

CHRISTIAN SERVICE UNIVERSITY COLLEGE, KUMASI

SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING AND FINANCE

**THE EFFECTIVENESS OF INTERNAL AUDIT FUNCTION AS A CONTROL
MECHANISM FOR GOVERNMENT SPENDING IN LOCAL GOVERNMENT A CASE
STUDY OF EJISU-JUABEN MUNICIPAL ASSEMBLY (EJMA)**

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DECLARATION

We hereby sincerely declare that the submission of this project work towards the BACHELOR OF BUSINESS ADMINISTRATION IN ACCOUNTING program and that to the foremost of our knowledge acquired, that this project work exhibits no context previously conducted and published by another individual nor has the work been presented and due citations have been acknowledged for the merits towards of this University or elsewhere except where acknowledgement has been made.

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We hereby declare that the preparation and presentation of this project work were supervised in accordance with the guidelines on supervision

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DEDICATION

We dedicate this research project to our families and friends for the encouragement and enabling us to engage in our studies. To our friends, thank you for instilling the importance of hard work and higher education.

ABSTRACT

Government spending as a means for government to fulfil their objectives has been a significant public and regulators attention in today's global world and the internal audit has been identified as the most effective control mechanism for government spending in local government. This study, therefore, investigated into the effectiveness of the internal audit function as a control mechanism for government in the local government. It reviewed literature of internal audit, government spending, internal control and factors that contribute to the effectiveness of internal audit. Quantitative research method was employed. Simple random sampling and census procedures were used to obtain data from 123 staff in the assembly and a sample size of 120 in the Ejisu-Juaben Municipal Assembly. Tools used were questionnaires, mean, standard deviation and percentages. The study revealed that the internal auditors receive great management support and the audit committees in the assemblies are very effective. It is also evident that majority of the internal auditors have requisite skills and experience. The units also experienced adequate resources allocation. This suggests that the internal audit units in the assembly are effective. Therefore, to control government spending, the internal audit units should enhance government spending, appropriate governance structure, sufficient and appropriate resources and competent personnel.

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CHAPTER ONE

INTRODUCTION

1.1 Background of Study

Historically, the concept of internal audit has served as a simple administrative procedure comprised mainly of checking documents, counting assets, and reporting to board of directors, management or external auditors. In recent times, however, a combination of different forces has led to a quiet revolution of the profession. The concept of internal audit refers to an independent, objective assurance and consulting activity designed to add and improve an organisation's operations (Dawuda, 2014). It helps an organisation to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management control, and governance processes (Musa, 2015).

Both public and private organisations have to demonstrate accountability in the use of shareholders or citizens money and efficiency in the delivery of services. Organisations, especially public ones, now demand great competency and professionalism from internal audit, and scarce resources must be deployed more efficiently to minimise and manage risks. The transition from merely ensuring compliance with rules and regulations to truly delivering added value requires more than just organisational changes. In many public institutions staff are poorly paid and unmotivated, ethical standards are weak, and governance practices are ineffective leading to asset mismanagement (Obert & Munyunguma, 2014).

The need for accountability and good governance in various countries today is solving issues relating to globalisation, transparency, integrity and improvement in government delivery services. This has however led to the increase of internal audit function in the various public sector institutions. Currently the internal audit function is becoming one of the essential aspects of good governance and

management both in the private and the public sectors (Kotoka, 2015). However in the local government sector, due to their response to diverse stakeholder there is the need to ensure the credibility of the internal audit functions. Also, there is the need to have an effective internal audit function in all public sector institutions in modern governance.

Every democratic country needs to be accountable in the effective use of public monies and the need to provide effective, efficient and economical service delivery. This objective can be achieved by applying internal audit function in order to ensure value for money in all projects within the local government sector. In addition, this major mechanism can be used to control and use of scarce resources in the corporate organisations. However in a more complex and large systems require greater competitiveness, and therefore the need for professional internal audit function. Therefore, it is not surprising that Ghana and other developing countries are focusing on improving its financial management at the local government level through effective internal auditing (Kwanbo as cited in Kotoka, 2015).

According to Kotoka (2015), government of Ghana through act of parliament has established the Internal Audit Agency Act (IAA Act 2003, Act 658). This is to facilitate and give quality assurance to activities of the internal audit unit in the various public institutions including Metropolitan, Municipal, and District Assemblies (MMDAs). Three strategies have being formulated to help improve the activities of the unit in the various public organisations. They are professional practice framework for key documents and templates, human resource development which provides recruitment, training and development for its members in order to apply internal audit standards, procedures and techniques efficiently, and quality assurance and improvement which addresses issues of continuous improvement in the discharge of internal audit duties. The success of every internal auditor depends on his contribution towards the development of the institution. It is therefore important that internal auditors provide the necessary and relevant information to management, to enable them take good decision toward the achievement of its goals and objectives.

The discussion so far shows that effectiveness and efficiency of financial management within MMDAs is dependent on the employees in the organisation, especially the auditors. Therefore there is the need to ensure effective internal auditing in MMDAs. According to Adeyemi, Akindele and Agesin (2012), internal audit unit plays an important role in modern corporate governance in public offices. It is therefore important for management to ensure that there is an effective internal audit function since it received a lot attention in recent years due to diverse reasons. Some of the reasons for internal audit include, it helps in internal control risk management, giving constructive criticism and recommendation which will improve efficiency and effectiveness, information asymmetry is reduced, and serving as an internal assurance in business and financial reporting of corporations (Al-Matari, Al-Swidi & Fadzil, 2014; Ussahawanitchakit & Intakhan, 2013). If MMDAs want the best in effective quality financial management there is the need for them to protect and enhance the functions of internal audit.

1.2 Statement of the Problem

There are a lot of negative perceptions and misconceptions about internal audit in the public sector, especially at the local government level (Aikins, 2011). These are caused by several factors such as fear of loss of jobs, lack of knowledge about the functions of audit and fear of the unknown. Some negative perceptions are also caused by people who are after personal gain from government or public resources (Adeyemi et al., 2012). A lot of research shows examinations of internal audit in different organizations with the neglect of the local government. So with our project we are here to bridge the gap of not auditing local government as a whole.

The Ejisu-Juaben Municipal District internal audit unit and the auditor face a lot of challenges, to which to some extent hinder the credibility of their work (EJMA, 2016). Most employees and unit/departmental heads within the metropolitan assembly hardly see them as partners in the development agenda of the assembly but fault-finders which do not enable them execute their work

effectively. Sometimes the necessary contribution and support which will help internal auditors are woefully inadequate because most managers see them as a threat rather than co-partner to the assembly.

According to the Public Account Committee of Parliament of Ghana (2016), there are still reported cases of embezzlement, corruptions, financial maleficence and irregularity in the MMDAs after the enactment of the act. The Public Account Committee which investigates into the activities of government sector gives us an indication that controls in the management of government resources are poorly managed at the local government level. This explains the reason why a lot of activities or transactions in the MMDAs levels do not go through the necessary authorisation, approval, goals and checks. The study therefore seeks to find out the influence of internal audit on the effective financial management of public institutions at the local government level, focusing on the BDA (Big Data Analytics), in the Ashanti Region of Ghana.

1.3 Objective of the Study

The main objective of the study was to investigate the influence of internal audit on the effectiveness of financial management at the EJMA, in the Ashanti Region of Ghana. The specific objectives of the study were to:

1. Examine the relationships between independence of internal audit, internal audit standards, internal controls, professional competence and effective financial management at the EJMA
2. Determine the influence of internal audit on effective financial management at the EJMA
3. Examine the organisational independence of internal auditors in EJMA.
4. Identify the career and advancement opportunities for internal auditors in the EJMA.

1.4 Research Questions

Research questions were conducted based on the objectives of the study;

1. What are the relationships between independence of internal audit, internal audit standards, internal controls, professional competence and effective financial management at the EJMA?
2. What influence does internal audit has on effective financial management at the EJMA?
3. How do you examine the organizational independence of internal auditors in MMDA's?
4. What are the career and advancement opportunities for internal auditors in MMDA's?

1.5 Research hypotheses

Based on the objectives of the study, the following hypotheses were formulated:

1. H0: The professional proficiency of internal auditors has no effect on the effectiveness of internal audit in the EJMA in the Ashanti Region

H1: The professional proficiency of internal auditors has an effect on the effectiveness of internal audit in the EJMA in the Ashanti Region

2. H0: The quality of audit work of internal auditors has no effect on the effectiveness of internal audit in the EJMA in the Ashanti Region

H1: The quality of audit work of internal auditors has an effect on the effectiveness of internal audit in the EJMA in the Ashanti Region

3. H0: The organisational independence of internal auditors has no effect on the effectiveness of internal audit in the EJMA in the Ashanti Region

H1: The organisational independence of internal auditors has an effect on the effectiveness of Internal audit in the EJMA in the Ashanti Region

1.6 Significance of the Study

Government of Ghana, through the local government ministry and other agencies have establish policies, plans, procedures, laws and regulation which have significant effects to the day to day running of EJMA. It is therefore the duty of the internal auditors to ensure management complies with the said rules and regulations to safeguard government chest, and prevent fraud and corruption at the local level. Internal auditors are also expected to add value to the operations of public organisations and help reduce administrative cost (Aikins, 2011). This study would help MMDAs and the EJMA in particular to appreciate and know the role of internal auditors and their relevant in achieving effective financial management at the local government level.

It will also enable the governing body, and audit committee of the assemblies and any other organisations in the public sector, to be aware of the importance use of internal audit, and gives insights into how they use the internal audit service most efficiently to ensure that there is effective financial management at the assemblies. Another important significance of this study is that, it would guide the internal auditors in their professional work. It emphasises the need for internal auditors to approach their work with professionalism, integrity, confidentiality, good ethical behaviour, competencies in order to contribute meaningfully to the realisation of the objectives of the assembly. Finally the findings of this study would also be seen as a contribution to existing works on internal audit.

1.7 Organisation of the study

Chapter one introduced the research topic with the background, the problem statement, objectives, and research questions. It provided information on the scope, significance, and the organisation of the study. Chapter two discussed the definitions, history, evolution, theories of internal auditing and decentralisation. It further discussed the structures of internal audit in Ghana and the passage of the Internal Audit Agency Act 658 and the establishment of the

Internal Audit Agency as a central body to oversee professional internal audit practice in Ghana. It also presented the academics and practitioners views on internal auditing. It empirically reviewed literature on effectiveness of internal audit by researchers and also gave a conceptual framework.

The chapter outlined the role of internal auditing in governance, risk management and control. The chapter in addition examined internal audit effectiveness and the determinants of internal audit effectiveness. Chapter three examined the methodology which included the design, and strategy adopted in undertaking the research. The population and sample, the research instrument and the procedures applied in data collection and analysis. Chapter four presented the results from the study and discussion. Chapter five summarised the study and generated summary of findings, conclusions and discussed the recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter discusses the definitions of the main variables used in the study and reviews some theories of internal auditing and decentralisation. It further discusses the structures of internal audit in Ghana according to the Internal Audit Agency Act (658) and the establishment of the Internal Audit Agency as a central body to oversee professional internal audit practice in Ghana. This section also reviews empirical literature on effectiveness of internal audit and its determinants. Also the role of internal auditing in governance, risk management and control are examined in addition to the internal audit effectiveness. Moreover, what IA unit stands for (that is, assurance and consulting unit) as defined by IIA (1999) are discussed. The chapter concludes with a conceptual framework which was crafted from the theories and literature reviewed.

2.1 Definitions of internal auditing

Historically, internal auditing was perceived as being to merely ensuring that the accounting and underlying records of an organisation's transactions were properly maintained, that the assets management system was in place in order to safeguard the assets and also to see whether policies and procedures were in place and were duly complied. With changing times, the concept of internal auditing has undergone significant changes with regard to its definitions, scope of coverage and approach. In some organisations the scope of modern internal auditing has been broadened from financial issues to include value for money, evaluation of risk, managerial effectiveness and governance processes (Asare, 2008).

The objective of internal auditing is to assist members of the organisation in the effective discharge of their responsibilities. To this end, internal auditing furnishes them with analyses, appraisals, recommendations, counsels, and information concerning the activities reviewed (Ali et al., 2007). The Institute of Internal Auditors (IIA) (1999), defined Internal Auditing as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.”

The notable difference between the definitions of 1978 and 1999 (as repeated in IIA 2008) is the prominence of objectivity in internal audit activities and also the emphasis on the evaluation and improvement of the effectiveness in risk management and governance processes. The current definition also contemplates two main internal audit services: assurance and consulting service. The revised definition did expand the scope of internal auditing to include its role in corporate governance, risk management and the additional responsibility to control activities (Coetzee & Du Bryun, 2001).

The expanded responsibility of the internal auditor and the requisite skill-set in the 21st century was reiterated by Ratliff (1996) thus Auditors of the 21st century must be prepared to “audit virtually everything - operations include control systems, performance information and information systems, legal compliance, financial statements, fraud environment reporting and performance, and quality.” Auditing covers a wide range of activities with varied objectives that according to IIA, supports the governance responsibilities of oversight, insight and foresight (IIA, 2006).

Chapman and Anderson (2002), also explains that this new definition of internal auditing presents a new image of the profession in six significant ways:

1. As an objective activity, not necessarily established within the organisation, the revised definition permits internal auditing services to be provided by “outsiders,” in effect acknowledging that quality internal audit services can now be obtained through outsourcing.
2. By emphasising that the scope of internal auditing encompasses assurance and consulting activities, the new definition projects internal auditing as proactive and customer-focused, and concerned with key issues in control, risk management, and governance.
3. By explicitly stating that internal auditing is designed to add value and improve an organisations operation, the new definition underscores the significant contribution that internal auditing makes for any organisation.
4. By considering the whole organisation, the new definition perceives internal auditing mandate much more broadly, charging it with helping the organisation accomplish overall objectives.
5. The new definition assumes that controls only exist to help the organisation manage its risk and promote effective governance. Such a perspective considerably broadens the horizons of internal auditing and expands its working domain to include risk management, control, and governance processes.
6. The new definition accepts that the internal auditing profession’s legacy, consisting of its unique franchise in being a standards-based profession, may well be its most enduring and valuable asset. Rigorous standards provide the basis for crafting a documented, disciplined, and systematic process that assures quality performance on internal audit engagements.

2.2 Theoretical review

This section reviews theories on decentralisation and internal auditing.

Sequential theory of decentralisation

The Sequential theory of decentralisation was proposed by Falleti (2004) and stated that decentralisation is a set of state reforms. As such, decentralisation does not include transfers of authority to non – state actors. In general, the decentralisation reforms analysed here followed

the collapse of the developmental state and accompanied the move toward free – market economies characteristic of the last quarter of the twentieth century. Finally, as defined here, decentralisation reforms may take place in authoritarian as well as democratic contexts, which means that the concepts of decentralisation and democratisation should not be conflated.

Falleti (2004) classifies decentralisation policies as belonging to one of three categories - administrative, fiscal, and political - depending on the type of authority devolved. Administrative decentralisation comprises the set of policies that transfer the administration and delivery of social services such as education, health, social welfare, or housing to sub national governments. Administrative decentralisation may entail the devolution of decision – making authority over these policies, but this is not a necessary condition. If revenues are transferred from the centre to meet the costs of the administration and delivery of social services, administrative decentralisation is founded (and coincides with fiscal decentralisation).

If subnational governments bear the costs of the administration and delivery of transferred services with their own pre - existing revenues, administrative decentralisation is not funded. - Fiscal decentralisation refers to the set of policies designed to increase the revenues or fiscal autonomy of subnational governments. Fiscal decentralisation policies can assume different institutional forms. An increase of transfers from the central government, the creation of new subnational taxes, and the delegation of tax authority that was previously national are all examples of fiscal decentralisation. - Political decentralisation is the set of constitutional amendments and electoral reforms designed to open new - or activate existing but dormant or ineffective - spaces for the representation of subnational polities. Political decentralisation policies are also designed to devolve electoral capacities to subnational actors.

Regarding the consequences of each type of decentralisation, Falleti (2004) expected administrative decentralisation to have either a positive or negative impact on the autonomy of subnational executives. If administrative decentralisation improves, local and state bureaucracies foster training of local officials, or facilitate learning through the practice of delivering new

responsibilities. This will likely increase the organisational capacities of subnational governments. Nevertheless, if administrative decentralisation takes place without the transfer of funds, this reform may decrease the autonomy of subnational officials, who will be more dependent on subsequent national fiscal transfers or subnational debt for the delivery of public social services.

Similarly, fiscal decentralisation can have either a positive or negative impact on the degree of autonomy of the subnational level. The result will depend largely on the design of the fiscal decentralisation policy implemented. Higher levels of automatic transfers increase the autonomy of subnational officials because they benefit from higher levels of resources without being responsible for the costs of collecting those revenues. On the contrary, the delegation of taxing authority to subnational units that lack the administrative capacity to collect new taxes can set serious constraints on the local budgets, and increase the dependence of the local officials on the transfers from the centre.

2.2.1 Theories of internal auditing

Two theories were reviewed for these study thus the profession and the institutional theory. The profession theory has been studied in different areas since the 1930's and can be helpful since new professions have over time been identified and explored using this approach (Fogarty & Kalbers, 2000). Institutional theory is also a widely accepted theoretical posture that focuses on the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemes; rules, norms, and routines, become established as authoritative guidelines for social behaviour (Scott, 2004).

2.2.2 Profession and profession theory

Winters, (2009) claimed that internal auditors have great responsibility to lead organisations through difficult times. Internal auditors have the opportunity to ensure that organisations remain sound; emphasising on objectivity, confidentiality and competency. Furthermore, winters argues that individual internal auditors can only achieve their full potential if the profession as such is strengthened. Important steps to advocate the profession includes: Complying with standards, communicating to senior management and the audit committee about internal auditing role and value in providing assurance, developing supportive mentoring with colleagues and clients.

Implementing quality assurance and improvement programs, networking with people outside the profession to share knowledge about internal auditing and explain why we are so committed to the profession. Speaking about the profession and audit-related topics at IIA chapter events, schools and local business organisations (Winters, 2009). Professions can be interpreted in ambivalent ways, from the rise of professions as knowledge triumphant to a malfeasance of a monopoly of knowledge (Abbott, 1988). With the growing rate of information and knowledge, the professions occupy a key position in society.

The term ‘profession’ involves occupations that are formed by scientific research and contains the pioneers of society with innovations in technology, health, organisation, economics, and science, among others. Classic professions base their status and income on scientific knowledge (Abbott, 1988). Those professions that do not share the same attribute to the same extent like nurses and teachers are called semi professions. One of the most influential works in profession theory is done by Abbott (1988), who defines professions as “somewhat exclusive groups of individuals applying somewhat abstract knowledge to particular cases.”

There have been many attempts to define ‘profession’ since Abbott’s article and in the search for a more updated definition, Kagermann, Kinney, Kuting and Weber (2008), defines profession in the following way: “Professional occupations are in aspect organised, relatively

autonomous bearers and vectors of socially sanctioned, abstract knowledge system that gives them the ability to perform acts that are perceived as difficult, skilled and highly valued by the public / client.” This definition is based on the following characteristics: Abstract knowledge which is the ability to capture and incorporate new problems and to monopolise new areas; Uncertainty / technicality: The amount of uncertainty a profession deals with; Confidence: the general idea of the professions importance and difficulties; Interchange ability: The collective strategy to emphasise skills of the profession and access Point: Professions as conveyors of knowledge system.

The profession theory focuses on how abstract knowledge can be applied within a profession. The traditional perspective distinguishes between occupational groups that can be labelled as professions and those who cannot. Modern profession theory uses another perspective by looking at how occupation groups preserves their dominance (Forgarty & Kalbers, 2000). A vital profession strategy is called closure. This can be used to isolate an activity, resources and opportunities. Chapman and Anderson (2002), brings up two types of closure: exclosure, which means shutting out those without proper education, and usurpation, which means penetration into areas and taking possession for oneself. Social groups can use this approach to monopolize certain knowledge and skills.

Some studies have been done with the focus on the objectivity of internal auditors (Schneider, 2003; Brody & Lowe, 2000). However, several other characteristics of individual internal auditors have not yet been fully addressed. Chapman and Anderson (2002), argues that the capacity of the internal audit function is determined by several characteristics, including professional certification.

2.2.3 Institutional theory

Institutional theory explains how organisational structures and practices are shaped through changes induced by normative pressures, including both external and internal sources such as laws and regulations, or by the professions (Zucker, 1987; Mihret et al., 2010). Similarly, Arena and Azzone (2007) identified the following external forces that impact both individuals and organisations: (a) laws and regulations (coercive isomorphism), (b) choices of other organisations (mimetic isomorphism), and (c) consultation or professional bodies (normative isomorphism).

Several previous studies in internal audit have adopted an institutional theory (Al-Twajjry et al., 2003; Arena, Arnaboldi & Azzone, 2006; Mihret et al., 2010). Al-Twajjry et al. (2003) adopted the isomorphic perspective to investigate internal audit in Saudi Arabia, and the institutional theory is employed to explain their findings regarding the establishments of internal audit and the role of the government in promoting their development. Similarly, Arena, Arnaboldi and Azzone (2006) focused, on the coercive isomorphism, to investigate the development of internal audit in six Italian companies as a multiple case study. Their findings confirmed that the adoption and development of internal audit were impacted by the coercive, mimetic and normative pressures. Moreover, a study by Arena and Azzone (2007), based on survey involving 364 Italian companies, found that the isomorphic pressures have a significant impact on the companies' support of internal auditing. The researchers suggest a need for future research to address the internal audit effectiveness by using institutional theory. Mihret et al. (2010) argue that there is a positive relationship between compliance with ISPPIA and organisational goal achievement, and this relationship could evaluate internal audit effectiveness.

Based on the above discussion, it can be seen clearly that the institutional theory is a valid theory for internal audit effectiveness in both developed and developing countries; and it is a useful theory which can explain the relationship between some variables of the study. This makes it relevant to be embedded in the development of this research conceptual framework.

2.3 Public sector internal auditing

Asare (2009), asserted that as is true for all internal auditors, public sector internal auditors are called upon to assist organisations in improving their operations. The public sector internal audit function is an element of a strong public sector governance foundation. Most public sector internal auditors also play a role in their entity's accountability to the public as part of the check-and-balance process.

Abbey (2010), also argued that the diverse nature of the public sector places increasing importance and value on a common understanding of independence as it is key to any auditor's credibility. As internal auditors are an integral part of the organisation, the achievement and maintenance of their independence is even more challenging. The internal audit function can be organised and performed at various levels within an entity, or within a broader framework that covers set of similar entities. The same principles and rules apply to these different organisational levels of internal auditing.

2.3.1 The structure of internal audit in Ghana

From 1979 to 1989, the internal audit function was part of the decentralised unit where the Auditor-General had the legal responsibility for the provision of an internal audit function for the Ministries, Departments and Agencies (MDAs) and, the Metropolitan, Municipal and District Assemblies (MMDAs) under the Financial Administration Decree, 1979, SMCD 221, before this responsibility was transferred to the Controller & Accountant -General. At this stage, internal audit was mainly a watchdog role over the activities of the accounting staff seconded to MDAs and MMDAs (Ghartey, 2023).

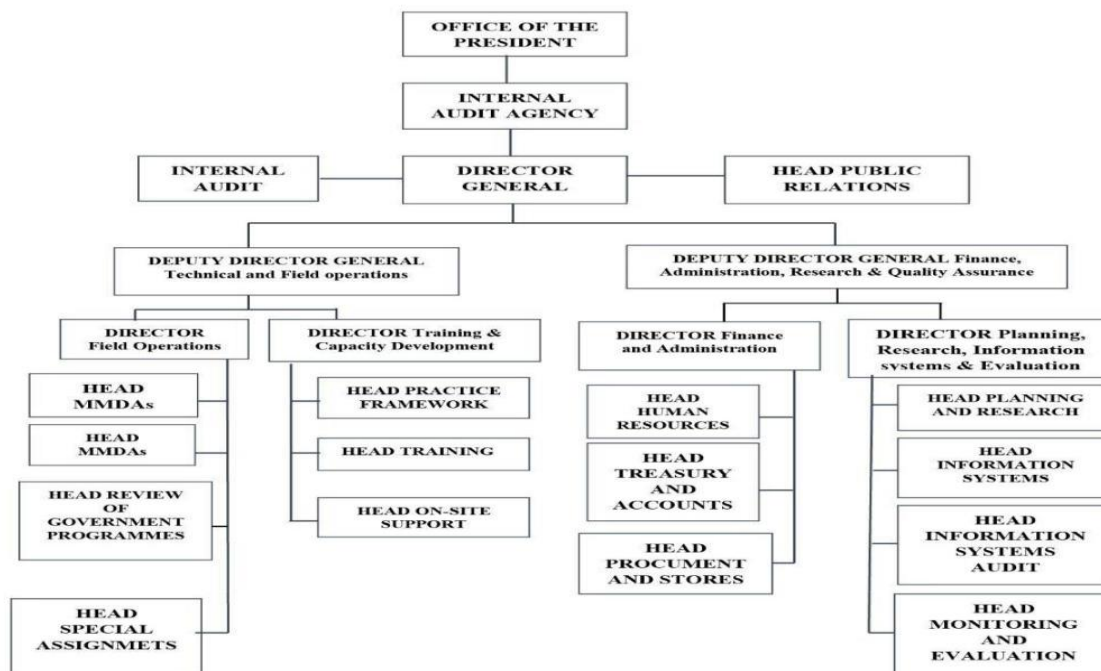
The Audit Service was structured with officers solely dedicated to internal auditing. Pre-auditing was done on a continuous basis and geared towards achieving the objective of providing management, stakeholders and the entire citizenry with the level of assurance that, these financial transactions had been undertaken with due regard to the existing statutes, regulations and procedures (Asare, 2023). The threat to effectiveness and integrity became apparent in a series of scandals in the mid-1980s involving officers of the Audit Service, acting as both internal and external auditors at the Ghana Education Service that caused a huge financial loss to the state (Ghartey, 2023).

2.3.2 Internal audit under the internal audit agency

Parliament passed the Internal Audit Agency Act, 2003 (Act 658), as cited in Ghartey (2023), established the Internal Audit Agency as an oversight body to co -ordinate, facilitate and provide quality assurance for internal audit activities within MDAs and MMDAs. The public sector reforms initiated by governments in many developing countries in the last decade were primarily triggered by the desire to ensure prudent use of the public funds. Public sector auditing, particularly internal auditing is useful in managing public expenditure, ensuring financial accountability, and strengthening governance systems of public institutions (Abbey, 2023).

Internal audit units operate as integral parts of public institutions responsible to the management of these organisations. The Agency was however established with the oversight responsibility for ensuring professionalism and quality assurance for internal audit practice within MDAs and MMDAs.

Figure 1 The organisational structure of the Internal Audit Agency is shown in



Source: Abbey, 2023

The function of the Agency is to set standards and procedures for an effective internal audit function within MDAs and MMDAs and to ensure among others the following: accurate, reliable and timely reporting of financial, managerial as well as operation information both internally and externally. Compliance with laws, policies, plans standards and procedures of the financial activities of MDAs and MMDAs; the safeguarding of national resources; national resources are expended economically, effectively and efficiently; adequate management of risks by MDAs and MMDAs and to facilitate the prevention and detection of fraud (Internal Audit Agency, 2003, (Act 658) of Ghana as sited in Abbey, 2023).

The Agency reports to the President through a board appointed by the President acting on consultation with the Council of State. Criteria for the appointment are based on knowledge, expertise and experience in matters relevant to the functions of the Agency. The board is composed of: the chairperson; the Minister responsible for Finance or representative; the Minister responsible for Local Government & Rural Development or representative; the

chairperson of the Public Service Commission or representative; the Director-General of the Agency; two other members from the private sector; and two professional accountants each with not less than ten years' experience in the profession nominated by the Council of the Institute of Chartered Accountants (Ghana) (Abbey, 2023).

2.4 Role of internal auditing

Asare (2009) asserted that the role of internal audit can be identified as involving three main elements, namely the evaluation and improvement of risk management, control and governance process.

The three elements are further discussed below as reinforcements of the fundamentals of an internal audit function in the public sector. Risk management, control and governance encompass the policy and procedures established to ensure the achievement of objectives and include the appropriate assess of risk, the reliability of internal and external reporting and accountability process, compliance with applicable laws and regulations and compliance with the behavioural and ethical standards set for public organisations and employees. Internal auditors can provide independent evaluation of risk management systems and internal control systems, thereby providing assurance. This can be complimented with assistance to management within this area, thus providing consultancy (Sarens & De Beldee, 2006).

2.4.1 Risk management

According to the Australian Department of Finance and Deregulation, risk management is an important responsibility for any public sector entity for effective and efficient use of resources. It defines risk management as follows; Risk is the possibility of an event or activity impacting adversely on an organisation, preventing it from achieving organisational outcomes. Risk management comprises the activities and actions taken to ensure that an organisation is conscious of the risks it faces, makes informed decisions in managing these risks, and identifies and

harnesses potential opportunities. Managing risk well requires careful consideration of the key concepts of minimising loss, maximising opportunities and preparing for uncertainties (Sarens & De Beelde, 2006).

The demand for proper risk management strategies in the public sector emanates from the complexity and dynamism of the operating environment, ever increasing needs of society coupled with general unpredictability pattern and dwindling of resources for national development. Risk management should constitute an essential part of the strategic management process of an entity involved in the implementation of national development strategies.

The internal auditors role in risk management involves assessing and monitoring the risk that organisation faces, recommending the controls required to mitigate those risks and evaluating the trade-offs necessary for the organisation to accomplish its strategic and operational objectives. Griffiths (2006), asserted that internal auditing provides independent and objective assurance to an organisation's management that its risks are being mitigated to an acceptable level, and reports where they are not.

Frauds and corruption are key risks that need to be managed in the MMDAs. Management has the responsibility to put in place systems and processes that will prevent and detect risks within the organisation. However, it is the internal audit that gathers sufficient objective information for management to carry out its stewardship function and to be well informed on the risks of fraud and effectiveness of fraud control procedures and to enable them to understand the complexities and fraudulent activities.

Internal audit adds value through improving the control and monitoring environment within organisations to detect fraud (Coram, Ferguson & Moroney, 2007). The very presence of internal audit review in an institution serves as a deterrent measure on the assumption that any fraud perpetrated may be uncovered. Good governance principles require that audit committees or similar bodies work closely with internal auditors in fraud risk evaluation and investigation

especially when recent trends suggests perpetration by senior management in collusion with other employees.

Griffiths (2006), identified the useful role internal auditing could play in the investigation process and made the following suggestions, 'internal auditors can play a vital role assisting alleged cases of corruption in public sector organisations by way of interpretation of various rules, explanation of various practices, and sharing of some confidential information that they may possess as they usually have more diversified and detailed knowledge of the operations in different parts of the organisation than the investigating agency staff that are deployed only for a particular case.'

The challenge of public sector internal auditing, however, is to avoid becoming compliance – based due to the presence of a strict legal framework that sets out the public financial controls and internal auditing processes. Asare (2009), argued that, moving towards risk-based internal audit will require a foresight function of monitoring and advising on the improvement of program efficiency and effectiveness and mitigating risks that hinder the achievement of organisational objectives.

2.4.2 Control

Management control in the public sector includes all the policies and procedures put in place by management and the management of public sector entities aimed at promoting accountability of resources. Another term for management control is internal control. In the public sector, controls are mainly in - built in the public financial management system. Internal audit has the key function of reporting to the senior management in the public sector entities on the functioning of the management control systems and recommending improvements where applicable.

According to Baltaci and Yilmaz (2006), the effort to reform a fiscal system should include internal control and audit due to crucial role they play in enhancing accountability and effectiveness. Internal auditing provides both government and related parties with powerful tool

for understanding the extent to which the public institution in question has delivered on budget and effective services. Internal auditing activity has become an essential internal assurance mechanism in public financial controls and tool for monitoring and evaluating managerial activities prior to external evaluation by external auditors. Internal Auditors in the public sector work with management to improve internal controls and to ensure compliance with applicable laws.

Internal audit activities further enhance transparency, fairness, reduce corruption and ensure value for money in public procurement which constitutes a huge portion of government expenditure and is an area that is often vulnerable to conflicts of interest and corruption of public officials (Asare, 2009).

According to Szymanski (2007) as cited in Abbey (2010), control systems play an important role in enhancing the accountability and transparency of public procurement system and hence in detecting and preventing corruption. Such systems should include adequate independent internal control and audit with a clear coordination of all control mechanisms. However, internal auditing as a control measure does not only minimise the opportunities for corruption through the verification of procurement processes but also ensure effective physical monitoring of capital items procured and actual utilisation to avoid fraud and abuse.

2.4.3 Governance

Public sector governance relates to the means by which goals are established and accomplished. It also includes activities that ensure government creditability, establish equitable provision of services, and assure appropriate behaviour of government officials whilst reducing the risk of public corruption (IIA, 2006).

According to Australian National Audit Office (ANAO) (2003), public sector governance has a very broad coverage, including how an organisation is managed, its corporate and other structures, its culture, its policies and strategies and the way it deals with its various stakeholders.

The concept encompasses the manner in which public sector organisations acquit their responsibility of stewardship by being open, accountable and prudent in decision-making, in providing policy advice, and in managing and delivering programs.

The broader nature of public sector governance necessitates an effective internal auditing function in order to meet the demanding responsibilities imposed by stakeholders. Internal audit can help to improve governance processes by focusing on how values are established to ensure effective and efficient control and management of public sector entities. The complexity of the public sector operating environment requires that the internal audit structural design, approach, practice and scope are reformed to ensure open, accountable and product decision-making with all public sector organisations (Asare, 2009).

According to IIA (2006), internal audit role in governance are broadly identified to be twofold. Firstly, internal auditing provides independent, objective assessment on the appropriateness of the organisations governance structure and the operating effectiveness of specific governance activities. Secondly, they act as catalysts for change, advising or advocating improvements to enhance the organisations governance structure and practices.

The role Internal auditors must play in governance process according to IIA (2006) is that, internal auditing activity should assess and make appropriate recommendations for improving the governance process to accomplish the following objectives: promoting appropriate ethics and values within the organisation; ensuring effective organisational performance management and accountability and effectively coordinating the activities of and communicating information among the broad, external and internal auditors and management.

2.5 Internal auditing as an assurance and consultancy unit

According to Chapman and Anderson (2002), the new definition has carved a new image for the internal audit function, which includes assurance and consulting activities designed to add value

and improve organisational performance. These new roles have turned internal auditing into a “proactive, consumer focused concerned with the important issues of control, risk management and governance” (The IIA, 2002). Some of the assurance engagements include financial, performance, compliance, system security and diligent audits

Assurance services, according to IIA (2008), involve the Internal Auditor’s objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, an operation, a function, a process, system or other subject matter. The nature and scope of the assurance engagement are determined by the Internal Auditor. There are generally three parties involved in assurance services; The person or group directly involved with the entity, operation, function, process, system, or other subject matter - the process owner, the person or group making the assessment- the Internal Auditor, and the person or group using the assessment- the user.

The consulting services, according to IIA (2008), are advisory in nature and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: the person or group offering the advice – the Internal Auditor and the person or group seeking and receiving the advice – the engagement client. When performing consulting services, the internal auditor should maintain objectivity and not assume responsibility (IIA 2008). Examples of the consulting activities are drafting policies, conducting internal audit training, and participating in quality teams. Included also in consulting services are assessment services, facilitation services; and remediation services.

2.6 Empirical Review

Mihret and Yismaw (2007), Bota-Avram and Palfi (2009), Arena and Azzone (2009), Cohen and Sayag (2010), and Karagiorgos et al (2011) have all researched on the effectiveness of internal audit. Mihret and Yismaw (2007), attempted to introduce a new approach for the evaluation of the internal audit effectiveness by identifying factors within an organisation that has an impact on

audit effectiveness. As a result, the model considered four potential factors; internal audit quality, management support, organisational setting, and auditee attributes to describe audit effectiveness, and revealed the way the interaction of these factors improves audit effectiveness. Their findings indicate that both the internal audit quality and management support have a strong influence on internal audit effectiveness. The researchers also suggest a need for future research to understand the internal audit effectiveness by using other variables.

In a more recent study, Ussahawanitchakit and Intakhan (2011) stated that audit effectiveness is the outcome of the internal auditors' activities, duties, professional practices and responsibilities through a high commitment with audit standards, goals, objectives, policies and procedures.

Internal audit plays a key role in monitoring a company's risk profile and identifying areas to improve risk management. Also, Ramachandran and Subramanian (2012) examined the effectiveness of the internal audit function in Tanzanian commercial banks, adopting the Arena and Azzone (2009) model.

The results of their study concluded that there is a positive relationship between internal audit resources and competencies and internal audit effectiveness in Tanzanian commercial banks. This suggests that an increase in the level of internal audit resources will also result in an increase in the level of internal audit effectiveness in these banks. Similarly, Dhamankar and Khandewale (2003) examined the effectiveness of Internal Audits, given the numerous corporate governance failures in the United States of America and other parts of the world. The study found that internal audit is an important constituent of good corporate governance and effective internal auditing would be a strong tool in the hands of the management.

In terms of banking irregularities, Augustine et al. (2013) examined the internal control system and quality of audit work in the Nigerian Banking Sector, and posited that the main cause of banking fraud is the lack of an effective internal Ref, Ramachandran, J. &Subramanian, R. (2012)

“Effectiveness of internal audit in Tanzanian Commercial Banks”, *British Journal of Arts and Social Sciences*, vol. 8: 32-44.

Hamza Mohammad Alqudah, Noor Afza Amran, Haslinda Hassan (2019) on a study of Factors affecting the internal auditors' effectiveness in the Jordanian public sector. The purpose of this paper was to investigate the moderating effect of task complexity on external auditors' cooperation (EAC), top management empowerment and internal auditors' independence, which affect internal auditors' effectiveness in the Jordanian public sector.

This paper utilised questionnaires from financial managers and internal audit (IA) managers of the Jordanian public sector institutions. The collected data were analysed using partial least squares-structural equation modelling (PLS-SEM). The findings revealed that EAC, top management empowerment, and internal auditors' independence are the factors, which positively and significantly affect the internal auditors' effectiveness.

Mihret D. & Yismaw A. (2007) conducted a study on Internal Audit effectiveness a case study of Ethiopian Public sector based up on a case study of a large public sector higher educational institution in Ethiopian the paper examine how internal Audit quality, management support, organization setting, auditees attributes and the interplay among this factors influence internal audit effectiveness. The finding of the study highlight that internal audit effectiveness is strongly influence by internal audit quality and management support whereby organizational setting and auditee attributes do not have strong impacts on audit effectiveness. Based on the findings similar study to be conducted in Tanzania, Arusha DC being a case study to evaluate on the effectiveness of internal audit in Ausha District Council.

Moses Jachi, Lucky Yona(2019) on the impact of professional competence and staffing of internal audit function on transparency and accountability. Case of Zimbabwe local authorities. The study aimed at investigating the impact of internal audit function competence and staffing on transparency and accountability in Zimbabwe local authorities. The study adopted professional competence and staffing as the independent variable and transparency and accountability as the dependent variable.

Survey data was obtained from management and internal audit personnel from local authorities in Zimbabwe using semi-structured questionnaires and focus group discussions. Regression and multivariate analysis were used to test the hypothesis that internal audit function professional competence and staffing is positively associated with transparency and accountability in Zimbabwe local authorities.

The study established that there is a significant positive relationship between internal audit function competency dimensions of qualification, experience, training, transparency and accountability in Zimbabwe local authorities. The study revealed the need to improve and uphold internal audit function competency through creation of an enabling environment to support internal audit functions and guarantee their effectiveness in upholding corporate governance practices. The study recommended the establishment of a centralized Local Government Internal Audit Agency under the Ministry of Local Government, Public Works and National Housing, responsible for coordinating, supervising, monitoring and reviewing local authorities internal audit functions as a stride towards improving public finance management systems and corporate governance practices within the country's public sector.

Rotimi Adetayo Adedokun, Cecilia Aina Oluwakemi PhD Ogunwole GSJ 7 (2), (2019) on Appraisal Of Determinants Of Effectiveness Of Internal Audit Of The Public Tertiary Institutions In Nigeria. This study aimed at appraising determinants of effectiveness of internal audit in Nigerian public tertiary institutions from the perception of respondents using Federal Polytechnic Ile-Oluji, Ondo State Nigeria as a research focus. The study's research focus represented all other tertiary institutions of similar status under the regulatory framework of National Board for Technical Education (NBTE) in Nigeria.

The management team, which included all the principal officers of the institution, the internal audit staff and the bursary staff are the sources of primary data collection, which were gathered through the questionnaire, administered. To analyse and interpret the gathered data, ordinary least square

regression method was used. Amongst the factors, which were identified by respondents as determinants of internal audit effectiveness, internal audit independence was considered as the most fundamental and critical in ensuring effectiveness of internal audit in any tertiary institution of higher learning in Nigeria. The study therefore concluded that in order to ensure judicious utilization of public funds in Nigeria, the need for effectiveness of internal audit is necessary and as such cannot be overemphasized

Francis Agordotse, (2019) on Corporate Governance and Internal Audit, A Case Study of MMDAs in Volta Region of Ghana in this study sought to examine the effect of Internal Audit on Corporate Government at Metropolitan, Municipal, and District Assemblies (MMDAs).

It was found from the study that, Internal Audit staffs are highly qualified in term education however they lack enough staff in terms of numbers. It is also noted from the study that, qualification and experience, working environment, regulatory framework, and the independency of the Internal Audit are very essential for the conduct of effective Internal Audit practices in Metropolitan, Municipal, and District Assemblies.

Furthermore, the result indicates that, the existence and the role of Audit Committee in promoting effective audit practice at the Municipal and District level has not been effective. Most importantly, the study found that, effective Internal Audit practices impact good corporate governance of Municipal and District Assemblies. The study therefore recommended that, in-service training be organized regularly at the Metropolitan, Municipal and District Assemblies to improve their experience level since qualification and experience are major determinants of effective Internal Audit.

Cohen and Sayag (2010) studied the effectiveness of internal audit on the empirical examination of its determinants in Israeli organisations. The researchers designed a scale for measuring the effectiveness of internal audits. They also advanced conceptual determinants and developed scales for measuring them. The findings of the factor analysis showed that IA effectiveness is a multi-dimensional construct. The quality of the internal auditor's work, the evaluations of the

auditees and the added contribution of IA were found to be the three dimensions that encompass the concept of IA effectiveness. The correlation and regression analysis showed support from top management to be the main determinant of IA effectiveness, with the effect also found for the organisational independence of IA.

In relation to Ghana, to the best of the knowledge of the researcher, only one study has been focused on the effectiveness of internal audit in the public sector of Ghana. This was by Dawuda (2010) whose study examined the effectiveness of the internal audit in the public sector in promoting good corporate governance in Ghana. The study was carried out in the Metropolitan, Municipal and District Assemblies in the northern region of Ghana. From the analysis, the key findings of the study were that there were; Transparency at all levels of government, the government's accountability to the public, and economical use of resources. These are elements of good corporate governance.

Internal auditing (IA) remains a unit with the potential to provide tools and strategies for organisations to efficiently and effectively manage scarce resources. The unit develops and plans strategies for public sector governance and financial management in developing countries (Asare, 2009). Additionally, it provides control structures and governance practices in both private and public sectors by identifying potential financial crisis and incidents of organisational fraud for redress (Barasa, 2015).

According to Anderson et al. (2010), Internal Audit (IA) is a strategic corporate governance mechanism that has grown exponentially over the years (Chambers & Odar, 2015). The unit gained global professional recognition in 1941 leading to the establishment of the Institute of Internal Auditors (IIA) in New York by a group of internal auditors (Papageorgiou et al., 2012; Asare, 2009). The IIA describes Internal Auditing as an objective, independent and consulting activity intended to increase value in an organisation's operations. The functions of the IA include financial, operations,

corporate governance, and compliance to laws, regulations, standards, organisational policies, procedures and ethics (Okodo et al., 2019).

Indeed, issues of internal auditing have received global attention for varied reasons and has emerged as a significant means to public financial management for improving performance in various sectors of which the education sector is not an exception (Barasa, 2015). Current research on internal auditing (IA) refers to the effectiveness of IA as the extent to which IA meets its purpose of being in existence (Mas and Barac, 2018). The effectiveness of IA is again built on policies and strategies practiced by the organization. Also the cooperation and commitment of the auditors is key to ensuring the effectiveness of IA (Ahmad et al., 2009). Onumah and Krah (2012) argued that, a misunderstanding of the role of IAF results in poor auditee cooperation whereas political constraints impede IA effectiveness. The effectiveness of IA is more dependent on the independence of individual auditors, autonomy on budget and proper internal organisation of structure and processes (Mihret & Yismaw, 2007).

Research on the effectiveness of IA continues to grow and scholars have expressed the need for studies of this nature to be extended to developing countries (Endaya and Hanefah, 2016; Mas and Barac, 2018). Yetano et al. (2019: 1-2) argued that “few studies in the existing literature focus on the analysis of the effectiveness of performance audits in public entities, and the majority of them are carried out in North American and European countries topics I such as performance audits deserve attention.” This research seeks to complement the extant of literature on the effectiveness of IA and to shed light on how scarce internal audit resources can be used to identify and effectively address operational and compliance issues preventing educational institutions from meeting their goals. Particularly, the study focuses on the effectiveness of the internal audit service unit in enhancing public sector performance with regards to schools within the Bolgatanga Municipal Education Service. This information could be useful to educational institutions, industry players and the

Institute of Internal Auditors in crafting strategies to safeguard scarce resources and for effective performance of organisations particularly in developing countries.

According to Asare (2009), as long as countries across the globe including Ghana continue to practice and administer democratic policies, there is the need to remain transparent and accountable to the public purse for effective and efficient service delivery. The public sector in Ghana remains the core provider of services such as education, healthcare, transportation, communication, banking, financing, security and utility to the benefit of all its citizens (Mihret & Yismaw, 2007). To ensure that finances earmarked for these sectors are judiciously used, internal auditing becomes an indispensable tool towards ensuring transparency and accountable in the dispensation of resources (Gansberghe, 2003). Thus, the internal audit unit ensures internal control is put in place by revising policies and practices in organizations and institutions so as to prevent financial losses, noncompliance and to offer rational reassurance that public funds are disbursed in efficient manner (Zulkifli et al., 2014).

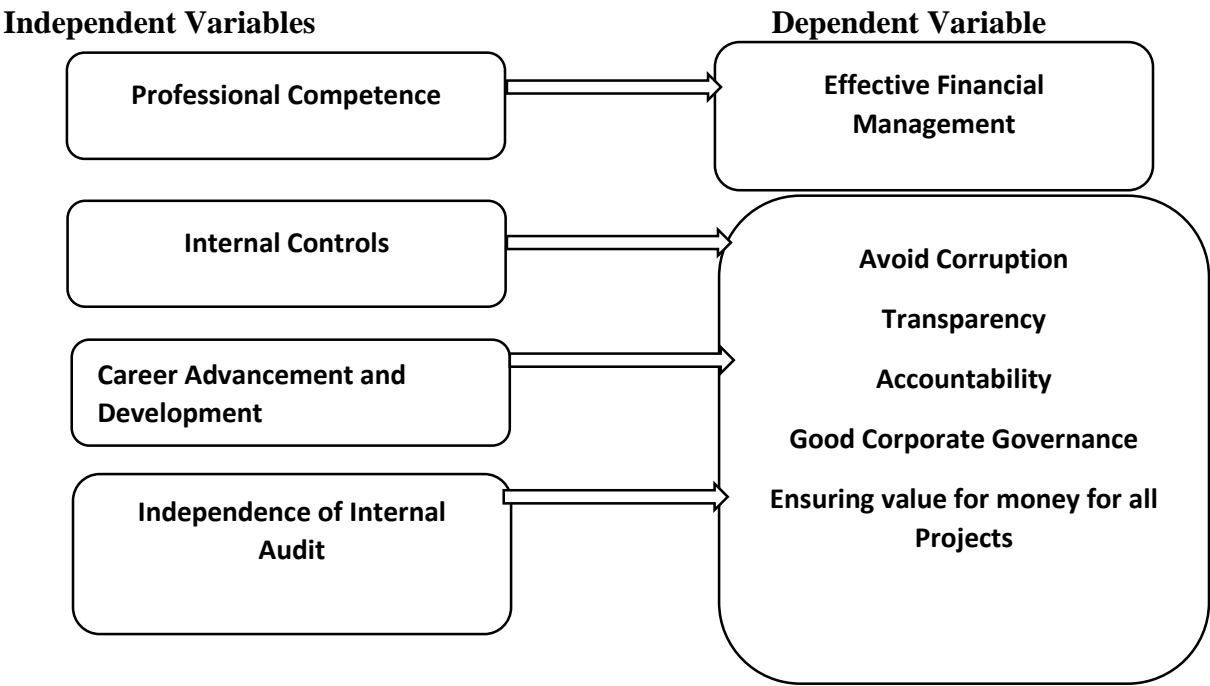
The Internal Audit Agency (IAA) of Ghana was instituted by the Internal Audit Agency Act, 2003, Act 658 with the core mandate to co-ordinate, facilitate, monitor and supervise internal audit activities within Ministries, Departments and Agencies (MDAs) and Metropolitan, Municipal and District Assemblies (MMDAs). The Agency's ultimate goal is to safeguard accountability and performance of the public sector in Ghana (Nomo, 2009).

2.7 Conceptual Framework

A careful analysis of the review of literature suggests that internal audit is determined by many factors, and these factors can conceptually be grouped into four independent variables as depicted in Figure 2. These variables pooled together formed the internal audit construct which is the independent variable of the model and the study for that matter. The review indicates that effective financial management on the part of organisations are spearheaded by recognised and independent

internal audit unit/department. The dependent variable is effective financial management which was measured using five indicators as indicated in the figure.

Figure 2: Conceptual Framework



Source: Adapted from Al-Matari et al., 2023

The general argument of the study is that, if the various internal audit units/departments within the various MMDAs, especially that of EJMA, are able to ensure that they exhibit professional competence, internal controls, internal audit standards, and independence of internal audit, it may lead to improvement in the finances of the assembly. This can be achieved if government and management of the assemblies support the internal audit unit in achieving and ensuring these four dimensions are achieved. With these variables in place, staff of the assembly and the citizens for that matter are likely to perceive the work of the internal audit unit positively which will in turn boost the confidence and commitment level of the auditors. These dynamics in the long run may result in an increase in the finances of the assembly through effective financial management.

2.8 Summary

This chapter discussed the definitions of the main variables used in the study and reviews some theories of internal auditing and decentralisation. It further discussed the structures of internal audit in Ghana according to the Internal Audit Agency Act 2003 (Act 658) as cited in Ghartey (2003) and the establishment of the Internal Audit Agency as a central body to oversee professional internal audit practice in Ghana. This section also reviewed empirical literature on internal audit and its determinants. The role of internal auditing in governance, risk management and control were examined in addition to the internal audit effectiveness. Finally the chapter was concluded with a conceptual framework which was crafted from the theories and literature reviewed.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter discusses the study area, study design, population for the study, the sample and the sampling procedure used in the study. It also discusses the research instrument used, the data collection procedure used and the data measurement and reliability test. Finally, the chapter concludes with the data analysis procedure.

3.1 The study design

The study adopted the quantitative approach because it ensured greater objectivity and accuracy of results. Also, the researchers employed the use of correlational study design in the study. The study chose the staff of the EJMA as its population because they are the most appropriate group of elements to express their views on internal audit and its influence on effective financial management at the assembly. Records from the assembly as at the end of the second quarter of 2023 show that currently there are 123 staff in the assembly (EJMA, 2023).

3.2 Sample and Sampling Procedure

The sample size for the study was 120. This sample was determined based on Krejcie and Morgan's (1970) recommended table for determining a sample size from a given population. The lottery method of simple random sampling procedure which is one of the probability sampling techniques was used to select the sampled respondents. Using this procedure, the researchers was allowed to have access to the offices and the premise of the assembly while giving questionnaires to staff based

on the lottery method of random sampling. The personnel unit of the assembly were contacted for data regarding the staff strength of the assembly. This was used to design a sample frame for the study. 123 pieces of paper were cut and put in an opaque polythene bag. These papers were made up of 100 'YES' and 23 'NO'. Based on the guidance of the sample frame, staff of the assembly were asked to select from the bag without looking into it. Those that picked papers that were marked 'YES' were given questionnaires while those that picked 'NO' were not given. The process of selection continued until the required sample size (120) was obtained.

3.2.1 Instrumentation

The instrument used for collecting primary data in the study was questionnaire (Appendix B). Questionnaire was selected for this kind of study because it is a self-report measure which guarantees confidentiality and therefore more likely to elicit truthful response with regard to the information required from the respondents.

The questionnaire was structured such as to elicit information based on the specific objectives and the testing of hypothesis. The questionnaire was made up of three parts. The first part sought information on the profile of the respondents. The second part collected information pertaining to the determinants of IA effectiveness in the MMDAs. The third part sought information on internal audit effectiveness in MMDAs and also the challenges of internal audit units in the MMDAs. The questionnaire was made up of closed-ended items, (where respondents were asked to indicate their degree of agreement and disagreement on a five-point Likert scale) and open ended questions (those that participants provide their own responses).

3.2.2 Pre-testing of instrument

The questionnaire was pre-tested at the Wenchi Municipal, also in the Ashanti Region of Ghana. This municipality was chosen because of its similar characteristics with EJMA and also its proximity to the researchers.

The establishment of reliability was accomplished by measuring the internal consistency of the instrument using a reliability coefficient, obtained by means of Cronbach's alpha. A reliability coefficient of .845 was obtained, a scale is considered reliable when Cronbach's Alpha co-efficient is .70 and preferably higher (Pallant, 2005). Even though this reliability is sufficient, few items which were found to be misleading were modified for clarity and accuracy, and others were deleted to standardise the instrument.

The Cronbach alpha reliability coefficient obtained from the questionnaire was 0.851 which was deemed appropriate (Yates, 2023).

3.3 Data Collection Procedure

The main data collection started from 21st May, 2023 and was completed on 30th May, 2023. On the first day, the researchers introduced themselves to the management and staff of the assembly even though an introductory letter had been sent earlier to the management of the assembly. After that, the researchers were asked to stand in front of the main and central entrance to the assembly to administer all the questionnaires at the stipulated time. However, in relation to some of the respondents, the questionnaire was administered at their offices. For a respondent to be selected, the researchers first of all approaches him or her personally to explain the purpose of the study and whether he or she would like to participate. All those that were contacted randomly were exposed to the lottery method of selection. Each of the respondents contacted were asked to pick a paper from the opaque polythene bag that the researchers were holding which comprised of 123 equal pieces of paper where 23 were marked 'No' whilst 100 others were marked 'Yes'. This gave each respondent an equal chance of being selected.

Some of the respondents, especially the junior staff, who could not comprehend some of the statements of the instrument were assisted to answer or respond to the items. Fortunately for this study, most of the respondents were literate and they returned the answered questionnaire on the

same day. Out of the 100 questionnaires given out, 97 completed questionnaires were retrieved, representing 97.0 percent response rate.

3.4 Data measures and reliability test

According to Kent, (2007), reliability refers to the extent to which the application of a scale produces consistent results if repeated measures are taken. The Cronbach's coefficient alpha (α) was used in this study to determine the mean reliability coefficient for the dimensions of social and personality factors. The value of Cronbach's alpha range from 0 to 1 and the closer the value of α to 1 the better the reliability. Hair, et al., (2023) suggested an alpha threshold of 0.5 for basic research and later adjusted the value to 0.7. In this study the cut-off point for α is 0.5.

3.4.1 Effectiveness of internal auditing

Given the lack of academic work on the effectiveness of internal auditing, the researchers found no scales in the literature that were validated as well as tested for their reliability which met the requirements of this study. The researchers therefore developed its own open ended questions. The study used the five internal auditing effectiveness items advanced by Ziegenfuss (2023) based on the 1997 the Global Auditing Information Network report as a starting point.

These items can be categorized into four audit processes: audit environment, input, process and output. In order to reduce the number of items and to adjust them to the Ghana auditing environment, the study developed questionnaire with the Wenchi District Assembly in the Ashanti Region. The answers provided to these questions were broadly categorized and tested. A cumulative Cronbach's Alpha of 0.845 was obtained after the reliability test.

3.4.2 Independent variables

It should be noted that the data for the five independent variables were collected from the internal audit unit in each organisation. Therefore, the independent variables represent the perceptions of

the internal audit unit regarding these concepts. All the items for the independent variables were measured on a 5-point scale (1 = strongly agree to 5 = strongly disagree).

Professional competence– Four items measured this variable. The internal auditor was asked whether she or he agreed with the following statements: (1) Internal audit unit possesses the appropriate professional skills, qualification and experience; (2) Internal audit unit has the right mix and competencies in specialist areas such as IT and treasury; (3) Internal audit team has an appropriate programme of continuing education; (4) Members of the team participate in professional development training programmes (Cronbach's Alpha =0.703).

Internal Control Mechanisms– This variable was measured by ten items. The internal auditor was asked whether she or he agreed with the following statements:

- i. Internal audit unit adhere to the Institute of internal auditors' code of ethics;
- ii. Internal audits are conducted in conformance with the international standard for professional practice of internal auditing;
- iii. Internal audit unit has a quality assurance and improvement;
- iv. Internal audit unit organizes or performs peer reviews or self-assessment of its performance;
- v. Internal audit unit does regular follow - up to examine actions taken to correct problems identified;
- vi. Internal audit plan is aligned to the key risks of the assembly and other assurance activities;
- vii. The evaluation of internal audit report by external auditors and other external authorities is positive;
- viii. Internal audit reports are clear and accurate;
- ix. The work of internal audit is timely and proactive in the conduct and reporting of issues and addressing the management;
- x. Management decision making is strongly affected by reports, findings and recommendations of internal audit unit (Cronbach's Alpha = 0.835).

Independence of Internal Audit – Eight items measured this variable.

- i. Internal audit unit is an autonomous and independent body;
- ii. Internal audit unit has the authority to audit all parts of the assembly;
- iii. Detailed budget proposals are included in the annual work plan of the internal audit unit;
- iv. Internal audit performs other activities even if they are not defined as its direct responsibility;
- v. Internal audit operates totally independently, can audit any issue it considers necessary of auditing;
- vi. Internal audit staff have access to information and data about the assembly;
- vii. Internal auditor takes part in designing abates in the assembly and in developing procedures for regulating their operations;
- viii. Internal auditor participates in major decisions affecting the unit (Cronbach's Alpha = 0.718).

Career and advancement –This variable was measured by three items. (1) Internal audit staff have the opportunity to participate in professional development training to enhance audit skills; (2) Internal audit is highly regarded and respected within the district assembly; (3) Promotion for internal audit staff are not prolonged and interfered (Cronbach's Alpha = 0.896).

Top management support – Five items measured this variable.

- i. Top management does not provide internal audit unit with the encouragement expected;
- ii. Management usually assign a small budget to the unit;
- iii. Management does not provide assistance and encouragement for training and development for internal audit staff;
- iv. Internal audit gets the attention of top management and focuses on issues audited by internal audit unit;
- v. The number of employees in the internal audit unit is limited given the amount of auditing work planned and needed to be done in the near future. All items for this variable were reverse scored (Cronbach's Alpha = 0.851).

3.5 Data analysis procedure

The feel for the data will give a preliminary idea of how good the scales are and how well the coding and entering of data have been done. Testing the goodness of data can be accomplished by submitting the data for a factor analysis, obtaining the Cronbach's (1951) alpha or the split half reliability of the measures. The third objective, hypotheses testing, is achieved by using the relevant statistical tests. The results of these tests will determine whether the hypotheses are substantiated.

As a preliminary step, once all the data were coded and entered into the system and verified for any visual errors, the following were obtained using SPSS 17.0 for Windows software: (1) Independent and dependent variables (2) frequency distribution for the variables (3) the mean, standard deviation, range and variance on the dependent and independent variables and (4) a correlation matrix of the variables. These statistics helped to get a feel for the data and indicated that the responses range satisfactorily over the scale. The spread of responses was an indication of the variability and lack of bias. Finally, correlation analysis and regression analysis were performed to test the strength of relationships between variables. The details of these exercises and the corresponding results are provided in the next chapter.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.0 Introduction

This chapter presents the discussion of the results of the study in relation to the specific objectives. The demographic characteristics of the respondents were analysed using mean. In terms of the relationships between the variables, correlation analysis was applied first to determine the interrelationships among the research variables and to examine the possibility of multi-collinearity. Regression analysis was used to test the other hypotheses. To perform the regression analysis, four assumptions were tested. Also a regression equation was built to test the hypotheses and in order to assess whether a particular hypothesis is supported or not, the sign of the beta coefficient (β) was taken into account. An alpha of 0.01 and 0.05 were used for all tests of significance.

4.1 Demographic characteristics of respondents

To test the hypotheses, a preliminary analysis was carried out on the respondents' demographic characteristics to aid in the analysis because these characteristics have been found to influence the results of the discussion and its relevance in terms of aiding the generalisation of the findings of the study. The first table discusses the demographic characteristics of respondents from the metropolitan, municipal and district assemblies in the Ashanti region of Ghana to provide a general overview of the respondents in the study. The demographic characteristics of the respondents studied were the sex, academic qualification and number of years in the service. These characteristics served as the basis for the study and to put the study in context.

The sex of the respondents in the study is represented in Table 1. The Table indicates that about 66.7 percent of the respondents are males while 33.3 percent were females. This outcome indicates that there are more male workers in the MMDAs of the Ashanti Region than the females. This can be attributed to the sensitivity of the internal audit function which most females shy away due to the perceived risky nature of the activities of those departments.

This result is consistent with the study by Sarens and De Beelde (2023) who found that males are majority of the work force of any MMDAs because of the riskiness nature of their activities therefore juxtaposing this to the risk averse nature of females, most of them might not want to work in such departments. With regards to academic qualification, the Table also shows that about 58.3 percent of the respondents obtained bachelor degree, this was then followed by the diploma and post graduate which had a frequency of 27 and 14 representing 22.5 percent and 11.7 percent, respectively. The import of this level of education by the respondents also means that they have acquired the necessary skills and capabilities in their fields of study to work in a sensitive department of the internal audit. Therefore, when aided for continues academic development, they will use their skills well on the job to increase transparency and strengthen the internal structure of the MMDAs.

Table 1: Demographic features

Sex	Frequency	Percent
Male	80	66.7
Female	40	33.3
Total	120	100.0
Level of education		

Post Graduate	14	11.7
Bachelor	70	58.3
Diploma	27	22.5
Secondary	9	7.5
Total	120	100.0
Number of years in service		
1	44	36.6
2	12	10
3	17	14.2
5	6	5
6	12	10
7	12	10
9	6	5
15	11	9.2
Total	120	100.0

Source: Field Work, 2023

With regards to number of years in service, the study showed that majority 44 (36.6 percent) of the respondents have had a year's working experience at where they are currently working. This is followed by those who have had 2, 6 and 7 years working experiences respectively. Minority (5.0 percent) had 5 and 9 years experiences notwithstanding the fact that about 11 respondents have had 15 years' experience.

This results show that majority of the respondents from the MMDAs in the Ashanti Region have had one year's working experience, meaning that most of them are inexperienced but because of the academic qualifications of the respondents, their inexperience nature is less likely to affect their response to findings of the study. People who have higher working experience usually understand the effectiveness of the internal audit functions, thus working experience has an inverse relationship with the response (Griffiths, 2023).

4.1.1 Professional Competence

The first objective the study sought was to investigate the influence of professional competence on the effectiveness of the internal audit department in the MMDAs. With the level of the internal audit proficiency, correlation and regression results was analysed to test the influence of internal audit proficiency on the effectiveness of the internal audit department in the MMDAs. This section sought to find out the extent to which the influence of internal audits proficiency had on the effectiveness of the internal audit department in the MMDAs. In order to achieve this objective, the data was analysed into means and standard deviation and ranked in decreasing order for each of the construct measuring level of internal audit proficiency. A mean scale of 1 - 5 was used, with 1 – 3 indicating high level of internal audit proficiency and 4 – 5 indicates low level of internal audit proficiency.

The positive results show that the respondents regard internal audits proficiency as important. The respondents agreed that internal audit unit possess the appropriate professional skills, qualification and experience having recorded an average high level of internal audit proficiency($\bar{X} = 1.629$). The response recorded a standard deviation of .7415 meaning that the average response is not dispersed from the entire responses collected from the respondents. Therefore, it can be generalised.

Much importance was also given to audit team members' participation in professional development training programmes and internal audit team having an appropriate programme of continuing education. The response indicated high agreement due to the average response of 1.851 recorded in Table 2 ($\bar{X} = 1.851$ and $\bar{X} = 1.851$) and Standard Deviations of .9073 and .8639 respectively. Also internal audit unit has the right mix and competencies in specialist areas such as IT and treasury. As a measure of the proficiency of the internal audit, the responses showed the least average of ($\bar{X} = 2.407$) and a Standard

Deviation of .9306, but it fell into the range of high agreement. The standard deviations were all below one percent meaning that the data was not dispersed or scattered but gathered.

Finally, the overall average of 1.956 indicates that most of the respondents were in agreement with the fact that the level of internal audit proficiency in the MMDAs in the Ashanti Region is sufficient and appropriate. The implication of the current findings is that most of the internal audit units and the practice of internal audit techniques are proficient in that, the departments adhere to principles of internal audit. The reason for this proficiency could be attributed to the mandate given to the Ghana internal audit agency by the Parliament of Ghana through the Internal Audit Agency Act, 2003 (Act 658), which established the Internal Audit Agency as an oversight body to co-ordinate, facilitate and provide quality assurance for internal audit activities within MDAs and MMDAs.

Table 2: Internal audit proficiency

	Mean(\bar{X})	Std. D
Internal audit unit possess the Appropriate professional skills, qualification and experience	1.629	.7415
Internal audit unit has the right mix and competencies in specialist areas such as IT and Treasury	2.407	.9306
Internal audit team has an Appropriate programme of continuing education	1.851	.9073
Members of the team participate in professional development training programmes.	1.851	.8639
Overall Average	1.956	.7873

Source: Field data, 2023

4.2 Quality of audit work

The second objective of the study sought to examine the quality of audit work by internal auditors in the MMDAs. To effectively do this, the variables used in measuring quality of audit work were appropriately tested. The result of the quality of the audit work is presented in Table 3.

From Table 3, all the variables used to access quality of audit work were highly endorsed by the respondents. It is the view of the respondents that the internal audit units of the MMDAs in the Ashanti Region of Ghana adhere to the Institute of Internal Auditors (IIA) code of ethics; having obtained the most favourable results with a recorded average of 1.296 and the least standard deviation of 0.465. This implies that the MMDAs in the Ashanti Region strongly adhere to the principles of the internal audit agency and for that matter enhances the quality of their audit work. The most probable reason that can be assigned to this is the fact that a policy documents should be implemented and the non-implementation of them usually leads to the punishment by law.

This aside, variables such as ‘internal audits are conducted in conformance with the international standard for professional practice of internal auditing,’ ‘internal audit reports are clear and accurate,’ ‘internal audit plan is aligned to the key risks of the assembly and other assurance activities’ and internal audit unit has a quality assurance and improvement programme’ also had a favourable responses from the respondents having obtained an average of 1.370, 1.629, 1.703 and 1.888 respectively with an average standard deviation of 0.896.

The standard deviation implies that the responses from the questionnaires were not dispersed and for that matter the mean predicts the average view of the respondents.

The results also means that the MMDAs have strong compliances with the international auditing standards and for that matter their output is not only quality but can also be

compared with other MMDAs using complying with the international auditing standards. This will serve as a yardstick for measuring the performance of the MMDAs against each other. Juxtaposing this to the theories of the study, the outcome is consistent with the professionalism theories which posit that internal auditors have the opportunity to ensure that organisations remain sound; emphasising on objectivity, confidentiality and competency (Winters, 2009). The outcome of the study is also consistent with preposition of Winters (2009) which stated that the first step towards professionalism is by complying with the standard

Table 3: Quality of audit work

	Mean	Std. D
Internal audit unit adhere to the Institute of Internal	1.296	.465
Internal audits are conducted in conformance with the international standard for professional practice of internal auditing.	1.370	.492
Internal audit unit has a quality assurance and improvement programme.	2.703	1.030
Internal audit unit organizes or performs peer reviews or self -assessment of its performance.	1.888	1.154
Internal audit unit do regular follow-up to examine actions taken to correct problems identified.	2.185	.681
Internal audit plan is aligned to the key risks of the assembly and other quality assurance activities.	2.074	1.106
The evaluation of internal audit report by external auditors and other external authorities is positive.	1.703	1.137
Internal audit reports are clear and accurate.	1.629	.741
The work of internal audit is timely and proactive in the conduct and reporting of issues and addressing the management.	2.037	.807
Management decision making process is strongly affected by reports, findings and recommendations of internal audit unit.	2.185	.681

Overall Average	2.028	0.986
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Source: Field data, 2023

Furthermore, from Table 3, the remaining audit quality variables were also favourable though not as strong as those which have already been discussed. From Table 3, ‘internal audit unit organises or performs peer reviews or self - assessment of its performance,’ ‘internal audit unit do regular follow-up to examine actions taken to correct problems identified,’ ‘the evaluation of internal audit report by external auditors and other external authorities is positive,’ ‘the work of internal audit is timely and proactive in the conduct and reporting of issues and addressing the management,’ and ‘management decision making process is strongly affected by reports, findings and recommendations of internal audit unit’ recorded mean response of 2.185, 2.074, 2.148, 2.037 and 2.703 respectively but because 1 to 3 indicates a favourable response, these also implies that the MMDAs perform quality audit work.

This means that a public sector reform initiated by the government in the last decade has achieved its primarily objective of ensuring prudent use of the public funds. From the analysis, the outcome from the quality of audit work perspective on internal auditing is useful in managing public expenditure, ensuring financial accountability, and strengthening governance systems of public institutions as projected by (Abbey, 2023).

4.3 Organisational independence

The third objective of the study sought to examine the organisational independence of audit work by internal auditors in the MMDAs. Organisational independence is another relevant element of an effective internal audit. For that matter an analysis of the elements of organisational independence is relevant for an assessment of how effective the internal audit of the MMDAs are. Table 4 presents a descriptive of the elements of organisational

independence. Again, mean values of 1 to 3 represents agreement to the variables while 4 to 5 indicates disagreement to the questions posed.

From Table 4, elements like ‘internal audit unit has the authority to audit all parts of the assembly,’ ‘internal audit operates totally independently, can audit any issue it considers necessary of auditing,’ and ‘Internal auditor participates in major decisions affecting the unit’ had the most favourable response having recorded and average of 1.259, 1.629 and 1.667 respectively. This indicates that the response for these variables shows a strong agreement by the respondents to the organisational independence of the MMDAs. This follows the sequential theories of decentralisation which entail the devolution of decision – making authority over these policies, but this is not a necessary condition (Falleti, 2023).

Again, Table 4 indicates that the response to some of the variables were in agreement but were not as strong as those described above. From this backdrop, it is perceived that the internal audit unit performs other activities even if they are not defined as its direct responsibility. Variables relating to ‘internal audit unit is an autonomous and independent body,’ ‘internal auditor takes part in designing systems in the MMDA and in developing procedures for regulating their operations,’ ‘detailed budget proposals are included in the annual work plan of the internal audit unit,’ and ‘internal audit staff have free access to information and data about the MMDA’ had an average response of 2.074, 2.704, 2.296 and 2.963 respectively.

Table 4: Organisational independence

	Mean	Std. D
Internal audit unit is an autonomous and independent body	2.704	1.539
Internal audit unit has the authority to audit all parts of the MMDA	1.259	.4465
Detailed budget proposals are included in the annual work plan of the internal audit unit	2.296	1.295

Internal audit performs other activities even if they are not defined as its direct responsibility	2.074	.780
Internal audit operates totally independently, can audit any issue it considers necessary of auditing	1.629	.687
Internal audit staff have free access to information and data about the MMDA	2.963	6.060
Internal auditor takes part in designing systems in the MMDA and in developing procedures for regulating their Operations	2.111	.891
Internal auditor participates in major decisions affecting the unit	1.667	.784
Overall Average	2.239	.272
Source: Fieldwork, 2023		

From the responses, ‘internal audit staffs have free access to information and data about the MMDA,’ had the least agreement but still fell within the agreement range so it can be considered. With regards to its standard deviation, the variable had the highest of 6.060. Although this is high it is not above 10 percent hence the response can be considered not to be dispersed meaning that the variables mean values reflects the average response of the respondents. Finally the overall average of 2.239 falls within the range of agreement implying that there is organisational independence of the MMDAs.

Linking the findings with the review of related literature, the preposition of Van Peursem (2004) is not compromised in the sense that the author identified strong potential for independence of the internal auditors departments and at the same time to independently evaluate management’s effectiveness. Peursem further stated that, internal auditors are charged with upholding the best interests of their employer, but they may be reluctant to counter management. Complementing the current findings, Bou-Raad (2000), argued that the strength of an IA department must be assessed with respect to the level of independence

it enjoys from management and from operating responsibilities hence with the current outcome it can be deduced that organisational independence increases the internal auditor's effectiveness.

4.4 Career and advancement

The fourth objective of the study sought to identify the career and advancement opportunities for internal auditors in the MMDAs. The reason is that career and advancement is an individuals' journey through learning, work and other aspects of professional life; one's progress in one's job, progress and development, promotion in rank or improvement in status. Hence, to describe the effectiveness of the internal audit, the aforementioned are relevant to the variables of career and advancement. From Table 5, variables relating to 'internal audit staff have the opportunity to participate in professional development training to enhance audit skills as a variable for career advancement' obtained the most favourable mean of 1.629 and standard deviation of 0.883 which is an acceptable coefficient to conclude that the responses are not too dispersed.

The import of the response is that because the internal audit staffs are given the opportunity to embark on continuous development, they use their knowledge to bear thereby enhancing the effectiveness of their work. This aside, career and advancement opportunities also serves as a motivational indicator to the staff to put in all their efforts when performing their functions since it will be rewarded by management. In light of this, Goodwin (2001) argued that the practice is designed to help the organisation to train internal auditor to perform a variety of activities across different departments within the organisation. They thus have opportunities to learn how these departments function and how they are managed. Hence, all things been equal, the end result will be an effective internal audit department.

The next indicator was the fact that internal audit unit is highly regarded and respected within the MMDA and the results showed an average response of agreement with a

coefficient of 2.593. It therefore means that the internal audit unit is highly respected hence the staff at the department are given the opportunity to advance in their fields of endeavour which in turn translate into improved performance by the unit.

The findings can be compared to the institutional theory which according to Mihret et al., (2010) explains how organisational structures and practices are shaped through changes induced by normative pressures, including both external and internal sources such as laws and regulations, or by the professions. It can be appreciated that the internal audit departments are effective as a result of the respect accorded it which has invariably modified their output. Again, the respondents asserted to the fact that it promotion for internal audit staff are not prolonged and interfered. This variable recorded an average response of 2.815 and a corresponding standard deviation of 1.039. The import of the findings is that in terms of career and advancement, rapid promotion is a key factor in ensuring an effective internal audit unit or department.

Table 5: Career and advancement

	Mean	Std. De
Internal audit staff have the opportunity to participate		
in professional development training to enhance audit	1.629	.883
Skills		
Internal audit unit is highly regarded and respected		
	2.593	1.337
within the MMDA		
Promotion for internal audit staff are not prolonged and		
	2.815	1.039
Interfered		
Overall average	2.016	1.045

Bivariate correlation of variables

The relationship between the independent variables and the dependent variables were assessed before regression analysis were undertaken primarily to determine the interrelationships among the research variables and to examine the possibility of multi-collinearity.

Table 6: Correlation matrix between the variable

	IAE	PP	QAW	OI	CA	TMS
IAE	1					
PP	-.037* .025	1				
QAW	.193* .011	-.282** .001	1			
OI	-.256** .001	.506** .007	-.685* 0.02	1		
CA	.647* .028	-.258 .193	-.393* .043	.564* .003	1	
TMS	.593** .001	.511** .006	-.413* .032	-.412* .031	-.475* 0.02	1

Source: Field data, 2023. **p<0.01 *p<0.05

The correlation procedure of SPSS 17.0 was used and it was subject to two- tailed test of statistical significance. Table 6 shows the correlation matrix for the variables. The results show that professional proficiency had a significant and a weak negative relationship with internal audit effectiveness ($r = -.037$, $p < 0.05$) meaning that as the professional proficiency of the internal audit units of the MMDAs are increased there is a corresponding decrease in the effectiveness of the internal audit units.

While the relationship between quality of audit work and internal audit effectiveness indicates a significant weak positive relationship ($r = .193$, $p < 0.05$). This implies that as the quality of the audit work is improved, the effectiveness of the internal audit unit also increases. Therefore if management wants to improve the effectiveness of the internal audit units of the MMDAs then there is the need to enhance the quality of the audit work. Organisational independence had an adverse relationship with internal audit effectiveness ($r = -.256$, $p > 0.01$). The import is that if management wants to enhance the effectiveness of the internal audit function, they should centralise the audit functions with monitoring tools and not decentralisation since the study found that there is a negative relationship between organisational independence and internal audit effectiveness.

Furthermore, career and advancement had a positive relationship with internal audit effectiveness ($r = .647$, $p > 0.05$) signifying that whenever new policies which enhance career and advancement of the audit staff are implemented, there is a surge in the effectiveness of the internal audit unit. In a similar function, whenever career and advancement is reduced by management, the effectiveness of the internal audit unit also reduces. Finally, top management support had a positive relationship with internal audit effectiveness ($r = .593$, $p > 0.01$). In summary, the correlation results show an acceptable reliability of the research variables. The correlations among the independent variables were not high and therefore preclude the possibility of multi-collinearity.

4.5 Regression results and testing of hypotheses

The first objective of this study was to investigate the influence of professional proficiency of internal auditors on internal audit effectiveness. A hypothesis was formulated to achieve this objective. This analysis was done to find out whether professional proficiency of internal auditors affects internal audit effectiveness of MMDAs in the Ashanti Region. The hypothesis was formulated as:

H₁: The professional proficiency of internal auditors has an effect on the effectiveness of internal audit in MMDAs in the Ashanti Region;

From Table 7, the result indicates a negative and a significant relationship between professional proficiency and internal audit effectiveness (t-stat= -2.828, p = 0.031). Hence the hypothesis is not rejected because the professional proficiency of the internal auditors has a negative effect on internal audit effectiveness.

This means that there is a negative relationship between professional proficiency of internal auditors and internal audit effectiveness. The coefficient value of -0.356 indicates that a one unit increase in professional proficiency will reduce internal audit effectiveness by 0.356 units. This suggests that an increase in professional proficiency will not improve the effectiveness of the internal audit unit.

The reason for this result is that when the professional proficiency of the staff is improved the possibility of those who did not get the opportunity to improve their proficiency does not comprehend what is to be implemented. Thus if the system is so corrupt then it will make it impossible for anybody to implement whatever professional proficiency partly because the demotivating forces which will demoralise the staff are high. The end result is that the system will continue to remain ineffective.

Relating this outcome to the empirical studies, the result is not consistent with previous studies. Thus while previous studies such as Albrecht et al., (1988) and Ratliff (1996) found that the greater the professional qualifications of the internal auditors in a given department, defined by the length of their professional training and educational level, the greater the effectiveness of this department, the current study is of the view that an improved professional proficiency leads to an ineffective internal audit unit. Again the current study contradicted the study of Nanni (1984), which found that auditor professional proficiency had a positive effect on evaluations of internal accounting control. Finally, the

regression result generated an R-squared of 0.587 meaning that the independent variables explain more than 50 percent of the effectiveness of the internal audit department.

Table 7: Regression between independent variables and internal audit effectiveness

Model	Unstandardised Coefficients		Standardised Coefficients		Sig.
	B	Std. Error	Beta	t	
(Constant)	3.500	.513		6.819	.000
Internal audit Proficiency	-.512	.280	-.356	-2.828	.031
Quality of Audit work	.733	.422	.341	3.739	.005
Organisational Independence	-.889	.098	-.379	-3.363	.002
Career and Advancement	.394	.170	.436	2.325	.029
Top Management Support	.269	.188	.286	1.432	.166
R	R Square		Adjusted R Square		
.766 ^a	.587		.345		

Dependent Variable: Internal Audit Effectiveness

Source: Field data, 2023

Hypothesis Two

This hypothesis was formulated to determine the relationship between quality of audit work and internal audit effectiveness and was stated as follows:

H₁: The quality of audit work of internal auditors has an effect on the effectiveness of internal audit in the MMDAs in the Ashanti Region.

The result from Table 8 shows that there was a significantly positive relationship between quality of audit work and the effectiveness of internal audit

department (t-stat=3.739, $p = 0.005$;) such that a unit change in the quality of audit work would cause the effectiveness of internal audit unit to change by 0.341.

The hypothesis which was stated as H_1 : The quality of audit work of internal auditors has an effect on the effectiveness of internal audit in the MMDAs in the Ashanti Region was not rejected on the premises that the alpha obtained is far below the benchmark alpha.

The possible reason for the result is the fact that an improved audit work means that all the principles of internal audit have been implemented implying that activities which need to be corrected are done while those which need improvement are recommended for management to take action. In this regard, standards for audits and audit-related services include attribute, performance and implementation standards are adhered to. In general, formal auditing standards recognise that internal auditors also provide services regarding information other than financial reports.

They also require auditors to carry out their role objectively and in compliance with accepted criteria for professional practice, such that internal audit activity will evaluate and contribute to the improvement of risk management, control and governance using a systematic and disciplined approach. This is important not only for compliance with legal requirements, but because the scope of an auditor's duties could involve the evaluation of areas in which a high level of judgement is involved, and audit reports may have a direct impact on the decisions or the course of action adopted by management (Bou-Raad, 2000). Another possible reason is the fact that because quality audit work insist on ethical standards, the principles required for auditing are utilised when auditing hence any outcome is regarded as a quality output thereby resulting in effective audit work.

Contrasting the outcome of the study to the profession theory it conforms to the preposition that professional work will lead to a quality audit work which will in turn lead to an effective internal audit unit. In relation to the empirical studies, the result is consistent with the study

of Glazer and Jaenike (1980), who argued that performing auditing work according to internal auditing standards contributes significantly to the effectiveness of auditing. Again the study confirms the preposition of Ridley and D' Silva (1997), who found that in the UK, complying with professional standards is the most important contributor to IA's added value.

Hypothesis 3

The third hypothesis of this study was to investigate the effect of organisational independence of internal auditors on internal audit effectiveness. This analysis was done to find out whether organisational independence has an effect on internal audit effectiveness of the MMDAs in the Ashanti Region. It was formulated as:

H₁: The organisational independence of internal auditors has an effect on the effectiveness of internal audit in the MMDAs in the Ashanti Region;

From Table 9, the result indicates a negative and a significant relationship between organisational independence and internal audit effectiveness (t-stat= - 3.363, p = 0.02). Hence the hypothesis that organisational independence of internal auditors has an effect on internal audit effectiveness is not rejected because the organisational independence of the internal auditors has a negative effect on internal audit effectiveness with a significant value.

The import is that there is a negative relationship between organisational independence of internal auditors and internal audit effectiveness. The coefficient value of -0.379 indicates that a one unit increase in organisational independence will reduce internal audit effectiveness by 0.379 units. This suggests that an increase in organisational independence cause the effectiveness of the internal audit unit to decline.

The reason for this result is that when organisational independence activities of the internal auditors are decentralised and there is a deficiency in their function, it will continue to affect their operations since it is likely to recur. But if it is centralised, the internal audit

units will have supervisors who will access their output at the end of the year to ensure quality. When this is done any deficiencies in the system are identified by the monitoring body early for corrections to be done.

Relating this outcome to the empirical studies, the result is not consistent with previous studies. This is because Van Peursem (2004), identifies strong potential positive relationship between internal auditors and internal audit effectiveness. The reason they assign was that internal auditors are expected to aid managers in doing their jobs, and at the same time to independently evaluate management's effectiveness. Internal auditors are charged with upholding the best interests of their employer, but they may be reluctant to counter management, regardless of the consequences.

Bou-Raad (2000), also argued that the strength of an IA department must be assessed with respect to the level of independence it enjoys from management and from operating responsibilities and for that matter it should generate a positive relationship. Similarly, the current study is not consistent with the studies of Clark, Gibbs and Shroeder (1981), whose research found that the independence of the internal audit department and the level of authority to which the internal audit staff report are the two most important criteria influencing the objectivity of their work.

Hypothesis 4

This hypothesis was formulated to determine the relationship between Career opportunities and internal audit effectiveness and was stated as follows:

H₁: Career opportunities for internal auditors have an effect on the effectiveness of internal audit in the Ashanti Region;

The result from Table 9 shows that there was a significantly positive relationship between Career opportunities and the effectiveness of internal audit department (t-stat= 2.325, p =

0.029) such that a unit change in the career opportunities work would cause the effectiveness of internal audit unit to change by 0.436. The hypothesis which was stated as H₁: A Career opportunity for internal auditors have an effect on the effectiveness of internal audit in the MMDAs in the Ashanti Region was not rejected on the premises that the alpha obtained is far below the benchmark alpha.

The possible reason for the result is the fact that a career development policies for the staff at the internal audit departments also serves as a motivational tool for them to work hard towards the achievement of the objectives of the unit which will invariably lead to an effective department. Another reason is that whenever opportunities are given to staff to develop their knowledge base, all employees strive hard to implement whatever new knowledge that might have been acquired from the previous experience hence a collective fair competition in the department leads to an effective internal audit unit. Linking the outcome of the study to the institutional theory, it conforms to the preposition that institutions which see the career development of their staff will translate into a quality audit work which will in turn lead to an effective internal audit unit. In relation to the empirical studies, the result is consistent with study of Goodwin (2001) who therefore is more likely to take a local than a cosmopolitan point of view. This can be argued that under these conditions, internal auditors who operate in settings with more organisational career opportunities will invest more effort in their work in order to increase their promotion opportunities. Those with fewer opportunities for organisational advancement will invest less effort in their work, resulting in a lower performance level. This is likely to be true even if the individuals working in such settings are cosmopolitans who place less value on an organisational career. Because given the current trends, they have fewer opportunities for career growth than in the past as specialist internal auditors.

Hypothesis 5

The fifth hypothesis of this study was to investigate the effect of support from top management of internal auditors on internal audit effectiveness. This analysis was done to find out whether support from top management has an effect on internal audit effectiveness of the MMDAs in the Ashanti Region. It was formulated as:

H₁: Support from top management has an effect on the effectiveness of internal audit in the MMDAs in the Ashanti Region.

From Table 9, the result indicates a positive and an insignificant relationship between support from top management and internal audit effectiveness (t-stat= 1.432, p = 0.166). Hence the hypothesis that support from top management affects internal audit effectiveness is rejected because support from top management do not have an effect on the effectiveness of internal audit due to its alpha been higher than the bench mark alpha of 5 percent.

The import is that there is no relationship between support from top management and internal audit effectiveness. The coefficient value of 0.286 indicates a positive relationship which is not statistically significant hence no statistical relationship can be assigned to the findings of the study. The reason for this result is that without the support of top management the internal auditor can still perform its function which still makes the unit effective and can even result into major findings which can expose some of the wrongful acts of management.

The current study is consistent with the findings of Leung, et al., (2004) and Sarens et al., (2006) who found that the support of top management generally has a positive influence on their performance. The reason is that, they see themselves as a key part of the management team, and believe they can influence decisions; maintain a sufficient level of objectivity, integrity and competence in their jobs; and provide good support for their own staff. More

importantly, they view the support of upper management as a key factor in ensuring the effectiveness of their role.

4.6 Analysis of the effectiveness of the internal audit unit

This section analyses the effectiveness of the internal audit unit by focusing on the responses from open ended questions posed to the respondents. After screening and cleaning the data gathered from the respondents, the researcher categorised the responses according to the main thematic areas presented in the questionnaire. In this regard, Table 10 sought to assess the contribution of the internal audit department in terms of improvement in the MMDAs in the Ashanti Region. From Table 10, the main thematic areas provided were risk management, revenue management, governance and operation and finally internal control structures.

Out of all the thematic areas, revenue management according to the outcome is where the internal audit departments of the MMDAs have aided to improve because it had the highest frequency of 69 representing 57.5 percent of the total respondents. This implies that the focus of most internal audit department is to increase the revenue generation capacity of the MMDAs as well as ensuring that each revenue generated are applied according to the value for money principle in the public sector. Furthermore the area of governance and operations has been improved by the internal audit departments according to the respondents. In view of this about 23 representing 19.2 percent of the respondents opted for that.

Table 8: Areas improved by internal audit

	Frequency	Percent
Risk Management	17	14.2
Revenue Management	69	57.5
Governance and Operations	23	19.2
Internal controls structures	11	9.2
Total	120	100
Source: Field data, 2023		

This finding is consistent with the empirical review which according to Asare (2009), proposes that due to the complexity of the public sector operating environment it requires that the internal audit structural design, approach, practice and scope are reformed to ensure open, accountable and product decision-making with all public sector organisations. Risk management and internal control structures are also important areas which the respondent alluded to the fact that internal control has improved but they had 17 and 11 of the respondents respectively.

Table 11 explains the benefit of the internal audit department to the operations of the MMDAs. Most of the respondents were of the view that when it comes to assistance in facility development and revenue mobilisation, internal audit function has played a critical role having 40 respondents each for each question.

Table 9: Other benefits of IA unit in MMDAs operations

	Frequency	Percent
Reporting systems	14	11.7
Assist in Facility Development	40	33.3
Revenue Mobilisation	40	33.3
Protecting Government resource	8	6.6
Monitoring Organisation systems	18	15
Total	120	100
Source: Field data, 2023		

This is then followed by monitoring the organisations system, reporting systems and protecting government resources with their respective frequencies of 18, 14 and 8 respectively. This outcome was expected because of the supervisory role been done by the internal audit agency.

Table 12 presents a vivid indication of how the staff of the MMDAs assesses the effectiveness of the internal audit department. From the analysis, an overwhelming number representing 75 shows that the internal audit units are very effective in the performance of their duties. The reason could be the full operational of the Internal Auditors Act and the supervisory active role been played by the Internal Audit Agency. Apart from that, the staff of the internal audit department have the requisite skills to make the department effective.

Table 10: How effective is the internal audit unit

	Frequency	Percent
Very Effective	75	62.5
Satisfactory	23	19.2

Need Improvement	11	9.2
Unsatisfactory	11	9.2
Total	120	100.0
Source: Field data, 2023		

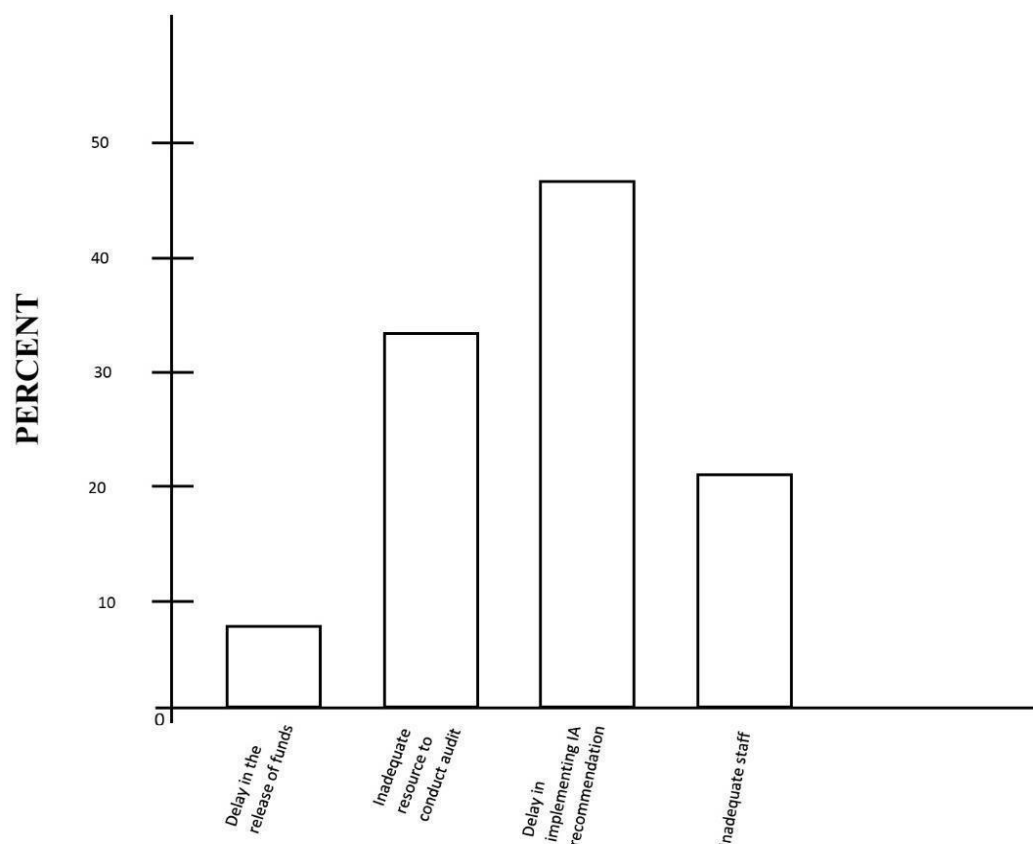
According to the results presented in Table 12, 19.2 percent of the respondents considered the activities of the internal audit units to be satisfactory while 9.2 percent each went for the need for improvement and unsatisfactory respectively but all in all the internal audit departments can be said to be effective.

4.7 Challenges in ensuring effective internal audit

The internal audit unit faces some challenges when it comes to making the department effective. The current study concludes by highlighting some of these challenges. From Figure 4, delay in implementing internal audit recommendations is the highest challenge having recorded about 40 percent of the entire respondents. This means that after every audit by the department, matters raised in their audit reports are not implemented well thereby making their work routine in that they continue to find the same old quarries year on year.

Aside this challenge, the current study also reveals that inadequate resource is another major setback because without the resources it will be difficult for any duty to be performed especially in the field of audit which will need resource to enable it undertake checks regularly. The outcome complements the work of Mihret and Yismaw (2007), who attempted to introduce a new approach for the evaluation of the internal audit effectiveness by identifying factors within an organisation that has an impact on audit effectiveness. After which it was found that, the internal audit functions are efficient.

Figure 4.1: Challenges in ensuring effective internal audit



Source: Field work, 2023

Furthermore another challenge, according to the respondents, is the inadequate staff to undertake the audit functions. This challenge recorded about 20 percent of the respondents. Considering the audit functions, it needs more staff for an effective audit work to be undertaken. Therefore if an inadequate audit staff could lead to an ineffective audit unit, then the argument is valid but policy makers should ensure that the internal audit unit of the MMDAs are well staffed for an effective work to be undertaken.

The final challenge is the delay in the release of funds from the government. The delay in the release of funds limits the effectiveness of the internal audit departments in its delivery of an effective audit.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents a summary of the findings of the study. The conclusions to the main issues of the study and recommendations are also provided.

5.1 Summary

The purpose of this study was to examine the effectiveness of the internal audit in the MMDAs in the Ashanti Region. The motivation of the study was derived from the fact that, there has been an increased interest in the internal audit function in the MMDAs to enhance corporate governance. The public demand responsibility and precision from government in relation to the use of funds and the government can protect itself by improving the internal audit unit procedures that will provide some level of assurance that government is not misapplying the nation's resources.

A review of the function of the internal audit units revealed limitations on the scope of the audit function and unsatisfactory reporting relationship. This resulted in the establishment of a central Internal Audit Agency to enhance efficiency, accountability and transparency in the management of resources in the public sector (Internal Audit Agency Act 2003 (Act 658) as cited in Nomo, 2009). Previous studies have focused on the effectiveness of internal auditors. From this backdrop, there exists a gap that this study intends to bridge by looking at internal audit effectiveness in the MMDAs in the Ashanti Region.

To the best of knowledge of the researcher, none of the researchers studied on internal audit effectiveness under the Internal Audit Agency Act that came into being to curb the inefficiencies existing prior to the establishment of the Act in the MMDAs in the Ashanti

Region. To this end, this study was carried out in the Metropolitan, Municipal and District Assemblies in the Ashanti Region of Ghana. The data were collected through the use of questionnaire. The study was a qualitative survey. Five research hypotheses were developed to guide the study. All the five hypotheses were analysed using the regression analysis after an acceptable alpha value of 5 percent had been earmarked.

The study revealed that: There is professional proficiency in the internal audit of the MMDAs in the Ashanti Region. The implication of which is that the internal audit units and the practice of internal audit techniques are proficient in that the departments adhere to the principles of the internal audit principles. The internal control activities of the internal audit unit in the MMDAs focus mainly on the traditional paradigm of internal audit functions that focuses on compliance with laws and regulations, evaluating accounting errors and fraud rather than addressing risk management and productivity.

The result also indicate that there exist a quality audit work by the unit due to its strong compliances with the international auditing standards and for that matter their output is not only quality but can also be compared with other MMDAs using complying with the international auditing standards. Management do not give the internal auditors the necessary support. The internal audit recommendations are not implemented and the units lack adequate resources. Management sometimes interferes with the work of internal auditors. However, the respondents indicated that audit committee is necessary in the assemblies in order to ensure organisational independence of the internal auditors. The MMDAs do not have well-defined and clear policies, procedures and programmes for internal audit units.

The career development is a key element of how effective an internal audit department can be. The factors identified as ensuring effective internal audit in the public sector are existence of audit committee, expertise and experience of internal auditor, approved

internal audit mandate and standards, unrestricted access to records, implementation of audit recommendations, adequate resources, career advancement, regular training and quality of leadership of chief internal audit staff.

In relation to the hypothesis testing it was revealed that professional proficiency and organisational independence affect the effectiveness of an internal audit department but all are adverse with $p\text{-value} > 0.05$. This makes the result statistically significant so their hypotheses were not rejected. Also quality of audit work and career and advancement were found to have a positive impact on the effectiveness of the internal audit department with statistically significant coefficient hence they were not rejected but top management support was found to have no effect on the effectiveness of the internal audit function because of the average statistically insignificant coefficient.

5.2 Conclusions

The study revealed that, there is professional proficiency in the internal audit units of the MMDAs in the Ashanti Region. The internal auditors' possesses the appropriate professional skills, qualifications and experience and also participate in professional programme of continue education. The result from the study also indicates a negative and a significant relationship between professional proficiency and internal audit effectiveness. This means that professional proficiency of internal auditors has a negative effect on internal audit effectiveness. This suggests that an increase in professional proficiency will not improve the effectiveness of the internal audit unit.

The study also revealed that there exists a quality audit work by the internal audit unit of the MMDAs in the Ashanti Region. The internal auditors adhere to IIA code of ethics, comply with the international auditing standards and for that matter their reports are clear and accurate. Also, the evaluation of internal audit report by external auditors is positive.

The result from the study shows that there is a significantly positive relationship between quality of audit work and the effectiveness of internal audit unit. This means that the quality of audit work have a positive effect on internal audit effectiveness. The implication is that the higher the quality of audit work, the higher the effectiveness of IA unit.

The study further revealed that internal auditors have organisational independence in that they have the authority to audit all parts of the assembly, they also operates independently. Internal auditors participate in major decisions affecting the unit and also take part in designing systems in the MMDAs. The result from the study indicates a negative and a significant relationship between organisational independence and internal audit effectiveness. This means that organisational independence of internal auditors have a negative effect on internal audit effectiveness.

The study revealed that internal auditors' have career and advancement opportunities in MMDAs. Internal auditors have the opportunity to participate in professional development training to enhance their audit skills and also IA unit is highly regarded and respected within the MMDAs. The result from study shows that there was a significantly positive relationship between Career opportunities and the effectiveness of internal audit unit. This result means that career and advancement for internal auditors have a positive effect on internal audit effectiveness.

Finally, the study revealed that top management do not support internal auditors in the sense that, management do not provide internal audit unit with the encouragement expected and usually assign small budget to the unit. Top Management do not provide assistance and encouragement for training and development for audit staff. Internal auditors do not get the attention of top management and focus on issues audited by the unit. It was also clear from the findings that the internal auditors receive little support of management and the organisation settings are restricting their work. The result indicates a positive and an

insignificant relationship between support from top management and internal audit effectiveness. This means that support from top management do not have effect on internal audit effectiveness.

5.3 Recommendations

On the basis of the findings of the study and conclusions reached, the following recommendations are proposed for the consideration of Internal Audit Agency, management of the MMDAs.

The internal audit units need to be adequately resourced by management including the use of appropriate resources. The availability of resources would enable the internal auditors to do quality work within the time frame.

There should be regular in-service training and short-term courses for internal auditors. This would help them to upgrade themselves in order to meet challenges of modern internal audit.

The promotion for internal audit staff should not be prolong and interfered. Their promotion should be given them by management as and when they fall due so as to be more effective as evidenced by the study.

The internal auditors should be given high status in the MMDAs so that they cannot be influenced by management. The chief internal auditors should be placed at a level that is recognised in the MMDAs, preferably the level with the finance officers and other key influential persons in the assemblies.

The internal audit agency should monitor the internal audit units on regular basis. Monitoring would help the agency to know whether the units are achieving the desired results. Monitoring includes addressing internal audit findings and recommendations and ensures that the management of the MMDAs take corrective actions.

5.4 Further research area

For the purpose of further research, implementation of the core internal audit principles should be critically assessed and a comparative study of public and private sector organisations should be carried out. To ascertain which MMDA internal audit unit is effective, a comparative analysis should be under taken.

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APPENDIX A:

COVER LETTER

CHRISTIAN SERVICE UNIVERSITY COLLEGE

DEPARTMENT OF ACCOUNTING AND FINANCE

THE HEAD

INTERNAL AUDIT UNIT

Dear Sir/Madam,

PERMISSION TO ADMINISTER QUESTIONNAIRE

We are Bachelors of Business Administration (BBA) students in the above mentioned university conducting research on effectiveness of internal audit in EJISU-JUABEN Municipal Assembly in the Ashanti Region of Ghana. We are by this letter seeking permission to administer questionnaire in your outfit.

Your response is mostly needed for the conduct of this research, and will be kept anonymous and confidential and would be used purposely for this research. The result of the study is expected to contribute to the understanding of internal audit effectiveness in Ghana. Therefore, I believe you will assist in the completion of the study by participating.

The questionnaire includes all the directions necessary to complete the response without assistance. Since the success of this study depends on the cooperation of all targeted respondents, the information that will be obtained from the questionnaire will not identify individual respondents in the study. Hence, your response will be used in aggregate terms. We would also like to assure you that the information you provide will be accessible only to the undersigned researcher. We are counting on your co-operation.

Yours faithfully,

.....

APPENDIX B: QUESTIONNAIRE

SECTION A: THE PROFILE OF INTERNAL AUDITOR

1. Name of Metropolitan/Municipal/District Assembly.....
2. Gender Male [☐] Female[☐]
3. Academic qualification
Post graduate [☐]

Bachelor [☐]

Diploma [☐]

Secondary [☐]

Other, Please specify.....
4. Professional Qualification (if any)
5. Number of years in service

SECTION B: DETERMINANTS OF INTERNAL AUDIT EFFECTIVENESS

1. PROFESSIONAL PROFECIENCY

This implies having the expertise, specialized knowledge, skill in the field which one is practising professionally. Professional proficiency is achieved and enhanced through formal education, on-the-job-training, continuing education programs, professional certifications and service to the profession.

You are kindly requested to indicate your degree of agreement and disagreement with each of the following statements on a five-point Likert response scale that ranged from “Strongly Agree” (scored as 1) to “Strongly Disagree” (scored as 5).

STATEMENT		SA	A	N	D	SD
		[1]	[2]	[3]	[4]	[5]
1.	Internal audit unit possess the appropriate professional skills, qualifications and experience.					
2.	Internal audit unit have the right mix and competencies in specialist areas such as IT and treasury.					
3.	Internal audit team have an appropriate programme of continuing education.					
4.	Members of the team participate in professional development training programmes.					

2. QUALITY OF AUDIT WORK

This refers to the degree or extent of excellence of the audit work. That is, the audit work is conducted based on generally accepted standards and procedures expected of internal auditing.

STATEMENT		SA	A	N	D	SD
		[1]	[2]	[3]	[4]	[5]
1.	Internal audit unit adhere to the Institute of Internal Auditors (IIA) code of ethics					
2.	Internal audits are conducted in conformance with the international standard for professional practice of internal auditing					
3.	Internal audit unit has a quality assurance and improvement program					
4.	Internal audit unit organizes or performs peer reviews or self- assessment of its performance					

5.	Internal audit unit do regular follow-up to examine					
	actions taken to correct problems identified					
6.	Internal audit plan is aligned to the key risks of the					
	MMDA and other assurance activities					
7.	The evaluation of internal audit report by external auditors and other external authorities is positive.					
8.	Internal audit reports are clear and accurate					
9.	The work of Internal audit is timely and proactive in the conduct and reporting of issues and addressing the management					
10.	Management decision making process is strongly affected by reports, findings and recommendations of internal audit unit.					

You are kindly requested to indicate your degree of agreement and disagreement with each of the following statements on a five-point Likert response scale that ranged from “Strongly Agree” (scored as 1) to “Strongly Disagree” (scored as 5).

3. INDEPENDENCE OF INTERNAL AUDIT

This means the state, condition, quality or process of being independent through the organizational placement and reporting lines of the internal audit unit.

You are kindly requested to indicate your degree of agreement and disagreement with each of the following statements on a five-point Likert response scale that ranged from “Strongly Agree” (scored as 1) to “Strongly Disagree” (scored as 5).

STATEMENT	SA [1]	A [2]	N [3]	D [4]	SD [5]
1.Internal audit unit is an autonomous and independent Body					
2.Internal audit unit has the authority to audit all parts of the MMDA					
3.Detailed budget proposals are included in the annual work plan of the internal audit unit					
4.Internal audit performs other activities even if they are not defined as its direct responsibility					
5.Internal audit operates totally independently, can audit any issue it considers necessary of auditing					
6.Internal audit staff have free access to information and data about the MMDA					
7.Internal auditor takes part in designing systems in the MMDA and in developing procedures for regulating their operations					
8. Internal auditor participates in major decisions affecting the unit					

4. CAREER AND ADVANCEMENT

This is an individuals' journey through learning, work and professional life. It is one's progress in one's job, progress and development, promotion in rank or improvement in status.

You are kindly requested to indicate your degree of agreement and disagreement with each of the following statements on a five-point Likert response scale that ranged from "Strongly Agree" (scored as 1) to "Strongly Disagree" (scored as 5).

STATEMENT	SA [1]	A [2]	N [3]	D [4]	SD [5]
1.Internal audit staff have the opportunity to participate in professional development training to enhance audit Skills					
2.Internal audit unit is highly regarded and respected within the MMDA					
3.Promotion for internal audit staff are not prolonged and interfered					

SECTION C: INTERNAL AUDIT EFFECTIVENESS

- Has internal audit added value to the operations of the Assembly?
YES []
NO []
- If yes, in which areas have internal audit added value (improved)
.....
.....
- What other form of effectiveness has IA unit achieved apart from adding value to the Assemblies operations?
- How do you assess the effectiveness of the IA unit?
Very effective []
Satisfactory []
Need improvement []
Unsatisfactory []
- How does the unit contribute to the improvement in Assembly' operations, and is it perceived by stakeholders to add value?
.....

SECTION D: OTHER

What are the challenges you encounter in the performance of your work?

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