood by those individuals who are likely to respond to them. The two most important pre-test were validity and reliability of research instruments. The outcome showed that all the indicators used support audit effectiveness.

#### **3.7.1 Validity of research instruments**

Validity is described as the degree to which a research instrument measures what it intends to measure and performs as it is designed to perform (Cherry, 2015). In general, validity is an indication of how sound the research is. As a way of ensuring validity, the researcher would discuss and seek the approval of from the supervisor on the questionnaires to be administered. A content validity, consisting of a match between test questions and content of the subject area of internal audit, Internal Audit Interdependency, Effectiveness of Audit Functions and Internal Audit Quality.

### **3.7.2 Reliability of instruments**

Reliability is the degree to which an assessment tool produces stable and consistent results (Cherry, 2015). It contributes to standardization of research instruments. Standardization is important so that the results of a study can be generalized to the larger population. To ensure reliability, the researcher intends to pre-test the questionnaire at the internal audit, Internal Audit Independency, Effectiveness of Audit Functions and Internal Audit Quality in the municipalities and districts functions of the Eastern Region. The reliability of the research instruments was tested using the Cronbach alpha method. Practically, an alternative way of estimating reliability of a questionnaire, the split-half method was applied to measure internal consistency of the instrument (Trochim, 2006). This is a method used to gauge reliability of a test; two sets of scores are obtained from the same test, one set from the odd items and one from even items, and the scores of the two sets are correlated (Trochim, 2006; Zimba, 1998). The questionnaire reliable the results in the two halves would be correlated.

### **3.8 Procedure for data gathering**

The procedure to conduct the research commences when the researcher who is a study requests for an introductory letter from the research department. Upon meeting the requirements and ethical standards of conducting research, the introductory letter is granted. The researcher forwarded all the introductory letters to the representative municipality and districts in the eastern region. This was to formally request the internal audit in the region about the impending research and the timeframe for the data gathering. Also, the topic and objective of the research are provided for preview. Upon agreeing with the consent, the next stage was to arranged the time to meet and conduct the research based on the research instruments to be used.



Further, the various internal audit department of the selected municipalities and districts were informed about the participants which means that there is the need for three (3) participants from each municipality or district. Upon agreeing the questionnaires are presented to the participants to allocate the necessary time for collection over a period of time.

### 3.9 Specification of the empirical model

This study adopted an empirical model which was grounded on the various literature that have been covered. Thus, the specific for the empirical model was to identify the variables that improves on Internal Audit effectiveness in the Municipality and Districts in the Eastern region. In order to address the objectives of the study a regression analysis was carried out using the following equation based on the study by Goodwin (2001) based on the institutional theory of effectiveness of internal audit.

$$IAE = \beta_0 + \beta_1AQ + \beta_2IAI + \beta_3MS$$

The variables are explained below.

*EIA – Effectiveness of Internal Audit*

*AQ – Audit Quality*

*IAI – Internal Quality Independence*

*MS – Organisational Support*

### 3.10 Data Analysis Tools

Data gathered from the respondents were analyzed using the Statistical Package for Social Scientists (SPSS) version 25. The use of descriptive and inferential statistics comprising of statistical tables, mean comparison, standard deviation was adopted to provide necessary findings to the research. The inferential statistics were conducted through the use of the regression analysis, the reliability test was conducted with the

Cronbach alpha. The version 25 of the SPSS provided a robust software to conduct the statistical analysis for the entire research study.

### **3.11 Ethical consideration**

Here are the ethical considerations to be inculcated in within the process of the research study:

#### **3.11.1 Informed consent**

Dealing with data privacy issues, all the necessary participants, thus internal audit staff and employees who participates in the research are given the necessary informed consent. They were assured of their consent to either participate or opt out of the research data gathering at any point they feel the need to take specific decision. Their consent was critical to ensure that they are fully aware of the research and also provides the necessary information for the study

#### **3.11.2 Anonymity**

The participants to the data gathering were given informed and given all the necessary anonymity necessary to ensure that their personal information or anything attributive to them is not attached to the data gathering process. This is to provide enough assurance in relation to the information given out and being gathered for the research study.

#### **3.11.3 Confidentiality**

Concerning information provided, before the data gathering, the selected respondents and participants were given a clear indication in writing and other means concerning the information they are providing which is solely for academic work and not any other intent. This is to ensure that the study mainly focuses on academics is intended to improve on knowledge.

## CHAPTER FOUR

### RESULT AND DISCUSSIONS

#### 4.0 Introduction

This section of the study focuses on the results and analysis conducted on the data retrieved from the participants. This section made use of statistical table for descriptive analysis, mean ranking to ascertain the weight of statements and inferential statistics through the use of regression analysis and between the independent and dependent variables. Thus, the need to test the relationship between factors that influences quality audit service. The chapter is chronologically arranged from the socio – demographic data, the Internal audit independence, Audit quality, Organizational support and Effectiveness of internal audit. All the various results and analysis have been presented in this chapter.

#### 4.1 Socio – Demographic Data

Table 4.1 represents the socio-demographic statistics of the respondents. Concerning the gender of the respondents, 25 (38.46%) of the respondents are females while 40 (61.54%) of the respondents are males. This means that males constitute more of the total respondents' population. With respect to the Age distribution, respondents with ages between 30 and 39 were 25 (38.46%) while respondents with ages between 40 and 49 years were 10 (15.38%), while respondents from the age group between 50 and 59 were 5 (7.69%), and lastly, respondents that were less than 30 years were 25 (38.46%). Therefore, the respondents who are 39 and below form the majority of the population. Concerning the respondents' marriage status, 5 (7.69%) respondents fell under the divorced category while 20 (30.77%) respondents fell under the married category, and 40 (61.54%) fell under the single category. It is obvious that the single category is a lot more populated compared to any of the other categories. As regards

educational qualification, 35 (53.85%) respondents have a first degree as the highest qualification while 30 (46.15%) have a master's degree. The respondents with master's degrees are higher, however, the difference is not so much.

Distribution of the experience level of the research participants goes thus: 10(15.38%) have 10 plus years of work experience 30 (46.15%) respondents have had between 1 to 5 years working experience, 10 (15.38%) respondents indicated that they have between 6 to 9 years work experience, and 15 (23.08%) fall in the "less than a year" work experience category.

**Table 4.1: Socio-demographic representation of respondents**

SOCIO-DEMOGRAPHIC		
Gender	Frequency	Percentage
<b>Female</b>	25	38.46%
<b>Male</b>	40	61.54%
Age		
<b>30-39</b>	25	38.46%
<b>40-49</b>	10	15.38%
<b>50-59</b>	5	7.69%
<b>less than 30</b>	25	38.46%
Marital Status		
<b>Divorce</b>	5	7.69%
<b>Married</b>	20	30.77%
<b>Single</b>	40	61.54%
Highest Level of Education		
<b>first degree</b>	35	53.85%
<b>master's degree</b>	30	46.15%
Experience Level		
<b>10 years and above</b>	10	15.38%
<b>1-5 years</b>	30	46.15%
<b>6-9 years</b>	10	15.38%
<b>less than 1 year</b>	15	23.08%
<b>Grand Total</b>	<b>65</b>	<b>100.00%</b>

Source: Author's construct (2022)

**Table 4.2: Education and work experience****EXPERIENCE LEVEL**

Highest Level of Education	10 years and above	1-5 years	6-9 years	less than 1 year	Grand Total
<b>first degree</b>	0	20	0	15	35
<b>master's degree</b>	10	10	10	0	30
<b>Grand Total</b>	<b>10</b>	<b>30</b>	<b>10</b>	<b>15</b>	<b>65</b>

Source: Author's construct (2022)

Figure 4.2 represents a cross-tabulation between education and work experience. Concerning respondents with a first degree, 20 of them have working experience between 1 to 5 years, 15 of them have working experience for less than a year and none of them have working experience from 6 years and above. This means that all the respondents who had first degrees are relatively younger in their places of work and have between beginner and intermediate work experience seeing that the highest number of years that any of them have worked is 5 years. With regards to respondents who had master's degrees, 10 of them have been working for 10 years and above, 10 respondents have also had experience between 6 to 9 years and the last 10 of them have had experience between 1 to 5 years. None of them had work experience less than a year. This shows that the master's degree holders among the respondents had more work experience than the first-degree holders in that 20 of the master's degree holders have had at least 6 years of experience.

**Table 4.3: Marital status and work experience****Experience Level**

Marital Status	10 years and above	1-5 years	6-9 years	less than 1 year	Grand Total
<b>Divorce</b>	5	0	0	0	5
<b>Married</b>	5	5	10	0	20
<b>Single</b>	0	25	0	15	40
<b>Grand Total</b>	<b>10</b>	<b>30</b>	<b>10</b>	<b>15</b>	<b>65</b>

Source: Author's construct (2022)

Table 4.3 illustrates a cross-tabulation between the education of respondents and the respondents' experience. Starting from the divorced portion of the respondents, 5 of them have worked for 10 years and above, and those five were the total number of divorced respondents. This means that the divorced respondents are more mature in terms of work experience and have worked for at least 10 years. For the married respondents, 10 of them have work experience between 6 to 9 years, 5 of them have work experience from 10 years and above, and 5 of them have work experience between 1 to 5 years. The distribution shows that the married respondents spread across experienced workers and novices. However, experienced workers with at least 6 years of experience are more represented in the data compared to relatively inexperienced workers between 1 to 5 years. With regards to the singles, 25 of them have experience between 1 to 5 years, and 15 of them have experienced less than a year. There is a very obvious trend in the data showing that the divorced and married category of respondents have better work experience compared to the single. None of the single represented in the data had work experience above 5 years. This makes sense because singles are expected to be younger than both the married and the divorced.

## 4.2 Internal Audit Independence

**Table 4.4: Internal audit independence**

INDEX	STATEMENT
<b>B1</b>	Internal audit performs other activities even if they are not defined as its direct responsibility
<b>B2</b>	Detailed budget proposals are included in the annual work plan of the internal audit unit
<b>B3</b>	Internal audit staff have free access to information and data about the MMDA
<b>B4</b>	The internal audit unit has the authority to audit all parts of the MMDA
<b>B5</b>	Internal auditor takes part designing systems in the MMDA and in developing procedures for regulating their operations
<b>B6</b>	The internal auditor participates in major decisions affecting the unit
<b>B7</b>	The internal audit unit is an autonomous and independent body
<b>B8</b>	Internal audit operates totally independently, and can audit any issue it considers necessary for auditing

Source: Author's construct (2022)

**Table 4.5: internal audit independence**

	Mean	standard deviation
<b>B1</b>	4.08	1
<b>B2</b>	4.31	0.73
<b>B3</b>	4.62	0.63
<b>B4</b>	4.46	0.5
<b>B5</b>	4.38	0.49
<b>B6</b>	4.46	0.5
<b>B7</b>	4.38	0.63
<b>B8</b>	4.46	0.85

Source: Author's construct (2022)

Table 4.4 illustrates the respondents' distribution across the Likert scale for each internal audit independence statement. The statement "Internal audit staff have free access to information and data about the MMDA" had the highest mean rank with a

Mean value of 4.62 and SD=0.63, with 45(69.23%) respondents choosing “strongly agree”, 15(23.08%) respondents choosing “agree”, 5(7.69%) respondents choosing “neutral” and no respondent chose either “strongly disagree”, “disagree”. The statement “The internal auditor participates in major decisions affecting the unit” had the second highest mean rank with a Mean value of 4.46 and SD=0.5, with 35(53.85%) respondents choosing “agree”, 30(46.15%) respondents choosing “strongly agree”, and no respondent chose either “strongly disagree”, “disagree”, or “neutral”. The statement with the joint second highest mean rank “The internal audit unit has the authority to audit all parts of the MMDA” had a mean  $M = 4.46$  and  $SD = 0.5$  and also had 35(53.85%) respondents choosing “agree”, 30(46.15%) respondents choosing “strongly agree”, and no respondent chose either “strongly disagree”, “disagree”, or “neutral”.

The statement with the joint second highest mean rank for the third time “Internal audit operates totally independently and can audit any issue it considers necessary for auditing” also had a mean  $M = 4.46$ , however, the SD was higher with 0.85. It also had 40(61.54%) respondents choosing “strongly agree”, 20(30.77%) respondents choosing “agree”, 5(7.69%) respondents choosing “disagree”, and no respondent choosing either “strongly disagree” or “neutral”. The statement with the fifth highest mean rank “Internal auditor takes part designing systems in the MMDA and in developing procedures for regulating their operations” had a mean  $M = 4.38$  and  $SD = 0.49$  and also had 40(61.54%) respondents choosing “agree”, 25(38.46%) respondents choosing “strongly agree”, and no respondent chose either “strongly disagree”, “disagree”, or “neutral”. The statement with the joint fifth highest mean rank “The internal audit unit is an autonomous and independent body” had a mean  $M = 4.38$  and  $SD = 0.63$  and also had 30(46.15%) respondents choosing “strongly agree”,



30(46.15%) respondents choosing ~~–agree~~”, 5(7.69%) respondents choosing ~~–neutral~~”, and no respondent chose either ~~–strongly disagree~~” or ~~–disagree~~”. The statement with the seventh highest mean rank ~~–Detailed budget proposals are included in the annual work plan of the internal audit unit~~” had a mean  $M = 4.31$  and  $SD = 0.73$  and also had 30(46.15%) respondents choosing ~~–strongly agree~~”, 25(38.46%) respondents choosing ~~–agree~~”, 10(15.38%) respondents choosing ~~–neutral~~”, and no respondent chose either ~~–strongly disagree~~” or ~~–disagree~~”. The statement with the least mean rank ~~–Internal audit performs other activities even if they are not defined as its direct responsibility~~” had a mean  $M = 4.08$  and  $SD = 1$  and also had 30(46.15%) respondents choosing ~~–agree~~”, 25(38.46%) respondents choosing ~~–strongly agree~~”, 10(15.38%) respondents choosing ~~–disagree~~”, and no respondent chose either ~~–strongly disagree~~” or ~~–neutral~~”. In conclusion, only a small percentage of the respondents chose either ~~–disagree~~” or ~~–strongly disagree~~” and the majority of the respondents went on to choose either ~~–agree~~” or ~~–strongly agree~~” for all eight (8) internal audit independence statements. This means internal audit independence in the target area’s organisations is good.

### 4.3 Audit Quality

**Table 4.6: Audit Quality**

INDEX	STATEMENT
C1	Internal audit units adhere to the institute of internal auditors (IIA) code of ethics
C2	Internal audits are conducted in conformance with the international standard for the professional practice of internal auditing
C3	Internal audit unit has a quality assurance and improvement program
C4	Internal audit unit organizes or performs peer reviews or self-assessments of its performance
C5	Internal audit does a regular follow-up to examine actions taken to correct problems identified
C6	Internal audit plan is aligned with the key risks of the MMDA and other assurance activities
C7	The work of internal audit is timely and proactive in the conduct and reporting of issues and addressing management concerns.
C8	The management decision-making process is strongly affected by reports, findings, and recommendations of the internal audit unit.

Source: Author's construct (2022)

**Table 4.7 Audit Quality**

	Mean	standard deviation
C1	4.77	0.42
C2	4.62	0.63
C3	3.85	1.11
C4	3.54	1.29
C5	4.31	1
C6	4.15	0.87
C7	4.69	0.47
C8	4	1.37

Source: Author's construct (2022)

Table 4.5 illustrates the respondents' distribution across the Likert scale for each internal audit quality statement. The statement "Internal audit units adhere to the institute of internal auditors (IIA) code of ethics" had the highest mean rank with a Mean value of 4.77 and SD=0.42, with 50(76.92%) respondents choosing "strongly agree", 15(23.08%) respondents choosing "agree", and no respondent chose either "strongly disagree", "neutral", or "disagree". The statement "The work of internal audit is timely and proactive in the conduct and reporting of issues and addressing management concerns." had the second highest mean rank with a Mean value of 4.69 and SD=0.47, with 45(69.23%) respondents choosing "strongly agree", 20(30.77%) respondents choosing "agree", and no respondent chose either "strongly disagree", "disagree", or "neutral". The statement with the third highest mean rank "Internal audits are conducted in conformance with the international standard for the professional practice of internal auditing" had a mean M = 4.62 and SD= 0.63 and had 45(69.23%) respondents choosing "strongly agree", 15(23.08%) respondents choosing "agree", 5(7.69%) respondents choosing "neutral", and no respondent chose either "strongly disagree", or "disagree". The statement with the fourth highest mean rank "Internal audit do a regular follow-up to examine actions taken to correct problems identified" also had a mean M = 4.31, however, the SD was higher with 1 had 40(61.54%) respondents choosing "strongly agree", 10(15.38%) respondents choosing "agree", 10(15.38%) respondents also choosing "neutral", 5(7.69%) respondents choosing "disagree", and no respondent choosing "strongly disagree". The statement with the fifth highest mean rank "Internal audit plan is aligned with the keys risks of the MMDA and other assurance activities" had a mean M = 4.15 and SD= 0.87 and also had 30(46.15%) respondents choosing "agree", 25(38.46%) respondents

choosing ~~strongly agree~~", 5(7.69%) respondents choosing ~~neutral~~", 5(7.69%) respondents choosing ~~disagree~~", and no respondent chose ~~strongly disagree~~".

The statement with the sixth highest mean rank ~~The management decision-making process is strongly affected by reports, findings, and recommendations of the internal audit unit.~~" had a mean  $M = 4$  and  $SD = 1.37$  and also had 35(53.85%) respondents choosing ~~strongly agree~~", 15(23.08%) respondents choosing ~~agree~~", 10(15.38%) respondents choosing ~~disagree~~", 5(7.69%) respondents choosing ~~strongly disagree~~", and no respondent chose ~~neutral~~". The statement with the seventh highest mean rank ~~Internal audit unit has a quality assurance and improvement program~~" had a mean  $M = 3.85$  and  $SD = 1.11$  and also had 30(46.15%) respondents choosing ~~agree~~", 20(30.77%) respondents choosing ~~strongly agree~~", 15(23.08%) respondents choosing ~~disagree~~", and no respondent chose either ~~strongly disagree~~" or ~~neutral~~". The statement with the least mean rank ~~Internal audit unit organizes or performs peer reviews or self-assessments of its performance~~" had a mean  $M = 3.54$  and  $SD = 1.29$  and also had 30(46.15%) respondents choosing ~~agree~~", 15(23.08%) respondents choosing ~~strongly agree~~", 15(23.08%) respondents choosing ~~disagree~~", 5(7.69%) respondents choosing ~~strongly disagree~~" and no respondent chose ~~neutral~~". In conclusion, the statements all yielded mean ranks that are approximately more than 4 which gives a level of validity to the statements. However, the statement ~~Internal audit unit organizes or performs peer reviews or self-assessments of its performance~~" yielded a mean rank of 3.54 which is the least. This might be an indication that peer reviews or self-assessments of performances are not frequently performed. Besides from this, the audit quality is quite sound considering the averages for each of the statements analysed. It is worthy of emphasis, that the organisations adhere to the institute of internal auditors (IIA) code of ethics and that the internal audit is timely

and proactive in the conduct and reporting of issues and addressing management concerns. This can be seen from the almost new perfect (5) mean of 4.77 and 4.69 respectively.

#### 4.4 Organizational Support

**Table 4.8: Organizational Support**

INDEX	STATEMENT
D1	Management provides the necessary budget to hire quality internal auditors for audit work
D2	Management provides necessary technical and evidence
D3	Top management provides internal audit unit with the encouragement expected
D4	Internal audit gets the attention of top management and focuses on issues audited by the internal audit unit
D5	Management usually assigns a small budget to the unit
D6	Management helps and encourages the training and development of internal audit staff
D7	There is enough employee in the internal audit unit to undertake audit activities
D8	The internal audit department gets all the support from management for every audit activity

Source: Author's construct (2022)

**Table 4.9: Organizational Support**

	Mean	Standard deviation
D1	3.46	1.51
D2	3.46	1.29
D3	4	1.05
D4	4.15	0.54
D5	4	0.88
D6	3.69	0.83
D7	4.15	1.03
D8	3.77	1.38

Source: Author's construct (2022)

Table 4.6 illustrates the respondents' distribution across the Likert scale for each organisational support statement. The statement "Internal audit gets the attention of top management and focuses on issues audited by the internal audits unit" had the highest mean rank with a Mean value of 4.15 and SD=0.54, with 45(69.23%) respondents choosing "agree", 15(23.08%) respondents choosing "strongly agree", 5(7.69%) respondents choosing "neutral" and no respondent chose either "strongly disagree" or "disagree". The statement "There is enough employee in the internal audit unit to undertake audit activities" had the joint highest mean rank with a Mean value of 4.15 and SD=1.03, with 30(46.15%) respondents choosing "strongly agree", 25(38.46%) respondents choosing "agree", 10(15.38%) respondents choosing "disagree" and no respondent chose either "strongly disagree", or "neutral".

The statement with the third highest mean rank "Management usually assigns a small budget to the unit" had a mean  $M = 4$  and  $SD = 0.88$  and had 30(46.15%) respondents choosing "agree", 20(30.77%) respondents choosing "strongly agree", 10(15.38%) respondents choosing "neutral", 5(7.69%) respondents choosing "disagree" and no respondent chose "strongly disagree". The statement with the joint third highest mean rank "Internal audit do a regular follow-up to examine actions taken to correct problems identified" also had a mean  $M = 4$ , however, the SD was higher with a value of 1.05 had 25(38.46%) respondents choosing "strongly agree", 25(38.46%) respondents choosing "agree", 10(15.38%) respondents also choosing "disagree", 5(7.69%) respondents choosing "neutral", and no respondent choosing "strongly disagree". The statement with the fifth highest mean rank "The internal audit department gets all the support from management for every audit activities" had a mean  $M = 3.77$  and  $SD = 1.38$  and also had 30(46.15%) respondents choosing "strongly agree", 10(15.38%) respondents choosing "agree", 10(15.38%) respondents

choosing ~~neutral~~", 10(15.38%) respondents choosing ~~disagree~~", and 5(7.69%) respondents chose ~~strongly disagree~~". The statement with the sixth highest mean rank ~~Management helps and encourages the training and development of internal audit staff~~" had a mean  $M = 3.69$  and  $SD = 0.83$  and also had 30(46.15%) respondents choosing ~~agree~~", 10(15.38%) respondents choosing ~~strongly agree~~", 20(30.77%) respondents choosing ~~neutral~~", 5(7.69%) respondents choosing ~~strongly disagree~~", and no respondent chose ~~strongly disagree~~".

The statement with the least mean rank ~~Management provides necessary technical and evidence~~" had a mean  $M = 3.46$  and  $SD = 1.29$  and also had 25(38.46%) respondents choosing ~~agree~~", 15(23.08%) respondents choosing ~~strongly agree~~", 15(23.08%) respondents choosing ~~disagree~~", 5(7.69%) respondents chose ~~strongly disagree~~", and 5(7.69%) respondents chose ~~neutral~~". The statement with the least mean rank ~~Management provides the necessary budget to hire quality internal auditors for audit work~~" had a mean  $M = 3.46$  and  $SD = 1.51$  and also had 25(38.46%) respondents choosing ~~agree~~", 10(15.38%) respondents choosing ~~strongly agree~~", 10(15.38%) respondents choosing ~~neutral~~", 10(15.38%) respondents choosing ~~disagree~~", and 10(15.38%) respondents choosing ~~strongly disagree~~". In conclusion, the mean ranks are generally lower compared to the previous emphasis, ~~audit independence~~" and ~~audit quality~~". This means that organisational support is not as sound as internal audit independence and audit quality and can be better.

#### 4.5 Effectiveness of Internal Audit

*Table 4.10: Effectiveness of internal audit*

Effectiveness of Internal Audit	Frequency	Percentage
<b>Very effective</b>	0	0%
<b>Ineffective</b>	5	7.69%
<b>Neutral</b>	40	61.54%
<b>Effective</b>	20	30.77%
<b>Satisfactory</b>	0	0%
<b>Grand Total</b>	<b>65</b>	<b>100.00%</b>

Source: Author's construct (2022)

Table 4.7 represents the perception of the respondents as regards the effectiveness of the internal audit. Starting from the most populated notion, 40 (61.54%) respondents indicated that "neutral", while 20 (30.77%) indicated "Effective", 5 (7.69%) respondents indicated "ineffective", and no respondent chose either "satisfactory" or "very effective".

This means that, although some of the responses are in the favour of internal audit being effective, most of the responses indicate that there is room for more effectiveness of the internal audit.



#### 4.6 Regression Analysis

**Table 4.11: Relationship between internal audit independence, internal audit quality and organizational support against effectiveness.**

		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients		
		Std.				
Model		B	Error	Beta	t	Sig.
1	(Constant)	2.712	.737		3.682	.000
	IAI	.164	.334	.128	.490	.626
	AQ	-.012	.342	-.011	-.035	.972
	OS	-.039	.186	-.042	-.209	.835

a. Dependent Variable: EIA

Source: Author's construct (2022)

**Table 4.12: Relationship between Audit Quality, internal audit independence and internal audit effectiveness against Organizational Support**

		Unstandardized Coefficients		Standardized Coefficients		
		Std.		Beta		
Model		B	Error		t	Sig.
	Constant	1.134	0.185		6.129	0
	IAI	0.772	0.551	-0.017	1.401	0.166
	AQ	-0.018	0.088	-0.28	-0.209	0.835
	EIA	-0.384	0.224	1.002	-1.714	0.092

a. Dependent Variable: OS

Source: Author's Construct (2022)

**Table 4.13: Assessing the moderating role of Organizational support and Audit Quality in the internal Audit Independence and Effectiveness of Internal Audit Relationship.**

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.026	.331		9.138	.000
	IAI_AQ	.000	.001	.080	.635	.528
	IAI_OS	.000	.001	.080	.635	.528

a. Dependent Variable: EIA

Source: Author's construct (2022)

#### 4.7 Discussion of Findings

This section presents the interpretation of the ascertained result in order to answer the objectives of the study.

##### 4.7.1 Objective one: Finding the relationship between the independent variables and the dependent variables.

From Table 4.11 the regression shows that, there is a positive relationship between Internal Audit Independence and Audit effectiveness. This means that if Internal Audit Independence increase by one unit, it encourages Audit Effectiveness by 12%. Thus, granting autonomy to the Audit body in an organization improves quality of auditing. However, the significant value of 0.626 means that Internal Audit Independence has no explanatory power on Audit effectiveness. Based on these results, we fail to reject the hypothesis 1 and conclude that, there is a positive relationship between Internal Audit Independence and Audit Effectiveness in MMDA'S in Eastern Region.

In assessing the effect of Audit quality on Audit Effectiveness, the study found that there is a negative and insignificant relationship between Audit Quality and Audit Effectiveness. So contrary to what exist in literature that Audit quality leads to Effectiveness in Internal Auditing the study found an opposite account. This translates that, if Audit Quality improves by a unit, it decreases effectiveness in Internal Auditing. Though the study found a negative association, a significant value of 0.972 means that, Audit quality do not determine the effectiveness on Internal Auditing. Per the negative relationship discovered between Audit quality and Audit Effectiveness, the study rejects the hypothesis 2 and conclude that, there is a negative relationship between Audit Quality and Internal Audit Effectiveness.

In determining the association between organizational support and Internal and Internal Audit Effectiveness, the study shows that, there is a negative relationship between Organization support and Internal Audit Effectiveness. This means that a unit increase in organizational support brings about reduction in Internal Audit Effectiveness since it's significant level of 0.835 is higher than that of 0.05 significant level. This makes the regression result insignificant. So, the result also means that, the more the Internal Audit department of an organization receives support in carrying on its activities, the effectiveness level of Internal Audit reduces.

Also, based on the negative relationship found between Organizational support and Internal Audit Effectiveness, we reject the hypothesis and conclude that, there is a negative relationship between Organizational support and Internal Audit Effectiveness. These results refute the findings made by Novisi (2019) that, there was a positive relationship between Internal Audit Effectiveness and organizational support.

The regression analysis findings between organisational support and audit quality are shown in Table 4.12. The regression result shows a negative relationship between Effectiveness Internal Audit and Organizational support. This means that an increase in Effectiveness of internal Audit would bring about a decrease in organizational support. However, the significant value of effectiveness of internal audit which is 0.835 is higher than 0.05 significant level. Based on the significant level of the variables, it can be seen that effectiveness of the Internal Audit has no power to explain organizational support. According to Novisi (2019) findings, the internal audit function is more successful when it has top management support, Independence, expertise, size and cooperation between Internal and External auditors.

These findings do not comply with the regression results because, the result shows a negative relationship between Effectiveness of internal Audit and Organizational support while Novisi (2019) result shows a positive result. The regression results indicate that, there is a negative result between Internal Audit Independence and Organizational support. This implies that an increase in Internal Audit Independence would cause a fall in Organizational support. Again, based on the regression results, the significant value of 0.092 is higher than the significant level of 0.05. This shows that the result is not significant.

Ta and Thanh (2022) looked at the Independence of Internal audit, the skills of internal auditors, management support for internal audit, and the calibre of internal audit work as four elements impacting internal. The findings of Ta and Thanh (2022) shows that two factors-internal auditor Independence and management support for internal audit had a favourable impact on internal audit effectiveness although the competence of internal auditors and the calibre of their work had no bearing. The

findings do not correlate with the results hence a negative relationship between the two variables.

Audit quality has a positive result as against organizational support. This is because an increase in Audit Quality would cause an increase in organizational support. The regression analysis shows 0.00 significant level. This means that Audit quality has a positive relationship with Organizational support in the metropolitan, municipal and district assemblies in Eastern Region and as such, the variation in the Organizational support can be explained by the linear regression model. Tackie et al. (2016) in Ghana's decentralization local government administrative systems evaluated the efficiency of internal auditing. They claim that, the district assemblies, municipal and metropolitan assemblies make Ghana's local government system (MMDA'S). They concentrated on Ghana's Ashanti Region, which has the most (MMDA'S). They found out from the descriptive study that, the majority of Internal audit employees of MMDA'S in Ghana's Ashanti Region possess the necessary professional expertise. Contrary to the popular belief, Audit Quality is not always degraded in the public sector as evidence by the study, which also showed that local audit laws and international standards for auditing are followed.

#### **4.7.2 Objective two: Assessing the moderating role of audit quality and organisational support in the internal audit independence and effectiveness of internal audit nexus.**

Linear regression result from the interaction of Internal Audit Independence (IAI) and Audit Quality (AQ), thus, IAI\_AQ registered a coefficient of 0.08 and a p-value of 0.528. This exact result was also recorded by the interaction of IAI and Organisational support (OS). The ascertained result depicts that audit quality and organisational support have positive effect in the internal audit independence and effectiveness of

internal audit association. Therefore, the H<sub>2</sub> is accepted and conclude that audit quality has direct moderating effect on the internal audit independence and effectiveness of internal audit relationship. The finding implies that AQ improves the rate at which IAI affect EIA. Similarly, the study fails to reject H<sub>3</sub> and conclude that organizational support positively affects the IAI-EIA nexus. This result means that encouragement from the organization facilitates the spate at which IAI affect EIA. However, in both cases the p-value of 0.528 reveals that the variables are insignificant in affecting the IAI-EIA nexus.



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introduction**

This section of the research study focused on the need to draw the conclusion for the study based on the results and findings and also the recommendations thereafter the conclusions. These segments are critical to ensure that the final details of the research have been reached and meaning drawn to the research study.

#### **5.1 Summary**

The study sought to find the relationship between internal audit independence and effectiveness of internal audit as well as to assess the moderating role of audit quality and organizational support in the internal audit independence and effectiveness of internal audit nexus. Descriptive design and quantitative approach was adopted. The study used questionnaire in data collection from a sample size of 90 with 3 respondents each selected from 30 districts in the Eastern region of Ghana. The analysis used measures of central tendency and measures of dispersion precisely mean and standard deviation respectively, linear regression technique was also employed to measure the targeted relationship.

#### **5.2 Conclusion**

Based on the ascertained results, the following conclusions are drawn by the study.

##### **5.2.1 Internal audit independence effect on effectiveness of internal audit**

The study revealed that concerning the issue of the effects of audit independence effects on internal audits. The study noted there are some factors that improve the effects, one of them is access to information and data which plays a critical role in the effectiveness of internal audits in the Metropolitan, municipal and district assemblies.

The study revealed that when all information on activities within a specific year of audit is made available in an open and transparent manner it goes a long way to improve internal audit effectiveness. Another factor that was noted from the study has to do with the staff of internal audit having free access to information about the Metropolitan, municipal and district assemblies for a specific year of interest.

The study concludes that another factor that improves the effectiveness of internal audit performance comes from the fact that the internal audit participates actively in major decisions affecting the unit and is not handicapped to provide the necessary internal audit department. Thus, the independence comes from the fact that there is less or non-meddling in the activities of the internal audit while performing its functions. The study noted that the autonomy of the internal auditor is critical to the effectiveness of its performance. This was proven to be critical through the research since the majority of the auditors and staff in the internal audit department made known the fact that the autonomy of the internal audit to perform specific duties without obstruction was critical to their effectiveness over a period of time. This brings us to the fact that when the autonomy of the internal auditor is guaranteed there is a free hand for the audit department to audit any issue or activities that they deem it necessary for auditing.

The least of the factors that are necessary to improve on the audit independence effect on internal audit comes from the withdrawal of service of the internal audit from performing activities that they are not defined within their responsibility remit or given direct responsibility to perform. In this regard, the internal auditor gets the full impendence and focuses on the exact responsibilities to perform their functions.



### **5.2.2 Moderating role of organizational support and audit quality in the internal audit independence and effectiveness of internal audit relationship.**

The study found that audit quality positively affects the relationship between internal audit independence and effectiveness of internal audit in the studied municipality. Again, organisational support positively influence the association between internal audit independence and effectiveness of internal audit. The positive impact in the relationship comes from influences that some management teams inculcate in the process of supporting the internal auditor. The positive impact that moderating role of management support had on audit quality comes from the management providing the necessary access and information to the internal audit department and internal audit to carry out their work.

### **5.3 Recommendations of the study**

Based on the findings and conclusions drawn from the study, the necessary recommendations are given below.

#### **5.3.1 Autonomy of Internal Audit**

From the study, there is a need for all Metropolitan, municipal and district assemblies and public institutions to give absolute autonomy and authority to the internal audit team to ensure they can carry out their responsibility without influence and even if they are influenced, they are given the authority to reject and report any meddling to public audit institutions.

#### **5.3.2 Training and development**

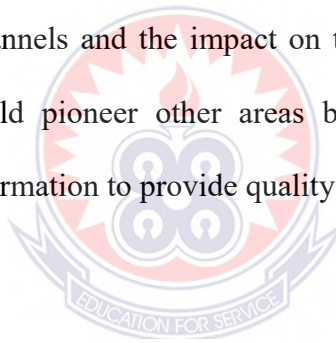
The researcher recommends the Metropolitan, municipal and district assemblies and audit department needs to review the perennial mode of audit staff training and development. Thus, also the need to inculcate other forms of technological and

innovative means of detecting irregularities in the training. Remuneration was key in the training and development to ensure the internal audit staff are ready to take up the challenging tasks and provide quality audits.

Again, the study recommends the district, municipal and metropolitan assemblies to give maximum support to internal auditors in order to increase quality and effectiveness of internal audit.

### **5.3.3 Further research**

The researcher recommends that there is the need to further conduct enhanced research in this direction of internal audit independence on audit quality. Another area that future research needs to envisage is to evaluate the research on the influence of anonymous reporting channels and the impact on the effectiveness of internal audit quality. This study would pioneer other areas because it provides how internal auditors could access information to provide quality audit.



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## APPENDIX

### QUESTIONNAIRE

*Dear Respondent,*

*This questionnaire guide is intended to solicit information for academic research on the topic; **Internal Audit Independency and Effectiveness of Audit Functions: The Role of Organizational Support and Internal Audit Quality. The Case of Metropolitan, Municipal and District Assemblies in The Eastern Region of Ghana.***

**Note:** Any information provided would be used for academic purposes only and treated with the utmost confidentiality. You are assured of your anonymity and confidential use of any information you provide. Your opinion is therefore to complete this questionnaire. You are encouraged to be truthful as possible in your responses. There is no need to provide any personal information for this questionnaire. Anonymity is fully guaranteed under this research and the information gathered. You are free to withdraw your data at any point in time you feel the need to do so.

**Instruction:** Kindly tick [  ] or provide short answers where appropriate

#### Section A: Socio-Demographic Data

1. Gender:  
Male [  ]      Female [  ]
2. Age:  
Less than 30 years [  ]      30 – 39 years [  ]      40 – 49 years [  ]  
50 – 59 years [  ]      60 years and above [  ]
3. Marital status  
Married [  ]      Single [  ]      Divorce [  ]      Widowed [  ]
4. Highest level of Education  
Basic/Elementary level [  ]      Junior High School [  ]      Senior High School [  ]  
First Degree [  ]      Master's Degree [  ]      PhD [  ]
5. How long have you been an internal auditor?  
Less than 1 year. [  ]      1 – 5 years. [  ]      6 – 9 years [  ]  
10 years or more [  ]

#### Section B: Internal audit independence

The following statements are some of the independence of the internal audit department factors in the municipality/district. In order to answer, you would need to tick one (1) of the boxes representing specific statements. The options are graded on the Likert scale, from 1 – 5. Where 1 is the least option, representing strongly disagree (SD) negating the statement, while 5 represents the highest thus, strongly agree (SA).

*Strong Disagree (SD) = 1, Disagree (D) = 2, Neutral (N) = 3, Agree (A) = 4, Strongly Agree (SA) = 5*

B	Statement	SD	D	NS	A	SA
B1	Internal audit performs other activities even if they are not defined as its direct responsibility					
B2	Detailed budget proposals are included in the annual work plan of the internal audit unit					
B3	Internal audit staff have free access to information and data about the MMDA					
B4	Internal audit unit has the authority to audit all parts of the MMDA					
B5	Internal auditor takes part in designing systems in the MMDA and in developing procedures for regulating their operations					
B6	Internal auditor participates in major decisions affecting the unit					
B7	Internal audit unit is an autonomous and independent body					
B8	Internal audit operates totally independently, can audit any issue it considers necessary of auditing					

### Section C: Audit quality

The following statements are some quality of the audit work factors that contribute to improvements in the municipality/district. In order to answer, you would need to tick one (1) of the boxes representing specific statements. The options are graded on the Likert scale, from 1 – 5. Where 1 is the least option, representing strongly disagree (SD) negating the statement, while 5 represents the highest thus, strongly agree (SA).

*Strong Disagree (SD) = 1, Disagree (D) = 2, Neutral (N) = 3, Agree (A) = 4,*

*Strongly Agree (SA) = 5*

C	Statement	SD	D	N	A	SA
C1	Internal audit unit adhere to the Institute of Internal Auditors (IIA) code of ethics					
C2	Internal audits are conducted in conformance with the international standard for professional practice of internal auditing					
C3	Internal audit unit has a quality assurance and improvement program					
C4	Internal audit unit organizes or performs peer reviews or self- assessment of its performance					
C5	Internal audit unit do regular follow-up to examine actions taken to correct problems identified					
C6	Internal audit plan is aligned to the key risks of the					

	MMDA and other assurance activities
C8	The work of Internal audit is timely and proactive in the conduct and reporting of issues and addressing the management concerns
C9	Management decision making process is strongly affected by reports, findings and recommendations of internal audit unit

#### Section D: Organizational support

The following statements represent the existing organizational support that contributes to the audit department's performance in the municipality/district. In order to answer, you would need to tick one (1) of the boxes representing specific statements. The options are graded on the Likert scale, from 1 – 5. Where 1 is the least option, representing strongly disagree (SD) negating the statement, while 5 represents the highest thus, strongly agree (SA).

*Strong Disagree (SD) = 1, Disagree (D) = 2, Neutral (N) = 3, Agree (A) = 4,*

*Strongly Agree (SA) = 5*

D	Statement	SD	D	N	A	SA
D1	Management provides the necessary budget to hire quality internal auditors for audit work					
D2	Management provides necessary technical and evidence for internal audit work					
D3	Top management provides internal audit unit with the encouragement expected					
D4	Internal audit gets the attention of top management and focuses on issues audited by internal audit unit					
D5	Management usually assign a small budget to the unit					
D6	Management helps and encourages training and development of internal audit staff					
D7	There is enough employee in the internal audit unit to undertake audit activities					
D8	Internal audit department get all the support from management for every audit activities					

**Section E: Effectiveness of internal audit**

How do you rate the overall effectiveness of the Internal Audit unit?

Very effective [ ]

Not effective [ ]

Neutral [ ]

Effective [ ]

Very effective [ ]

