

**PROMOTING GOOD GOVERNANCE IN PUBLIC INSTITUTIONS OF GHANA
THE ROLE OF THE INTERNAL AUDITOR
A CASE STUDY OF GHANA POST COMPANY LIMITED – KUMASI**

**AGYEMANG KWASI OWUSU
ANTWI ADJEI AKWASI
TSOGBE ELORM AMA
ASARE-BEDIAKO SHIRLEY
NTOW ANIMA JOSEPHINE**

**A DISSERTATION SUBMITTED TO THE CHRISTIAN SERVICE UNIVERSITY
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ABSTRACT

The internal auditor's value lies in how well he has been able to contribute to the achievement of the overall organizational objectives. The internal auditor should constantly seek to make himself relevant to his organization by providing information that will make management take decisions that impact positively on their ability to achieve the organizational goals.

Internal auditing represents a vital cog in the organization's corporate governance structure. Its scope generally exceeds that of outside auditing in ensuring that corporate policies are followed, corporate assets are protected, and operations are monitored.

Though the role and responsibility of internal audit function may vary in scope and authority in different organizations, there is a clear trend that internal audit is taking on a more strategic and central role.

The research objective is to examine the factors responsible for the low support for the Internal Audit Activity by managers of public institutions.

The research design is an exploratory type which few studies have been conducted on the topic. Since there are few researches to which one can refer information about an issue or problem that exist, the researcher conducted thorough investigation on the challenges internal auditors face in their quest to promote good governance in public institutions.

The source of primary data was organized from responses of questionnaires designed for the internal audit staff of Ghana Post in Kumasi.

The research brought into light some key findings. Notable among them are:

- Managers of Public Institutions treat internal auditors as team players rather than individuals.
- The internal audit department faces issues relating to logistics.
- The internal auditors are efficient in performing their duties.

Based on the findings above, the following are some of the recommendations the researcher provided to promote good governance among public institutions.

- Workshops should be organized to enable managers relate well with the internal audit department.
- The internal audit department should be allocated adequate and sufficient budget.
- Managers should open up to the internal audit department.

The internal auditor's value lies in how well he has been able to contribute to the achievement of the overall objectives of an organization. However, the study reveals that the internal audit department cannot achieve this desire and achievement on their own. All the major stakeholders like the government, managers of Public Institutions and to larger extent civil servants have a role to play in achieving this unprecedented height.

DEDICATION

To all and sundry who have contributed in diverse ways for the success of this work.

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CHAPTER ONE

1.1 INTRODUCTION

All over the world there is a realization that the Internal Audit activity has the potential to provide hitherto unparalleled services to management in the conduct of their duties. This potential has been turned into a challenge and embodied in the new definition of Internal Auditing from the Institute of Internal Auditors (the IIA).

1.2 BACKGROUND OF THE STUDY

The Government of the Republic of Ghana by the Internal Audit Agency Act, 2003 (Act 658) established the Internal Audit Agency “as an apex oversight body to co-ordinate, facilitate and provide quality assurance for Internal Audit activities within the public sector” (Section 16 of Act658). The basic purpose of auditing is to critically revise, judge and comment on the accounts and the administration of a company. Users’ confidence in the audit report is built on the independence, competence, objectivity and confidentiality that the auditor exhibits in the course of discharging his duties. It is also the basic demands for the auditor to gain credibility. The Internal Auditor’s value lies in how well he has been able to contribute to the achievement of the overall organisational objective.

The Internal Auditor should constantly seek to make himself relevant to his organisation by providing information that will make management take decisions that impact positively on their ability to achieve the organizational goals. However, according to research and surveys conducted by Deloitte & Touche (2004) and the Internal Audit Agency of Ghana (2006), much of the work of Internal Audit has been very restrictive in terms of scope. This needs to

be addressed if the required return on investment in the Internal Audit activity is to be attained.

1.3 PROBLEM STATEMENT

Public sector managers do not support Internal Audit. The Internal Audit function in the Ghanaian public sector faces a perception and, to some extent, a credibility problem as a value-adding unit of the organisation. The Internal Audit Agency (2006) believes that the importance of Internal Audit is "shrouded in obscurity". This unfortunate background continues to play down the importance of Internal Audit as a key function that can strengthen the oversight responsibility of the governing body. This reflects in the management attitude towards the Internal Auditor. Most often than not the budget of the Internal Audit Unit, if any exist at all, is woefully inadequate to enable them meet the resource requirements of their annual audit plans. Internal Auditors are seen more as fault finders rather than solution providers and partners in the Government's strive for organisational excellence. Many members of the public are of the view that, the auditor should accept prime responsibility for the financial statements. Also, the auditor should be able to detect any form of fraud which might have been committed. They also expect a clean opinion of the auditor to guarantee the accuracy of financial statements and should give early warnings about the possibility of business failure. An audit only provides reasonable assurance that financial statements are free from financial misstatement.

1.4 MANAGEMENT QUESTION

Why do public sector managers fail to support the Internal Audit function and what can be done to curb it?

1.5 RESEARCH QUESTIONS

1. What account for the low support for Internal Audit by public sector managers?
2. Is the internal audit department able to provide efficient independent assessment of the financial statement as well as other major duties?
3. Is there a link between the quality of service the Internal Auditor provides for his organization and the attitude of managers towards the Internal Audit function?

1.6 OBJECTIVES OF THE STUDY

The objectives of the research project are to:

1. Examine the factors responsible for the low support for the Internal Audit Activity by managers of public institutions.
2. To access the quality of the work of the internal auditor in promoting good governance.
3. To make recommendations on how best managers can relate with the internal audit department.

1.7 SIGNIFICANCE OF STUDY

The significance of the study will be to:

1. Improve public understanding of the role of the Internal Auditor in the achievement of organizational objectives.
2. Improve literature on public sector Internal Auditing in Ghana.

1.8 LIMITATION OF THE STUDY

The time constraint and limited access to information has militated against this paper and other inherent limitations are;

- Lack of complete cooperation on the part of interviewees.
- Inadequate funds and resources for the study.
- The potential for human error due to carelessness, distractions, errors of judgment and misinterpretation of instructions on the questionnaire.
- The researchers had very limited time to write the report

1.7 OUTLINE OF THE THESIS

The study shall be organized into five (5) chapters;

Chapter one shall highlight the introduction of the study, which encapsulates the background of the study; Problem Statement; Research Questions; Hypothesis Objectives of the Study and Significance of the Study.

Chapter two will focus on the review of related literature within a wider context on the study such as definitions of the internal auditor, duties and responsibilities, relationships, ethics and independence.

Chapter three shall deal with research methodology which shall consist of the research design; source(s) of data; target population; sample and sampling procedures research instrument; research approach and data presentation.

Chapter four presents data analysis where by a systematic presentation of research findings in logical sequence and splitted into readily identifiable sections, reflecting the research question or study objectives would be analyzed.

Chapter five shall finally deal with summary of findings, conclusion and recommendation(s).

CHAPTER TWO

LITERATURE REVIEW

2.1 THE INTERNAL AUDITOR: DEFINITION, DUTIES AND RESPONSIBILITIES, RELATIONSHIPS, ETHICS, AND INDEPENDENCE

Abubakar Salisu, a lecturer at the department of accounting at Ahmadu Bello University in April 2007 presented a paper at a training workshop organized by Zaria Business School for the staff of the internal audit unit of Ahmadu Bello University. In his presentation, he touched on the topics; definition of internal audit, duties and responsibilities of an internal auditor, relationship between the internal auditor and the external auditor and the independence of the internal auditor. According to his presentation, the internal auditing is a management-oriented discipline that has evolved rapidly since World War II. Once a function primarily concerned with financial and accounting matters, internal auditing now addresses the entire range of operating activities and performs a correspondingly wide variety of assurance and consulting services.

By definition, according to Institute of Internal Auditors, internal auditing is 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 processes.

Internal auditing is executed by an internal auditor. He is regarded as part and parcel of the organisation since his/her appointment is usually effected and influenced by the organisation's management. His/her activities are defined by the recruiting organisation,

though there are basic issues that are expected to be addressed by him/her during the course of his/her tenure in office.

2.2 DEFINITION OF INTERNAL AUDITOR

Many definitions have been forwarded for internal auditor. The following are some of them:

The Institute of Internal Auditors defines an internal auditor as an individual within an organisation's internal auditing department who is assigned the responsibility of performing internal auditing functions.

Internal auditor is an accountant who reviews the accounting procedures, records, and reports in both the controller's and treasurer's areas of responsibility.

Internal auditor is an auditor who is an employee of the company/organisation whose records are audited and who provides information to the management and board of directors.

2.3 DUTIES AND RESPONSIBILITIES OF AN INTERNAL AUDITOR

Whereas the duties and responsibilities of an external auditor are stipulated in the Companies and Allied Matters Act, No. 1 of 1990, the duties and responsibilities of the internal auditor depends on the size and technology of the organization.

A. Main Duties of an Internal Auditor

The internal auditor shall:

- Execute a wide range of audits and reviews in a diverse and highly computerised organisation;

- Provide an independent, objective assurance and consulting service to management, with the principal aims of evaluating and improving the effectiveness of risk management, control and governance processes;
- Make recommendations on increasing operational efficiency, having regard to value for money auditing;
- Agree the annual audit plan with the Chairman prior to approval by the Audit Committee;
- Report quarterly and as requested to the Audit Committee and to the Chairman or any person with equal position;
- On a day to day functional basis, the Internal Auditor reports to the Chairman or any person with equal position;

Any other appropriate duties as may be defined from time to time by the Chairman.

General Responsibilities of an Internal Auditor:

The internal auditor is generally responsible for:

Managing the Internal Audit function

Developing and maintaining a charter for the Internal Audit function which reflects the Office's responsibilities, authority, and reporting relationships.

Developing and obtaining proper approval for goals, audit work schedules, staffing plans, and financial budgets for the Department.

Perform individual audits according to the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and other local professional accounting bodies.

Maintain personal proficiency and that of staff auditors by obtaining an adequate amount of continuing education.

Supervise staff auditors by assigning them to jobs which match their abilities, reviewing their work, and appraising their performance.

Participate in or conduct evaluation and cost studies as directed by the appropriate officer(s) of the organisation. Conduct scheduled and special audits and make recommendations for improvement. Continue to assess professional development and take advantage of opportunities to improve skills. Keep current on trends in accounting and auditing.

2.4 INTERNAL AUDITOR'S RELATIONSHIP WITH THE EXTERNAL AUDITOR

Neither internal nor external auditors want to duplicate work unnecessarily, waste time needlessly, or spend money fruitlessly. Coordinated efforts are not only encouraged by IIA and ICAN standards; they can also enhance the efficiency and effectiveness of both professional groups.

Organizations utilize internal and external auditors to achieve several important objectives; but while the roles of internal and external auditors are distinct, their responsibilities overlap in some areas.

Internal auditors should take a proactive role in exploring how the work of internal and external auditors can be coordinated and productively utilized. A full understanding of respective professional responsibilities and concerns can help build a mutually beneficial relationship.

External auditors are concerned with an organization's financial statements and the accounting information system and controls that affect the statements. The external auditor's professional responsibilities in Nigeria emanate primarily from the provisions of CAMA, 1990. The ICAN requires the external auditor to evaluate the professionalism and independence of the internal auditor and the internal audit department in order to determine the degree of audit tests and reliability.

External auditors must follow Statement on Auditing Standards No. 65 (SAS 65), "The Auditor's Consideration of the Internal Auditing Function in an Audit of Financial Statements." SAS 65 requires external auditors to acquire an understanding of a client's internal audit function, when one exists, in planning for the external audit. In fulfilling this obligation, external auditors typically inquire about the organizational status of the internal audit function, the application of professional standards by internal auditors planned internal audit activities, and internal auditor's access to records. Thus, the internal auditor is generally asked to respond to numerous inquiries about these areas.

External auditors will be primarily interested in the internal audit activities that are "relevant" to their audit. Relevant activity provides evidence about the design and effectiveness of internal controls over the processes that affect the content of the financial statements under review. It also contributes direct evidence about potential misstatements in the financial

statements. External auditors typically focus on the subset of internal activity that relates directly or indirectly to the financial statements being audited. In addition to the requirement that external auditors obtain an understanding of the internal audit function during the audit planning stage, SAS 65 allows external auditors to use relevant evidence from the implementation of scheduled internal audit work programs and to seek "direct assistance" from internal auditors.

External auditors can rely on evidence generated from internal audit work when they are satisfied with the competence and objectivity of the internal auditors. While assessing competence, external auditors are encouraged to examine factors such as the education and experience of the internal auditors; the prevalence of professional certifications, such as the ACA, ACCA or CNA, among staff; and the quality of internal audit programs, work paper documentation, and supervision.

If the external auditors consider the internal auditors sufficiently competent and objective, they are permitted to use the work of internal auditors in a number of ways. The more objective and competent the internal auditors are, the more likely it is that external auditors will be willing to use their work product to fulfill the objectives of the external audit.

External auditors are permitted some modifications with regard to the nature, timing, and extent of their risk assessment procedures, control work, and substantive testing. In the control area, external auditors can reduce and even eliminate their planned procedures when they are relying on the control evaluation and testing procedures of internal auditors.

2.5 INTERNAL AUDITOR'S CODE OF ETHICS

The purpose of the internal auditor's Code of Ethics is to promote an ethical culture in the profession of internal auditing. A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about risk management, control, and governance. Thus, the general Code of Ethics as provided by the Institute of Internal Auditors (IIA) includes two essential components.

Principles that is relevant to the profession and practice of internal auditing. Rules of Conduct that describe behaviour norms expected of internal auditors. These rules are an aid to interpreting the Principles into practical applications and are intended to guide the ethical conduct of internal auditors.

The Code of Ethics together with The Institute's Professional Practices Framework and other relevant Institutes pronouncements provide guidance to internal auditors serving others. In Nigeria, the operations and functions of the internal auditor are guided by the pronouncements of the professional accounting bodies established in Nigeria like the ICAN and ANAN especially where the internal auditor is a member of one of them.

Although not all the internal auditors are members of the professional accounting bodies, their functions are boosted and checkmated by such bodies. For example, ICAN has issued a code of conduct book to its members that guide them in their dealings with their clients. These codes of conduct are to be upheld by the members anywhere they found themselves and in whatever capacity (i.e. internal or external auditors).

It is worthy to note that most of the principles and rules applied in the environment of internal auditing are more or less the same whether upheld in Nigeria or elsewhere. Therefore, the principles and rules are explained below:

- Principles:

Internal auditors are expected to apply and uphold the following principles:

- Integrity
- The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.
- Objectivity

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.

Confidentiality

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

Competency

Internal auditors apply the knowledge, skills, and experience needed in the performance of internal auditing services.

B. Rules of Conduct:

Integrity - Internal Auditors:

- Shall perform their work with honesty, diligence, and responsibility.
- Shall observe the law and make disclosures expected by the law and the profession.
- Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organisation.
- Shall respect and contribute to the legitimate and ethical objectives of the organisation.

Objectivity - Internal Auditors:

- Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation.
- Shall not accept anything that may impair or be presumed to impair their professional judgment.
- Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

Confidentiality - Internal Auditors:

- Shall be prudent in the use and protection of information acquired in the course of their duties.
- Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

Competency - Internal Auditors:

- Shall engage only in those services for which they have the necessary knowledge, skills, and experience.
- Shall perform internal auditing services in accordance with the International and local Standards for the Professional Practice of Internal Auditing.
- Shall continually improve their proficiency and the effectiveness and quality of their services.

2.6 INTERNAL AUDITOR'S INDEPENDENCE

Independence means the freedom from dependence on or control by another person or organisation. In the concept of internal auditing, independence allows internal auditors to carry out their work freely and objectively. This concept requires that internal auditors be independent of the activities they audit. Independence is achieved through organisational status and objectivity.

Internal auditing represents a vital cog in the organization's corporate governance structure. Its scope generally exceeds that of outside auditing in ensuring that corporate policies are followed, corporate assets are protected, and operations are monitored. Furthermore, the internal auditor's familiarity with operations and insider knowledge can enable more informed, insightful audits than an outside auditor may be able to provide. The additional breadth and depth of reporting that internal auditor's offer, however, can be assured only if the function remains independent.

The ability of the internal audit function to achieve desired objectives depends largely on the independence of audit personnel. Generally, the position of the auditor within the organizational structure of the institution, the reporting authority for audit results, and the auditor's responsibilities indicate the degree of auditor independence. The board should ensure that the audit department does not participate in activities that may compromise, or appear to compromise, its independence. These activities may include preparing reports or records, developing procedures, or performing other operational duties normally reviewed by auditors.

The auditor's independence is also determined by analyzing the reporting process and verifying that management does not interfere with the candour of the findings and recommendations. For an effective program, the board should give the auditor the authority to:

- Access all records and staff necessary to conduct the audit, and
- Require management to respond formally, and in a timely manner, to significant adverse audit findings by taking appropriate corrective action.
- Internal auditors should discuss their findings and recommendations periodically with the audit committee or board of directors.

Ideally, the internal auditor should report directly to the board of directors or its audit committee regarding both audit issues and administrative matters. Alternatively, an organisation may establish a dual reporting relationship where the internal auditor reports to the audit committee or board for audit matters and to organisation executive management for administrative matters. The objectivity and organisational stature of the internal audit function are best served under such a dual arrangement if the internal auditor reports

administratively to the Chief Executive Officer (CEO), and not to the Chief Financial Officer (CFO) or a similar officer who has a direct responsibility for systems being audited. The board or its audit committee should determine the internal auditor's performance evaluations and compensation.

2.7 HISTORY OF AUDITING IN NIGERIA

Prior to the period of industrial revolution in 1900, accounting was almost limited to the government sector. The increased economic growth achieved during the period of industrial revolution witnessed the emergence of professional managers who were separated from business ownership. The horizon of auditing became widened because business owners needed the confidence from an independent person on the stewardship accounts rendered by managers. The audit objective at this stage was still confined to detection of fraud and error, although the concept of sample testing of transactions evolved.

The concepts of audit risk and internal control progressively evolved, and have assumed the center stage in audit practice. The objective of financial audit gradually shifted to that of evaluating if financial statements have been fairly presented in all material respects.

Detection of fraud has ceased to be the primary objective of a financial audit assignment. Overtime, various audits of the companies act have turned out to specifically provide that account of stewardship of company management shall be independently examined by accounting professional called auditors who shall submit the report of their findings and opinions to the shareholders.

In Nigeria, auditing is regulated by certain statutory provisions such as the companies and allied matters Act of 1990(CAMA 1990), Bank and other financial institutions, Decree 1991 and the insurance Act 2003.

The Act has specifically provided that the auditor must be a professional accountant. In Nigeria, the Institute of Chartered Accountants of Nigeria (ICAN) ensures that members in audit practice offer qualitative professional services by insisting on objectivity, accuracy and integrity. This implies that the auditor is guided by the professional code of conduct and the auditing standards and guidelines issued by recognized professional accountancy bodies from time to time.

2.8 HISTORY OF AUDITING IN GHANA

In 1910, the Ghana Audit Service (GAS) was created in London as a colonial audit department. Originally called the Gold Coast Audit Department, it later became known as the Auditor-General's Department. The 1969 constitution of Ghana extended financial and administrative autonomy to the agency, and the 1972 Audit Service Decree established it as the Ghana Audit Service and strengthened its independence by establishing a seven-member Audit Service Board as its governing body. The board consists of the chairman, four representatives appointed by the president acting in consultation with the council of state, the auditor-general, and the head of the civil service. The Audit Service Act of 2000 (Act 584), which derives most of its provisions from the 1992 constitution, further enhanced the mandate of the Ghana Audit Service.

2.8.1 Mission

The Ghana Audit Service exists to promote good governance – transparency, accountability, and probity-in the public financial management system of Ghana by auditing the management of public resources in accordance with recognized international auditing standards and reporting to Parliament. Its vision is to become one of the leading supreme audit institutions in the world by 2010, delivering professional, excellent, and cost-effective auditing services.

2.8.2 Mandate

By law, the Ghana Audit Service is required to audit all public accounts of Ghana and report on them to Parliament within 6 months after the end of each financial year. Its mandate includes accounts of the courts, central and local government administrations, public universities and other schools, and all public corporations or other bodies or organizations established by an act of parliament. The auditor-general also has authority to conduct compliance, financial, and performance audits on his own initiative or at the request of the president or parliament.

2.8.3 Legal Authority and Independence

The auditor-general is appointed by the president in consultation with the council of state. Under the 1992 constitution and Act 584, the auditor-general is not subject to the direction of control of any other person or authority and has the power to disallow any item of expenditure that is contrary to law. In addition, the auditor-general retains the power to impose surcharges for disallowed expenditures and to have access to all books, record, returns, or other documents relating to active accounts. Internal auditors of any public institution or body must submit copies of all reports issued as a result of internal audit work to the auditor-general.

2.9 EXAMINATION OF THE SOCIAL FRAMEWORK OF THE AUDIT

Sikka et al, (1992) have argued that the meanings of the audit are determined by particular social arrangements which are always subject to change and as a result, it is difficult for the audit to have a fixed meaning.

Internal auditing is a management-oriented discipline that has evolved rapidly since World War Two. Once a function primarily concerned with financial and accounting matters, internal auditing now addresses the entire range of operating activities and performs a correspondingly wide variety of assurance and consulting services. The institute of Internal Auditors defines auditing as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

These duties are performed by an internal auditor, who is regarded as part and parcel of the organization since his or her appointment is usually effected and influenced by the organization's management.

2.10 OVERVIEW OF GOVERNANCE AND ACCOUNTABILITY IN THE GHANA PUBLIC SERVICE

Ghana has almost all the governance principles and mechanisms, in terms of organizations, structures, policies, legislations, values and systems that ensure citizen's participation and the operation of the rule of law. Mrs. Bridget Katsriku, the chairman of the public services commission in a presentation on the topic "PROMOTING GOOD GOVERNANCE AND ACCOUNTABILITY IN THE PUBLIC SERVICE" on 22nd August, 2012 stated that

despite the fact that Ghana has almost all the requisite internationally-prescribed governance structures in place, the essential conditions for public governance to produce results are weak. Institutional and technical elements, such as organizational structures, operative processes, managerial competences, analytical and operational skills of public servants, as well as their ability to deliver quality service to the public do not, largely, meet the required standards. She gave an example as, many public service organizations still do not have well-designed organizational structure depicting clearly-defined roles and responsibilities based on their mandate and specific functions. Job descriptions, rules and regulations are not clearly defined. Where they exist, the employees are either not aware of them, or they are totally ignored. In her analysis, she stated that, there is little investment in capacity development of the public service and the promotion of a strong leadership culture. She stated that, over the years, the leadership of the Ghana Public Service has been weakened and rendered somehow ineffective through political patronage – a situation from that of political considerations, instead of sound professional and management principles that take into account organizational development and the need to be accountable. She identified a serious gap in Ghana's public service. She stated that, many leaders today are not seeing beyond their own parochial interest. They are, therefore, not developing the tools and skills that could inspire, excite and motivate subordinates to give of their best. This weakness tends to manifest itself in some public service institutions not showing clear signs of accountability and good governance.

She stated that, accountability is about giving credible answers to issues such as how one has spent government allocated funds, exercised power and control, mediated rights, and used discretions vested by law in the public interest.

2.11 THE ROLES AND RESPONSIBILITIES OF INTERNAL AUDIT RELATED TO RISK MANAGEMENT

The Risk Management Society and The Institute of Internal Auditors in 2012 published an executive report on the topic “Risk Management and Internal Audit: Forging a Collaborative Alliance”. According to their report much has been written about the need for organizations to improve their risk management capability. The collapse of Enron, the WorldCom scandal, the 2008 financial crisis, BP’s Deepwater Horizon disaster and the European debt crisis have all been examples called out by regulators and news media evidencing the need for more inclusive, effective risk management practices and oversight. The Institute of Internal Auditors and The Risk Management Society believe that collaboration between the disciplines of internal audit and risk management, can lead to stronger risk practices in meeting stakeholder expectations. The two functions make a powerful team when they collaborate and leverage one another’s resources, skill sets and experiences to build risk capabilities within their organizations. The adage, “the sum is greater than the parts,” certainly applies. And, it is clear that leading organizations have discovered efficiencies, better decision-making and improved results by forming strong alliances between the risk management and internal audit functions.

Traditionally, risk managers have approached. They stated that, in 1999, The Institute of Internal Auditors approved the contemporary definition of internal auditing as a component of the International Standards for the Professional Practice of Internal Auditing (Standards) to reflect the profession’s global reach. More specifically, this updated definition explains internal auditing as, “an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its

objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”

Specific to risk management, a position paper developed by The Institute of Internal Auditors UK and Ireland affiliate in 2003, “The Role of Internal Auditing in Enterprise-wide Risk Management,” defines the assurance and consulting roles an internal audit activity should and, as importantly, should not undertake to best protect internal audit’s needed independence. In conclusion, they stated that, The Risk Management Society and The Institute of Internal Auditors agree that how risks are assessed and managed can materially affect how an organization is positioned to achieve its objectives. Historically, the risk management and internal audit disciplines have approached risk considerations from their respective independent viewpoints. At times, this disconnected approach has created confusion at best and conflict at worst. The Institute of Internal Auditors and The Risk Management Society believe that collaboration between the risk-related disciplines of internal audit and risk management can lead to stronger risk practices in meeting stakeholder expectations. The two functions make a powerful team when they collaborate and leverage one another’s resources, skill sets and experiences to build robust risk capabilities across their organizations.

Leading organizations have discovered efficiencies, better decision-making and improved results by forming strong alliances between the risk management and internal audit functions. In highlighting four case studies, this joint report identified four fairly common practices, although each organization approached them in different ways:

- Link the audit plan and the enterprise risk assessment, and share other work products
- Share available resources wherever and whenever possible
- Cross-leverage each function's respective competencies, roles and responsibilities
- Assess and monitor strategic risks

More importantly, from the descriptions provided, the authors recognized certain value that the organizations gained from the collaborative activity:

- Assurance that critical risks are being identified effectively
- Efficient use of scarce resources, such as financial, staff and time
- Communication depth and consistency, especially at the board and management levels
- Deeper understanding and focused action on the most significant risks

Additionally, we believe that effective collaboration and open dialogue results in a more robust view of the entire risk portfolio.

As a single starting point that can benefit any organization, The Risk Management Society and The Institute of Internal Auditors recommend that risk management and internal audit leaders and teams commit to frequent, open communications, using multiple methods, ranging from formal correspondence to ad hoc touch points. Open communication is a common thread in all of the case studies, even though the channels may vary. A number of the organizations mentioned that they conducted regularly scheduled in-person meetings, others that they corresponded in writing, while some communicated telephonically. Most mentioned multiple methods. What is evident is that the commitment to communication enabled the common practices and understanding described in the report.

We hope that this joint report serves as a vehicle to learn from those who have figured out how to collaborate effectively, consistent with their respective organization's unique situations, needs and cultures, and in turn helps you to enhance your organization's overall enterprise risk management capability and value.

2.12 THE CHANGING ROLE OF INTERNAL AUDIT

Deloitte in June 2012 published a report on the topic "The Changing Role of the Auditor" according to them all organizations are subject to fraud risks and there have been several instances in the past couple of decades when frauds have led to the downfall of organizations as a whole. The current economic slowdown has brought to surface a number of high profile frauds like the Reebok and Citibank cases thereby increasing the focus on fraud risk management. Global regulations like the US Foreign Corrupt Practices Act (FCPA), UK Bribery Act, and Sarbanes Oxley Act have increasingly put responsibility on the management of organizations to implement an effective fraud risk management framework. In the wake of increasing incidents of frauds in the financial service sector, the Reserve Bank of India (RBI) introduced guidelines for comprehensive Fraud Risk Management (FRM) system for banks. With increased regulatory focus and widespread negative impact of frauds, the managements and senior executives are increasingly concerned about the vulnerability and exposure of their businesses / organizations to frauds and whether or not they are adequately protected. A recent survey undertaken by Deloitte for fraud in Indian banks indicated that more than half the frauds were detected by internal audit reviews. This brings into focus the role of internal audit in fraud risk management. As the mandate and role of internal audit continue to evolve, managements are increasingly counting on internal audit functions in their efforts for managing fraud risks and keeping organizations protected.

Increasingly, the internal audit function is not to monitor and detect but also to investigate fraud incidences when they arise. The role of internal audit in fraud risk management by way of preventing, detecting and investigating fraud has amplified as a result of economic uncertainty and increased focus of certain organization's management on fraud risks.

2.12.1 Internal Audit - The Traditional Role

According to Chartered Institute of Internal Auditors, the role of internal audit is to provide independent assurance that an organization's risk management, governance and internal control processes are operating effectively. Unlike external auditors, they look beyond financial risks and statements to consider wider issues such as the organization's reputation, growth, its impact on the environment and the way it treats its employees.

2.12.2 The Changing Role of Internal Audit

The report also reviewed the changing role of the internal auditor, according to the report, the ever increasing regulations and expansion of organizations across the globe into new markets exposed the organizations to greater regulatory and compliance risks. Regulators expect thorough due diligence, oversight and background checks to be performed on partners, vendors, suppliers and others. As fraud has a number of negative impacts on organizations – financial and reputational – it is important for the organizations to have a strong fraud prevention programme. As organizations work towards reducing the losses due to fraud, their anti-fraud programmes are increasingly looking towards the internal audit function for support in light of the fact that over time as internal auditors review systems in the organization, they develop an overall knowledge of the organization's processes, risks, control systems and personnel which can contribute to an effective fraud risk management.

The Institute of Internal Auditors provides mandatory guidance for internal auditors in its International Professionals Practices Framework (IPPF). Internal auditors are expected to have sufficient knowledge to evaluate the risk of fraud in their organizations, and are required to report to the board any fraud risks found during their investigations. Internal auditor should therefore develop their skills to meet their increasingly changing role.

IPPF also expects the internal audit activity to evaluate the potential for the occurrence of fraud and how the organization manages its fraud risk. The expectation is that internal auditing should provide objective assurance to the board and management that fraud controls are sufficient for identified fraud risks and ensure that the controls are functioning effectively.

2.12.3 Coping up with the New Role

Though the role and responsibility of internal audit function may vary in scope and authority in different organizations, there is a clear trend that internal audit is taking on a more strategic and central role. With these changes, the increased interaction between the evolving internal audit function and its major stakeholders is an important area for organizations to focus on and develop. Organizations can be walking on a dangerous tightrope where senior management believe that the internal audit function is providing assurance in respect of fraud risk assessment, detection and investigation, whereas reality is that internal audit are under resourced or inadequately trained and constrained in their ability to meet the expected delivery. Apart from this, gaps can also exist in the levels of support and training that are provided to internal auditor and could mean that their ability to be effective could be highly compromised.

2.13 INTERNAL AUDIT INDEPENDENCE IN AUSTRALIA

Three researchers from three universities from Australia and Belgium conducted an exploratory study on internal audit independence in Australia. According to the research, the internal audit function is actively considered as one of the four components of corporate governance, along with the board, management and external auditors. It serves this purpose by providing a range of services in its capacity of monitoring and consulting which is actively sought by the other components of corporate governance to satisfy their extended accountability requirements. They stated that the integrity of these services is, however, only assured if internal audit maintains its independent status. As such there is a “tension” resulting from the pressure to provide these value added services as perceived by the parties involved and maintaining its independence status. Based on an extended survey with organizations in the Australian corporate sector, this study critically examines the results of the survey against existing literature and best practice guidelines to determine if internal audit functions operating under this tense environment are operating independently.

CHAPTER THREE

METHODOLOGY

3.1 INTRODUCTION

The methodology of this research refers to the various specific tools or ways data was collected and analyzed, in other words, the procedure for the collection and analysis of the data collected for the research.

3.2 RESEARCH DESIGN

The research design is an exploratory type which few studies have been conducted on the topic. Since there are few researches to which one can refer information about an issue or problem that exist, the researcher conducted thorough investigation on the challenges internal auditors face in their quest to promote good governance in public institutions.

3.3 POPULATION

Good governance involves, among other things, interaction between citizens and state actors. The public sector being is the largest employer in the country makes it difficult to engage all stakeholders. It was therefore prudent to study a single case to represent the larger population. The target population for the study was the auditing staff of Ghana Post, who is major players when it comes to good governance.

3.4 SAMPLING PROCEDURE

In order to obtain relevant and adequate data from a subset of a larger population, the snow ball sampling technique which is used for locating informants by asking others to identify individuals with special understanding of the phenomenon. The researcher then asked each participant to suggest others with similar ability to address the issues. The researcher after

contacting an internal audit staff requested for other officials who have in-depth knowledge in the area of auditing. In all twenty (20) questionnaires were administered in order to obtain relevant and sufficient data.

3.5 DATA COLLECTION INSTRUMENT

The major instrument in data collection was questionnaires. The questions were clear and easy to understand since the researcher was not present to explain the meaning of the questions to the respondents. The questionnaires were developed in an interactive style and the sequence of the questions was easy to follow. The close-ended type of questionnaires was adopted, which provided readymade categories within which respondents reply to the questions asked by the researcher. This type was adopted mainly because of the busy schedule of the respondents. Studying of relevant literature and the internet were adopted to collect reliable and sufficient primary and secondary data.

3.6 SOURCES OF DATA

The source of primary data was organized from responses of questionnaires designed for the internal audit staff of Ghana Post in Kumasi. The close-ended type of questionnaires was used in obtaining relevant and reliable data from respondents. Secondary data was derived from reports on the internet, auditing text books, journals and other relevant materials. These various materials were essential for the purpose of the research work.

3.7 DATA ANALYSIS AND PRESENTATION

The research after collecting relevant, reliable and sufficient data from the respondents analyzed data using statistical, graphical and word-based style of presentations, since the data were both in quantitative and qualitative forms.

CHAPTER FOUR

DATA ANALYSIS

4.1 INTRODUCTION

In determining the internal auditor's contribution in promoting good governance in public institutions, data was successfully collected from the auditing staff of Ghana Post in the Kumasi district. In all twenty (20) questionnaires were administered and all were successfully returned. Tables and figures were used to analyze and present data collected.

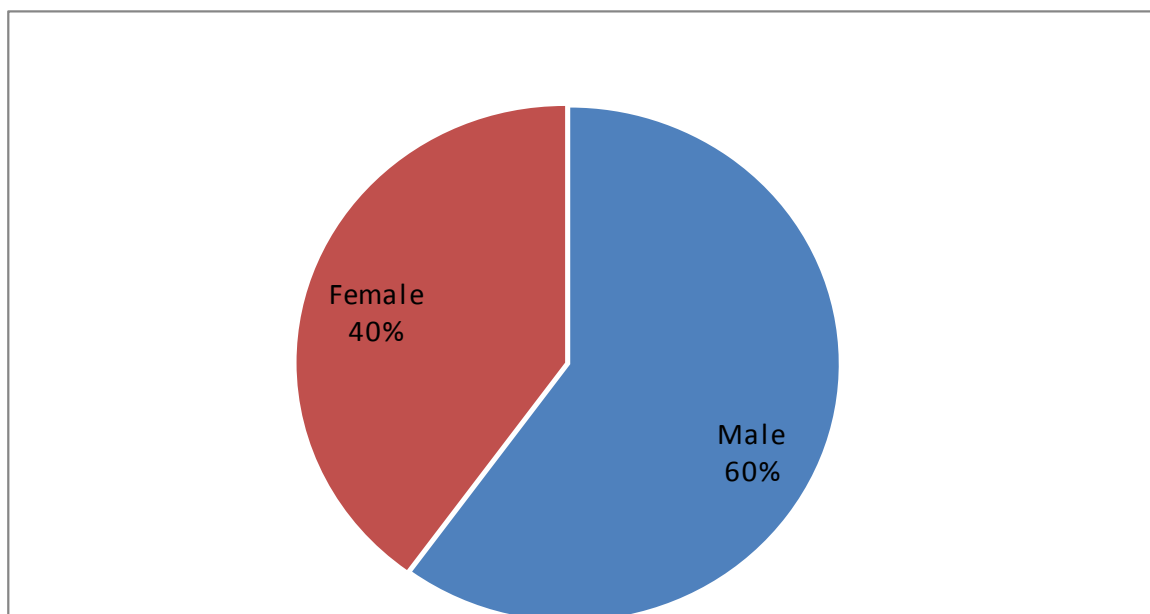
4.2 ANALYSIS OF FINDINGS AND INTERPRETATION OF DATA

4.2.1 Personal Profile of Respondents

Gender

From the figure below, it could be seen that eight (8) of the respondents constituting 40% were females and the remaining twelve (12) constituting 60% were males. This analysis shows that the profession is not dominated by males, as it used to be. This also shows that there was no bias in the conducting of our research.

Figure 1: Gender of Respondents



Source: Field Survey, 2013

Positions/Ranks of Respondents

The table 1 below shows the positions of the respondents from Ghana Post. Out of the twenty (20) respondents contacted, four (4) of them were Audit managers constituting 20 percent of the total respondents, three (3) were Deputy Audit managers constituting 15 percent, five (5) were Principal Audit officers constituting 25 percent and eight (8) of them were Audit officers. This signifies that a broad range of positions were covered providing adequate and sufficient data for the analysis. The analysis also shows that issues pertaining to each rank were covered.

Table 4.1 Position/Rank of Respondents

Position	Frequency	Percentage %
Audit Manager	4	20
Deputy Audit Manager	3	15
Assistant Auditor	5	25
Principal Audit Officer	8	40
Total	20	100

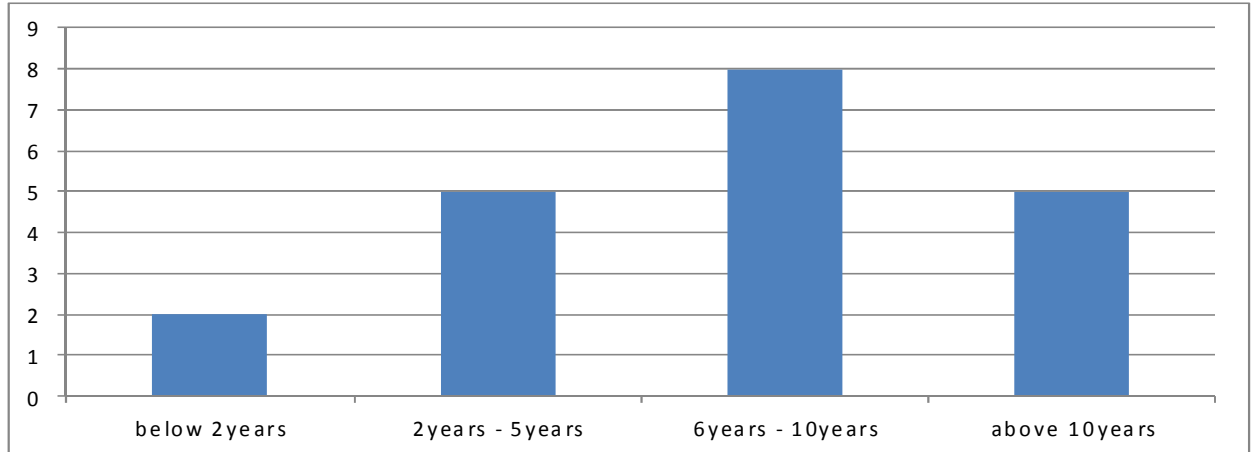
Source: Field Survey, 2013

Years of Experience

The statistics below in figure 2 shows that out of the twenty staff contacted, two of them constituting 10 percent of respondents had worked below two years in their position, five of them constituting 25 percent of respondents had worked for between two years to five years, eight of the respondents constituting 40 percent had worked for between the years of six to ten years, and the remaining five constituting 25 percent of the respondents had worked for more than ten years. The analysis show that about 80 percent of the respondents contacted

had more than two years working experience. This signifies that majority of the respondents had a broader knowledge in their fields of work.

Figure 4.2 Years of Experience

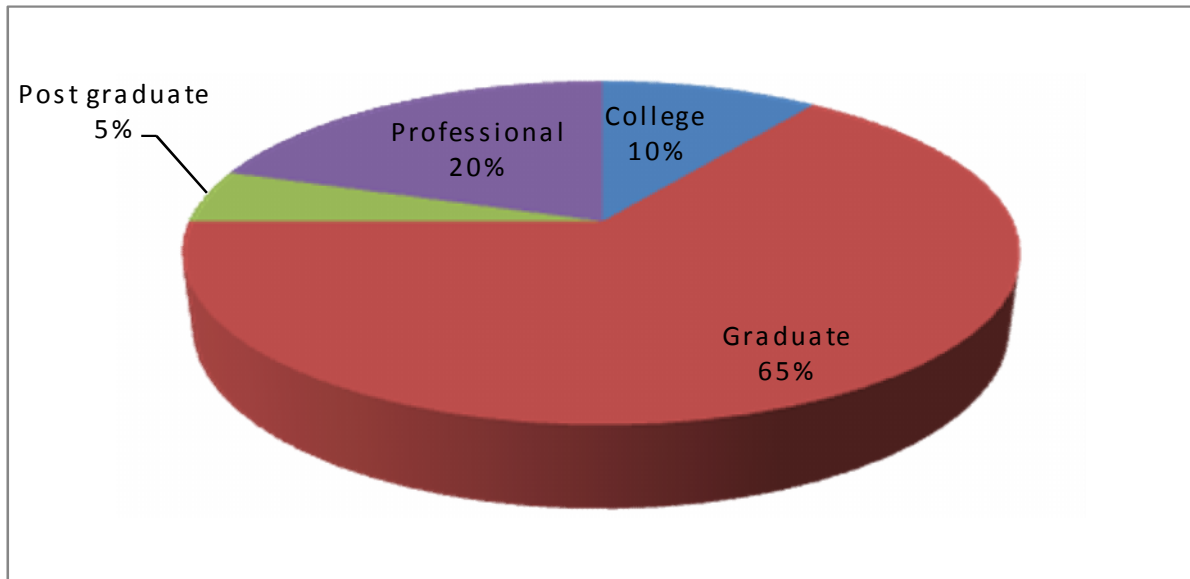


Source: Field Survey, 2013

Level of Education

The statistics below in figure 2 shows the analysis of the levels of education of the respondents. It shows that two of the respondents constituting 10 percent were at the college level, thirteen of them constituting 65 percent were graduates, one respondent representing 5 percent was at the post graduate level, and the remaining four respondents constituting 20 percent were at the professional level. This statistics shows that all the respondents have in-depth knowledge in the field of auditing.

Figure 4.3 Educational Levels of Respondents



Source: Field Survey, 2013

4.2.2 Analysis of the Extent of Support that Auditors Get from Managers

Under this section respondent were asked to choose from options provided by the researcher as their response to the questions under this section. The researcher provided the following options; strongly disagree, disagree, agree, and strongly agree.

Adequate Support Received from Managers

The statistics in table 2 shows that fourteen of the respondents constituting 70 percent chose the second option as an answer. The respondents claim that they do not receive adequate support in conducting their day to day activities. The remaining six respondents constituting 30 percent chose the third option. They claim that they receive adequate support when they are conducting their day to day activities. This shows that currently the level of support received is inadequate.

Table 4.2 I Receive Adequate Support from my Manager

Response	Frequency	Percentage %
Strongly disagree	Nil	0
Disagree	14	70
Agree	6	30
Strongly Agree	Nil	0
Total	20	100

Source: Field Survey, 2013

Treatment given to Internal Auditor's by Management

The statistics below in table 3 shows that twelve respondents constituting 60 percent disagreed to the fact that they were treated as individual rather than team players. The remaining eight constituting 40 percent showed that they were treated as team players. This reveals that the internal audit department still faces the issue of stigmatization, but the level is not as prominent as it used to be in the past.

Table 4.3 Are Internal Auditor's treated as individuals rather than Team Players

Response	Frequency	Percentage %
Strongly disagree	Nil	0
Disagree	12	60
Agree	8	40
Strongly Agree	Nil	0
Total	20	100

Source: Field Survey, 2013

Managers provide the Internal Audit Department with Adequate Assistance

The statistics in table 4 below shows that only one of the respondents constituting 5 percent strongly disagreed with the level of assistance provided by managers. Seven of the respondents constituting 35 percent disagreed with the level of assistance they receive from their managers, twelve of the respondents constituting 60 percent agreed that they were satisfied with the level of assistance provided by their managers. This shows that the internal audit department now receives adequate assistance in their quest to promote good governance in public institutions.

Table 4.4 My Manager provides me with Assistance when Performing my Duties

Response	Frequency	Percentage %
Strongly disagree	1	5
Disagree	7	35
Agree	12	60
Strongly Agree	Nil	0
Total	20	100

Source: Field Survey, 2013

Challenges Encountered due to Inadequate Budgetary Allocation

The statistics in table 5 below shows that only one respondent constituting 5 percent strongly disagreed that inadequate budgetary allocation causes a challenge, six of the respondents constituting 30 percent disagree that inadequate budgetary allocation poses a challenge in their line of duty, eleven of the respondents constituting 55 percent agreed that inadequate budgetary allocation poses a challenge to them, and the remaining two respondents

constituting 10 percent strongly agreed that inadequate budgetary allocation poses a great deal of challenge in their quest to promote good governance in public institutions.

Table 4.5 I face a great challenge in performing my duties due to inadequate budgetary allocation

Response	Frequency	Percentage %
Strongly disagree	1	5
Disagree	6	30
Agree	11	55
Strongly Agree	2	10
Total	20	100

Source: Field Survey, 2013

Adequate logistics that facilitate the work of the Internal Auditor

The statistics in table 6 below shows that three respondents constituting 15 percent strongly disagree that they are assisted with all the necessary logistics in their line of duty, fourteen of the respondents constituting 70 percent disagreed with the fact that they receive all the necessary logistics that facilitate their work, two of the respondents constituting 10 percent agreed that they receive the necessary logistics that facilitate their work, the only remaining respondent who constituted 5 percent strongly agreed with the fact that all necessary logistics are provided. This shows that currently the level of support in the form of logistics is not sufficient in promoting good governance in public institutions.

Table 4. 6 I am assisted with all the necessary logistics that facilitate my work

Response	Frequency	Percentage %
Strongly disagree	3	15
Disagree	14	70
Agree	2	10
Strongly Agree	1	5
Total	20	100

Source: Field Survey, 2013

4.2.3 Analysis of the efficiency of the internal auditor’s output regardless of the challenges they face

Under this section respondent were asked to choose from options provided by the researcher as their response to the questions under this section. The researcher provided the following options; strongly disagree, disagree, agree, and strongly agree.

The internal auditor has access to all financial statements and other relevant documents.

The statistics below in table 7 shows that three of the respondents constituting 15 percent strongly disagreed with the fact that they have access to all financial statements and other relevant documents, thirteen of them constituting 65 percent disagreed that they have access to all financial statements and other relevant documents, three of the respondents constituting 15 percent agreed to the fact that they have access to all financial documents and other relevant documents, the remaining respondent constituting 5 percent strongly agreed that access to all financial statements and other relevant documents are easy. This shows that all

financial documents and other relevant documents needed to aid the internal auditor are not easily accessible.

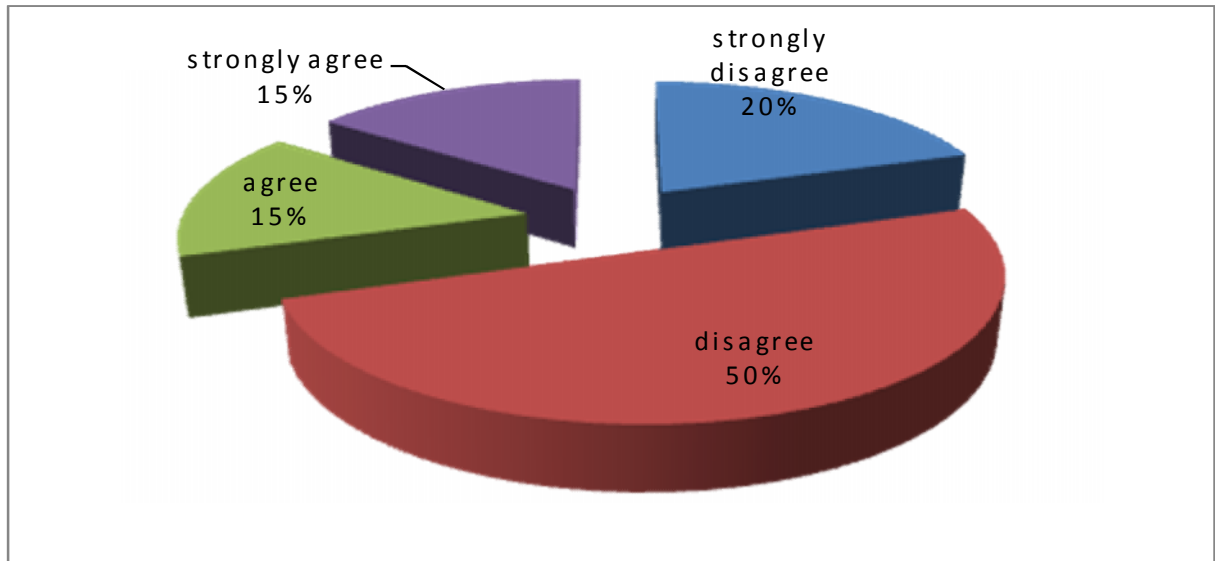
Table 4.7 Access to all financial documents and other relevant documents

Response	Frequency	Percentage %
Strongly disagree	3	15
Disagree	13	65
Agree	3	15
Strongly Agree	1	5
Total	20	100

Source: Field Survey, 2013

The internal auditor is able to detect all frauds and errors that occur in the organization. The statistics in the figure 4 below shows that four of the respondents constituting 20 percent strongly disagreed that the internal auditor is able to detect all frauds and errors that occur, ten of them constituting 50 percent disagreed, three of them constituting 15 percent agreed to this fact and the remaining three constituting 15 percent strongly agreed that the internal auditor is able to detect all frauds and errors. It can therefore be concluded that the internal auditor cannot detect all frauds and errors that occur in public institutions.

Figure 4. 4 The internal auditor is able to detect all frauds and errors that occur in the organization.

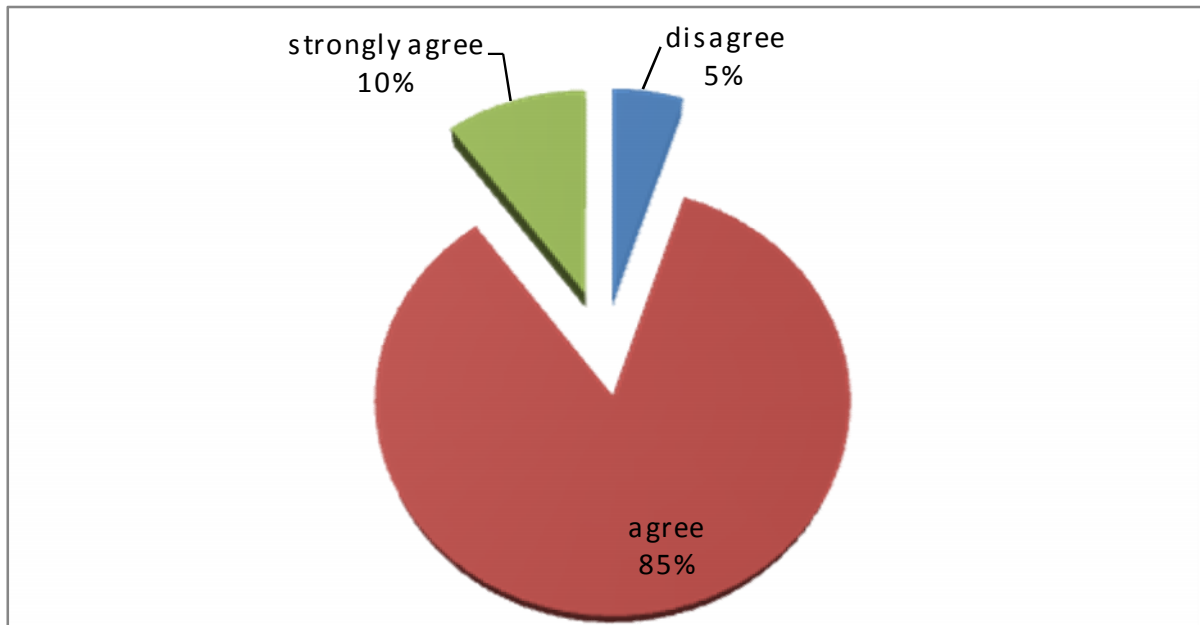


Source: Field Survey, 2013

The internal auditor is able to make adequate and sufficient examination of the financial statements

The statistics in the figure 5 below shows that one respondent constituting 5 percent disagreed to the statement that internal auditor was able to make adequate and sufficient examination of the financial statements, seventeen respondents constituting 85 percent agreed that internal auditors are able to make adequate and sufficient examination of the financial statements, the remaining two respondents constituting 10 percent strongly agreed that internal auditors are able to make adequate and sufficient examination of the financial statements. The statistics reveal that over 80 percent of the total respondent agreed to the statement, it can therefore be ascertained from the views of the respondents that internal auditors are able to make adequate and sufficient examination of the financial statements.

Figure 4.5 The internal auditor is able to make adequate and sufficient examination of the financial statements

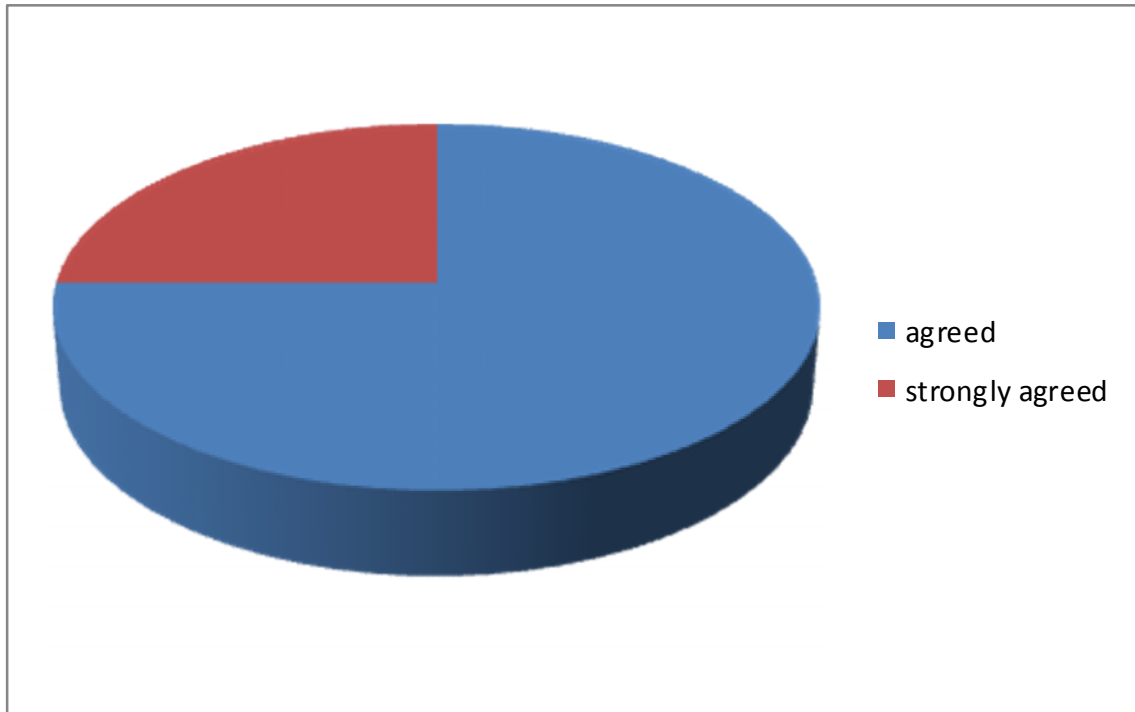


Source: Field Survey, 2013

The internal auditor is able to make useful recommendations to their managers

The statistics in figure 6 below shows that fifteen respondent constituting 75 percent agreed that they are able to make very useful recommendations to their managers in their quest to promote good governance in public instituting, the remaining five respondents constituting 25 percent strongly agreed to the statement that they are able to make useful recommendations to managers. The statistics revealed that 100 percent of the respondents agreed that they are able to make useful recommendations in their line of duty.

Figure 4.6 The internal auditor is able to make useful recommendations to their managers.

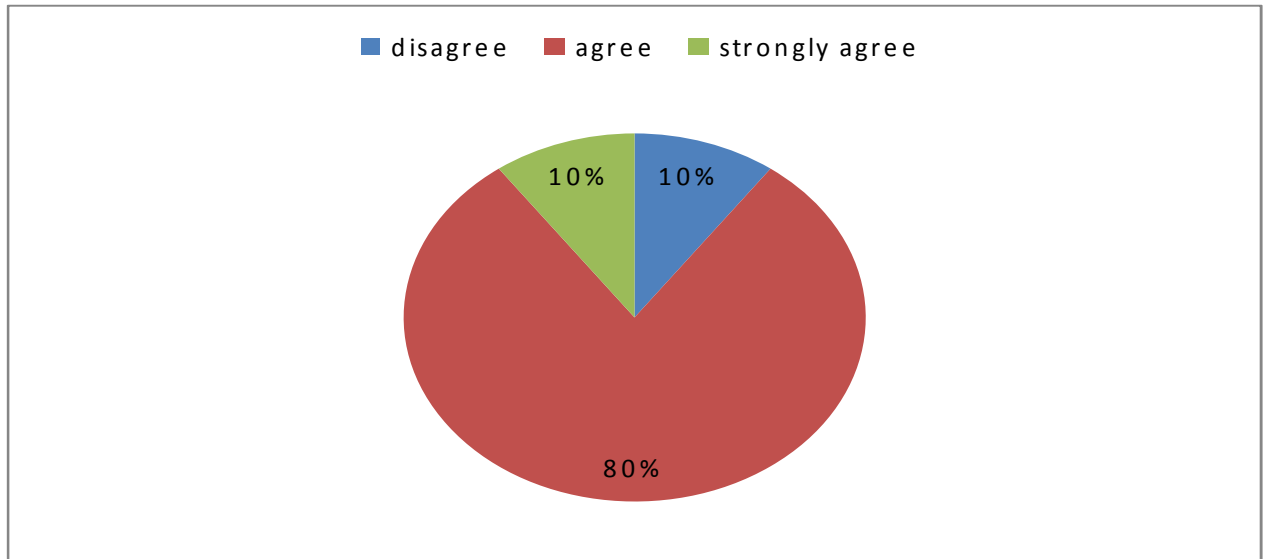


Source: Field Survey, 2013

My manager considers recommendations made by internal auditors as very essential in their line of duty

The statistics in the figure 7 below shows that two respondents constituting 10 percent disagreed that their recommendations are considered very essential, sixteen respondents constituting 80 percent agreed that their recommendations are considered very essential in their day to day activities; the remaining two respondents constituting 10 percent strongly agreed that their recommendations are considered very essential by their managers. This reveals that majority of manager's consider the recommendations made by internal auditors as very essential tool in managing the affairs of public institutions.

Figure 4.7 My manager considers recommendations made by internal auditors as very essential.



Source: Field Survey, 2013

My manager show little interest in the role of the internal auditor towards promoting good governance

The statistics in the table 8 below shows that three respondents constituting 15 percent strongly disagreed to the statement that their managers show little interest in their role towards promoting good governance, thirteen respondents constituting 65 percent disagree to this statement, the remaining four respondents constituting 20 percent agreed to the statement that their managers show little interest in their role towards promoting good governance. This reveals that majority of internal auditors are considered key personnel in promoting good governance.

Table 4. 8 My Manager shows little interest in my role as an Internal Auditor

Response	Frequency	Percentage %
Strongly disagree	Nil	0
Disagree	3	15
Agree	13	65
Strongly Agree	4	20
Total	20	100

Source: Field Survey, 2013

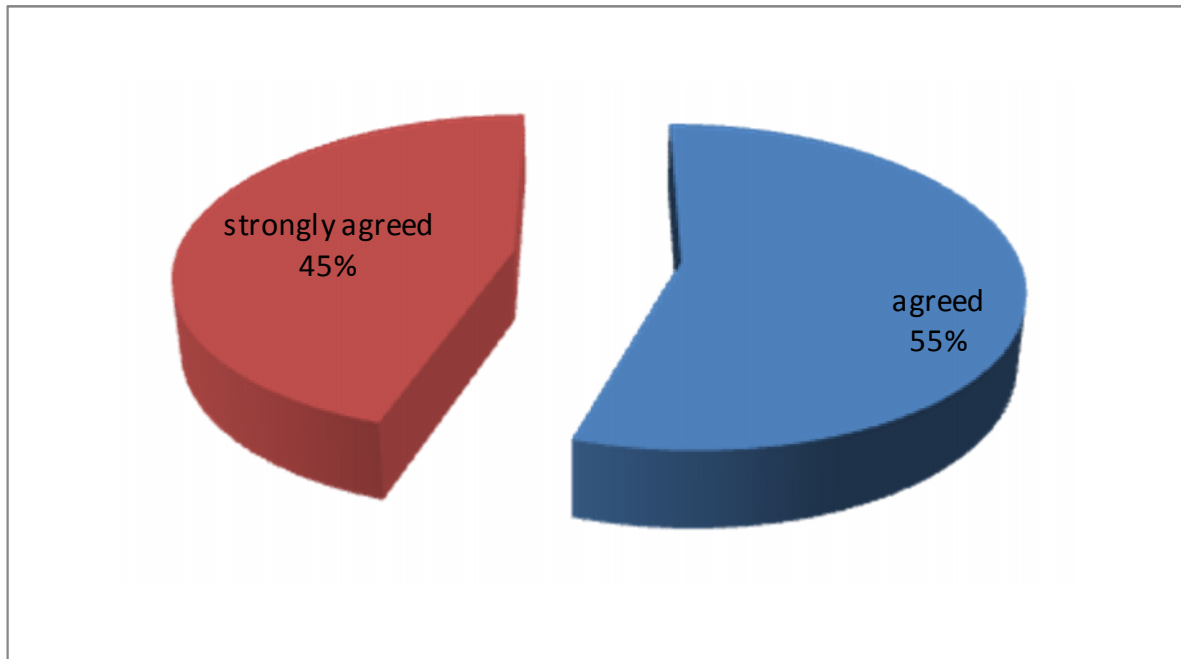
4.2.4 Analysis of proposed actions by the respondents that is necessary to help managers relate well with the internal audit department

Under this section respondent were asked to choose from options provided by the researcher as appropriate actions that will aid the internal audit department. The researcher provided the following options; strongly disagree, disagree, agree, and strongly agree.

Managers should feel free when dealing with the internal audit department.

The statistics in the figure 8 below shows that eleven respondents constituting 55 percent agreed that managers should feel free when they are dealing with the internal audit department, the remaining nine respondents constituting 45 percent strongly agreed that managers should feel free when dealing with the internal audit department.

Figure 4.8 Managers should feel free when dealing with the Internal Audit Department



Source: Field Survey, 2013

The internal audit department should be allocated sufficient funds

The statistics in table 9 below shows that two respondents constituting 10 percent strongly disagreed that the internal revenue department should be allocate sufficient funds, three respondents constituting 15 percent disagreed with the fact that the internal audit department should be allocated sufficient funds since the current funds is sufficient, ten respondents constituting 50 percent agreed to the fact that the internal audit department should be allocated sufficient funds, the remaining five respondents constituting 25 percent showed that they strongly agreed to this proposed action as a step to enhance the work of the internal audit department.

Table 4. 9 The internal Audit Department should be allocated sufficient funds

Response	Frequency	Percentage %
Strongly disagree	2	10
Disagree	3	15
Agree	10	50
Strongly Agree	5	5
Total	20	100

Source: Field Survey, 2013

The internal audit department should be made to manage their own funds

The statistics in table 10 below shows that four respondents constituting 20 percent strongly disagreed that the internal audit department should be made to manage their own funds, eight of them constituting 40 percent disagreed that the internal audit department should be made to manage their own funds, six respondents constituting 30 percent agreed that the internal audit department should be made to manage their own funds, the remaining two respondents constituting 10 percent strongly agreed that the internal audit department should made to manage their own funds. This reveals that majority of the internal auditors are satisfied with the way their funds are been managed.

Table 4.10 The Internal Audit Department should be made to manage their own funds

Response	Frequency	Percentage %
Strongly disagree	2	10
Disagree	3	15
Agree	10	50
Strongly Agree	5	5
Total	20	100

Source: Field Survey, 2013

Workshops should be organized to enable managers relate well with the internal audit department

The statistics in table 11 below shows that one of the respondents constituting 5 percent disagreed that workshops should be organized to enable managers relate well with the internal audit department, two respondents constituting 10 percent disagreed that workshops should be organized as an effective action to promote good governance in public institutions, six respondents constituting 30 percent agreed that workshops should be organized to enable managers relate well with the internal audit department. The remaining eleven respondents constituting 55 percent strongly agreed that workshops should be organized to enhance the relationship between managers and the internal audit department. If these workshops are organized frequently it will help the internal audit department secure enough support from their managers.

Table 4.11 Workshops should be organized to enable managers relate well with the internal audit department

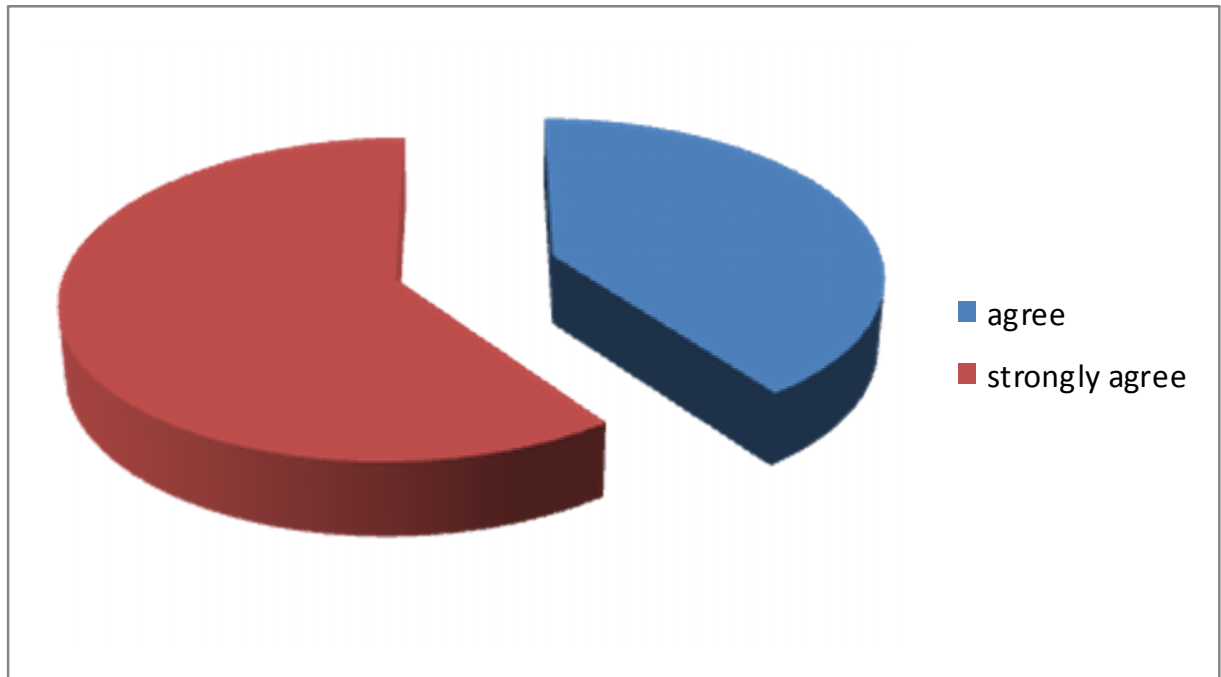
Response	Frequency	Percentage %
Strongly disagree	1	5
Disagree	2	10
Agree	6	30
Strongly Agree	11	55
Total	20	100

Source: Field Survey, 2013

Workshops should be organized to enhance good work ethics among public servants in general

The statistics in figure 9 below shows that eight of the respondents constituting 40 percent agreed that workshops should be organized to enhance good work ethics among public servants in general, the remaining twelve respondents constituting 60 percent strongly agreed that workshops should be organized in order to enhance good work ethics among public servants in general. The statistics reveal that in general workshops would go a long way to help improve good working ethics, which is an ingredient in promoting good governance among public institutions.

Figure 4.9 Workshops should be organized to enhance good work ethics among public servants in general



Source: Field Survey, 2013

CHAPTER FIVE

KEY FINDINGS, RECOMMENDATIONS AND CONCLUSION

This chapter contains the key findings of the study, recommendations and conclusion.

5.1 KEY FINDINGS

The following major findings:

Inadequate support is provided to the internal audit department

The study revealed that inadequate support is been rendered to the internal audit department in their line of duty. The study further revealed that the level of support is not satisfactory.

Inadequate Budgetary Allocation of Funds

The study revealed that the budget been allocated to the internal audit department is not adequate, this factor poses a great deal of challenge to the department and should therefore be improved to effectively facilitate their work.

The internal audit department faces challenges relating to logistics

The study revealed that the department needs a lot of logistics to aid their work but it is not adequate, this shows that currently the level of support in the form of logistics is not sufficient in promoting good governance in public institutions.

The internal auditor does not have access to all financial statements.

The study revealed that the internal auditor does not have privy to all sources of information. This shows that all financial documents and other relevant documents needed to aid the internal auditor are not easily accessible.

My manager considers recommendations made by internal auditors as very essential in their line of duty.

The study revealed that the internal audit department is able to make useful recommendations to their managers. After accessing the scope and effectiveness of the systems established by managers, the internal audit department is able to make recommendations that will help mitigate the risks associated with the systems.

The internal auditors are efficient in performing their duties

The study revealed that internal auditors are very efficient in their line of duty, especially in the area of internal control but must work hard in the area of detecting frauds and errors.

5.2 CONCLUSION

The internal auditor's value lies in how well he has been able to contribute to the achievement of the overall objectives of an organization. However, the study revealed that the internal audit department cannot achieve this desire and achievement on their own. All the major stakeholders like the government, managers of public institutions and to larger extent civil servants have a role to play in achieving this unprecedented height. The issue of stigmatization that characterized the internal audit department is gradually fading out. The issue of good governance is very essential and worth considering so all stakeholders must come onboard to assist the internal audit department to effectively promote it.

5.3 RECOMMENDATIONS

Based on the findings above, the following recommendations have been made to help promote good governance in Public Institutions.

Managers should open up to the internal audit department

Managers of Public Institutions should cultivate the habit of opening up to the internal audit department; this will help eradicate the issue of stigmatization that easily characterizes the internal audit department. If managers are able effectively open up it will serve as an example for others to emulate.

The internal audit department should be allocated adequate and sufficient budget

Managers are currently doing well with the funds they allocate to the internal audit department, but they have to do more. Sufficient allocation of the budget will facilitate the work of the internal auditor in their quest to promote good governance in public institutions.

Workshops should be organized to enable managers relate well with the internal audit department

Institutions must periodically organize workshop that will train managers in the area of managing human resource. These workshops will guide managers to relate well with the internal audit department.

Workshops should be organized to enhance good work ethics among public servants

Public institutions should frequently organize workshops for public servants to enhance the level of their commitment and ethics at the work place. With the right attitude promoting good governance will be achieved with little effort.

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APPENDIX
QUESTIONNAIRE

Dear Respondent,

Thank you in advance for completing questionnaire and essentially contributing to our research on Promoting Good Governance in Public Institutions of Ghana: The Role of The Internal Auditor. This research is being conducted as part of the requirement for an award of a degree. This questionnaire consists of three sections and the information you provide will remain completely confidential and anonymous and used only for academic purposes.

SECTION I

PERSONAL PROFILE

Please this section contains questions pertaining to your personal profile; please tick (✓) to the questions and choose the options provided that best describes you.

Gender: Male [] Female[]

What is your current job position?.....

How many years have you worked in your current position?

Level of Education: College [] Graduate [] Postgraduate []

Professional []

SECTION II

This section contains statements that illustrate the extent of support that auditors get from managers. Please indicate the extent to which you agree or disagree with the following statements that relate to your work by cycling the **one** of the four alternatives.

1= strongly disagree 2=disagree 3=agree 4=strongly agree

I receive adequate support from my manager?

1	2	3	4
---	---	---	---

My manager treats me like an individual rather than a team player?

1	2	3	4
---	---	---	---

My manager provides me with assistance when performing my duties?

1	2	3	4
---	---	---	---

I face a great challenge in performing my duties due to inadequate budgetary allocations.

1	2	3	4
---	---	---	---

I am assisted with all the necessary logistics that facilitate my work.

1	2	3	4
---	---	---	---

SECTION III

This section contains questions pertaining to the efficiency of the work of the internal auditor regardless of the challenges they face in their day to day activities. Please indicate the extent to which you agree or disagree with the following statements that relate to your work by cycling the **one** of the four alternatives.

1= strongly disagree 2=disagree 3=agree 4=strongly agree

The internal auditor has access to all financial statements and other relevant documents necessary to aid my work.

1	2	3	4
---	---	---	---

The internal auditor is able to detect all frauds and errors that

1	2	3	4
---	---	---	---

occur in the organization.

I am able to make adequate and sufficient examination of the financial statements.

1	2	3	4
---	---	---	---

I am able to make very useful recommendations to my manager.

1	2	3	4
---	---	---	---

My manager considers my recommendations as very essential in his day to day activities.

1	2	3	4
---	---	---	---

My manager shows little interest in my role towards promoting good governance.

1	2	3	4
---	---	---	---

SECTION IV

This section contains proposed actions that are necessary to help managers relate well with the internal auditor to be instrumental in promoting good governance. Please indicate the extent to which you agree or disagree with the following statements that relate to your work by cycling the **one** of the four alternatives.

1= strongly disagree 2=disagree 3=agree 4=strongly agree

Manager should feel free when dealing with the internal audit department.

1	2	3	4
---	---	---	---

The internal audit department should be allocated sufficient funds.

1	2	3	4
---	---	---	---

The internal audit department should be made to manage their own funds.

1	2	3	4
---	---	---	---

Workshops should be organized to enable managers relate well with the internal audit department.

1	2	3	4
---	---	---	---

Workshops should be organized to enhance good work ethics among public servants in general.

1	2	3	4
---	---	---	---