

**ASSESSING THE INTERNAL AUDIT PRACTICES IN GHANA EDUCATION**

**SERVICE-BRONG AHAFO REGION**

**KNUST**  
**BY**

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## DECLARATION

I hereby declare that this submission is my own work towards an award of a second degree of Masters in Business Administration (Accounting Option) and that, to the best of my knowledge, it contains no material previously published by another person nor submitted to any other University or institution for the award of degree except where due acknowledgement has been made in text. However, references from the work of others have been clearly stated.

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## DEDICATION

This work is dedicated to my lovely father Mr.Fosu Robert Atta Senior and mother Mad.

Comfort Addai and supportive sister, Miss Mavis Poma.

# KNUST



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First of all, I would like to thank my almighty God for his great support to accomplish this research work and for his infinite support in my entire life success.

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## ABSTRACT

The internal audit practice at Ghana Education Service must function in a manner that is in accordance with applicable professional standards such as Standards for the Professional Practice of Internal Auditing (SPPIA). Using a sample size data of 30 from internal auditors and management, this study looks at assessing the internal auditing practices at Ghana Education Service-Brong Ahafo Region. Purposive Sampling and simple random sampling method were used to select the respondents from the population. Questionnaire and the in-depth interview and focus group discussion method were used in collecting data. The data were analyzed using statistical tables and Microsoft Excel to identify trends. It was observed that, the nature of Internal Audit practice meet its intended purpose as and when it serves as governance mechanism, risk management mechanism, and control mechanism, and also, conformance with the Professional Practice of Internal Auditing which includes management support, management's perception of internal audit function, adequate competent of Internal Audit staff, organizational independence, and approved internal audit charter. It was observed that, the nature of internal audit practices form an integral part of the governance structure and management of risk where the Internal Auditors ensures that there is effectiveness of design, and implementation of activity plan in the Ghana Education Service Offices which make it possible for the various source of fund (Department of International Development, Ghana Partnership for Education Grant, School Capitation Grant) to have it individual activity implementation plan. Again, the nature of internal audit practice serves as control mechanism which institutes controls to ensure that resources are safeguarded against loss due waste and fraud in Ghana Education Service Offices. The result suggested that the internal audit unit is performing despite many challenges they encounter with regard to freedom to operate well, support from management, and inadequate resources. The conclusion drawn is that, internal audit practices at Ghana Education Service with effective cooperation from government, Ghana Education Service board, management and staff of Ghana Education Service, and the public organizations at large will move forward to reduce inefficiencies in the internal controls, governance processes, and risk management processes. Recommendations, if considered, could impact positively on the internal audit practice at Ghana Education Service which encompasses ensuring internal audit practice compliance with Professional Practice for Internal Auditing, installation or operation of adequate accounting system, building the capacity of the internal audit unit, enjoying goodwill in the form of Internal Audit Function and support from management, making available adequate resources to the internal audit unit.

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## LIST OF ACRONYMS

| Acronym | Full Version                                     |
|---------|--------------------------------------------------|
| 3Es     | Effectiveness, Efficiency and Economy            |
| APB     | Auditing Practices Board                         |
| APC     | Auditing Practices Committee                     |
| CEO     | Chief Executive Officer                          |
| GAAP    | Generally Accepted Accounting Principles         |
| GES     | Ghana Education Office                           |
| GESOs   | Ghana Education Offices                          |
| IAASB   | International Auditing Assurance Standards Board |
| ICT     | Information and Communication Technology         |
| IIA     | Institute of Internal Auditors                   |
| ISA     | International Standards on Auditing              |
| IT      | Information Technology                           |
| GPEG    | Ghana Partnership for Education Grant            |
| DFID    | Department of International Development          |
| SCG     | School Capitation Grant                          |
| IA      | Internal Auditor/ Internal Audit                 |



## CHAPTER ONE

### INTRODUCTION

#### 1.0 Background to the Study

Countries that have given birth to democracy are administered in a democratic policy which ensures accountability in the use of public funds by providing effective, efficient, and economical (3e's) service delivery. In achieving those government objectives is by practicing internal audit function which are said to be the major mechanism for controlling and using all the limited resources at the disposal of corporate organization.

The nature of internal audit (IA) practice has recently received increasing attention due to many reasons. And some of these reasons includes; internal audit linking to cooperate governance mechanism, control mechanism, and management of risk mechanism. The internal audit practices ensures organisational effectiveness and efficiency as a result of providing constructive criticisms, giving recommendations about current status of public sector organisations and reducing asymmetry of information at the point of making decisions and also providing internal audit assurance and financial reporting processes in the organization. The nature of internal audit practice is classified into three facets which involves internal audit as risk management mechanism, corporate governance mechanism and control mechanism which aimed at assessing and identification of risk, prevention of mistakes, shortcomings and misdeeds in the public administration, and provide good control measures that can foretell all the incidence of fraud and misappropriation of fund in the public sector like Ghana Education Service.

To measure the nature of internal audit practice, it is very important to recall the do's and don'ts of the IA. The nature of internal audit practice is worthwhile as when and where it serves as; internal governance mechanism, risk management mechanism, and control mechanism. For

example, the nature of internal audit practice involves value added contributions, and consulting services for improvement of the effectiveness of governance processes, control systems, and management of risk (IIA, 2001). This defines internal auditing as a way of moving from its narrow scope of measuring and evaluating the effect of control systems, and management of risk to a broad scope of activities that provides a way for the internal auditing as a profession and receiving more attention in governance processes. The IAs plays intermediary functional roles through provision of assistance in carrying out the oversight functions of the audit committee.

IIA Standard 2010, explicitly describe internal auditing practices a means of evaluation and contributing to the improvement of system of control, management of risk and governance processes through a disciplinary systematic approach. The nature of audit practice is recognized in a manner that helps public sector like GES achieve its objectives and goals by applying discipline and systematic approach in evaluating and improving internal audit practices through corporate governance mechanism, management of risk mechanism and system of control. Therefore, instituting internal audit practices as part of modern governance processes in the Ghana Education Service Offices (GESOs) becomes very necessary.

Few years decayed, internal audit has undergone dramatic changes in its environment and this has affected the internal audit practices. And this has necessitated public institutions like GES to cope, manage and utilize the modern electronic technology in all their operations which requires on time delivery of information and decision making involving global operations. And to achieve this, the internal audit practice must play its functional roles in a way which comply with the applicable professional internal auditing standard and organisation's goal and objectives.

The functions of IAs in the public sector organizations like GES is very important as they help in running organisations more effective and efficient to increase shareholders value. This is

accomplishing in a manner where internal auditing practices are in conformity with the applicable professional internal auditing standards which is the SPPIA. The best internal audit practice is accomplished when activities of the audit comply with the SPPIA.

IIA, 2000, defines main principle behind SPPIA which describes the principles representing the internal audit practices as it is intended for, providing performance guidance and to promoting best audit practices, establishing internal audit measurement performance criteria and foster improvement of organizational operations and processes. Internal auditors in knowing these responsibilities, provide assistance to management to become proactive in identification and solving problems at their early stage than to wait until problems escalate and become difficult to solve. It would be the interest of management of public organizations like GES in a way that the IAs discharges their duties in manner that is complying with the SPPIA. SPPIA comprises of 5 elements namely; management support, the objectivity of the IA, management's perception of internal audit function, adequate competent of internal audit staffs and the approved internal audit charter. The rationale behind internal audit is to help management of GESOs to accomplish its goals, objectives, detecting and preventing fraud based on critical scrutinisation and appraisal of effectiveness of control systems since the organization is expose to risk in the operations of the various sections of the organization. Therefore the internal auditing practices in public organisations are recognized as a means of governance processes, managing of risk and system of control.

In spite of internal auditing best practices or the IAF, there are numerous problems facing internal audit practices at GES of which some of them are; lack of inefficient mechanisms (corporate governance mechanisms, risk management mechanisms and internal control mechanisms) laid down to ensure implementation of internal audit recommendations, lack of management support, lack of independence and objectivity, collusions and manipulations,

inadequate resources, non-recognition of internal audit function, lack of competent personnel, and threat of gift.

## **1.1 STATEMENT OF THE RESEARCH PROBLEM**

Internal auditing has become the topic of focus today since public institutions' employees and stakeholders benefit from instituting strong internal auditing mechanisms which provide value to corporate governance (Smet and Mention, 2011). In spite of these internal audit functions (IAF), there have been persistent corporate scandals that have hit all over the world and particularly Ghana in few years decade and this has called for the need for considerable changes in internal auditing practices in the public organizations like GES. Additionally, the uncovering of alleged irregularities recruitment of both teaching and non-teaching staff at Ghana Education Service (GES) has called for the need of corporate governance and proper internal audit practice in Ghana.

It was revealed that previous studies have not been looking at the nature of internal audit practices with regards to the internal audit practice which involves cooperate governance system, management of risk, and control systems. And according to the researcher's best of knowledge studies have not critically examined internal audit practices conforming to best internal auditing standard-SPPIA. Emphasis given to the essence of risk management, control, and governance processes in a broader context has been incorporated into internal auditing functions and the question as to its effectiveness in relating to the internal auditing practices are being asked with greater frequency and this confirms Arthur Hald's statement quoted by flesher 1996, as to the essence of having internal auditing in organisations. However, the various recent corporate scandals, which has resulted financial crisis worldwide have generated an argument of whether internal auditing practices is as it best to produce expected result, not only to ensure that there are



compliance in accordance with system of controls but also in respect of its functional roles in managing risk and enhancing governance processes, (Alzeban and Sawan, 2013).As confirm by Alzeban and Sawan, the archival and documentary analysis supported by 29 semi-structured interviews reported that the internal auditing practices in public institutions like GES does not conform directly to best practice of internal auditing standard which is the SPPIA. And the purpose of this study seems to address this knowledge gap.

## **1.2 RESEARCH OBJECTIVES**

The general objective of the study is to assessing the internal auditing practices in Ghana Education Service and taken Brong-Ahafo region as the case study. The researcher tried to achieved the following specific objectives;

1. To identify the nature of internal audit practices at GES in Brong-Ahafo region.
2. To assess whether the internal audit practices at GES in Brong-Ahafo region conform to internal auditing standards-SPPIA.
3. To determine the problems in internal audit practices at GES in Brong-Ahafo region.

## **1.3 RESEARCH QUESTIONS**

The following research questions elicited to be addressed by this study are;

1. How relevance is the nature of internal audit practice to GES-Brong Ahafo region?
2. Does the internal audit practice at GES conform to internal auditing standards-SPPIA?
3. What are the problems faced by internal audit department in the internal audit practices at GES-Brong Ahafo region?



## 1.4 SIGNIFICANCE OF THE STUDY

The study is very significant as scandals and bad practices keeps on increases at an increasing rate in public sector organisations. This increasing bad practices hampering the economy of Ghana as a whole includes corruption, financial malfeasance, misappropriation and embezzlement in the GESOs and other public sector organisations in Ghana. The overwhelming increasing of corporate scandals led to a call from the financial controller of Ghana Education Service to some Directors of GESOs to return all unused funds of GPEG from beneficiary districts due to incapability to spend the released funds on approved activities within a stipulated time scheduled. The authorities took this tough action to deny misappropriation and embezzlement of the donor funds by some beneficiary districts directors. This show the functional roles performed by the internal auditors and took immediate actions to deal with the deviant accordingly. The study provides a highlight on whether internal audit practices at GES help in protecting the public funds or not. The IA plays significant role to control any activity not compliance with the perceived requirements and procedures that have impact on the operations of GESOs. It is however the primarily responsibility of internal auditor to add value to the public sector institutions' policies and procedures. In view of that, this study is very significant to assess the internal auditing practice at GESOs in Brong Ahafo region. Moreover, the study is very essential for empirical evidence for the GES offices to assess the policies and procedures to examine their effectiveness which serves as the basis for future researchers to develop a conceptual literature development.

The study also provide significant contribution to the society in the following practical areas: The study will provide a platform to be able identify the nature of internal audit practice in a manner that helps public sector organizations like GES achieve its objectives and goals by

applying discipline, and systematic procedure for the improvement of effective internal audit function through management of risk, control mechanism and governance processes. This research work will provide a dashboard to inform and ensure that the internal audit practices of GES meet best standards SPPIA (2000).

The study introduces SPPIA which provides a great impact to the quality of system of controls in GES which enormously have great significant on national development. It also provides link between nature of internal audit practices and internal audit work. That is, the SPPIA provides essential attributes that guides internal auditors with best internal auditing practices which serve as a way for improving internal control systems so as to increase internal audit performance.

To provide some background analysis on nature and functional role of internal audit specifically, how management's perception of IA's value, cooperation and support from management, independence and objectivity, proficiency of internal audit staff, and the approved IA charter have an impact on the internal audit practice at GES are examine and answered. Also the result of this research work could establish and regain the confidence people used to have and accord to internal audit profession as a means protecting organisation's assets against fraud and misused. The research work will be of relevance to the government in developing and exposing the problems affecting the efficiency of internal audit practices and developing the means to solve these problems.

### **1.5 SCOPE OF THE STUDY**

Ghana education service is having about 226 education offices encompasses of districts, municipals and regional offices and of which such offices are located in the capitals of each geographical sub-region. The head office is located at Accra as the capital city of the country, Ghana. The educational offices are responsible for monitoring educational activities in each

community of establishment. The 6 management departments including the regional, municipal and district directors were included in the survey. This study identify the nature of internal audit work related to (internal audit as governance mechanism, risk management, and control process) and also assess whether internal audit practice at GES conform to SPPIA by investigating into organisation's policies and procedures, structure, guidelines and necessary documents which the internal audit unit at GES offices use to carry out their audit duties in conformity with GES objectives and the SPPIA. The problems facing internal audit unit in GESOs is also determined and considered in this study. The research work has been described in narrative language and is supported by related literature on the study that has been appropriately referred and serially numbered to facilitate their identification.

## **1.6 LIMITATION OF THE STUDY**

This study which is to assessing internal auditing practices could be more successful if it is investigated in the majority of GES offices. And because of the diverse nature and geographical position of the offices of GES across the country Ghana, this research work are limited to 5 purposively selected GESOs in Brong Ahafo region which are expected to show the effects of all the rest untouched education offices in Ghana.

Furthermore, the rationale behind this research work is to investigate into internal auditing practices in GES; the nature of internal audit practice, internal audit practices in conformity to internal auditing standards, and problem facing internal audit practice. Access to information was very difficult since there was limited previous research work and literature on internal auditing practices compliance with the SPPIA. The research work involves a lot of movement and travelling in the course of conducting one on one interview, administering of questionnaires and taking respondents feedback. Some challenges were encountered as respondents' busy schedules

delayed research work but upon all these challenges I did my best to find out whether internal audit practices at GES is in conformity to the internal auditing standard-SPPIA and the nature of internal audit practice in relation to cooperate governance processes, risk management mechanisms, and control systems in GESOs. And also the reason why GES is not leaving up to expectations upon all vast resources they possess. However, these limitations could not hamper the validity and reliability of the findings and conclusions.

## **1.7 ORGANISATION OF THE STUDY**

The study comprises five chapters in addition to the preliminary page.

Chapter which is the first chapter is the introductory part consisting of; problem statement, research objectives, research questions, significance of the study, scope, limitations and organisation of the research study. The second chapter describes literature review and other related research work to the research study. The literature review in this chapter encompasses concept of internal auditing, the nature and meaning of internal audit, nature of internal audit practices, audit practices in conformity to best standards-SPPIA and the problems facing internal audit practice. The third chapter expresses the information regarding the research approach, design, source of data, population, sampling techniques, data collection, validity and reliability of data, and method of data analysis used to conduct the research. The fourth chapter consists of an analysis and interpretation of the study. This chapter also presents the discussions and findings based on the interview and questionnaires administered by using statistical data. Finally, the fifth chapter therefore summarizes and discusses the major findings, and provides conclusions and recommendations for further research study.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

The chapter two of the study provides and insights readers into prior studies conducted on the internal auditing contributions, overview and internal audit practices. The rationale behind this study is to explicitly make clear understanding of the basic concepts which are related to the nature of internal audit practices, its contributions, and other concepts. Specifically, it looks at the nature of internal auditing practice at Ghana Education Service (GES), and how or whether this practice is in accordance with internal auditing standards-SPPIA.

The internal audit agency (IAA) was enacted by the internal audit agency act 2003 (Act 658) with the aim of monitoring, supervising, coordinating, facilitating and provision of adequate assurance for the internal audit unit MDA's or MMDA's. The main requirement of the act is to provide assurance and consulting service which results in the improvement of accountability, transparency, and efficiency in usage of resources in public organisations like GES. And in view of this, this chapter is deem to highlight on the concept of auditing, nature of internal auditing practices, development and extent of compliance with SPPIA, internal auditing practices in conformity with best standards-SPPIA, and the problems facing internal audit practices.

#### **2.1 CONCEPT OF AUDITING**

Auditing like other related subjects has been given much attention and defined using several keywords and phrases. According to International Auditing Assurance Standards Board (IAASB), “the objective of an audit of financial statements is to enable the auditor to express an opinion whether the financial statements as prepared, show true and fair view in all audit of financial statements is an assurance engagement”. The auditor reviews the organisation's financial

position and transactions based on the organisation's own financial control system so as to know whether the entity's financial records are free from fraud, errors, and material misstatement. Particularly the nature of internal audit practice which is used to measure the improvement of public sectors through IA was the focus of this study. In this study the literature review consists of the nature and meaning of internal audit, compliance to audit standard and problems facing audit department to carry out its work diligently. The two main types of audit which helps management to accomplish organisation's objectives consist of internal and external audit. The both internal and external audit function as objectivity and independence in providing assurance and consulting services that serves as value adding activity to enhance the performance of an organisation.

### **2.1.1 The External Audit**

The external audit is an assurance engagement undertaken by an appropriate appointed person to give an independent opinion on an entity's financial statements. It is therefore the engagement of an independent body of person or persons for an examination of financial records of the management of an entity. An external auditor is responsible for presenting reliable and accurate financial position to stakeholders of an organization for the purpose of making. To avoid mistrust of external auditors report, external auditors are expected to be independent and must shun from any relationship with the organization it audits. The auditor should not share friendship or become a relative of any manager, owner, and an employee of the organization that it audits.

### **2.1.2 Nature and Meaning of Internal Audit**

Internal auditing is traditionally defined as an independent appraisal functions enacted within an entity for the evaluation and examination of an organisation's activities. IIA, 2001, defined

internal auditing as an independent, objective assurance and consulting activity designated to add value as a means of improving organisation's operations. Internal audit assist organization to achieve its stated objectives through a step-by-step, and consistent disciplinary approach for evaluation and improvement of the effectiveness of system of control, management of risk, and governance processes. In the course of providing independent and objective opinion relating to the operations, systems, and functions of the organization, the IA provides advisory and assurance services in respect of the particular service engagement given by the organization.

Non-accounting areas with the operational side of enterprise are critically studied, analyzed and weakness of the system or practice with inefficiency, wastage and frauds are brought to the notice of the management. And as organizations activities are expected to be in line with policies, procedures, statutory rules and regulations, the internal audit practices should be in accordance with professional internal auditing standards-SPPIA, so that external auditors do not tag the organization with fault in relation to financial misappropriation. The IA may be involved in financial audits, focusing on the audit of items in the income statement and the balance sheet. When the internal auditors perform this type of work, they may duplicate work that the external auditors might otherwise be expected to do. The external auditors might therefore be reliant on the internal auditors work in finalizing their audit conclusion since both internal and external practically perform the same function.

According to IIA, 2011, internal audit practices can be classified into three facets namely; cooperate governance process, risk management mechanism, and control systems. The three broad areas of internal audit which are classified as the nature of audit practices are discussed in this literature.

### **2.1.2.1 Types of Audits Performed by Internal Auditors**

The following are variety of audits that are performed to review organizations activities and resources;

#### **1. Financial**

It is an independent examination of control processes for the purpose of attesting the reliability and accuracy of financial records involving revenues and expenses and checking their reporting system to comply with an established localised developed rules, regulations, policies and procedures within an organization. The audits examined financial records assess whether authorisations, receipts, and payment of funds are appropriately recorded. It also assess whether there is sufficient control over cash transactions within the organization.

#### **2. Operational**

Operational audit is a systematic and independent examination of an entity's activities. Audit evidence that comes from primary sources are the entity's operational objectives and policies, though it makes use of financial data, though it make use of financial data. It is therefore a critical examination and evaluation of the effectiveness of an organization use of resources so as to achieve and organisation's objective.

#### **3. Compliance**

Compliance audits is the review of an organisation's financial controls and analysis of ogranisation's operating system to assess the adequacy of controls, assets protection policies and efficient use of other resources compliance with established laws, regulations, and polices of financial information. It should be able to identify gaps in organization policies and procedures in managing financial and accounting controls and then recommend efficient training programs to ensure that management actions comply with requirement standards.



#### **4. Information technology**

It involves application system which reviews the controls of application systems by examining the input, processing and output system of data use within an organization. It also involves the development and a critical examination of operations, maintenance, and security application systems in a particular business environment. It reviews the system and operating software system to assess the security software tools, processes and procedures for controlling organization technological programs. It has a purpose of examining the effectiveness and efficiency of the organization's electronic information.

#### **5. Investigative audit**

Investigative audits take place as a result of weak system of controls with the purpose of identifying risks and to provide corrective mechanisms to address any deviations. It is an audit conducted to report suspicious happening activity and therefore focuses on a particular work or department in which risk has been identified. This is an audit that report on misconduct existing in an organization.

### **2.2 NATURE OF INTERNAL AUDIT PRACTICE (NATURE OF INTERNAL AUDIT WORK)**

According to the Institute of Internal Auditors (IIA, 2004), the internal audit practices provide a contribution to the improvement of governance processes, management of risk and internal control systems. In measuring internal audit functions, it is very important to identify the do's and don't's of the internal audit. Nature of internal audit practice is worthwhile to the auditing practices as when and where it serves as internal governance mechanism, risk management mechanism and control mechanism.

### **2.2.1 Internal Audit as an Internal Governance Mechanism**

The effectiveness of corporate governance policies and practices is the major responsibility of the Board of Directors and senior management of an organization. The nature of internal audit practice at public sectors like GES ensures that the IAs are tasked with the responsibility of enhancing corporate processes and system of controls are functioning as intended. Nature of internal audit practice as corporate mechanism ensures that resources of public sector organisations are used effectively and efficiently as it serves as one of the functional roles for internal audit practices. Detection of fraud is termed as one of the major significant tasks of internal auditor. It is noted that fraud can cause an organization amillion of cedis and also hamper the public image of that organisation. The Directors and management of many public organizations like GES depend solely on the internal audit practice to reveal instances of fraud and abuse of activity plan. In recent times opinions have emerged that internal auditors should play a greater and direct functional role in establishing good governance. To achieve this, the internal auditors should develop the qualities of being conscientious, dutiful, and efficient in delivering their audit services.

#### **2.2.1.1 Agency Theory and Corporate Governance**

One distinguished characteristic of public institutions is about separation between ownership and control of organization. Agency problem is said to be a factor which crippled the support and full cooperation internal auditors do expect from an entity's management. Agency theory is described as a means of solving problems and challenges which arise in agency relationships as a result of differences in individual interest and various levels of risk aversion. It therefore concerns about addressing problems that exist as a result of differences between objectives desires among different stakeholders. The internal audit practices are at stuck when there is

agency problem. The effectiveness of internal audit practices heavily depends on agency relationship between the internal auditor and management of an organization. Agency theory assumed that the desires of management do not conform to an organisation's goals and for this conflict of interest to be prevented, there should be an instituted designed of mechanism for corporate control to direct managers to operate according to organisations policies and procedures towards a set goal (Short and Keasey, 1999).

### **2.2.2 Internal Audit as a Risk Management Mechanism**

Internal audit practice is a means of adding value to an organisation. This primarily functional role of internal audit practices provides assurance and ensures that risks are identified, clearly understood and properly managed. Internal audit provides an important role in managing the risk identified in an organization. Also, internal audit practice institute risk mechanism which is able to identify risk areas so that the internal auditor in collaboration with management can strengthen and better the risk management procedures. An internal audit is vital tool for organisations in monitoring and managing an identified risk and positioning risk management at the frontline of an organization. And that could be accomplished as a result developing an integrated risk management framework. The internal audit practices could be evaluated to assess the effectiveness of risk management processes. And it is the IA's assessment through which effective risk management processes are determined.

#### **2.2.2.1 Internal Audit Effectiveness**

Effectiveness of internal audit is described as an effective objective body of person(s) providing advisory and assurance services that add value to an organisation's operations. Internal audit practice could be described as effective as and when it is able to ensures that an organization

achieve its objectives through a step-by-step approach to improve the effectiveness of managing risk, system of control and governance processes. Arena and Azzone (2009), defined internal audit effectiveness as the capacity of the internal audit to gather and obtain results that are in line with set-targets. In Mihret and Yismaw, (2007) internal audit effectiveness is defined as the degree by which an internal audit unit meets stated objective or the extent at which the internal audit accomplish the intended outcome. The various definitions imply that effectiveness is all about accomplishing the internal audit goals and objectives. This shows that internal audit management is the interdependently unit that should be in a collaborative to accomplish organizational goals.

### **2.2.3 Internal Audit as a Control Mechanism**

The management of public sector organizations incorporates internal audit practices as a control mechanism. This process of adoption gives assurance about the accomplishment of the organizations goals relating to financials reporting, operations and compliance with the regulations (Coso report, 1992). Internal control, is a process of instituting mechanisms to ensure that organisations achieve their objectives in more effective and efficient manner and also assuring that there is compliance with laws, regulations and policies. Internal control comprises everything that controls risks in an organization. Control systems are implemented by management to ensure that organisation's missions relating to reporting is in line with the appropriate laws and regulations for the purpose of effective and efficient operations. It is therefore a mechanism for ensuring that an entity's resources are protected by providing important functional roles in detecting and preventing of fraud and organisations resources relating to both tangible and intangible.



### **2.2.3.2 Components of Internal Control**

This study identify elements of assessing control which are described as the five (5) main components of an internal control system and they include; control environment, organisation's risk assessment process, information system, control activities, and monitoring of controls.

#### **1. The Control Environment**

This involves the governance processes and the function of management in an organization. The variables that consist of control environment are the attitudes, awareness creation and actions by those responsible for implementing system of controls in a particular business environment. Control environment basically refers to the process of controlling the environment within which business activities are operated.

#### **2. The Risk Assessment Process**

This focuses on identification risk and determining mechanisms to manage the identified risk. It involves monitoring and managing risk that has been identified in the course of business operation. However, risk assessment process depends on the nature, size and how complex or flexible an organization is. And this gives an insight about the type audit procedure to use. It therefore becomes appropriate for management of public institutions to be proactive by instituting mechanisms to prevent risk than allowing such risk to escalate before reacting towards that.

#### **3. The Information System**

Information system is very important in every business environment. At the inception point of audit engagement, internal auditors become gain comprehension about the information system of an organization and which is part of the internal control systems. However, information system does not only mean the accounting system. It is the system by which organization's management communicates both within and outside the organization. Entity's information system must not be

confused with information technology. Although, IT has recently empowered us developed much better information systems but information system is simply a system through which entity records, processes and communicates information regarding entity's financial position.

#### **4. Control Activities**

The control activities include all policies and procedures established by an organization are directed to meet its intended purposes. Control mechanisms are instituted by organisation management to ensure that there is reliability and accurate financial records. That control activities prevent fraud and material misstatement intended to hamper an organisation's objectives.

#### **5. Monitoring of Controls**

This is the process of assessing the performance of control activities thereby examining control processes and developing corrective mechanisms to solve deviations if there is any. Clearly if a control is not implemented properly or is simply considered ineffective then misstatements may pass undetected into the financial statements. Monitoring can be either ongoing or performed on a separate evaluation basis (or a combination of both). Either way, it needs to be effective for the system to work. Monitoring of internal controls is often the key role of internal auditors.

#### **2.2.3.3 The Need for Control**

Controls are needed in organizations to ensure smooth running of activities and then subsequently the successful accomplishment of organization's objectives. It is evidently clear that controls form the bedrock for the success of organizations. Thus, controls are required for a number of reasons.

In the first instance, it is natural to expect both intentional and unintentional mistake in organizations. Controls therefore serve as effective checks and balances in a system. And it is contended that it is axiomatic things will go wrong. The problem facing the management is to decide how much resource to deploy to create sufficient controls to limit the possibility of bad events occurring and to limit their damage when they occur. Similarly, it is propounded that better internal controls may enable the business to engage in more profitable activities that would be too risky for a competitor without those controls.

Secondly, the size, nature and the geographical distribution of organizations are very important consideration in discussing the necessity of controls. There is an assertions that due to the large size of firm, the nature of business, the assets, the volume of transactions and the geographical distribution and company operation, it becomes necessary for management to increase the need for formal control. This of course calls for proper and continuous control mechanisms to be put in place.

Thirdly, effective controls give reasonable assurance, even though it does not necessarily guarantee that all the entity's missions and goals could be accomplished. Thus, it is the surest way to the continued survival of an organization. This affirms to the fact that evolving of effective internal control is not a natural happening. It therefore requires concerted endeavor on gradual process. Control processes within an organization require adequate planning and commitment on the part of management. It should also be taken on a continuous basis so as to avoid its break down which will cause a serious damage on the entire system. Frauds, errors and irregularities are evidences of weaknesses or absence of controls in an organization.

## 2.3 THE DEVELOPMENT AND EXTENT OF COMPLIANCE OF SPPIA

SPPIA which is International Standards for the Professional Practice of Internal Auditing (Standards) is described as Standards that are principle-focused and provide a framework for performing and promoting internal auditing. The Standards are mandatory requirements consisting of; statements of basic requirements for the professional practice of internal auditing and for evaluating the effectiveness of its performance, the requirements for the professional practice of internal auditing and for evaluating the effectiveness of its performance, the requirements are internationally applicable at organizational and individual levels interpretations, which clarify terms or concepts within the statements, and Glossary terms. It is very important to consider both the statements and their interpretations to understand and apply the standards appropriately. The standard uses terminologies which meanings are noted in Glossary. SPPIA are the requirement standard that evaluate and assess internal auditing practices to make it as it supposed to be. The SPPIA serves as a guideline for all professional internal auditors in every entity where internal auditors are engaged. At the internal auditors international conference in San Francisco held in June 1978, that SPPIA was firstly developed.

The SPPIA consist of 5 standards namely; independence and objectivity, professional proficiency, nature of audit work, performance of audit work, and management of internal audit unit. The framework gives room for future expansion of the internal auditing practices until and introduction of a new framework in January, 2002. There was an introduced of a new framework which is Professional Practice Framework (PPF) in January, 2002 which comprises of three standards namely; attribute, performance, and implementation standard. The attribute standard deals with an organisation's attributes and develops a procedure use in measuring internal audit



services that are provided by individuals. The Implementation standard provides a framework of which specific engagements are guided.

However, the study is not able to talk much on this new framework as time demands. The compliance of the standards involves individual auditors and the internal audit services at large. That is, internal auditors with no exceptions are compelled to conform to the standards in respect of professional proficiency, due professional care, and independence and objectivity. Also, internal auditors are to ensure that their performance relating job responsibilities should conform to the standards. The CAE is therefore responsible in such that internal auditing practices are in conformance with this applicable standards which is the SPPIA. It is noted that, the development and reviewing of the standards is on a basis of a gradual going concern approach. The development and issuing of the standards-SPPIA has gone through a series of consultation and sittings by the International Internal Audit Standards Board (IIASB) to elaborate on the effectiveness and conformance of the standards it are introduced. And these extensive consultations evolve solicitation for public contribution and comments worldwide through exposure of draft approach. The individual and collective exposure drafts are received by the IIA's institutes and website.

### **2.3 AUDIT PRACTICES IN CONFORMITY TO STANDARDS**

Internal auditing practices are seem to produce best results when it is in conformance to the applicable to the Standards for the Professional Practice of Internal Auditing (SPPIA), which is internationally recognized as the best practices of internal auditing. In conformance with the standard, the internal auditor should ensure that the standards are in line with the organisation's established laws, regulations, procedures, plans, and policies that may have impact on an entity's operations. In conforming and managing the internal audit practices to meet best standards, the

CAE must effectively ensure that internal auditing practices serve as a value adding activity to the audit practice at the public sector organisations.

The SPPIA (2000), state that the internal audit practices meet best standards when the internal audit activity conforms to the requirements of internal auditing standards-SPPIA and that the quality results outcome produce as a result of this best internal audit practice is in support of the standard. According to Mihret and Yismaw (2007), internal audit practices meet best standard when it conforms to the qualities of effective internal audit requirements from the perspective of the internal audit unit. These characteristics are describe as attribute standards according SPPIA which encompasses the perceptions of the management about IA function, management support, organizational independence of internal auditors, adequate competent of IA and the presence of approved IA charter.

### **2.3.1 Management Support and Complete Cooperation**

The internal audit executive must communicate and directly interact with the management and board of GESOs on regular basis which is monthly, quarterly, half yearly, and/or yearly. According to SPPIA 1111, direct interaction with the board, ensure that top management informs other existing departments of an organisation for full cooperation. Internal auditors must have a close link with organisation's management in their daily activities, that is, the internal audit needs good support from their management of public institutions such as GES to become effective so as to be able to accomplish the audit objectives. Management support is described as a means of providing assistance to the internal auditing process in terms of necessary resources such as finance, transport assistance, supporting in training and development, introducing internal auditors to new audit procedures and technology, providing funds for certification and

other facilities that streamline the internal auditing practices so that internal audit practice meet the requirement of professional internal auditing standards.

In addition, implementing internal audit recommendations are very significant to internal audit practices which are the component of management support. The management of an organization is the seen as the client or auditee receiving internal audit services and as a result, the commitment of management in implementing internal auditors' recommendations and their full support and cooperation is a paramount to the strengthening of internal auditing practices. And more importantly, the findings and recommendations of the internal auditors would neither produce a positive result unless there is management commitment to implement them.

### **2.3.2 Management's Perception of IA's Value On the Basis of Quality Assurance Program**

SPPIA 1300, quality assurance program implies that the internal audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit practice. It is interpreted that a quality assurance program is designed to enhance the evaluation of the internal audit practice in line with internal auditing definition and the standards and also ensures that internal auditors apply the code of ethics. The program also assesses the efficiency and effectiveness of the internal audit practice and identifies opportunities for improvement. The IA has to carry out audit program effectively and efficiently so as to deal with management and stakeholders of GES perception about the audit work. The IA has to diligently detailed checks to ensure that the bookkeeping procedures have been properly classified in the annual accounts at the end of the period. There should be much more concentration on making a detailed examination of accounting systems and controls in such areas as cash receipts, sales, etc. and performs test on a quality to reduce management doubt and perception to increase IAs value

rather than on a quantity basis, that is, fewer transactions are examined but are subject to far greater scrutiny.

Perception is described as the process of attaining awareness or understanding of sensory information. According to Woodard III, 2002, perception is the mental imagery or intuitive recognition of experience when aware of the elements of the environment. To develop positive perception, internal auditors and the customers of audit services should have a comprehension of why and how internal audit serves as a value added activity. The failure to reach this understanding would create perceptual bias such that internal audit is rather an obstacle to accomplishing productive objectives. This can result in underutilized audit services and ignored audit recommendations (Flesher and Zanzig, 2000) which adversely influence the best internal audit practices.

### **2.3.3 ORGANIZATIONAL INDEPENDENCE AND OBJECTIVITY**

The internal audit executive should report to a level within the organization that allows the internal audit activity to fulfill its responsibilities (SPPIA 1110). The internal audit executive must report to management and the board of an entity, at least annually, about the objectivity and independence of internal audit activity in an organisation. The internal audit practices must be free from external influence in the course of determining the scope of internal auditing, discharging audit duties, and reporting on performance results. The audit work of IA is classified as objectively successful and useful when the IA carried out his audit activities independently such that there is no interference by any stakeholder.

Independence has no single meaning and interpretation across the people; hence the concept is subject to ambiguity and uncertainty (wines, 2012). However, for the purpose of the study



independent refers to the concept of being free from any management interference as internal auditors carry out audit duties and present audit report for recommendation. Independence is fundamental to the reliability of auditor's reports. The internal audit report would not be credible and given much attention by both internal and external stakeholders if the internal auditors are not independent and objective in their work and which as a result creditors and investors lose confidence in the report. Independence in fact exists when internal auditors are actually able to act with objectivity, integrity, impartiality and free from any conflict of interest.

#### **2.3.4 Provision of Adequate and Competent Internal Audit Staff**

According to SPPIA 1210, internal auditors should gain the knowledge, skills, and core competencies needed to carry out internal audit work. The internal audit practices must collectively obtain the knowledge, skills, and other competencies needed to carry out internal audit work. Professional proficiency comprises knowledge, skills and other competencies needed by the internal auditor to carry out their audit duties effectively. Internal auditors of public institutions should be encouraged exhibit their individual professional proficiency through the attainment of certified professional qualifications.

Internal auditors must possess the knowledge and skills to be able to evaluate the risk of fraud the way such risks could be managed by the management of an entity. It is noted to have identified person or a body who is primarily responsible for detecting fraud. Internal auditors of public institutions of which GES is no exception must have sufficient knowledge of key information technology risks based and controls and available technology-based audit techniques to perform their assigned work. However, not all internal auditors are expected to have the expertise in information technology auditing. Weakness in staffing can lead to mismanagement, error and abuse, which can negate the effect of other controls (MOFED, 2004).

### **2.3.5 Develop and Approved Internal Audit Charter**

According to SPPIA (1000), the purpose, authority, and responsibility of internal audit practices must be clearly and formally defined in an internal audit charter and should be in accordance with standards and consistent the definition and code of ethics of internal auditing. The internal audit executive must be reviewing the internal audit charter periodically and finally issue to top management and the entity board for an approval. Per its interpretation, the internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter shows the position and hierarchical status of internal auditor within the organization, involving the nature of internal audit functional reporting system, freely accessibility of records, enquiry of information, and physical logistics relevant to discharging of audit work, and clear definition of the scope of internal audit activities. Though, the final approval of the internal audit charter resides with the board. The nature of assurance services provided to the organization must be defined the internal audit charter.

### **2.4 PROBLEMS FACING INTERNAL AUDIT PRACTICES**

With respect to public sector institutions like GES, the internal audit does encounter problems which distract the IA to meet best standard and internal audit practices in the process of discharging their responsibilities and making it difficult for the unit to efficiently carry out its functions. The problem seems to be in a dual effect in the sense that some of the problems arise from the non-auditing staff and some within the audit perimeter. The following are described as some of the problems faced by internal audit in performing their audit functions.

#### **2.4.1 Problem of Compliance to Organisation's Policies and Procedures**

Internal auditor's assessment should focus on the organization's process for ensuring that policies and procedures are comprehensive, reviewed and updated on a periodic and reasonably frequent basis as well as accessible and understandable. The internal audit work and practices must be such that it is compliance to the public sector-GES policies and procedures system of auditing in order to avoid misconception and misunderstanding. This should be noted and verified by the internal audit that the public sector institution has a process in place for communicating important changes between periodic updates. Whether it is ISO, sec or sox guidelines, public institutions are now expected to proactively initiate internal, it enabled enterprise wide audit solutions that ensure compliance.

#### **2.4.2 Problem of Adoption to the Introduction of new Technology**

Inventions of computerized audit system which creates problems to the internal audit staffs in discharging their duties, upgrading their skills and proficiency to become abreast with these new challenges in the face of manipulation of these to perpetrate fraud is desirable. Technology has given room for institutions to record data using automated accounting system. Some of the audit evidence available in the form of accounting records which are required for audit work can only be made available if good accounting system is put in place by the internal audit unit. The non-auditing staffs do feel that the way to hinder the auditors work is by installing or operating in modern accounting system. Internal auditors are required to make sure that the internal controls are effective enough in dealing with organisation's requirements when systems of controls are manual. And where internal controls are automated, the IA must have the requisite skills and knowledge to interpret the system and confirm that the workforce understands the technology.

### **2.4.3 Non-Recognition of the Internal Audit Unit**

The means of dumping the spirit of the internal auditors is to give little or no recognition to the importance of the internal audit unit. Management feel reluctant to budget fund for the operation of the internal audit unit and has resulted in poor internal audit practices in many public organisations leading to the increasing rate of fraud and corporate scandals in recent times. Managers of public institutions like GES unknowingly or blindly underrate the role of the internal audit and for that matter their findings and recommendations are undercover and not much attention is taken with respect to audit practices.

### **2.4.4 Objectivity of the Internal Auditor**

This is a challenge facing internal audit unit in many organisations. That is, management does influence the objectivity of the internal auditors simply because they are employees of such an entity and for that matter their objectivity is hampered. Mostly, internal auditors intend to do a diligent work but senior managers like directors of public sector institutions-GES will use their positions to influence the good work of the internal audit work in their favour so as to achieve their selfish desires.

### **2.4.5 Problem of Unavailability and Inadequate Resource**

The internal audit practice of the public sector faces the problem of unavailability and inadequate of both financial and human resource. The audit unit may not be adequately resourced with staff and finance to enable them perform their functions. The internal audit should be well equipped so as to carry out its audit work as required of them. Also having well experience, skilled and knowledgeable to be recruited to perform audit work sometimes becomes a problem as a result of educational and professional qualifications.



#### **2.4.6 Adoption and Implementation of Reforms**

The SPPIA requires that the internal auditors should carry out their audit duties in conformity to the applicable internal auditing standards. The inability of the audit unit to abreast with the current internal auditing standard and practice (SPPIA) will makes the audit practices of the internal audit unit lose value. This problem is commonly found in the changing trend in internal auditing standards and practice. That is, internal audit unit should keep up to date by adjusting to the increasing dynamism, changing environment and new auditing standards and reforms.

#### **2.4.7 Threats of Gifts**

Many non-audit staffs are usually those, whose performances are under examination. Often they impose gifts on the internal audit staff which influence them and discourage the auditor from giving a genuine opinion as expected. Also when internal auditors receive incentives compensation, their independence could be tempered. The objectivity framework which requires internal auditors to examine the possibility of threats to the independence of the internal auditors prevents them from receiving gift from the auditee. And gifts are said to influence the report and findings identified by the auditing staff in probing the accounts of the auditee.

#### **2.4.8 Problems with Collusions and Manipulations**

Collusions and manipulations has been a persistent challenge facing the internal auditing practices many organisations. Collusions and manipulations serve as a tactical plan established by a lot of management fraud their organisations. That is, management colludes and connives with the auditing body or anyone in charge of instilling control mechanisms and thereby reducing the effectiveness and efficiency of the internal controls. Since internal auditors staffs are part of the employees in the organization, they are easily to be influenced by management and executive members to undercover misused of resources and other unusual anomalies in the

organisations financial records. Internal auditors are influenced by issuing inaccurate report as it always true that for an auditor to reside with a executive member's residence hamper the objectivity of the auditor which is simply because they become acquainted and share thoughts together

#### **2.4.9 Political Interference**

Political interference in public sector organisations has become a recurrent problem facing internal audit practices. Despite the requirement of SPPIA and IIA which call for organization independence and objectivity, it has become a problem to internal audit practice as noticed on several occasions that a government appointee issued directives to the public sector institutions like GES. And usually majority of these directives do not conform to the established laws, regulations and policies governing the operations of such particular service organisation. Political interference in the public sector organisations plays very big havoc to the internal audit unit.

#### **2.4.10 Lack of Support for Internal Audit**

In most often, management who supposed to cooperate and work hand in hand with their internal auditors are rather seen as opposing parties. This therefore limits the capacity of internal auditors to carry out their audit work since they are denying with management support. The best internal audit practices in many public organisations are tempered since internal audit unit lack the requisite logistics and financial support from the management. And it is undisputable fact that, internal audit will not be effective and efficient as intended to be if it lack management support.

## 2.5 BACKGROUND OF GHANA EDUCATION SERVICE

A lot of changes since the establishment of Ghana education service in 1974. The 1992 constitution of Ghana gave endorsement to the service under article 190 and the subsequent introduced changes in the Ghana education service act 506, 1995. In 2008, the release of newly introduced education act 778 called for changes in the service structure, yet upholding its responsibility of managing the pre-tertiary education in Ghana. Education is being recognized in every social community throughout human history both as an end in-it and as a means for the individual and society to grow. It is not only “the key to sustainable development,” but also “a fundamental human right (Bruns et al, 2003; World Bank, 2003). As a result, several endeavors have been executed relating to the accomplishment of education for all (EFA). Ghana Education offices are responsible for the monitoring educational, administrative and legal activities for schools in the communities of the establishment. The number of education service offices has been increasing through political ideologies with the reason of minimizing corruption and increasing decentralization system in the department of education.

In 2007, there were 101 districts, increase to 138 in 2012 which lead to the same the number of creation of education offices respectively. The creative of new district automatically generate new education offices. There are currently 216 districts in Ghana generating 216 district education offices respectively and 10 regional offices situated in each of the ten regions in Ghana. Ghana education service is having about 226 education offices encompasses of districts, municipals and regional offices and of which such offices are located in the capitals of each geographical sub-region. The head office is located at Accra as the capital city of the country, Ghana. The researcher focused on 5 selected education offices in Brong-Ahafo region out of the total number about 226 education offices in Ghana to represent the whole GESOs.

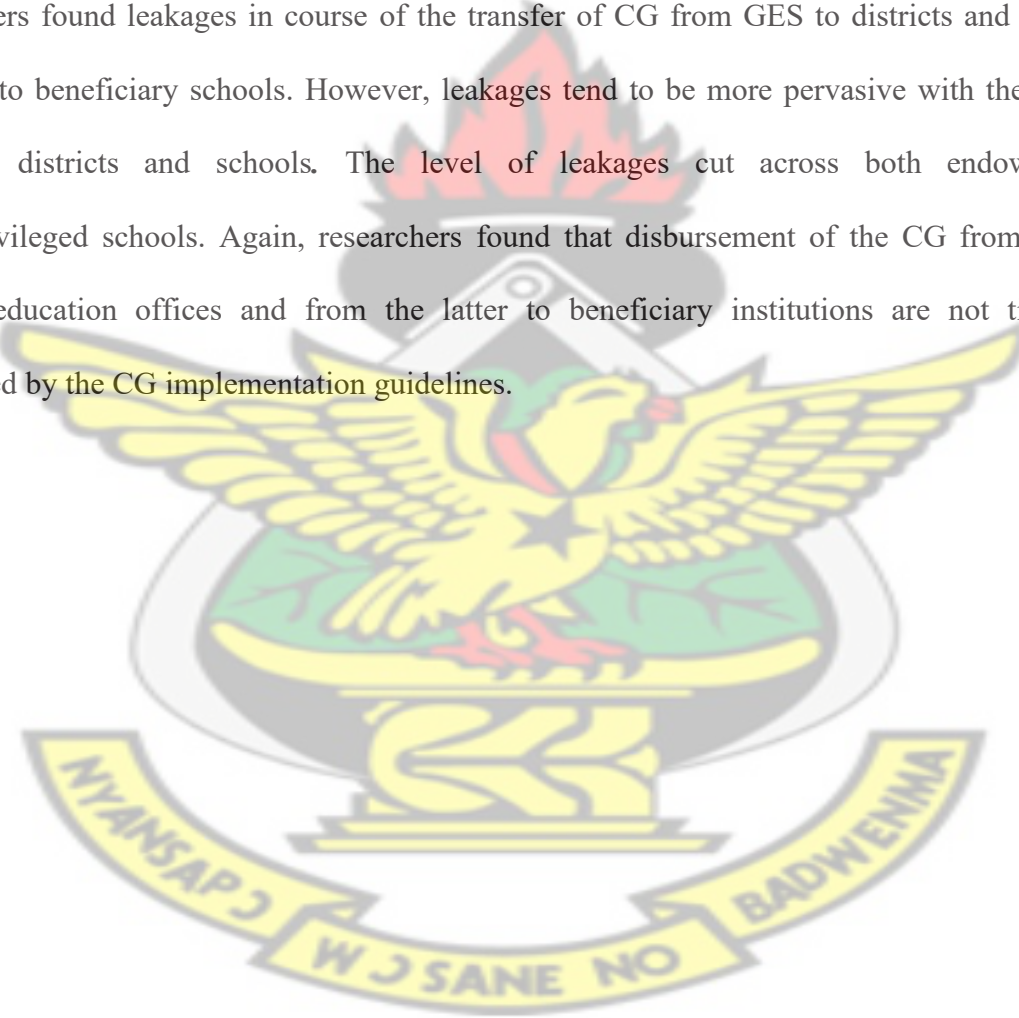
## 2.6 Empirical Review of the Study

As the main aim of this research is to assess the internal audit practice in the GES, different authors and researcher's idea and recommendations regarding the related topic of internal audit are analyzed and presented. Although the prologue of internal audit in Ghana dated in few years decayed where Ghana established the internal audit agency Acts, 2003 [Act 658] which was established by parliament as apex body to facilitate, coordinate and provide quality assurance for the internal audit practices within the 4th republic of Ghana. The success of internal audit practices depends on how well it has contributed to development of organizations. However research has proved that the activities of internal auditors has been restrictive in terms of scope and ability to take right decision that will bring inefficiencies of management to bear and expose financial malfeasance of management. There is therefore the need to address these issues to ensure that internal auditors work effectively and efficiently to achieve the mission of Ghana Education service offices (GESOs) Brong-Ahafo region and safeguard its finances. For the ease of presenting the literature, this section outlines the professional practice of internal auditing in GES. The section acts as a good guideline to auditors on understanding the nature of audit work, internal control, internal auditing activities conforming to standards and escalating challenges facing internal audit unit in carrying out their duties.

The Government of Ghana with the policy of the abolition of school fees especially at the basic education level rolled out two pilot primary education improvement policy initiatives- the Capitation Grant Scheme (CG) and the School Feeding Program (SFP) in the 2004/05 academic year. These initiatives aimed at helping poor parents meet the cost of primary education and improve the nutrition of children, especially poor children (African Education Watch, 2008). But the implementation of the policy could not meet its expectation due to poor internal audit



practice at GES to monitor and advice activity holders on how to use the fund effectively and efficiently. Despite The GES internal auditors responsibility to monitor the school accounts and conduct at least one audit on the use of the capitation grants, specifically half yearly and then submit copies of their report to the SMC, the DDE, and the regional director of education, however scandal hit the implementation of the CG or School Fees Abolition Initiative (SFAI) in Ghana through Corruption, leakages, poor record keeping, misappropriation of resources and funds among others have been identified as major bottle-necks (World Bank 2009). Generally, researchers found leakages in course of the transfer of CG from GES to districts and from the districts to beneficiary schools. However, leakages tend to be more pervasive with the transfer between districts and schools. The level of leakages cut across both endowed and underprivileged schools. Again, researchers found that disbursement of the CG from GES to district education offices and from the latter to beneficiary institutions are not timely as demanded by the CG implementation guidelines.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 INTRODUCTION**

This chapter presents the various instruments and procedures used in obtaining data from Ghana education service offices (GESOs). It consists of; research approach, data collection method, questionnaire design, sampling plan, population size, interviews, and statistical techniques used for analyzing data.

Methodology refers to the way in which a research is being carried out. In other words, it is a set of method used in working at something. Therefore research methodology relates to the way in which research work understudied is systematically carried out and solve its intended problem through planned collection and analysis of data.

#### **3.1 RESEARCH DESIGN**

This comprises of the techniques used in gathering the data for a proper project analysis. The data necessary to help assess the internal audit practice at GES-Brong Ahafo region. The research decided to employ a type of method and procedure in getting the population size of GES-Brong Ahafo region and its complexity of which gave the researcher the idea for the generation of the needed information for the study. According to Saunders, Lewis and Thornhill (2009) research design is define as the general plan which guides a researcher in answering research questions. A research design is said to be the eye of the study and delineates the type of the study. A descriptive research design helps the researcher to acquire information based on current status of the research area. A descriptive research design focuses on describing a particular event or phenomena instead of giving an interpreted judgment. The sources of data used to conduct this study are both the primary and secondary data obtained through interviews,

questionnaires and focus or discussion group on the topic respectively. The questionnaires were distributed both to the GES senior management team and internal auditors. The study area is selected using purposive sampling method and adopted simple random sampling to generate the sample size from selected Ghana education service offices (GESOs) in Brong Ahafo region which have greater impact to influence the country's overall economy.

### **3.3 SOURCES OF DATA**

The researcher used both primary and secondary data to conduct this study. This will therefore help readers to comprehend the issues and variables pertaining to the study.

#### **3.2.1 Primary Data**

The primary data for the study was represented by the survey results that were acquired from the respondents through the administration of questionnaires and in-depth interviews and/or discussion/focus group which involves other staffs. The researcher settled on questionnaires, formal and informal interviews with management, internal auditors and staff of selected GESOs in Brong-Ahafo region. This can be done through personal interview, administering of questionnaire to the people on observation. The data collected by the researcher is the direct information from employees some selected GESOs, Brong-Ahafo region on the topic of study. For the purpose of this research work questionnaires were distributed to staff members of management and internal auditors to be filled for relevant information needed for the research work.

#### **3.2.2 Secondary Data**

The secondary data are data on the case study used, for example audit manuals. The secondary source of data entails information gotten by the researcher from already existing materials that

are related to this topic of study, hence the secondary source of data for this was obtained by the researcher from published articles, internet, journals and scrutinization of existing documents (audit reports, audit manuals) at the offices of GES. The researcher used secondary data to validate and ensure that reliability of the study is achieved.

### **3.3 POPULATION**

Population refers to the whole group that the study focuses on. The study's population comprised about 226 Ghana education service offices in Ghana, from which a purposive sample of 5 GES offices were selected as a case study. All the staff members and management including the education directors selected for the study has a population of 380.

### **3.4 SAMPLING TECHNIQUES**

The target population for this research was the selected offices of Ghana education service which are found in the Brong-Ahafo region. In Ghana there are 226 education offices which comprise 216 metropolitan/municipal/district offices and 10 regional offices, while almost all of them are having internal audit staff. Due to the difficulty of covering all the total existing Ghana education service offices, the researcher obliged to minimize its study area by focusing only on 5 purposively selected education offices that are expected to be used as a representative of other education service offices in Brong-Ahafo region and Ghana as a whole. These offices are selected purposively, because the use of purposive sampling enables the researcher to generate meaningful insights that help to gain a deeper understanding of the research phenomena by selecting the most informative participants that is satisfactory to its specific needs. Therefore, the researcher focused on the selected education offices which have enough experience internal audit staffs, very popular in nature and have greater impact to influence the country's overall social,



political and economic issues with respect to the internal audit practices at GES, Brong-Ahafo region and Ghanaian economy as a whole.

The selected education offices as sample of Ghana education service offices which are the focus of this case study are as follows;

Sunyani regional education office (SREO),

Goaso municipal education office (GMEO),

Asutifi district education office (ADEO),

Wenchi municipal education office (WMEO), and

Asunafo south district education office (ASDEO)

The data collection was conducted based on a survey from the selected GES offices that have internal audit team in their offices. From the offices of GES the management members; the regional director, district director and their respective deputies, finance and administrator, public relation officer, accountant and other senior management personnel who have been connected to the audit result are participated for the responses distributed. The internal auditors of this purposively selected district education offices having certification and experienced auditors also participated for the questionnaires administer.

### **3.4.1 Sample Size**

There are many education offices in Ghana and as per the complexity of the accessibility to the various offices, the researcher randomly selected five offices out of the total number of 226 GES offices to help in the researcher's study. The questionnaires are distributed for the population within the selected GESOs to get appropriate responses. To obtain the adequate responses through questionnaire, the researcher believes that distributing the questionnaire to 6

management personnel; those are the regional/municipal/district director, monitoring and inspectorate, internal audit, finance & administration, planning and statistics, and human resource management department

The office is made up of the following departments: finance and administration (F&A), information & public relation office (pro), accounting and finance, budget office, human resource (HRM), sports and cultural, statistics & planning, internal audit, office of inspectorate, SHEP and girl child, office of early childhood, kg, private and second cycle schools and their respective deputy officers (who are the stepping stone to other positions). In total 380 populations with a sample size of 30 respondents who use the audit result are appropriate.

This produced a sample size of 30 out of the total population of 380. And also, to get adequate response from the respondents, the researcher targeted internal audit staffs regarding the factors affecting the internal audit practices in GESOs. Even if the use of proportional sampling is appropriate in order to obtain a representative sample from each strata; because of the samples selected from the population have not equally selected /not equally important/ the use of purposive sampling is more essential to obtain a typical and representative of the whole population or universe (Kothari, 2004).

**Table 3.1 Respondent sample for the study**

| Respondents / Departments | Regional /Municipal/District Office |                                |                                   |                         |                               | No. Of Questionnaire Administered | No. Of Questionnaire Received |
|---------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------|-------------------------------|-----------------------------------|-------------------------------|
|                           | Sunyani Regionl Office              | Asunafo North Municipal Office | Asutifi District Education Office | Wenchi Municipal office | Asunafo South District Office |                                   |                               |
| Dist. Director            | 1                                   | 1                              | 1                                 | 1                       | 1                             | 5                                 | 5                             |
| F & A                     | 1                                   | 1                              | 1                                 | 1                       | 1                             | 5                                 | 5                             |
| Monitoring & Inspectorate | 1                                   | 1                              | 1                                 | 1                       | 1                             | 5                                 | 5                             |
| HRM                       | 1                                   | 1                              | 1                                 | 1                       | 1                             | 5                                 | 5                             |
| Planning & Statistics     | 1                                   | 1                              | 1                                 | 1                       | 1                             | 5                                 | 5                             |
| Internal Audit            | 1                                   |                                | 1                                 | 1                       | 1                             | 5                                 | 5                             |
| Total                     | 6                                   | 6                              | 6                                 | 6                       | 6                             | 30                                | 30                            |

### 3.5 DATA COLLECTION INSTRUMENT

There are two different kinds of data primary and secondary. The primary data are not yet available to get, it must be collected and treated. Secondary data are already existing data and are accessible to all (Pellemans, 1999). Secondary data have many advantages; the main advantage is the ability to become familiar with the study without raising too much new data. Therefore it enables targeting and accumulation of knowledge.

Furthermore, in preparation for a possible collection of primary data, secondary data enable the researcher to specify the research problem and the research options (Gauthier, 2009). For this thesis, the researcher use two data sources via primary and secondary. Secondary data allowed the researcher to build the theoretical part. The researcher consulted books and newspaper articles. The research was also based on articles and thesis on the subject and collected audit reports that are secondary data. These reports guide us in the primary data collection.

For empirical study, the researcher used primary data. They are generally derived from open ended questionnaires. There are several methods for collecting primary data such as focus groups,

observation, personal interviews and questionnaires (Ibnlkhayat, 2005). The researcher used two of these methods individual interviews through closed and open ended questionnaires.

The questionnaires were distributed to the managers and the internal auditors of the GESOs.

The questionnaires distributed to the respondent are organized in to two parts; the first part comprises the demographic question regarding the respondents, and the second part contains items relating to the internal audit practices.

### **3.5.1 Questionnaire**

The questionnaire survey is one of the most common methods of data collection. Its aim is to produce knowledge by responding accurately to the objectives and questions for research. Based on the problem and research questions, the questionnaire is the support which embodies the communication relationship between the person who collects the information called the investigator and the one who answers called the respondent (Ibnlkhayat, 2005). The researcher made use of open-ended and close-ended questions. The open-ended type questions allowed for free expression of views and comments. The questionnaires were administered personally to the sampled staff from the sampling frame, and given some time to fill at their convenience. Different sets of questionnaires were administered to staff depending on their operational levels and schedule of work within the organization, which characterizes their understanding of auditing, accounting and managing of the GES departments. Actually, loss of information may exist if the people interviewed have difficulty expressing themselves or if they lack eloquence in their remarks. However, these people were guided.



### **3.5.2 Interviews**

Respondents were contacted via direct interview. The interview method was adopted as a supplement to the questionnaire. Direct interview was conducted to enable the researcher ascertain some of the information that could not be possibly accessed using the questionnaire. The researcher personally conducted all interviews which were at the convenience to both the interviewer and interviewees. The researcher also conducted group discussions with some of the management, internal audit staffs and junior staffs at large.

### **3.5.3 Interview Guide**

The researcher used interview guide in order to gather accurate information and which is also free from biases for the research work understudied. An interview guide is a set of questions with structured answers to guide an observer, interviewer, researcher or investigator. It is a plan or guideline for investigation. According to Thomas Carson, the schedule is set of questions formulated and presented with specific purpose for testing an assumption or hypothesis. It is a set of questions along with their answers asked and filled in by the interviewer in a face to face meeting with interviewee.

### **3.6 Data Analysis Method**

Data analyses are conducted through a descriptive statistics to provide details regarding the demographic question and the assessment of internal audit practices in the Ghana education service offices (GESOs) in Brong Ahafo region. Analysis is the ability to break down data and to clarify the nature of the component parts and the relationship between them. The data was analyzed through the use of statistical techniques and computer software technique. The researcher used Microsoft Excel to identify trends. Analysis was done to obtain frequencies and

percentages of responses to assist in identifying trends that appeared from responses. This was used to generate tables, pie charts and other relevant graphs.

### **3.7 VALIDITY AND RELIABILITY OF DATA**

The purpose of this research work is to assess the internal audit practices in GES. The researcher in assessing the validity and reliability of the research data, the researcher make sure that the assessment tool for data collection really produces stable and consistent results and to find out whether the research work reflect what it was purported to investigate into. And by asserting validity and reliability, the researcher is asserting that the data actually reflect the phenomenon claimed giving out questionnaires for both senior management and internal auditors who are the backbone of the internal audit practice. In-depth Interviews were also done as well as group discussions with the management, internal auditors and other staffs of the selected GES offices understudied. In addition to that the researcher enquired from journals, articles in newspapers and related research work that has a correlation with the topic understudied. Data from the primary sources are deeming very reliable. It has been tested over and over again and the same results were achieved which means the information are very reliable. The questionnaire was administered and collected from respondents immediately of GESOs. This research study has been read, corrections have been made by the supervisor and revisions were modified.

#### **3.7.1 Pilot Testing**

Pilot testing basically means finding out if a survey, key informant interview guide or observation form will work in reality by firstly trying it on a few people. Pilot testing is a small-scale trial, where a few examinees take the test and comment on the mechanics of the test. They point out any problems with the test instructions, instances where items are not clear and

formatting and other typographical errors and/or issues. The purpose of introducing pilot testing for the study is to make sure that everyone in the sample not only understands the questions, but understands them in the same way as it was intended for. This will allow the researcher to know whether the questions were either understandable, the option interviewees want is available or is the question boring. Also be able to find out how long it takes to complete the survey in real time. The researcher selected 10 key personnel (5 internal auditors and 5 management members) out of the total sample size of 30 to assess the validity and reliability of the research data.

**Table 3.2 Pilot Test**

| S/N | Questions                                                         | Is It Understandable? |    | Is The Option I Want Available? |    | Is The Question Boring? |    | Comments |
|-----|-------------------------------------------------------------------|-----------------------|----|---------------------------------|----|-------------------------|----|----------|
|     |                                                                   | Yes                   | No | Yes                             | No | Yes                     | No |          |
| 1   | Does internal audit practice ensures cooperate governance at GES? | 10                    |    | 9                               | 1  |                         | 10 |          |
| 2   | Does internal audit practice ensures risk management at GES?      | 10                    |    | 7                               | 3  |                         | 10 |          |
| 3   | Does internal audit practice ensures control mechanism at GES?    | 10                    |    | 8                               | 2  |                         | 10 |          |

## CHAPTER FOUR

### DATA REPRESENTATION AND ANALYSIS

#### 4.0 INTRODUCTION

The presentation of data collected means the way of presenting and arranging the different forms of data obtained through various data collecting techniques to enable the researcher perform analysis and extract conclusions from it. The analysis is based on the literature and relate to research question to be able to measure and assess whether the research objectives are met. As indicating in the previous chapter, the main purpose of this study is to assessing the internal auditing practices at Ghana Education Services-Brong Ahafo Region. Therefore, analysis and discussions of research findings generated from the questionnaires are presented in this chapter. It reports investigation results obtained from senior managers and internal auditors of the selected GESOs covered in the questionnaire.

The population of the study is made up of management and of which Directors are inclusive and internal audit units of all the 5 selected GESOs namely; Sunyani Regional Office, Asunafo North Municipal Office, Asutifi District Education Office, Wenchi Municipal Office, Asunafo South Office. The total sample size representing the population of the work was 30 which is the entire work force in all the departments needed for the research work. The discussion begins with the questionnaires' response rate followed by the respondents related questions; like the gender, age, profession, and level of education. And results of research findings were presented using excel and statistical test tools.



**Table 4.1 Response Rate**

| Offices                   | No Distributed | No. Received | Rate of Response % |
|---------------------------|----------------|--------------|--------------------|
| Reg./Muni./Dist. Director | 5              | 5            | 100%               |
| F & A                     | 5              | 5            | 100%               |
| Monitoring & Inspectorate | 5              | 5            | 100%               |
| HRM                       | 5              | 5            | 100%               |
| Planning & Statistics     | 5              | 5            | 100%               |
| Internal Audit            | 5              | 5            | 100%               |
| Total                     | 30             | 30           | 100%               |

The questionnaires were administered to both management and internal auditors of the selected GESOs. For these, 30 questionnaires are distributed both to the senior managers and internal auditors and the total 30 were responded and collected giving the response rate of 100%. This indicates that there is good response rate for both management and internal auditors.

#### **Respondent General Profile**

The table 4.2 below given below describes general findings regarding the respondents age, sex, field of study and level of education for both the senior managers and the internal auditors

**Table 4.2 Respondent General Profile**

| Demographic Questions             |                                       | Responses  |            |                   |            |
|-----------------------------------|---------------------------------------|------------|------------|-------------------|------------|
|                                   |                                       | Management |            | Internal Auditors |            |
|                                   |                                       | Frequency  | Percentage | Frequency         | Percentage |
| Gender                            | male                                  | 13         | 86.67%     | 11                | 73.33%     |
|                                   | Female                                | 2          | 13.33%     | 4                 | 26.67%     |
|                                   | Total                                 | 15         | 100%       | 15                | 100%       |
| Age                               | 20-29                                 | -          | -          | 1                 | 6.67%      |
|                                   | 30-39                                 | -          | -          | 2                 | 13.33%     |
|                                   | 40-49                                 | 4          | 26.67%     | 9                 | 60%        |
|                                   | 50-59                                 | 11         | 73.33%     | 3                 | 20%        |
|                                   | Total                                 | 15         | 100%       | 15                | 100%       |
| Field of study                    | Accounting                            | -          | -          | 8                 | 53.33%     |
|                                   | Management                            | -          | -          | 2                 | 13.33%     |
|                                   | Economics                             | 6          | 40%        | 4                 | 26.67%     |
|                                   | Other                                 | 9          | 60%        | 1                 | 6.67%      |
|                                   | Total                                 | 15         | 100%       | 15                | 100%       |
| Educational level                 | Diploma                               | -          | -          | 5                 | 33.33%     |
|                                   | Bachelor's Degree                     | 12         | 80%        | 8                 | 53.33%     |
|                                   | Master's Degree                       | 3          | 20%        | 2                 | 13.33%     |
|                                   | Total                                 | 15         | 100%       | 15                | 100%       |
| <b>FOR INTERNAL AUDITORS ONLY</b> |                                       |            |            |                   |            |
| Professional certification        | Certified Internal Auditor (CIA)      |            |            | 3                 | 20%        |
|                                   | Certified Public Accountant (CPA)     |            |            | 2                 | 13.33%     |
|                                   | Certified Management Accountant (CMA) |            |            | 1                 | 6.67%      |
|                                   | Other certification                   |            |            | -                 | -          |
|                                   | Note Certified                        |            |            | 9                 | 60%        |
|                                   | Total                                 |            |            | 15                | 100%       |
| Working Experience                | Below five years                      |            |            | 2                 | 13.33%     |
|                                   | 5 to 10 years                         |            |            | 4                 | 26.67%     |
|                                   | 11 to 15 years                        |            |            | 5                 | 33.33%     |
|                                   | 16 to 20 years                        |            |            | 3                 | 20%        |
|                                   | Above 20 years                        |            |            | 1                 | 6.67%      |
|                                   | Total                                 |            |            | 15                | 100%       |
| Presence of Audit committee       | Yes                                   |            |            | 30                | 100%       |
|                                   | No                                    |            |            | -                 | -          |
|                                   | Total                                 |            |            | 30                | 100%       |

## **Gender of Respondent**

From Table.4.2, the respondents from the management 13 (86.67%) were males and 2 (13.33%) were females, while from the internal auditors category 11 (73.33%) were males and 4 (26.67%) were females. Here in both categories the staffs of males are higher than females but in proportion the gaps are higher in the management's category.

## **Field of Study of Respondent**

In the case of field of study the respondents were composed of from Economics (6, 40%), and others fields (9, 60%) for management, while the IA's were composed of from Accounting (8, 53.33%), Management (2, 13.33%), economics (4, 26.67%) and (1, 6.67%) other fields as depicted by Table.4.2. Here, the majority of management and internal auditors were studied others and accounting fields respectively which shows the good assignment of professionals for their appropriate job.

## **Ages of Respondents**

From table 4.2, the majority of the ages of respondents of the management fall under the age of 50-59 (11, 73.33%), and the rest falls in the age interval of 40-49 (4, 26.67%); and in the internal auditors category the majority fall in the age of 40-49 (9, 60%) and 50-59 (3, 20%) and the rest falls in the age of 30-39 (2, 13.33%) and 20-29 (1, 6.67%) respondents respectively. Here, the majority of the respondents are in the age of 40-49 (9, 60%) years, but there were no respondents who are aged above 60 years.

## **Educational Level of Respondent**

In terms of the level of educational background, table 4.2 above shows that most management and internal auditors have bachelor's degree (12, 80%) and (8, 53.33%) respectively followed by diploma on the part of internal auditors (5, 33.33%), master's degree for management (3, 20%) for internal auditors (2, 13.33%). There was no management member who had diploma. But

from both categories there were no respondents who had other level of educations. These shows the majorities of the respondents were educated and can contribute more for the effectiveness of their intended work.

### **Internal Auditors Response**

The internal auditors, who are the key personnel and participants in the internal auditing practices were informed separately to offer response to the questionnaires in respect of their professional certification, experience gained as internal auditor and the presence of approved audit committee in their individual GES offices. Table 4.2 above shows the descriptive statistics of these internal auditors' responses for the delivered questionnaires.

### **Professional Certification of internal Auditors**

As indicating in Table 4.2 above, the professional certification of the internal auditor; 3 (20%) Certified Internal Auditors (CIA), 2 (13.33%) Certified Public Accountants (CPA), 1 (6.67%) has Certified Management Accountants (CMA) and the remaining 9 (60%) respondents had no professional certification of auditing.

### **Working Experience of Internal Auditor**

The internal auditors work experience ranges from one year up to twenty years, but the majority of the respondents are in the range of 11-15 years (5, 33.33%) follow by 5-10 (4, 26.67%), 16-20 (3, 20%) years of work experience followed by participants having less than five years (2, 13.33%) and above twenty years of work experience both (1, 6.67%). This is depicted by Table 4.2. Here the majority of the IA are well experienced and can perform their auditing activities by using their past audit experiences though they don't hold professional certificates.

### **Presence of Audit Committee**

In terms of the present of Audit Committee, it quiet obvious that all the respondents number of 30 representing 100% indicated that the GES had audit committees in their offices. The table 4.2



shows the benefit of the availability of audit committee in the GESOs in helping in monitoring and controlling the internal audit activities, making sure that there is adequate scope of internal audit activities, review the internal audit programmes and to monitor management attitudes towards corporate governance (financial), risk management, and internal control systems.

## **4.2 NATURE OF INTERNAL AUDIT WORK**

### **4.2.1 Internal Audit as a Governance Mechanism**

#### **4.2.1.1 Ethical Values in Internal Audit**

For all the people interviewed, none of them made explicit reference to internal audit practice promoting values and ethics in GES. When asked, does internal audit practice promote ethics and values within GESOs? Unexpected responses were received; *six staff interviewed said that values and ethics discussions do take place during courses, and specifically mentioned the Due Diligence and Financial Delegations courses.* Meaning, the internal audit work does not promote ethical values in internal audit practice at GES. According to another respondent, *internal audit department does not require and compel its employees to periodically confirm their compliance with the values and ethics code for public service (VECPS) or the agency values and ethics framework and which mostly affect the audit practices in GES.* It was therefore revealed that the relevance of internal audit work is not materialized and poor at GESOs. This however does not relate to the ethics code for public service, 1993 which is a policy that must be followed and it is a requirement of various departments by the public servants disclosure protection act, subsection 6(1) to establish an organizational code of conduct applicable to their specific work environment and mandate.

#### 4.2.1.2 Performance and Accountability

When respondents were asked does internal audit work/practices ensures effective performance management and accountability, another shocking response from interviewees responded that “ *no authorities concern in GES does hold people accountable when they don’t deliver*” and *this is because internal audit reports does not have the power to enforce the management to ensures effective performance management and accountability*. This means that there is no positive development with regards to the internal audit practice at GES. *It was noted from 20 respondents that, employees of GES are awarded bonuses as they fail to meet even the lowest possible performance ranking*. Another respondent picture isn’t a pretty one, showing a significant number of managers not holding employees sufficiently accountable and a significant number of GES audit staff rewarding employees with good recommendations when they don’t perform. In a discussion with some IAs, it becomes difficult for them to categorically mention names of associated defaulters (management) who violate implementation of finance rules and regulations in their reports especially their directors.

#### 4.2.1.3 Communicating risk and control information

The nature of internal audit practice is important at GES as a respondent reported when asked, does the internal audit practice helps to communicate risk and control information to the relevant areas of GESOs, an interviewee answered *Yes, and further explaining that the internal audit as communicator in controlling information in recent times acknowledge people of GESOs (especially activity holders) concerns and respond to opinions, emotions, and reactions. Unlike previously where the risk communicators have been the interpreters, clarifiers, and simplifiers of technical jargon. But now days the internal audit do have a dialogue with all activity holders in GESOs and advise them on using proper source documents and receipts when accounting for*

*their implemented activities.* This supported the statement or assertion made by Bradbury (1994), that communicating risk and control of information is now frequently a two-way, interactive and long-term process, where the management, the employees concern, and risk communicators are engaged in a dialog, rather than acting as senders and receivers.

#### **4.2.1.4 Effectiveness of design, and implementation of the organisation's activities**

It was revealed and strongly agreed by interviewees that the nature of internal audit practice in GES is very relevant as it is embedded with governance mechanisms by ensuring that there is effectiveness of design, and implementation of the organisation's activities. When asked whether internal auditing practices help in evaluating the effectiveness of design and implementation of organization's activities at GESOs, expectation responses were received. An interviewee answered YES, and reported that *GES has various source of fund (for example DFID,GPEG, School Capitation Grant) and each has it activity plan designed and the way of implementing it. He further explained that the IA always carries out its audit work based on the activity plan and how it has been implemented. And hence check and balances with respect to governance mechanisms put in place and if there is a deviation, an activity holder or anybody concern would be called for corrections. He added that the audit work of GES does not mean you take the financial books and its vouchers then you start ticking and checking out, but as an IA you have to ask for each account activity plan and its corresponding implementation schedules. This confirms the expectation that the nature of internal audit practice is significant in GESOs.*

#### **4.2.1.5 Assessing whether the Information Technology (IT) Governance of the GESOs Supports the GES Strategies and Objectives.**

Technology is globally increasing in all sectors of the economy and this has affected the nature of internal audit practice in GES. It was reported that GES is gradually adopting itself with the increasing rate of technology in its data collection, analyzing, organizing, classifying, communicating, interpreting and reporting its reports being statistical or financial. It was agreed by interviewees when asked whether internal audit practice helps to assess whether the IT governance of the GESOs supports the GES strategies and objectives and probing into this issue, *5 interviewees answered YES and made it clear that, in recent times GESOs use accounting software in preparing and collating its financial reports. Indeed some are notable by the internal auditors whilst others are not known to them. This sometimes creates controversy between the auditing client/auditee and the internal audit unit of GES. He emphatically stated it clear that, all accounting software used for collating financial data and information, and preparing financial statements should be approved by the internal auditors at GES which extensively promote uniformity since the software used is from one source.*

#### **4.2.1.6 Coordinating and communicating activities among Internal Auditors, External Auditors, Management and the Board.**

Interviewees agreed to the fact when asked does internal audit practice ensure that activities are coordinated and information communicated among internal auditors, external auditors, management and the board in GESOs? *An interviewee said, because of coordination among the internal auditors, external auditors, board and management existing in GESOs, activity implementation is easy, free from errors and free from fraudulent practices.*

It was revealed that external auditor decide to use the internal auditor's work in arriving at their opinion, and these responses support ISA 610, which states that, the experience and



knowledgeable character of the function of the internal auditor leverage the understanding of the organisation's environment. The standards for both internal external audits require effective information sharing and coordination. *Another 2 interviewee confirm that the two audit service activities are interdependent such that given a particular objective and nature of scope of their duties, the external auditor's risk information obtained will be limited to financial reporting risk which is not in a manner the audit committee, board and management monitor and manage the entity's compliance and strategic business risks. That is, the IA functions by providing assurance services to assist management as well as the governing body.* This means that the nature of internal audit practice at GES create harmonious relationship which increase work performance and governance processes.

#### **4.2.2 Internal Audit as a Risk Management Mechanism**

##### **4.2.2.1 Identifying and Assessing Significant Risk at GESOs**

It was reported with positive responses that that internal audit practice at GES helps and ensures that significant risk at GESOs are identified and assessed by the IA in the course of discharging its duty. *According to an interviewee, there has been achievement of an organization's objectives in GESOs in recent times since the IA identifies and assesses significant risk which is of relevant and for the purpose of determining how those risks are being managed in GESOs.*

And as reported by another interviewee, *the nature of internal audit practice guide the internal auditor in identifying and assessing the potential impact of various risks to GESOs during the risk assessment process and also internal controls are then identified and evaluated to determine how adequate they are in reducing risk to ensure that residual risk is at manageable levels in GESOs.* Another interviewee reported that, *GESOs sometimes establish contingency approach with the notion that something will probably occur after controls or procedures are implemented*

to prevent an identified risk. This affirms the fact that, in addition to audits required by state regulations, those activities or functions with higher levels of residual risk are typically selected for audits.

#### **4.2.2.2 Does Internal Audit Practice Ensure Relevant Risk Information is Captured Timely and Communicated In All GESOs?**

In dealing with GES relevant risk information, it was noted that the auditor assesses the relevant information/risk which is considered to be high where the audit entity does not have adequate internal controls. There was a positive response on the nature of internal audit practice when asked does the nature of internal audit practice ensure that, relevant risk information is captured timely and communicated in all GESOs? *One interviewee stated that relevant information is captured in a way where internal audit staffs express inappropriate opinion on financial statements and communicate the reported risk/information in a timely manner to those concerns for appropriate actions to be taken on that especially the activity holders in GESOs. And communicating this identified relevant information is done by either issuing an unqualified audit report where a qualification is reasonably justified or issuing a qualified audit opinion where no qualification is necessary.* It was further revealed that the nature of internal audit practices at GES is recognized since the internal auditor is tasked effectively to communicate officials responsible for ensuring governance processes and managing deficiencies coupled with internal controls identified by the internal auditor in the course of performing his audit duties and communicate on a timely basis in GESOs for immediate corrections to be made.

#### 4.2.2.3 Ensuring Integrity and Reliability of Financial and Operational Information

It was reported that internal auditors in GESOs averagely make good use of financial reporting standard as to the review of the integrity and reliability of financial and operational information and the process of identifying, measuring, classifying and reporting such information when respondents were asked, does the nature of internal audit practice ensures integrity and reliability of operating and financial information at GESOs? According to an interviewee, *the IA ensures that there is an effective and efficient use of information system in GESOs as it provides a basis for making decisions, instituting control mechanisms and conforms according to professional internal auditing requirements*. Further stated that, the IA examines information systems as effective and efficient so as to ensure that operating and financial information exhibits accuracy, completeness, and in a timely manner as a way of ensuring that, financial and operating information at GESOs show reliability and integrity.

#### 4.2.2.4 Ensuring Effectiveness and Efficiency of Operational Programmes in GESOs.

When asked, does the nature of internal audit practice ensure that whether there is effective and efficient operations and programmes in GESOs? *Interviewees highlighted a positive development where 9 people interviewed responded YES and explained that efficiency and effectiveness are interdependence synonyms that work together to improve speed, just-in-time delivery and various other processes when carrying out office activities*. According to an interviewee, *the IA in their reports recommends capacity building workshops which are materialized where employees become abreast with the use of tools concepts which enhances their ways and procedures relating to the implementation of their activities to become more efficient, effective, and flexible*. Further reported that, the IA ensures that activity plan implementers are abreast with the techniques of ensuring that records are accurate to promote operational efficiency and

effectiveness and encouraging adherence to policies where every staff is committed to ensuring efficiency, transparency, accountability and effectiveness of the entire organisation's programs. This really confirms that, the nature of internal audit practice at GES is relevant as it ensures effectiveness and efficiency of operations and programmes in GESOS.

#### **4.2.3 Internal Audit as a Control Mechanism**

##### **4.2.3.1 Does Internal Audit practice help Develop and Maintain a Reliable Financial and Management data and accurately present such data in a Timely Report in GESOs?**

It was reported that operations are guided by accurate and reliable reports. And it was confirmed by interviewees that, *the nature of internal audit practice at GES help to develop and maintain a reliable financial and management data and accurately present such data in timely report in GESOs.* It was reported by interviewee that, *the internal audit unit at GES make their reports in timely manner so that a proactive decision can be taken based on the report by management.*

##### **4.2.3.2 Ensures Resources are safeguarded from Loss due to Waste, Errors, and Fraud**

It was reported by 12 interviewees that, internal auditors at GESOs are associated with instituting controls to safeguarding and ensuring resources are free from loss due waste, abuse, management, errors and fraud when asked does internal audit work ensures resources are safeguarded from mistakes, errors, wastes, and fraud at GESOs? According to an interviewee, *the nature of internal audit practice is relevant to GESOs as the operations of the internal audit department at GESOs ensure that resources are not misused, and wastes are minimized.* Meaning that, the ultimate responsibility for corporate governance does not lie directly with the board of directors. Though the process of managing corporate governance is usually handled by the board of directors but



operationally done by internal auditors. Another interviewee explained by saying *it is subjective and debatable for the fact that people believe that it is the internal auditors that institute controls to safeguard assets and ensure resources are free from loss due waste, errors and fraud*. Also an interviewee stated *that management together with the internal audit unit ensures the safeguarding and judicious use of the organisation's resources*. It was therefore revealed that it is the responsibility of the internal audit unit to ensure resources are not misused, and wastes are minimized. As confirmed and supported by Austin, 2012 that the organization may employ internal auditors to test and monitor internal controls. Internal auditors are charged with ensuring that corporate processes and associated controls are functioning as intended. This therefore emphasises to confirm the relevance of the nature of internal audit work to GESOs.

#### **4.2.3.3 Adherence to Laws, Regulations and Management Directives**

In every cooperate entity, adherence to national, international and cooperate laws, regulations, contracts and management directives are very necessary for the avoidance of litigations against the organisation. And there was a remarkable development as to the relevance of the nature of internal audit work at GES. When interviewees were asked that do the nature of internal audit work ensures adherence to laws, regulations and management directives at GESOs? An interviewee stated clearly that, *ensuring compliance was not their duty; rather, they are to offer recommendations that would promote and enable management to ensure that laws and regulations are adhere so that litigations against the organization would be minimized*. This was a positive development since the internal audit unit could identify their importance regarding compliance with laws, policies, regulations, and adherence to management directives. This means that the nature of internal audit practice in GESOs contribute a quota of ensuring that

there is adherence to laws, regulations and management directives though it is not sole responsibility of the IA.

#### **4.2.3.4 Promote Orderly, Economical, Efficient and Effective Operation**

In every institution, operations are guided to be in order, economical, efficient and effective form. The nature of internal audit practice is very relevant to GES as responses received met the researcher's expectation. When asked interviewees that do the nature of internal audit practice help promote orderly, economical, efficient and effective operation at GESOs? One interviewee reported that, *internal auditors are responsibly tasked to ensure that there is an orderly, effective and efficient operation which produce quality of service and are in accordance with GES objectives and goal*. Though, it was revealed that some workers do not realize that orderly and economic operations are the responsibility of the internal auditor. However, members of the audit department could identify that this was their function agreeing with Vos, 1997, that the responsibility of the internal auditor is to ensure that there is effective and efficient internal control mechanisms which are in consistent with organization's policies and procedures in safeguarding assets, and assessing the consistency of the accuracy of organisation's internal audit reports.

#### **4.3 INTERNAL AUDIT PRACTICE IN CONFORMITY TO STANDARDS**

The table 4.3 below is used to analyse the findings relating to internal audit practice at GES in conformity to best professional internal auditing standards which is the SPPIA.

**Table 4.3 Internal Audit Practices in conformity to SPPIA**

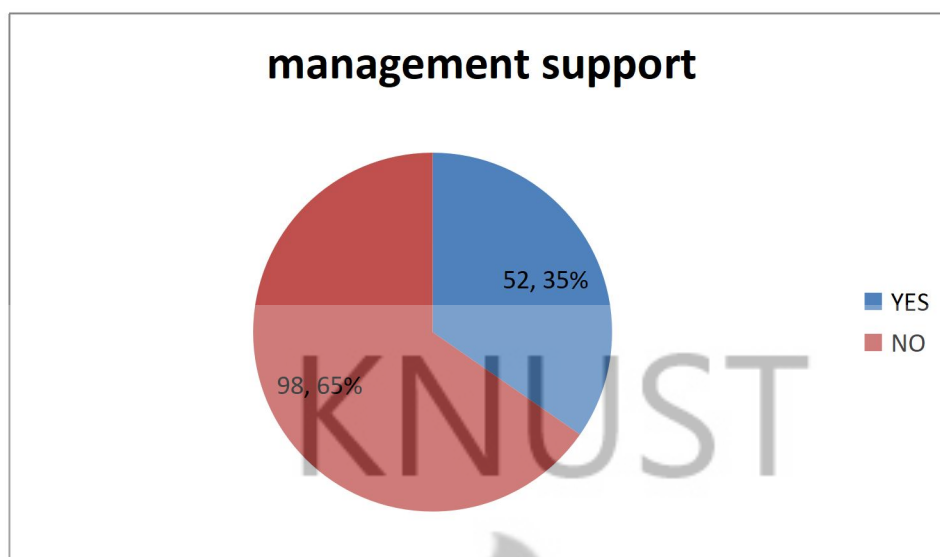
| <b>Audit Practices in Conformity to Standards</b>         |                                                                                                                                                                                                                                                 |                 |    |       |                             |        |
|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----|-------|-----------------------------|--------|
| S/N                                                       | Management Support                                                                                                                                                                                                                              | No. Of Response |    | Total | Percentage of Response( % ) |        |
|                                                           |                                                                                                                                                                                                                                                 | YES             | NO |       | YES                         | NO     |
| 1                                                         | Does internal audit unit receive full cooperation, access to records and information from the management at GESOs?                                                                                                                              | 20              | 10 | 30    | 66.67%                      | 33.33% |
| 2                                                         | Does internal audit unit get the necessary resources that help the internal audit unit to perform auditing activities as needed at GESOs?                                                                                                       | 9               | 21 | 30    | 30%                         | 70%    |
| 3                                                         | Does the office support the audit unit in providing training so as to improve internal audit skills at GESOs?                                                                                                                                   | 5               | 25 | 30    | 16.67%                      | 83.33% |
| 4                                                         | Does the office support the IAs to be introduced with new technology, policy or procedures at GESOs?                                                                                                                                            | 10              | 20 | 30    | 33.33%                      | 66.67% |
| 5                                                         | Does the office support internal audit staffs in their certification upgrading through budgeting of funds at GESOs?                                                                                                                             | 8               | 22 | 30    | 26.67%                      | 73.33% |
| TOTAL                                                     |                                                                                                                                                                                                                                                 | 52              | 98 | 150   | 34.67%                      | 65.33% |
| <b>Management's Perception Of Internal Audit Function</b> |                                                                                                                                                                                                                                                 |                 |    |       |                             |        |
| 6                                                         | Do the offices get enough awareness and good perception about internal auditing roles at GESOs?                                                                                                                                                 | 27              | 3  | 30    | 90%                         | 10%    |
| 7                                                         | Does the office recognize internal audit practice as means of creating value added activity and collaboratively work with management in GESOs?                                                                                                  | 20              | 10 | 30    | 33.33%                      | 66.67% |
| 8                                                         | Is the office encouraged to implement IAs recommendations to promote value-added activities and strengthen internal audit function at GESOs?                                                                                                    | 25              | 5  | 30    | 83.33%                      | 16.67% |
| 9                                                         | Does the position/status of internal audit clearly recognized by the management in office at GESOs.                                                                                                                                             | 26              | 4  | 30    | 86.67%                      | 13.33% |
| 10                                                        | Does the office see internal auditing as providing internal assurance through investigations, check and assessment, and consultants and adviser particularly in controls associated to management performance and internal operations at GESOs? | 19              | 11 | 30    | 63.33%                      | 36.33% |
| Total                                                     |                                                                                                                                                                                                                                                 | 117             | 33 | 150   | 78%                         | 22%    |
| <b>Organizational Independence</b>                        |                                                                                                                                                                                                                                                 |                 |    |       |                             |        |

|                                                    |                                                                                                                                                          |    |     |     |        |        |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|----|-----|-----|--------|--------|
| 11                                                 | Does the IA work independently without interference from anyone in theGESOs?                                                                             | 12 | 18  | 30  | 40%    | 60%    |
| 12                                                 | Does the IA without influence decide freely the time, scope and auditing procedures in line with internal auditing standards and office policy in GESOs? | 13 | 17  | 30  | 43.33% | 56.67% |
| 13                                                 | Does the IA perform examination objectively by auditing issues based on meeting reliable audit evidence without management interest at GESOs?            | 16 | 14  | 30  | 53.33% | 46.67% |
| 14                                                 | Does the IA freely include all findings in his audit work and directly report to responsible body at GESOs?                                              | 19 | 11  | 30  | 63.33% | 36.67% |
| 15                                                 | Does the IA freely have access to necessary documents needed for audit work at GESOs?                                                                    | 10 | 20  | 30  | 33.33% | 66.67% |
| total                                              |                                                                                                                                                          | 60 | 90  | 150 | 40%    | 60%    |
| <b>The Adequate Competent Internal Audit Staff</b> |                                                                                                                                                          |    |     |     |        |        |
| 16                                                 | Is there adequate competent internal audit staff at GESOs?                                                                                               | 9  | 21  | 30  | 30%    | 70%    |
| 17                                                 | Does the office/sector have sufficient skilled internal auditors at GESOs?                                                                               | 14 | 16  | 30  | 46.67% | 53.33% |
| 18                                                 | Does the IA make it possible to audit and review each active in a timely manner so as to be able to cover the scope of audit planat GESOs?               | 10 | 20  | 30  | 33.33% | 66.67% |
| 19                                                 | Do the internal audit practices ensure that audit procedures are completed to gather audit evidence in timely manner at GESOs?                           | 13 | 17  | 30  | 43.33% | 56.67% |
| 20                                                 | Do the skills of the IA match the scope office's operations atGESOs?                                                                                     | 5  | 25  | 30  | 16.67% | 83.33% |
| 21                                                 | Does the IA perform audit duties with current technology which involves computerized data and internal audit software at GESOs?                          | 6  | 24  | 30  | 20%    | 80%    |
| Total                                              |                                                                                                                                                          | 57 | 123 |     | 82%    | 18%    |
| <b>The Approved Internal Audit Charter</b>         |                                                                                                                                                          |    |     |     |        |        |
| 22                                                 | Does internal audit charter maintained (available) in the office/sector at GES?                                                                          | 20 | 10  | 30  | 66.67% | 33.33% |
| 23                                                 | Does the internal audit charter at GES define clearly the purpose and authority of internal auditat GESOs?                                               | 25 | 5   | 30  | 16.67% | 83.33% |
| 24                                                 | Is the authority and purpose of internal audit charter in accordance with the SPPIA at GESOs?                                                            | 23 | 7   | 30  | 76.67% | 23.33% |
| 25                                                 | Does the internal audit charter clearly define the IA position within the office and the scope of the internal audit activities at GESOs?                | 25 | 5   | 30  | 16.67% | 83.33% |
| Total                                              |                                                                                                                                                          | 93 | 27  | 120 | 77.5%  | 22.5%  |



#### 4.3.1 Full Cooperation and Management Support for Internal Audit

The internal audit practice is in conformity with internal auditing standards when there is management support for internal audit unit. From the study, the responses received from respondents were not impressive which reflected that internal audit practice at GES does not conform to best standards in respect of full cooperation and support from management to internal audit unit in GESOs. From fig.4.1 below, it was reported from the respondents that a total number of only 52 representing 34.67% agreed that there is management support for internal support for internal audit unit in GESOs. And a majority total number of 98 responses representing 65.33% disagreed that internal audit practice with respect to management support conform to the best standards of internal auditing. It is therefore revealed that, internal audit practice at GES does not meet the requirements of the SPPIA 1111, which talks about direct interaction with the board, states that management notifies other department of your presence and invite their full cooperation. The internal audit needs good support from their management of GES to be more effective and to achieve the audit objectives. The SPPIA require that it is important and unavoidable to involve senior management in formulating the work plan, since top management empower internal auditors at GES to gain full access to all the functional departments in the GESOs. This confirms that it as a result of management support for internal auditors that ease them to discharge their audit duties in GESOs. Additionally, it is revealed from peoples like Alzeban&Gwilliam, 2012; Cohen and Sayag, 2010; Mihret and Yismaw, 2007 in their studies into public sector that full cooperation and management support shows a great impact on the internal audit practices. However, the internal audit practices at GES do not get the full cooperation and management support which confirms that internal audit practice at GES does not conform to best standards-SPPIA.



**Fig.4.1 Managements Support**

#### **4.3.1.1 Full Cooperation, Access to Records and Information from the Management.**

It is reported in a study into a public sector that, management in support of internal audit unit in terms of full cooperation, access to records and information has great impact on the internal audit practices in public sector organisations. According to the response gathered in table 4.3, 20 respondents representing 66.67% answered YES when asked whether internal audit units at GES receive full cooperation, access to records and information from management. This means that internal audit unit at GES have access to records and information from management as against 10 respondents, 33.33% responded NO implying that internal audit practices conform to internal audit standard SPPIA with respect to full cooperation, access to records and information from the management.

#### **4.3.1.2 Necessary resources needed to perform internal auditing activities**

Internal audit department need the necessary requisite resources to carry out internal auditing activities. The internal audit is able to perform its functional roles as expected if they have the

necessary and requisite resources at their disposal. From table 4.3, when respondents were asked whether internal audit get the necessary resources that help the internal audit unit to perform auditing activities in GESOs, 9 answered YES representing 30% and 21, 70% said NO. The internal audit practices at GES does not conform to the best standard, the SPPIA since internal audit unit in GESOs does faced the challenge of getting the needed logistics, equipments and facilities like computers, photocopying machines and faxes as confirm by Alzeban and Sawan (African Business Management Journal volume 7(6), page 3 to 5, 14th February, 2013). And as I interrogated a member of the audit committee concerning resources availability, a response informed that they have made the necessary effort to knocking the doors of management to ensure that resources needed for internal audit work are adequately/appropriately available, and effectively used to accomplish the stated objective and yet to no avail.

#### **4.3.1.3 Providing training to improve and update IAs skills**

Training in all kinds being in-service training and on- the-job training therefore equip internal audit staff with the requisite skills needed to perform modern internal auditing activities and tasks. It was reported from the questionnaire as I asked in table 4.3, “does the office support the audit unit by providing on-the-job training in order to upgrade the knowledge and skills of internal audit staff in their field at GESOs?” (5, 16.67%) answered NO and (25, 83.33%) answered YES which denotes that the internal audit unit of GES lack management support in terms of training. It was revealed from a group discussion made with the audit committee that, they have developed a plan for staff training but the plan is not implemented because there is no support from management. This confirms that internal audit practice at GES does not conform to the best internal audit standard-SPPIA.

#### 4.3.1.4 IA's to be introduced with new technology, policies and procedures

Being abreast with new technology, policies and procedures is said to be a dressing bag to the IAs. One peculiar functional role of IAs is to obtaining and reviewing organisation's policies and procedures, especially those concerning management's responsibility to control the organization. But in table 4.3, the question is, "does the office support the IAs to be introduced with new technology, policies, procedures at GESOs?" the responses that pop-up was that 10 respondent representing 33.33% said YES and a greater number of respondent consisting 20, representing 66.67% answered NO. *A Deputy Director being a member of the audit committee stated that, internal auditors are solely responsible for coping and adopting themselves into dynamisms with respect to the changing environment.* This is contrary to SPPIA and affirms to the fact that majority of respondents said NO meaning that internal audit practices at GES do not conform to standard -SPPIA.

#### 4.3.1.5 Support of funds for Certification of Internal Audit staffs to have relevant education

From table 4.3, it was vehemently answered No, when respondents were asked whether the office supports internal auditing staffs by budgeting funds to assist them in certification to have relevant education in auditing that helps them to carry out their audit work in the organisation's systems at GESOs, (1, 3.33%) said YES and (29,96.67%) responded NO, signifying that there is insignificant management support concerning budgeting funds for certification to have relevant education. It was then reported from a group discussion that, *it will be the interest of the IAs to educate themselves for higher certificates.* In spite of that one respondent insisted that it will be a general interest to the organization as a whole to build budget, factoring internal auditors' education and their travel matters.

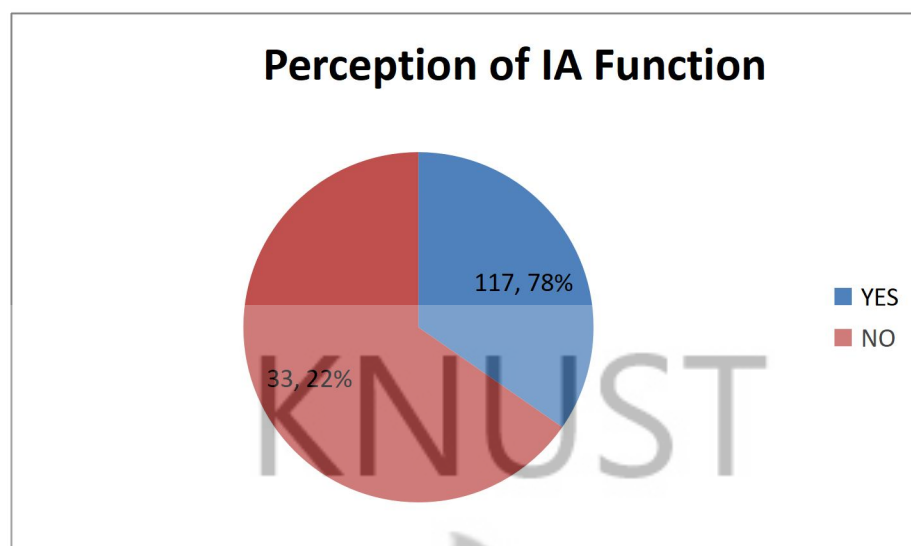


#### 4.3.2 Perception of Management towards Internal Audit Function

The perception of management towards internal audit function here is described in two fold effect, that is, either the management of GESOs perceives internal audit function as relevant or evil forces to do away with. And how does an internal audit practice at GES conform to best internal audit standard which is the SPPIA. From the study, it was reported in fig.4.2 that the total average number of respondents of 117 responses representing 78% agreed that internal audit practices at GES conform to the best internal audit standard-SPPIA with regards to perception of management of internal audit function. And a few number of 33, 22% of the total average respondents disagreed to that fact. This means that internal audit practices at GES is relevant since management perceived that the IAs and the clients of audit services possess a similar comprehension of what why internal auditing is classified as a value added activity thereby helping GESOs in quality governance and control systems. This implies that internal audit practices at GES with respect to perception of management of internal audit function conform to standards- SPPIA.

According to a management member, there is positive perception in GESOs as *internal audit focuses on the degree of compliance with standard requirements, laws, policies and regulations and to review the financial statements for accuracy and reliability of reports in GESOs*. And any misunderstanding definitely leads to perception that internal audit is evil and problematic to creating value to the organisation's governance processes. This therefore result in underutilization of internal audit unit and recommendations of the internal audit are not taken serious for implementations, as confirm by Flesher and Zanzig, 2000.

According to a respondent, *when employees develop positive perception that top management recognize the internal audit function, each and everyone in the organisation cooperate and support with capacities*. This therefore confirm to what was said by Cohen & Sayag, 2010.



**Fig.4.2 perception of IA Function**

#### **4.3.2.1 Good Perception about Internal Auditing Roles**

From the study, in table 4.3 a greater percentage number of respondents answered Yes when they were asked whether the office has enough awareness and good perception about auditing roles at GESOs?, 27 respondents representing 90% said YES and only 3 respondents, 10% answered NO. It was also revealed from the discussion group that management of GESOs has positive perception about internal auditing roles. It was reported from the discussion group that, the internal auditors and the auditees' of the audit service possess a common comprehension of why internal audit unit is classified as value added activity. This satisfies with the expectation that internal audit practices at GES conform to standard-SPPIA with respect to management perception of IAF.

#### **4.3.2.2 Internal Auditing activities as a value adding activity**

There was a positive responses as respondents overwhelmingly indicated that the office consider internal auditing practices at GES as value added activity and the IA work harmoniously with management in GESOs. In table 4.3 when asked whether the office consider internal auditing

practices at GES as a value added activity and work harmoniously with the management of GESOs, a 20 respondents representing 66.67% answered YES and only 10 respondents also representing 33.33% said NO. This means that internal audit practice at GES conform to SPPIA with regards to management's perception of internal audit function.

#### **4.3.2.3 Implementing IAs Recommendations to promote value added activities**

It is unfortunate that some people perceive internal audit function negatively. From the study when respondents were asked whether the office is encouraged implementing IAs recommendations to promote value added activities and to strengthen the internal audit function at GESOs, the response was 25 affirmative. 83.33% of the respondents said YES. However, 5 respondents representing 16.67% replied NO, (Table 4.3). This finding is in agreement with the IIA's position referred to by Julien R. & Rieger L in their corporate governance article in September 2011 cited in paragraph 2.2 of this paper in which they said that "Internal auditing, according to the institute, "helps an organization achieve its missions by establishing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes." This affirms to the fact that internal audit practices at GES conform to internal audit standard which is the SPPIA.

#### **4.3.2.4 The recognition of IAs position/status by management**

Though, it was unanimously confirmed that the internal audit staffs educational qualifications are of generally low caliber as revealed by the discussion group. However, that does not also dispute the important function of internal auditors in GESOs said by one management member. From the study, table 4.3 (26, 86.67%) think that the position /status of internal audit is clearly recognized by management in GESOs when respondents were asked whether the position/status of internal

audit clearly recognized by the management in office at GESOs. And only 4 respondents representing 13.33 think otherwise. According to an interviewee in a discussion group, *the fact that internal auditors are voted and appointed as management member in GESOs, their statuses are recognized both at the high and low level management.* This means that the statuses of internal auditors are recognized by management and admitting that the internal audit functions is very relevant at GES. It was therefore revealed that internal audit practices at GES conform to best standard which is the SPPIA.

#### **4.3.2.5 Assurance Services, Risk assessment and consulting services**

An internal audit practice at GES is generally recognized and therefore conform to best internal audit standards. Internal Auditors at GES perform Assurance Services to management such as risk assessment and reporting findings to management. From table 4.3, when respondents were asked whether the office see internal auditing as providing internal assurance through investigations, check and risk assessment consultant services particularly into controls associated to management performance and internal operations at GESOs, (22, 73.33%) of the respondents are aware that the internal auditor performs assurance services, risk assessment, and consulting services and report findings to management. And only 8 respondents representing 26.67% said NO and that they don't see the reality of that from the internal auditors. However one respondent from the discussion group insisted that, *the IA lack the requisite knowledge expertise to provide such services or management does not regard the internal auditors as seniors enough in the GESOs to receive counsel and training from them.* Notwithstanding, management are tasked to ensure that occurrence risks are prevented. Management does so through the effort of the IA and this attest to the relevance of internal audit unit to the governance processes of GESOs.



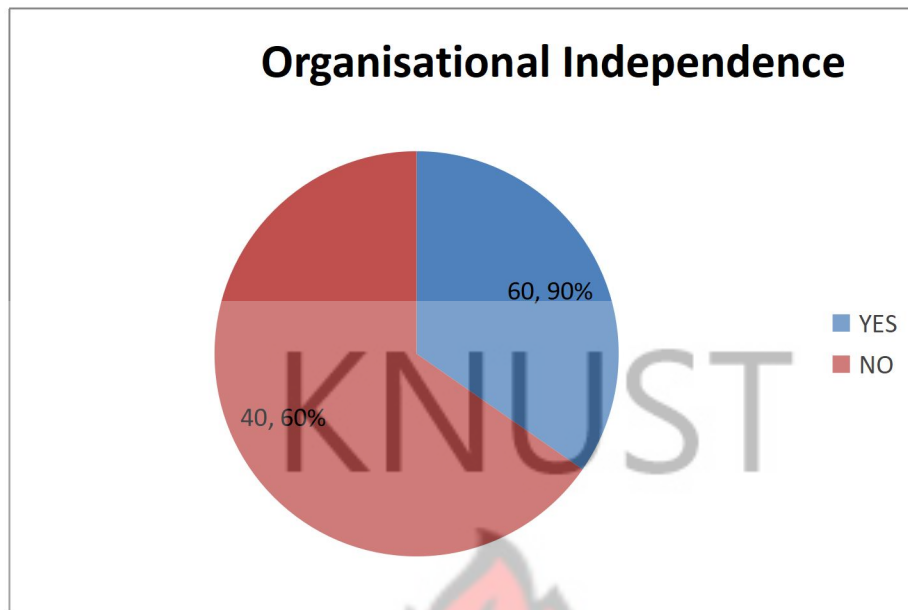
### 4.3.3 Organizational Independence

According to SPPIA 1110, the internal audit executive must report to a level within the organisation that allows the internal audit activity to fulfill its responsibilities. This implies that internal audit practice with regards to organizational independence must conform to the SPPIA for free and objectivity operation of internal audit at GES. From the study, in fig.4.3 below, the total average number of only 60 respondents which represent 40% agreed that internal audit practice at GES with respect to organizational independence conform to internal auditing standards-SPPIA. And the majority of the total average number of 90 respondents, representing 60% disagreed that internal audit practice at GES does not conform to best auditing standard which is the SPPIA.

According to the internal audit regulation (IAR) of Saudi Arabia which is in line with the IIA, the internal audit practices in the public sector organisations should be positioned at the top of organisation's hierarchy and directly report to a responsible official, but the interview and respondents data showed that GES policy is contrary to the adherence of the internal audit regulation. The reasons for the differences in the structure of organisations and the hierarchical reporting system as reported by the interviewees and questionnaire responses encompasses the possibility of the marginalisation of the Education Directors being the spending officers and if the internal auditor reports to officials other than to him. Interviewees in group discussion explained that it is difficult for internal auditors in GES to exercise objectivity and independence since they are seen as employees of the entity they perform their audit work. A lot of issues surround the reporting systems, provision of non-audit activity, access to free enquiry, and cordial relationship with auditees. In addition, the interviewees pinpointed various practices pertaining to the location of department within the organisation. In GES where, internal audit is located under the Finance and Administration (F&A) and the Financial Controller (FC) as revealed by a respondent, who

said when the IA work as a subordinate of the F&A as being the financial administrator, if the IA marginalizes the F&A and the FC, the internal auditor would be in a great trouble.

GES employees are not given the room to marginalize their senior officers. If a GES staff bypasses an immediate officer, there could be a problem, since hierarchical powers forbid any employee like internal auditors from directly reporting to senior management when there is a chain of command below that level. A district director saying, *internal auditor cannot jump over the district deputy director, F&A or the FC and report to the regional director because the IA works under the district director as depicted by GES organizational structure. According to a district director, if my junior staff bypasses me by abusing the organizational chain of command and report to a relatively superior officer other than me, I will transfer that particular staff. He added that each staff must respect his/her immediate officer.* It was therefore revealed that internal audit practices is lacking independent and objectivity since management has put fears into the internal auditors at GESOs and which is contrary to the internal audit standards. As confirm earlier on that internal audit practice at GES does not conform to standard-SPPIA with regards to organisational independence which is clarify by SPPIA 1110.



**Fig.4.3 Organisational Independence**

#### **4.3.3.1 Performing auditing activities without interference**

Interference of management in internal auditing activities is downsizing proper internal controls and disrupting the functional roles of internal auditors in GES. From table 4.3, when respondents were asked whether the internal audit unit performs the audit activities with no influence from anyone and with no interference of the education directors in GESOs, only (12, 40%) said YES and majority number of respondents (18, 60%) answered NO meaning that internal audit unit is not independent from management interference and hence confirm that internal audit practice at GES does not conform internal auditing standard.

#### **4.3.3.2 The Scope, Time, and extent of Auditing Procedures based on Auditing Standards**

The IA designs and performs audit procedures in which the scope, nature and timing are responsive to the assessed risk of material misstatement at the point of assertion. According to SAS no.110, the motive is to delineate a link between the timing, nature and degree of responsiveness of the IA's further audit procedures and assessment of risk since the IA factor

matters relating to significant of risk and the likelihood there could not be an occurrence of any material misstatement. From table 4.3, only 13 respondents representing 43.33% responded YES when asked whether the internal auditor is free to decide the nature, scope, time and extent of audit procedures based on internal auditing standards and the office's/sector's policy at GESOs, and 17 respondents representing 56.67% said NO. One interviewee stated *that scope and objectives are affected by interests of management at GESOs and requirements of third party organizations*. It was then revealed that internal audit practice at GES does not conform to standards as management excessively interfere internal audit functions.

#### **4.3.3.3 Independence and Objectivity of Internal Audit**

From table 4.3, when respondents were asked “does the internal auditor independently examine auditing issues in meeting reliable audit evidence and ensures there is involvement of management interest for adjustment beyond internal auditing standards and values in GESOs”?, unexpected responses came out, that is, (14, 46.67%) said YES and (16, 53.33%) responded NO. A respondent reported that, *and objectivity is to be accomplished by rotating internal auditors with purpose of not engaging internal auditors at point in time where they have executive relationship or other friendships that are subjected to compromise their independence and objectivity*. Meaning that, internal auditors at GES are not independent and objective in carrying out their audit duties which confirms that internal audit practice at GES does not conform to best standard which is the SPPIA.

#### **4.3.3.4 Internal Audit freely reporting directly to Responsible Body at GESOs**

The IAF of GES should be positioned with a high level of recognition in the organisational structure to enhance effective and efficient linkage and communication with the concerned management especially senior officials like the director of education to promote objectivity and



independence of internal audit the organisation he audit if only internal audit practice at GES is to conform best auditing standards, said an interviewee. From the study, in table 4.3 only 11 respondents representing 36.67% think that the internal auditor freely state any audit findings in the audit work and directly report to the person in charge in GESOs. And 19 respondent representing 63.33% answered NO, when asked whether internal auditors freely enlist any finding in the audit work and directly report to the person in charge in GESOs?

According to an interviewee in the discussion group, *independence and objectivity is an important value as one intend to provide effective internal audit services to a public institution like GES for it accommodates and atmosphere of independence and recommendable appraisal and report findings which are out of management influence. But there is always interference of educational directors in internal audit findings and reports and this has been diminishing the credibility of the service.*

#### **4.3.3.5 Access to Necessary Documents, Information and Data**

When respondents were asked whether internal auditor freely have access to necessary documents, information and data about the organization for the audit work at GESOs, table 4.3 depicted that (10, 33.33%) said YES and 20 respondents representing 66.67% responded NO. It was then revealed from the responses from interviewees and questionnaire respondents that internal auditors in some ways are restricted to some source of data and information for their audit work. And it was pronounced by one interviewee that this directly or indirectly affects the effectiveness of the internal audit work at GESOs and it is very difficult for internal audit practice at GES adhere to auditing standards as to the nature of the service.

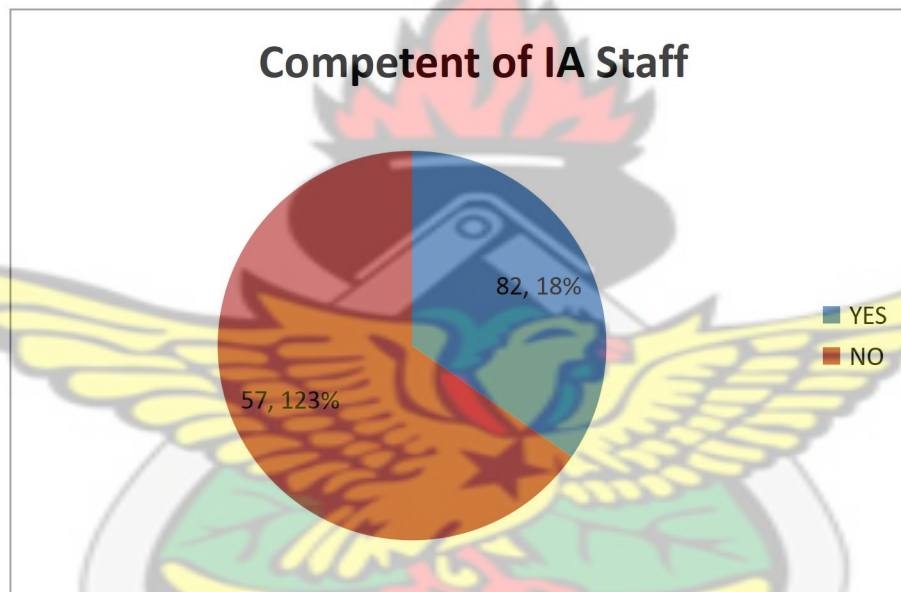
#### 4.3.4 The Adequate Competent Internal Audit Staff

For internal audit practice at GES involving the adequate competent internal audit staff conform to best standard, it must adhere or meet internal auditing standard and according to SPPIA 1210, the internal audit staffs must be knowledgeable, skilled and also possess the needed competencies to carry out individual audit work. From the study, in fig.4.4 below, it was reported that an average total number of 57 which represent only 18% agreed that internal audit practice at GES conform to standard. And the majority of the average number of respondents of 123 representing 82% disagreed to the fact that internal audit at GES conform to standards which is the SPPIA. This is because the competent level of internal audit staff at GES is contrary to what is stated in the SPPIA.

Base on the Internal Audit Regulation (IAR) which is in line with the ISA, Re-resolution No 129 (2007) address issues involving; the objective of internal audit, recruitment processes of audit staffs, duties of internal audit staffs, scope and nature of work, reports of the internal audit, and compliance to professional internal auditing standards. It was therefore confirmed that the one peculiar problem facing the internal audit practice in GES is inadequate competent staff of internal audit. And reasons resulting to this inadequate qualified internal audit staffs includes educational qualification, staff recruitment processes, professional certifications, routine working experience and criteria for continuous staff development. One interviewee stated *there are no adequate rules for recruitment of internal audit staff in GES* and another confirm by saying *that the head of the audit unit in charge for recruiting staff abuse the sit-down recruitment processes and uses his discretion of favoritism of which only friends and relatives are recruited*. Moreover, it was revealed through group discussion that the recruitment and selection process in respect of internal audit staff is based gaining friendship with the senior management, and as stated by a

respondent that *the criterion used in the selection process of internal auditors does not follow set-down criteria such as education or working experience, but to friendship and gaining the opportunity to have a good relationship with senior management team like the internal audit unit head if only you want to become internal auditor.*

The unavailability of procedures and criteria in respect of internal audit recruitment is addressed in the IAR 2007, and this conflict with the requirement of SPPIA 1210, which confirms that internal audit practice at GES does not conform to standard of internal auditing.



**Fig.4.4 Competent of IA Staff**

#### **4.3.4.1Is there Adequate Competent Internal Audit Staff at GESOs?**

From the study, table 4.3 shows that 9 respondents representing 30% responded YES indicating poor recruitment processes and criteria of internal audit staff which result to inadequate competent internal audit staff in GESOs when asked whether there is adequate competent internal audit staff at GESOs. And the majority 21 of respondents answered NO representing 70% of the responses. It was reported from the discussion group that there is no rules and

selection procedure for recruiting internal audit staff and this limit the audit unit to be staffed with competent employees. This means that the recruitment process and criteria of internal audit staff does not conform to the SPPIA

#### **4.3.4.2 Sufficient Skilled Internal Auditors at GESOs**

Sufficient skill with respect of professional qualification is always needed in the internal audit unit in most public institutions like GESOs. Professional certification, such as ACCA, ICA, CIA, CPA, is a strong indicator of sufficient technical proficiency according to Myers and Gramling, 1997. From the responses in table 4.3, (14, 46%) said YES and (16, 53.33%) responded NO, when asked whether the office have sufficient skilled internal auditors at GESOs. And as it was reported by a respondent, a relatively major internal auditor in GES does not have any of such qualifications. It was therefore revealed that such professional qualifications are not given its maximum recognition in GES, for example an interviewee from discussion group stated that *the GES do not empower and motivate its internal auditors to possess high professional certification and as has not been given appropriate classification to professional qualification on the payment voucher of GES salary structure*. Absence of these professional qualifications in GESOs denotes that internal auditors at GES lack the required skills to operate efficiently and hence confirming that the internal audit practice at GES does not conform to standards.

#### **4.3.4.3 The skill of Internal Audit Staff matching the Scope of the Office/Sector Internal Operations**

From the study, table 4.3 shows that, 25 respondents representing 83.33% said NO and only 16.67% consisting of 5 respondents answered YES when asked that “Do the internal audit staff number and their skill matches the scope of the office internal operations at GESOs. It was



revealed that majority of GES internal auditors are teacher by profession and shifted to internal audit unit. And further reported that majority of GES internal auditors qualifications are not related to internal audit work and they are there to carry out internal audit duties based on staff experience. This confirms that internal audit practice at GES with respect to adequacy of internal audit staff does not conform to auditing standard. Another interviewee believed that work experience could be naturally gained when an internal auditor routinely performs audit work. He further added that, educational qualification through continuous development of internal audit staff is very important since experience could be gained as one carries out internal audit work.

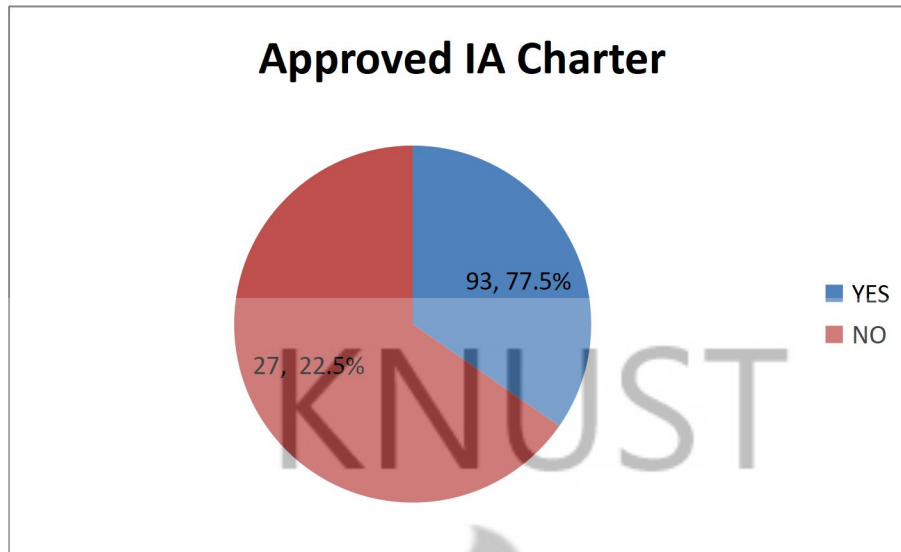
#### **4.3.4.4 Internal Audit work Perform with Modern Technology**

The working environment is gradually fading out the traditional manual way of dealing with data and information into the modern technology that uses computerized data tools and accounting software for assessing information. From table 4.3, when respondents were asked whether the internal audit work is performed with modern technology by using computerized data tools and IA software in GESOs, only 6 respondents, 20% answered YES and 24 respondents, 80% said NO. It was revealed from the interview data that there is inadequate training and development of internal audit staffs in respect of computerized accounting and IA software programmes. Analysis of the interview data revealed that there is a shortage of development and training with regards to accounting and IA programmes and few opportunities to attend such training that did exist. To take an example, one interviewee said, *the quality of internal audit staffs are very low therefore need in-service and on-the-job training in order to equip their skills in carrying out their audit duties as most of them only have school qualification.*

#### 4.3.5 The Internal Audit Charter

The effectiveness of internal audit practices in GES is the existence of approved internal audit charter in the GESOs. From the study, in fig.4.5, it was reported that an average total number of 93 respondents representing 77.5% agreed that there is the approved internal audit charter in GESOs and hence confirming to the fact that internal audit practice at GES conform to internal auditing standard which is the SPPIA. And average number of 27, 22.5% only disagreed to that fact. A well-established internal audit charter is a vital element for effective and efficient internal auditing functions.

In addition, the result of these findings was consistent with the prior audit researches conducted by (Peursem, 2005; O'Regan, 2002). According to the authors, a well drafted IA charter helps the internal audit function to perform its roles of management influence objectively and used as a way of getting accessibility to the necessary information (documents, records, systems, and personnel) to carry out the audit work. The MoFED (2004) also directs all the public sectors to have approved IA charters that are used as a working manual. It was therefore revealed that, the existence of approved internal audit charter in GES contributes to best internal audit practices by facilitating activities of the IA and to make their purpose and authority in accordance with the SPPIA which is in line with the policies and procedures of GES.



**Fig.4.5 Approved IA Charter**

#### **4.3.5.1 The Existence/Availability of Approved Internal Audit Charter**

The approved internal audit charter sets out an organizational framework and functional system within which internal audit practices are govern in the public sector. This document provides objectives and scope of audit work, authority and accountability internal audit roles and responsibilities within the public sector like GES. From the study, table 4.3 shows that 20 respondents, 66.67% responded YES and 10 respondents representing 33.33% said NO, when asked whether internal audit charter is maintained and available in the office/sector at GESOs. It was reported that, the audit charter is made available to all the educational directors in GESOs, and also staffs on the audit committee and executive management and internal auditors in GESOs. This will enhance their knowledge and ensure cordial relationships among internal audit and entire staff. This practices compliance to the SPPIA which enhances internal auditing practices at GES.

#### **4.3.5.2 Purpose and Authority of Internal Audit in IA Charter**

The purpose, authority, and responsibility of the internal audit practices should be clearly delineate in an internal audit charter which is in line with internal auditing definition,code of ethics, and the auditing standards. The CAE is charge of reviewing the internal audit charter periodically and be given the top management and the board of GES for approval.From table 4.3 when asked whether the purpose and authority of internal audit charter are in line with SPPIA at GESOs, most of the respondents (25, 83.33%) agreed that the purpose and authority of internal audit is clearly defined in the IA charter in GESOs. And only 5 respondents representing 16.67% answered NO. Therespenses gathered from the questionnaires affirms to SPPIA (1000)

#### **4.3.5.3.Is the Purpose and Authority of Internal Audit Charter in line with the SPPIA?**

From table 4.3, a majority of respondents (23, 76%) believe that the purpose and authority of internal audit charter in GESOs are in conformity to SPPIA. And 7 respondents representing 23.33% said NO when asked whether the authority and purpose of internal audit charter in GESOs are in line with the SPPIA.According to SPPIA 1000.A1, the internal audit charter clearly defines the assurance services provided to public organisations like GES.This means that internal audit practice at GES with regards to the approved internal audit charter conform to best standards-SPPIA.

#### **4.3.5.4 Internal Audit Position and Authority in the GESOs**

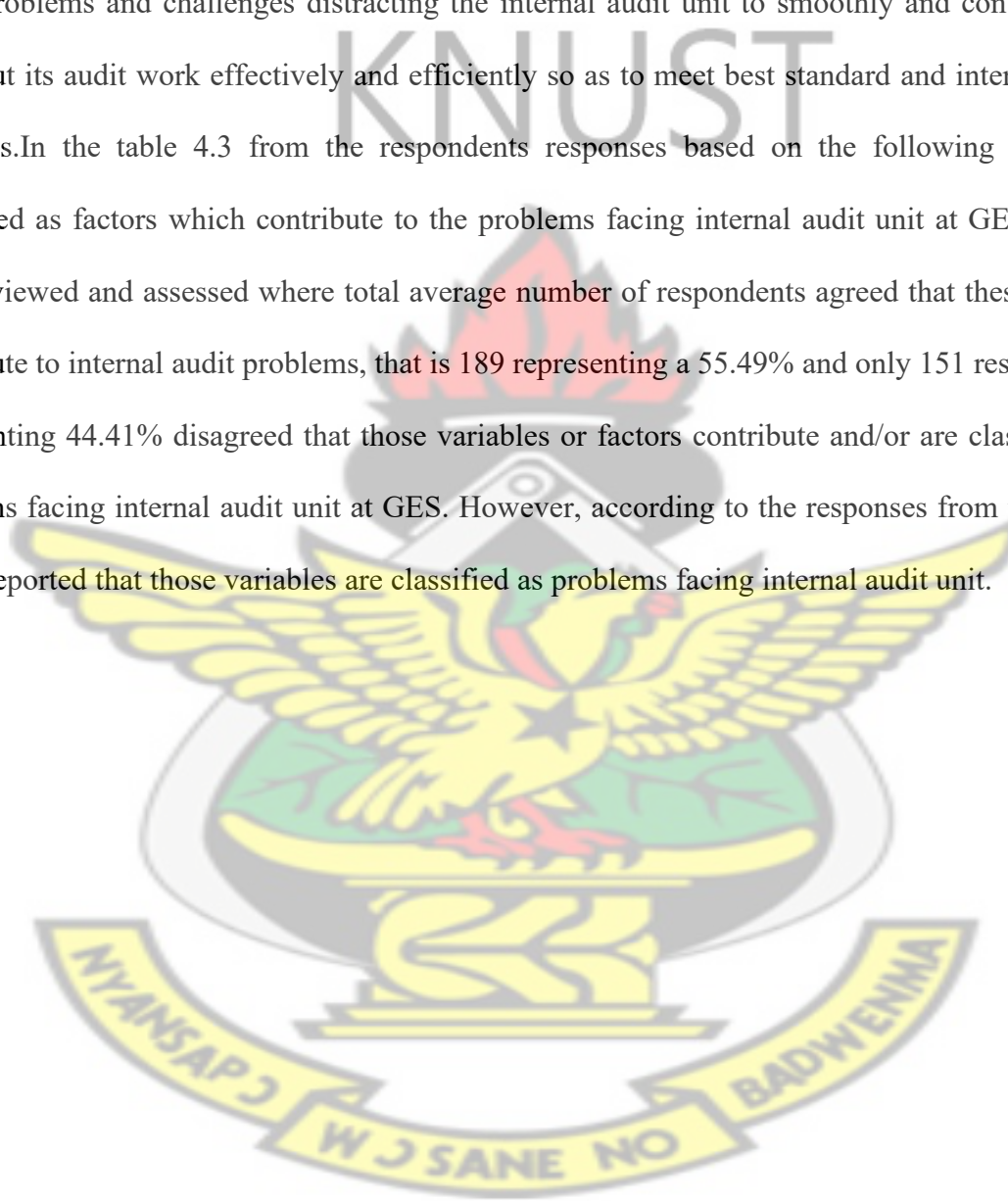
All staffsof GESOs are invited to support the internal audit practices in fulfilling its roles and responsibilities. The internal audit practicescould also have free accessibility to the board. From table 4.3 a majority of respondents (25, 83.33%) responded YES and few number of respondents (5, 16.67%) said NO, when asked, “Does the IA charter specifies the internal audit position and



authority in GESOs? Adherence and position given to the internal audit charter in GESOs allows and give them room to operate inspite of some interference by management.

#### **4.4 Problems Facing Internal Audit Practice**

The internal audit practice in GESOs has not been up to expectations and this is as a result of some problems and challenges distracting the internal audit unit to smoothly and conveniently carry out its audit work effectively and efficiently so as to meet best standard and internal audit practices. In the table 4.3 from the respondents responses based on the following variables suggested as factors which contribute to the problems facing internal audit unit at GES, it was then reviewed and assessed where total average number of respondents agreed that these factors contribute to internal audit problems, that is 189 representing a 55.49% and only 151 respondents representing 44.41% disagreed that those variables or factors contribute and/or are classified as problems facing internal audit unit at GES. However, according to the responses from the study it was reported that those variables are classified as problems facing internal audit unit.



**Table 4.4 Problems Facing Internal Audit Practice**

| S/N | Problems Facing Internal Audit Practice                                                                           | No. Of Response |    | Total | Percentage of Response( % ) |        |
|-----|-------------------------------------------------------------------------------------------------------------------|-----------------|----|-------|-----------------------------|--------|
|     |                                                                                                                   | YES             | NO |       | YES                         | NO     |
| 1   | Do internal audit practices compliance to organization's policies and procedures?                                 | 30              | 10 | 30    | 33.33%                      | 66.67% |
| 2   | Does internal audit unit adapted to the introduction of new technologies?                                         | 3               | 27 | 30    | 10%                         | 90%    |
| 3   | Is there non-recognition of the internal audit department at GESOs?                                               | 14              | 16 | 30    | 46.67%                      | 53.33% |
| 4   | Is there an independence and objectivity of the auditor at GESOs?                                                 | 5               | 25 | 30    | 16.67%                      | 83.33% |
| 5   | Is the internal audit unit adequately resourced with staff and finance to enable them performing their functions? | 1               | 29 | 30    | 3.33%                       | 96.67% |
| 6   | Does internal audit unit adopt and implement the reforms of internal auditing standards?                          | 16              | 14 | 30    | 53.33%                      | 46.67% |
| 7   | Is there a threat of gifts to the internal audit unit?                                                            | 20              | 10 | 30    | 66.67%                      | 33.33% |
| 8   | Does the practices of internal audit unit involve with collusions and manipulations?                              | 17              | 13 | 30    | 56.67%                      | 3.33%  |
| 9   | Does internal audit activities subjected to political interference in the process of performing audit work?       | 20              | 10 | 30    | 66.67%                      | 33.33% |
| 10  | Does management of GESOs support the audit program and ensure that the work is performed?                         | 6               | 24 | 30    | 20%                         | 80%    |
| 11  | Is there a problem of monitoring and oversight in performing audit work?                                          | 19              | 11 | 30    | 63.3%3                      | 36.67% |

|  |       |     |     |     |        |        |
|--|-------|-----|-----|-----|--------|--------|
|  | TOTAL | 151 | 189 | 340 | 44.41% | 55.59% |
|--|-------|-----|-----|-----|--------|--------|

#### 4.4.1 Audit Practices Compliance to Organization's Policies and procedures respondents

From table 4.4, it is overwhelmingly indicated that the internal audit unit ensures compliance to policies and procedures. (20, 66.67%) of the respondents revealed that the internal audit department ensures compliance to GES policies and procedures, while the rest of (10, 33.33%), responded that the internal audit unit does not ensure this practices. Here, the internal auditor indicated that, the department functions like a quality control section by identifying deviations from laid down procedures, and making recommendations to management for appropriate actions.

#### 4.4.2 Adaption to the introduction of new technologies

Internal audit unit under GES is far behind the changing global recognition of computerized working environment. From table 4.4 a shocking response indicated that, only 3 respondents representing 10% said YES and 27 respondents representing 90% answered NO when asked whether the internal audit unit of GES adapt to the introduction of new technologies. According to a respondent in the discussion group, *it is unfortunate that we are lacking behind other public sector organizations in Ghana. We have had the opportunities to share and forward our grievances to the high authorities regarding IT training and yet to no avail.*

#### 4.4.3 Non Recognition of the Internal Audit Unit

From table 4.4, when respondents were asked whether there is recognition of internal audit unit in GES, (14, 46.67%) said YES and majority respondents (16, 53.33%) responded NO. And as the researcher interviewed one management member, *hesaid auditing is said to be a mere checking and scrutinizing daily activities. He added that they don't really feel and see the*

*outcomes of the auditing that has taken place in GESOs over the years.* Based on responses gathered it was revealed that there is non-recognition of internal audit unit in GES despite it numerous functional roles and with the perception that anyone can perform auditing duties.

#### **4.4.4 Problem of objectivity and independence**

Internal auditors are charged with ensuring that corporate processes and associated controls are functioning as intended. From the study, in table 4.4, the minority respondents of 5, representing 16.67% agree that there is objectivity and independence of internal auditor of management and reports directly to the board while majority of respondents (25, 83.33%) responded NO, meaning that they think there is a problem of objectivity and independence of internal audit unit.

#### **4.4.5 The challenge of inadequate resource**

More surprisingly, from table 4.4, only 1 respondent representing 3.3% agreed to the fact that there is inadequate resource in the internal audit unit in GESOs while the remaining 29 respondents representing 96.67% think that they are adequately resourced. Of course all internal auditors and other management players were in the majority votes. They said they lack logistics and necessary equipments and facilities (computers, fax and stationeries) to carry out audit work and even vehicle with driver to take them to schools to perform their duties.

#### **4.4.6 Implement reforms of internal auditing standards**

This strategy was employed by the Government and overseeing bodies in the wrestling for internal audit efficiency. Accounting, auditing and other reforms introduced into the public sector organizations like GES were all geared towards improvement of internal auditing efficiencies.

One of the components of the governance and accountability system in the public sector including GES was the preparation of financial statements using accepted accounting standards, which could be understood and relied upon for making economic decisions. From the study,



table 4.4 shows that (16, 53.33%) responded YES and (14, 46.67%) said NO, meaning that the internal audit unit of GES adopt and implement the reforms of internal auditing standards.

It was revealed that two major reforms were made in the accounting system in the GES, moving from manual accounting to a computerized accounting system, and migrating to International Auditing Standards. The decision to use a computerized accounting system in the GES was perceived to be one of the bold reforms taken in the wrestling for internal efficiency as the manual systems were not reliable for the production of accurate and timely information. Some respondents argued that not all the internal auditors are abreast with computerized accounting system posing a hazard for them to carry out their audit work.

#### **4.4.7 Threat of gifts to the internal audit unit**

It was reported that internal auditors are pushed to the wall to be influenced with gift by the auditees. The objectivity and independence of internal audit is affected when internal auditors accept gifts from the auditees. From table 4.4, when respondents were asked whether there is a threat of gifts to the internal audit unit, 20 respondents representing 66.67% agreed that there is a threat of gifts to the internal audit unit and minority number of respondent (10, 33.33%) disagreed.

#### **4.4.8 Problem with collusion and manipulation**

Collusions and manipulations was a strategy used by some executives to reduce the race for increasing internal efficiency. Executives colluded with internal auditors, especially the management, including councilors and internal auditors, to hide misconduct and mismanagement of resources in GESOs. From the study, table 4.4 shows that, (17, 56.67%) agreed that the practices of internal audit unit involve with collusions and manipulations while 13 respondents representing 44.33% said NO. It was revealed that in some cases Executives colluded with either the internal/external auditors, especially when the auditor reside in the auditee's premises. They

got used to each and become friends and, hence, it became easy to collude and hide misuse of resources and other anomalies, as reflected by the interviewees in a group discussion, *It is true, residing in auditee's premises somehow it affects, like internal auditors ... because you are always together, you get used to each other, you socialize and become friends.* Like collusions, manipulations of reports were also reported to be used by executives to hide misconduct and mismanagement of resources. For example, executives were perceived to manipulate internal audit reports by excluding some findings that may have tarnished their image.

#### **4.4.9 Problem of Political Interference**

Government interference was also observed to be one of the major obstacles in the wrestling for internal auditing efficiency. Despite the fact that there is distinction between politics and public institutions based on legal entity principle, the government or a political affiliated management member may use his political powers to influence the internal audit work and reports. Table 4.4 shows that 20 respondents representing 66.67% said YES and (10, 33.33%) responded NO, meaning that the activities of internal audit are subjected to political interference in the process of performing audit work. It was reported that, some of the issued directives and orders make the internal auditors of GES perform activities outside the auditing plans, policies and procedures and, in most cases, make the internal audit staff violate the laid down auditing standards, defeating the process of wrestling for internal auditing efficiency. According to an interviewee, *Political interference in GES plays very big part for GES underperformances. The head of internal audit unit received circular from the government higher authorities to adjust the audit work and report. Being a circular from Government Higher Authorities, the IA had no choice other than implementing the circular.*

#### **4.4.10 Management support of internal audit unit**

It was revealed from the interview analysis that management does not support the internal audit program.. Management's support of the audit program is in the area of ensuring that the internal auditors are free to audit which is in line with the program so that sufficient, appropriate audit evidence could be gathered. From table 4.4, (6, 20%) of the respondents are of the opinion that management supports the audit program and ensure that the work is performed while (24, 80%) thinks the internal audit lack management support.

### **CHAPTER FIVE**

#### **SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATIONS**

##### **5.0INTRODUCTIONS**

This study was undertaken to investigate into internal audit practices in GES-BrongAhafo region. This chapterhighlights on a summary of the findings made from the study and make general inferences and conclusions with relevant recommendations based on the findings derived from the study. With this, the researcher looks at the qualification and experience of the internal audit unit to enable them the goal of the service and expose people who are not helping to improve the service. The researcher really investigated into the nature of internal audit practice, internal audit activities in conformity to internal auditing standard-SPPIA, and problems facing internal audit unit. To make effective assessment of the topic under study, questionnaire were given out to respondents for response, interview were conducted, discussant with the focus groups were held and observation were made to assist the researcher's get the focus groups were held and observation were made to assist the researcher get accurate information on the ground. The information obtained was analysed by descriptive method.

##### **5.1Summary of Findings**

###### **Respondents Characteristics**

It was revealed from the study that, the ratio of male to female used was 4:1. The study also reported that 73% of management respondents used was ageing workers (50-59), which is an indication that one can be a Director of education at the age of 50-59 years. This really discriminates and cripples the leadership qualities of the youth in GES. Unlike Directorship, majority of auditors were at the age of 40-49 years representing 60%. The study revealed that, despite the majority of auditors field of education were in Accounting, representing 53.33%, a lot of internal auditors field of education were in Management (13.33%), Economics (26.67%) and other field (6.67%) totaling 46.67%. this indicates that a lot of GES internal auditors were converted from teaching profession to become internal auditors.

It was further reported that majority of management respondents used, (80%) have had tertiary education, as compare to internal auditors representing (53.33%) which shows the true nature of GES as public sector organization requiring higher education as an entry requirement. Out of the total internal auditors respondents used, only 20% were professionally certified (Certified Internal Auditor CIA) and the majority of 60% respondents used were not certified. This indicates that the internal audit practice at GES lack professionalism. The study also revealed that 33.33% internal auditors respondents used are with the highest working experience which ranges from 11-15 years. And it was marvelously reported that all the GES offices are having audit committee.

## **Findings to research questions**

### **5.1.1 Nature of Internal Audit Practices atGES**

In general, it was revealed from the study that staffs of GES give recognition the nature of internal audit practice in GESOs as it serves as governance mechanism, risk management and control system. Several issues have been discussed with interviewees in respect of the nature of



internal audit practice at GES in relation to governance mechanism. A large number of respondents agree that the internal audit practice ensures there is effectiveness of design, and implementation of the offices of GES activities which makes it possible for the various source of fund (DFID, GPEG, and SCG) to have its individual activity implementation plan. As it was found from the study, the internal audit practice does not require and compel its employees to periodically confirm their compliance with the Agency's values and ethics framework and which mostly affect the audit practices at GES but rather advice and recommend them to do so. Besides, this is reported to be a peculiar management responsibility. Also, people recognized the nature of internal audit practice as it helps to communicate risk and control information to appropriate areas of GESOs. The study finds this as shocking, as effective management and accountability is not enforced in the internal auditors report with the reason that the IA report does not have the power enforce the management to ensure effective performance management and accountability. It was also observed that, a good number of the respondents believe that the internal auditors coordinate and communicate activities among internal auditors, external auditors, management and the board as a way of helping activity implementation becoming easy and free from errors and fraudulent practices.

From the study, it was agreed by the majority of interviewees that staff recognize the nature of internal audit practice as a risk management mechanism as people agree that the internal audit practice ensures that significant risk of information is identified in a timely manner and communicated to all departments in GESOs. The nature of internal audit practice was recognized as the IA ensures that there is effectiveness and efficiency so as to ensure that operating and financial information is accurate, complete, and in a timely manner as a way of ensuring that, financial and operating information at GESOs show reliability and integrity. The internal audit

practices provides the taste of organising training workshops for employees to become familiarized with variety of tools and concepts which stimulates audit processes and to be more efficient.

The study also suggest that, the nature of internal audit as control mechanism institute controls to ensures that resources are safeguarded not misused against loss due waste, errors and fraud as way of improving control system in GESOs. The nature of internal audit practice recognized as reported to have developed, maintained reliable and accurately present data in timely reports which helps proactive decisions to take its course. The study also gathered that, the internal audit practice provides recommendation for compliance with key laws and regulation with explanation that the IA does not enforce compliance to laws, regulations, and management directives but rather it is the management function. The study also found out that the internal audit practice promotes orderly, economical, efficient operations and offer quality services consistent with theGES mission. In respect of fraud detection, it was revealed that a large number of GES staffs thought that it is work of the internal auditor to detect fraud.It was observed that, majority of people did not know that fraud detection is a primarily responsibility of the management since management is responsible for instituting effective internal control systems for the prevention and detection of fraud. The internal audit on the other hand provides assistance to management by examining and evaluating the control mechanisms instituted by management to check it effectiveness.It is therefore established that people will accord them the needed support, once they recognize the essentials of the nature of internal audit practice in GESOs.

#### **5.1.1.1 Effectiveness of Internal Audit Unit**

It was found from the study staffs know and appreciate the nature of the internal audit practice at GES. The study found out those GES internal auditorsprovides governance processes, institutes control mechanisms and helps management to manage risks in GES offices. Internal audit

practices is seen as effective as it safeguards GES assets against waste and misused in GESOs. The nature of internal audit practice is recognized by people as it laid a training ground for future managers, and collaborates with GES external auditors and management to broaden the audit coverage. That is, the internal audit practice with respect to the nature of internal audit practice is affected negatively and the IA is ineffective when there is lack of attention from management.

### **5.1.2 Audit practices at GES Compliance to best standard.**

#### **5.1.2.1 Management support**

Information gathered from questionnaires and discussion group reported on average that internal audit practice at GES do not conform to the SPPIA since internal audit unit in GESOs suffer from a lack of management support. From the study, an average high number of 98 respondents representing 65.33% agreed that internal audit units at GES lack management support which is contrary to SPPIA. And only 52 respondents, 34.67% disagreed to that fact. Internal audit practices in GES are not able to achieve its stated target since it does not receive full cooperation and management support. Reasons for this perceived absence of management support includes: ignorance of senior management in respect of the functional roles performed by internal audit, the internal audit position and status on GES organizational structure which hamper the IA objectivity and independence, and resistance to the establishment of internal audit unit.

An interviewee pinpointed that, *there is inadequate support and cooperation of management for internal audit*. It was his opinion that, it as a result of this that cripple the independence of the internal audit. In addition, it was reported that, the effectiveness of the internal audit practices would be lacking since there is no management support. Internal audit unit is likely to be staffed with incompetent personnel since there is no sufficient support from management. Other findings from respondents revealed that the internal audit unit lacks the necessary logistics to carryout audit work since there is insufficient support from management.

### 5.1.2.2 Organizational independence

It was revealed from the study that, the independence and objectivity of internal auditors in GES is crippled as they are employees of the organization they audit, and importantly the internal audit function has no real organizational status. This means that internal audit practice at GES does not conform to standard-SPPIA. From the study, average number of greater respondents of 90 representing 60% agreed that there is no organizational independence and objectivity of the IA in GESOs. And only few numbers of 60 respondents, 40% agreed to that fact. This conflict with the SPPIA and confirms that the internal audit at GES do not conform to internal auditing standards-SPPIA. A lot of issues is embedded with the reporting system which involves free accessibility of enquiry, and establishment of relationship with auditees. It was confirmed by all respondents and interviewees that even if the internal auditors have their own separate audit unit, yet they function under the administrative leadership of lower level managers. Instances, where internal audit is position under Finance and Administration (F&A), as reported by respondents, saying that *internal audit is operating as a subordinate under the F&A, and where the IA marginalized the F&A, the internal auditor would be in danger.*

It is however revealed that internal audit report to the same hierarchical status in which they are positioned in the GES organizational structure. The difficulties are being that staffs are not allowed to marginalize their managers though it is not a law or regulation. Indeed, if an employee bypass his/her immediate boss (F&A and/ or Director), problems are subjected to generate because hierarchical power forbids any employee, who abuse organizational chain of command.

### 5.1.2.3 Adequate competent of internal audit staff

It was reported and confirmed that one of the problems facing internal audit practices at GES is inadequate competent of internal audit staff. The study reported that, high average respondents of



123 representing 82% agreed that internal audit unit in GESOs lack adequate competent of internal audit staff and only 57, 18% disagreed to that fact. This confirms that internal audit practice at GES does not conform to standard-SPPIA. Some of the reasons accounting for this problem encompass recruitment of internal audit staffs, working experience of IA staffs, educational qualifications and continuous capacity development, and selection criteria in respect of internal audit staff. It was reported by an interviewee that, there is no procedures for selection and recruitment of internal audit staffs. Another also revealed that, recruitment is based on favouritism such that one is employed as internal auditor if he has a close relationship with the head of internal audit department. This crippled the internal audit unit for not having competent and experience internal audit staffs. It was also reported that internal audit staffs in GES lack technical professional certification like CIA, ICA, ACCA, and CPA. It was sadly revealed by interviewees that such professional qualifications and for example MBA are not fully recognized in GES, and as one made a pronouncement that the high authority of GES does not cooperate in recognizing the professional qualifications, and it does not give the professional qualifications the appropriate classification in the GES salary structure.

#### **5.1.2.4 Management perception of internal audit function in GES**

It was reported from the discussion group that, internal auditors and the customers/auditees in GESOs possess a comprehension of classifying internal auditing as a value added activity. Respondents overwhelmingly reported that the office consider internal auditing practices as a value adding activity and harmoniously work with management of GESOs to achieve stated objectives. Though, it was unanimously confirmed that the educational qualifications acquired by GES internal audit staff are generally of a low caliber as revealed by the discussion group. That does not dispute the important function of internal auditors in GESOs said by one management member. From the study, it was revealed that, *the fact that internal auditors are*

*voted and appointed as management member in GESOs, their status are recognized both at the high and low level management.* (117, 33%) agreed to the fact that management have positive perception of internal audit function and (33.22%) disagreed to that fact. This means that internal audit practice at GES conform to standard with regards to management's perception of IA function.

#### **5.1.2.5 Existence of Internal audit charter of GES**

Therefore, the existence of approved internal audit charter in GES contributes to best internal audit practices by facilitating activities of internal auditors and to make their purpose and authority in accordance with the SPPIA and compliance to GES policies and procedures. From the study, (93, 77.5%) agreed that there is existence of approved internal audit charter in GESOs and only few respondents of 27, 22.5% disagreed to that fact. This means that internal audit practice at GES conforms to standards-SPPIA in respect of existence of approved internal audit charter of GES. When asked whether internal audit charter is maintained and available in the office/sector at GES, it was reported that, the audit charter should be made available to all the Directors, and also staffs on the audit committee and executive management and internal auditors at the GESOs. This will enhance their knowledge and ensure cordial relationships among audit and other staff. The CAE review internal audit charter periodically and presents it to senior management and the board of GES for approval. It encompasses how internal audit staff plans their work, their reporting authority and its position within GESOs to ensure its independence. Most of the respondents agreed that the purpose and authority of internal audit is clearly defined in the internal audit charter at GESOs.

#### **5.1.3 Problems and challenges faced by GES's Internal Audit staff**

It was observed that a few number of respondents agreed that internal audit unit at GES has adequate resources to perform their functional roles effectively. However, majority number of

them reported that the internal audit unit at GES lack adequate resources and requisite skills and knowledge needed by internal auditors to carry out audit work effectively and efficiently. Again the relationship between management and internal auditors is a suspect as majority of respondents reported that there is poor support from management to the internal auditors and not encouraging cooperation of management with the internal auditors even though few people believes that internal audit reports are well accepted by management and the board.

## **5.2 Conclusion**

The findings on the study of assessing internal audit practice at GES has proved that the existences of effective internal audit units in the GESOs in relation to cooperate governance processes, internal control mechanisms, and risk management systems improves organizational efficiency and effectiveness, reduce information asymmetry during decision making, and ensures internal reliability of financial reporting process.

The study has examined the internal audit practice relating to internal audit as internal governance mechanism, internal audit as risk mechanism and internal audit as control mechanism. The study found out that, the nature of internal audit practice at GES as governance mechanism forms part of an integral part of the governance structure. Also observed that the nature of internal audit practice as a risk management mechanism as people agreed that the internal audit work ensures that relevant risk information is captured in a timely manner and communicated across GESOs. Further conclude that the nature of internal audit practice at GES as control mechanism institute controls to ensure that resources are not misused and safeguarded against waste and fraud as way of improving control system in GESOs. The study also revealed internal audit practices at GES in conformity to standards-management support, management's perception of internal audit function, organizational independence, adequate competent internal

audit staff and existence of approved internal audit charter, and also problems facing internal audit practice at GESOs.

Generally, the study found that internal audit practice at GES do not conform to the SPPIA since internal audit unit in GESOs suffers from a lack of support from management, organizational independence and objectivity, the adequate competent of internal audit. Though, it was observed that the perception of internal audit function and approved internal audit charter conforms to the SPPIA. The result suggested that internal audit unit are performing despite many challenges they encounter with regard to freedom to operate well, financial constrain, inadequate resources and other logistics like vehicles to enable the IA to audit all schools within each directorate regularly so as to reduce financial malfeasance in GESOs, especially the use of GPEG and SCG funds.

Internal audit unit play vital roles in public organisations and considered to be the eye of public organisations like GES. Therefore, with effective corporation from government, GES board, management and staffs of GES, and the public organization at large will move forward to reduce inefficiencies in the internal controls.

### **5.3 Recommendations**

This study is has elicited recommendations based on the research findings to facilitate the processes of solving the numerous problems regarding internal audit practices in GES. It is the view of the researcher to come out with the following recommendations of which the researcher thought if considered will go a long way to improve the standard of Ghana Education Service in Brong-Ahafo region and the public sector organisations in general.

#### **5.3.1 The Nature of Internal Audit Practice**

##### **Governance Mechanism**

The study recommends that internal audit unit at GES should adhere to the value and ethics framework so that professionalism can be maintained and enhanced public confidence in the



integrity of the internal audit practice in GESOs. It is recommended that internal audit department should at any point in time compel its employees to periodically confirm their compliance with the Values and Ethics Code for the Public Service or the Agency's values and ethics framework as a way of adding value to the audit report. The IA should be empowered so as to exercise their power to hold people accountable when they don't deliver and enforce the management to ensure effective performance management and accountability.

### **Risk management mechanism**

Risk should be appropriately identified and managed so that management will consistently develop positive perception about IA functions and the relevance of audit practice in GESOs. It is recommended that, the IA should ensure risk management at GESOs by establishing contingency approach with the notion that something will probably occur after controls or procedures are implemented to prevent an identified risk as the nature of internal audit practice guide the internal auditor to identify and assess the potential impact of various risks to the GESOs during the risk assessment process and also internal controls are then identified and evaluated to determine how adequate they are in reducing risk to ensure that residual risk is at manageable level.

## **Control Mechanism**

The internal control must be reviewed, monitored and supervised regularly by management and internal auditors to ensure its effectiveness. It is also recommended that the nature of internal audit practice meets its expectation as and when the IA ensures that control mechanisms are instituted at GESOs to ensure that resources are not misused and wasted and are safeguarded against fraud and errors. And also management together with the internal audit unit ensures the safeguarding and judicious use of the organisation's resources.

### **5.3.2 Internal Audit Practice Conformity to SPPIA**

The findings of this research proved that the management support, the existence of adequate and competent of internal audit staff, and the availability of approved internal audit charter were observed as significant and proactively related to audit at GES.

Though, it was found in the study that internal audit practice at GES with regards to management support, organizational independence, and the adequate competent of internal audit staff do not conform to internal auditing practices-SPPIA, the internal audit practice with regards to management's perception of internal audit function and approved internal audit charter are recognized and do conform to the SPPIA. It is therefore recommended that, the chief audit executive(CAE), board and management of GES should support more for the internal audit functions by facilitating the internal audit practice, to recruit more adequate and competent IA staff and provide sufficient training and professional certification for the existing internal audit staffs, and should maintain the approved IA charter and workable manuals for their office because it directs the overall activities of the internal auditors in line with IIA standards, the office policies and guidelines and the SPPIA.

## **Management Support**

It is recommended that the office management should support internal auditors of GES so as to maintain and improve their effective contribution towards internal audit practice in GESOs, by using the supports provided by their offices management team appropriately, in improving their professional certification in line with the institute of internal audit standards and organizational guidelines and by introducing themselves with modern technologies that improve internal audit practices in their office to meet best standards-SPPIA. And also the MoFED recommended supporting the internal audit practice by increasing the number of certified internal auditors by funding the certification fees and also by facilitating the way for certification. With such certification, the IA staffs will be recognized which will definitely affects their responsibilities in carrying out their audit duties. That is, adding value to their audit report so as to be recognized and being implemented by management.

Moreover, the CAE, board and management of GES should work in collaboration with the MoFED and other higher educational bodies in Ghana to accomplish best internal audit practices by providing adequate and competent internal audit staffs and also management support to give short term trainings to upgrade the existing internal audit staffs proficiency in conformity to the internal auditing standard-SPPIA.

### **Management's Perception of Internal Audit Function**

It is recommended that GES should seriously consider an independent quality assurance so as to do review of their internal audit function. This process will highlight any areas for improvement in respect of best practices in the internal audit practice in GESOs and will also assess the level of compliance with SPPIA. If there is positive perception about internal audit function at GESOs, it affects quality assurance. Thus, there shall be positive perception in respect of the IA and their audit functions.

## **Organization Independence and Objectivity**

It is recommended that there should be organizational independence and objectivity so that the internal audit can provide effective assurance on governance risk management and the internal control environment. The independence of the internal auditor is critical since public confidence on the internal auditor's report depends, to a large extent, on the degree of independence of the auditor. In this respect, it is recommended that appointment and remuneration of internal auditor should not be done by government but must allow the agency to assume such role. This will help him to guarantee his financial independence and improve on his service delivery continually.

## **Adequate Competent of Internal Audit Staff**

The research recommends that internal auditors should upgrade themselves through continuous educational development and capacity building. And equipping the IA knowledge and skills by undertaking professional courses and organizing regularly computerized auditing and modern training to compete with fast growing technological changes that is emerging. It is also recommended that government, Ministry of Ghana Education, and education board should find a way to position higher certificates like MBA, and other professional certificates so as to encourage internal audit staffs to upgrade themselves professionally academically. The appointment and recruitment of internal auditors should be based on those who have experience and are qualified so as to perform their functions in conformity to lay down principles, practices and procedures of the profession.

## **Approved Internal Audit Charter**



As the research proved that the existence of approved IA charter, and management perceptions of IA function were major internal audit practice which are in conformity to internal audit standard, the SPPIA, the MoFED recommended to design, provide and continually evaluate, and review the internal audit charters at GESOs. The internal audit staffs of GES are also recommended to work in accordance with the approved available internal audit charters. This helps the internal auditors to provide the appropriate reports and to know the extent of their relationships with the managements.

### **5.3.3 Problems Facing Internal Audit Practice**

There should be availability of logistics and other resources to GESOs to enable them execute their work with ease. Workers take home pay should be structured by the government and the board to enable them to achieve the best result for the service and this will protect internal auditors from the threat of gift and collusion and manipulations. It is recommended that there should be installation or operation of adequate accounting system, some of the audit evidence is available from accounting records that are reliable and this can only be made available if good accounting system is put in place.

And adequate workshops should be organized to sensitize the staff, management to ensure full compliance to the controls.

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## APPENDIX

### APPENDIX I

#### INTERVIEW GUIDE

##### PURPOSE OF INTERVIEW:

How does the nature of audit work affect the internal audit practices in GES related with (internal audit as an internal governance mechanism, internal audit as a risk management mechanism, internal audit as a control mechanism)?

##### 1. Audit as an Internal Governance Mechanism;

1. How does internal audit practice Promote appropriate ethics and values within the GESOs? YES/NO, if any coment.....
2. Does internal audit practice ensure effective organizational performance management and accountability at GESOs?
3. Does internal audit practice helps to Communicating risk and control information to appropriate areas of the GESOs?
4. Do internal audit practice Promote appropriate ethics and values within the organization GESOs?
5. Does the internal audit practice help evaluate the effectiveness of design, and implementation of the organisation's activities at GESOs?
6. How Does the internal audit practice assess whether the information technology governance of the organisation supports the organisation's strategies and objectives at GESOs

7. Does internal audit ensures Coordinating the activities and communicating information among the board, external and internal auditors and management at GESOs?

## 2. Internal Audit as a Risk Management Mechanism

1. Does internal audit practice ensure Organisational objectives support and align with the organisation's mission at GESOs?
2. Do internal audit practices ensure significant risks are identified and assessed at GESOs?
3. Does internal audit practice ensure relevant risk information is captured and communicated in a timely manner across the organization at GESOs?
4. Does internal audit practice ensures Reliability and integrity of financial and operational information at GESOs?
5. Do internal audit practices ensures Effectiveness and efficiency of operations and programmes at GESOs?

## 3. Internal Audit as a Control Mechanism

1. Does internal audit practice help develop and maintain reliable financial and management data, and accurately present that data in timely reports at GESOs?
2. Does internal audit practice ensures resources are Safeguarded against loss due to waste, abuse, mismanagement, errors and fraud at GESOs?
3. Does internal audit practices Promote adherence to laws, regulations, contracts and management directives at GESOs?
4. Do internal audit practice Promote orderly, economical, efficient and effective operations, and produce quality products and services consistent with the organization's mission at GESOs?

## APPENDIX II

### QUESTIONNAIRE ADMINISTERED TO MANAGEMENT & INTERNAL AUDITORS

#### Objective of the questionnaire

Internal audit practice should not be overlooked in the administration of Ghana education service as it functions as an important management tool to monitor and direct the internal operations of an organization effectively and appropriately. Therefore, the purpose of this research is to assess the internal auditing practices at GES at BrongAhafo region by assessing whether internal audit practices-GES meet best standard-SPPIA to determine the problems in the internal audit practices at GES-BrongAhafo region.

In line with this, you are kindly requested to give your response to your personal profile and each statement related with the nature of internal audit practice (internal audit as an internal governance mechanism, internal audit as a risk management mechanism, internal audit as a control mechanism), assessing whether internal audit practices-GES meet best standard (management perception of internal audit function, the management support, the organizational independence, the adequate competent internal audit staff and the approved internal audit charter), and determine the problems in the internal audit practices at GES- BrongAhafo region as provided in the table below.

#### A. The personal profiles:

General instruction: please indicate your choice by putting “√” mark in the bracket.

1. Sex/gender/: male (\_\_\_\_) female (\_\_\_\_)
2. Age (in year): 20 to 29 (\_\_\_\_), 30 to 39 (\_\_\_\_), 40 to 49 (\_\_\_\_), 50 to 59 (\_\_\_\_), above 60 (\_\_\_\_)

3. Your field of study: accounting (☐) , management (☐) , economics (☐) , other specify\_\_\_\_\_

4. Level of education: TVET certificate (☐) , diploma (☐) , bachelor's degree (☐) , masters Degree (\_\_\_\_\_) or others specify\_\_\_\_\_

5. Professional certification (if any): certified internal auditor (CIA) (☐) , certified public Accountant (CPA) (☐) certified management accountant (CMA) (☐) , other (specify) \_\_\_\_\_

6. Number of years of experience you work as an internal auditor: \_\_\_\_\_

7. Does your organization/sector have audit committee? Yes (\_\_\_\_\_) , no (\_\_\_\_\_)

8. Indicate your sector: - public business enterprise [for profit] (☐) or public office /bureau [not for profit] (\_\_\_\_\_)

9. What are the activities carried out by IA in your office/sector? You can select more than one.

A. Compliance audit b. Financial audit c. Operational/Performance audit e. Internal control system evaluation d. Risk assessment (analysis) audit

B. The questionnaire items (questions)

The questionnaire is prepared for respondents to tick (✓) or circle either 'YES' or 'NO'.

**AUDIT PRACTICES IN CONFORMITY TO STANDARDS**



|     |                                                                                                                                                                                                                                    |     |    |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|
| S/N | <b>Management Support</b>                                                                                                                                                                                                          |     |    |
| 1   | Does internal audit practice ensure internal audit unit receive full cooperation, access to records and information from the management at GESOs?                                                                                  | YES | NO |
| 2   | Does internal audit practice ensures IA get the necessary resources (facilities) that help the internal audit unit to perform auditing activities as needed at GESOs?                                                              | YES | NO |
| 3   | Does the internal audit practice ensures the office supports the audit unit by providing training in order to improve IAs skill and update with the field at GESOs?                                                                | YES | NO |
| 4   | Does internal audit practice ensures the office supports the IAs to be introduced with new technology, policy or procedures at GESOs?                                                                                              | YES | NO |
| 5   | Does internal audit practice ensure the office supports Internal Auditing staffs by budgeting funds for certification to have relevant education in auditing that allows them to audit all of the organization's systems at GESOs? | YES | NO |
|     | <b>Management's Perception Of Internal Audit Function</b>                                                                                                                                                                          | YES | NO |
| 6   | Do the internal audit practices ensure the office has enough awareness and good perception about internal auditing roles at                                                                                                        | YES | NO |

|    |                                                                                                                                                                                                                                                                                  |     |    |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|
|    | GESOs?                                                                                                                                                                                                                                                                           |     |    |
| 7  | Does the internal audit practice ensure the office considers internal auditing practices as a value adding activity and work smoothly & regularly with the management at GESOs?                                                                                                  | YES | NO |
| 8  | Does internal audit practice ensure the office is encouraged to implement IAs recommendations, to promote value-added activities and to strength internal audit function at GESOs?                                                                                               | YES | NO |
| 9  | Does internal audit practice ensure the position/status of internal audit is clearly recognized by the management in office at GESOs.                                                                                                                                            | YES | NO |
| 10 | Does internal audit practice ensure the office to see internal auditing as providing internal assurance through investigations, check & assessment, and consultants & adviser particularity into controls associated to management performance and internal operations at GESOs? | YES | NO |
|    | <b>Organizational Independence</b>                                                                                                                                                                                                                                               | YES | NO |
| 11 | Does the internal audit practice ensure IA performs the auditing activities without any interference from anybody and without any influence from the office at GESOs?                                                                                                            | YES | NO |

|    |                                                                                                                                                                                                                       |     |    |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|
| 12 | Does internal audit practice ensure IA freely decide the scope, time and extent of auditing procedures based on auditing standards and the office's/sector's policy at GESOs.                                         | YES | NO |
| 13 | Does internal audit practice ensure IA objectively examine auditing issues only meeting on reliable audit evidence and no management interest is involved for adjustment beyond auditing standards & values at GESOs? | YES | NO |
| 14 | Does internal audit practice ensure IA feel free to include any audit finding in the audit work and report directly to responsible body at GESOs?                                                                     | YES | NO |
| 15 | Does internal audit practice ensure IA can freely access necessary documents, information and data about the organization/sector for the audit work at GESOs                                                          | YES | NO |
| 16 | Does internal audit practice ensure there is adequate competent internal audit staff at GESOs?                                                                                                                        | YES | NO |
| 17 | Does the internal audit practice ensure the office/sector has sufficient skilled internal auditors at GESOs?                                                                                                          | YES | NO |
| 18 | Does internal audit ensure the IA possibly audit and review each activity on time, and cover the planned scope of auditing activities at GESOs?                                                                       | YES | NO |
| 19 | Do the internal audit practices ensure the audit procedures and evidence collections are completed on time, since enough and skilled internal auditors are available or employed at GESOs?                            | YES | NO |
| 20 | Does internal audit practice ensure the internal audit staff number &                                                                                                                                                 | YES | NO |

|                                                                               |                                                                                                                                                                                                                                                                                      |     |    |
|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|
|                                                                               | their skill matches the scope of office's/sector's internal operations at GESOs?                                                                                                                                                                                                     |     |    |
| 21                                                                            | Does internal audit practice ensure the work of internal audit is performed with modern technology that uses computerized data tools and specific IA software at GESOs?                                                                                                              | YES | NO |
| <p style="text-align: center;"><b>The Approved Internal Audit Charter</b></p> |                                                                                                                                                                                                                                                                                      |     |    |
| 22                                                                            | Does internal audit practice ensure internal audit charter is maintained (available) in the office /sector at GESOs?                                                                                                                                                                 | YES | NO |
| 23                                                                            | Does internal audit practice ensure the purpose and authority of internal audit is clearly defined in charter at GESOs?                                                                                                                                                              | YES | NO |
| 24                                                                            | Does internal audit practice ensure the purpose and authority of internal audit charter is in line with “Standards for the Professional Practice” formulated by the Institute of Internal Auditors at GESOs?                                                                         | YES | NO |
| 25                                                                            | Does internal audit practice ensure the IA charter specifies the internal audit activity's position within the office; authorized access to records, personnel, and physical properties relevant to the performance of engagements, and the defined scope of IA activities at GESOs? | YES | NO |

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## PROBLEMS FACING INTERNAL AUDIT PRACTICE

| S/NO. |                                                                                                                   | The Scales |    |
|-------|-------------------------------------------------------------------------------------------------------------------|------------|----|
| 1     | Do internal audit practices compliance to organization's policies and procedures?                                 | YES        | NO |
| 2     | Does internal audit unit adapted to the introduction of new technologies?                                         | YES        | NO |
| 3     | Is there non-recognition of the internal audit department at GESOs?                                               | YES        | NO |
| 4     | Is there an independence and objectivity of the auditor at GESOs?                                                 | YES        | NO |
| 5     | Is the internal audit unit adequately resourced with staff and finance to enable them performing their functions? | YES        | NO |
| 6     | Does internal audit unit adopt and implement the reforms of internal auditing standards?                          | YES        | NO |
| 7     | Is there a threat of gifts to the internal audit unit?                                                            | YES        | NO |
| 8     | Does the practices of internal audit unit involve with collusions and manipulations?                              | YES        | NO |
| 9     | Does internal audit activities subjected to political interference in the process of performing audit work?       | YES        | NO |
| 10    | Does management of GESOs support the audit program and ensure that the work is performed?                         | YES        | NO |
| 11    | Is there a problem of monitoring and oversight in                                                                 | YES        | NO |

|  |                        |  |  |
|--|------------------------|--|--|
|  | performing audit work? |  |  |
|--|------------------------|--|--|

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