

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**SCHOOL OF BUSINESS**



**ASSESSING THE ROLE OF INTERNAL AUDIT UNIT IN THE CORPORATE  
GOVERNANCE – A CASE OF KOMFO ANOKYE TEACHING HOSPITAL**

**BY**

**HUSSEIN ALHAJI IDDRISU, (PG9600913)**

**JUNE 2015**

**ASSESSING THE ROLE OF INTERNAL AUDIT UNIT IN THE CORPORATE  
GOVERNANCE – A CASE OF KOMFO ANOKYE TEACHING HOSPITAL**

**BY**

**HUSSEIN ALHAJI IDDRISU, (PG9600913)**

*A thesis submitted to School Business, Kwame Nkrumah University of Science and*

*Technology in partial fulfillment of the requirements*

*for the degree of*

**MASTER OF BUSINESS ADMINISTRATION (ACCOUNTING OPTION)**

**JUNE 2015**

# DECLARATION

I, Hussein Alhaji Iddrisu, declare that I personally undertook this project and it has not been produced anywhere for award of a degree except other people`s works cited which have been dully acknowledged

**Hussein Alhaji Iddrisu** .....

(PG9600913)

Signature

.....  
Date

**Richard Owusu Afriyie** .....

(Supervisor)

Signature

.....  
Date

**Dr. Kingsley O. Appiah** .....

(Head of Department)

Signature

.....  
Date

## **ABSTRACT**

Some researchers have suggested that many of the public health institutions in Ghana only practice internal auditing systems on ad hoc basis resulting in operational deficiencies and financial mismanagement of these institutions. This research work therefore found it necessary to assess the role of internal audit unit in the corporate governance performance – a case of Komfo Anokye Teaching Hospital. The methodology used by the researcher is qualitative in nature in which descriptive research is used, a simple random sampling technique in gathering qualitative data from 62 respondents from 2 Board of Directors, 6 management members, 12 Internal Audit practitioners, and 10 members from each Directorate consisting of Pharmacy, Administration, Finance, Medical and Nursing. Both descriptive and inferential statistics were used in the analysis of the information or data. In conclusion the study found that internal audit scrutinize financial report of Komfo Anokye Teaching hospital and that internal auditors are part of internal control system. Further, audit committee assess the work of internal auditors in order to ensure that they comply with auditing principles and standards. The study also found that Internal Auditing practice helps to promote Risk Management activities, accountability, internal controls, Ethical Consideration and value for value in financial spending of KATH. It was found from the study that financial constraint, inadequate staff strength, inadequate qualified personnel and lack of coordination among other workers are major challenges in facing internal auditors in the performance of their duties in KATH. This study recommends that adequate resources and logistics, increase staff strength, employ qualified personnel and ensure collaboration between internal auditors and other spending officials of KATH in order to efficiently and effectively enhance auditing activities

## **DEDICATION**

I dedicate this thesis to My Mother Hajia Salamatu My Late Brother Mohammed Salisu Osman (R.I.P.), My Wife Tuahira Hussein, My Children Yasir Arafat Ibn Hussein, Baba Idrissu Hussein and Hajia Salamatu Hussein.

## **ACKNOWLEDGMENT**

I wish to express my gratitude and appreciation to Mr. Richard Owusu Afriyie my supervisor for the expect advise; direction and mentorship, he gave me in making this work a reality and would forever be remembered.

Special thanks go to my mother Salamatu Ibrahim, My wife Tuahira Hussein and my lovely three children's Yasir Arafat Ibn Hussein, Baba Iddrissu Hussein and Hajia Salamatu Hussein.

## TABLE OF CONTENT

DECLARATION .....	iii
ABSTRACT .....	iii
DEDICATION .....	iv
ACKNOWLEDGMENT .....	v
TABLE OF CONTENT .....	vi
CHAPTER ONE .....	1
INTRODUCTION .....	1
1.0 Introduction.....	1
1.1 Background of the Study .....	1
1.2 The Problem Statement.....	4
1.3 The Purpose of the study.....	5
1.4 Research Questions .....	6
1.5 Significance of the Research.....	6
1.6 The Scope of the Study .....	7
1.7 Limitation of study.....	8
1.9 Organization of the study.....	8
CHAPTER TWO .....	10
LITERATURE REVIEW .....	10
2.0 Introduction.....	10
2.1 The concept of Internal Audit.....	10
2.2 Corporate Governance in Organisation .....	12
2.3 Features of good corporate governance .....	13
2.3.1 There must be Clear Strategy.....	13
2.3.2 There must be Effective Risk Management.....	13
2.3.3 There must be Discipline .....	14
2.3.4 There must be Fairness .....	14
2.3.5 There must be Transparency .....	15
2.3.6 Social Responsibility .....	15

2.3.7 There must be Self – Evaluation .....	15
2.4 Corporate Governance and the role of the Internal Auditor .....	16
2.5 The Code of Ethics of Internal Auditors.....	18
2.6 Effectiveness of Internal Audit activities.....	20
2.7.0 Important Forms of Internal Audit.....	21
2.7.1 The Financial Audit .....	21
2.7.2 The Operational Audit .....	22
2.8 The Function of Audit Committees .....	23
2.9 Framework on the Role of Internal Auditing Practice on Corporate Governance .....	24
2.9.1 Risk assessment .....	25
2.9.2 Accountability.....	26
2.9.3 Information Technology Usage .....	26
2.9.4 Internal Controls Activities.....	27
2.9.5 The Ethical consideration .....	28
2.9.6 Professionalism.....	29
2.9.7 Value for Money .....	29
2.9.8 Fairness and Efficiency in Public Procurement.....	30
2.9.10 Problems and Challenges Facing Internal Auditors.....	30
2.11 Summary of Literature Review.....	32
CHAPTER THREE .....	35
METHODOLOGY AND ORGANIZATIONAL PROFILE.....	35
3.0 Introduction.....	35
3.1 Study Design.....	35
3.2. Sources of Data.....	36
3.2.1 Primary data (field survey) .....	36
3.2.2 Secondary Source of Information .....	37
3.3 Study Population, Sampling and Sampling Technique .....	37
3.4 Methods of Data Collection.....	40
3.5 Data Analysis and Interpretation .....	40
3.8 The Profile of Komfo Anokye Teaching Hospital.....	40
3.9 Organisational structure of Komfo Anokye Teaching Hospital .....	43



CHAPTER FOUR.....	45
FINDINGS AND DISCUSSION.....	45
4.0 Introduction.....	45
4.1.1 Gender of the Respondents .....	45
4.1.2 Age of the Respondents .....	46
4.1.2 Respondents educational Level.....	46
4.1.3 Respondents Monthly income level.....	47
4.1.4 The number of years Respondents have been working with KATH .....	47
4.2.0 Respondents view on Internal Auditing Activities .....	48
4.2.1 Respondents view on the duties of internal auditors .....	49
4.2.2 Internal Auditor being part of the agent of internal control system.....	49
4.2.3 Effective control system of audit committee on internal auditing practices.....	50
4.2.4 Internal auditors are given adequate resources to carry out their duties in Komfo Anokye Teaching Hospital .....	51
4.2.5 The number of Times internal auditor issue reports to management and Stake holders .....	52
4.2.6 Internal auditors having manual regulating their practices.....	53
4.2.7 Audit committee assess the work of internal audit .....	54
4.2.7 The Independence of Internal Auditor in the performance of their duties in Komfo Anokye Teaching Hospital .....	55
4.2.8. Indicate the level of importance of internal auditing practices in promoting internal control responsibilities in KATH. ....	55
4.2.9 How often do Internal Auditor publish financial and non-financial information on activities of Komfo Anokye Teaching Hospital?.....	56
4.2.10. The Internal Auditors interact with other officials in the performance of their duties in Komfo Anokye Teaching Hospital .....	57
4.2.11 Number of time Internal Auditors interact with others in the performance of their duties in Komfo Anokye Teaching Hospital .....	58
4.3.0 The relevance of internal audit in Komfo Anokye Teaching Hospital.....	59
4.3.1 Internal Auditing practice helps to promote Risk Management activities in KATH .....	59
4.3.2. Internal Auditing practice helps to promote Accountability in KATH .....	60
4.3.3. Internal Auditing practice helps to promote Information Technology Usage in KATH....	61

4.3.4. Internal Auditing practice helps to promote Internal controls activities in KATH .....	62
4.3.5. Internal Auditing practice helps to promote Ethical Consideration in KATH .....	63
4.3.6. Internal auditing practice help to promote professionalism in KATH .....	64
4.3.7. Internal Auditing practice helps to ensure Value for money in KATH.....	64
4.3.8. Internal Auditing practice helps to ensure Fairness and Efficiency in operations of KATH .....	65
4.3.9. Please rate below the overall performance level of internal auditing practices in the.....	66
4.4.0 Challenges confronting internal auditing activities in the performance of their duties in KATH .....	67
4.4.1. Internal auditors are intimidated in the performance of their duties in KATH. ....	67
4.4.2. Financial constraint is a challenge facing internal auditing in the performance of their duties in KATH.....	68
4.4.3. Inadequate staff strength is a challenge facing internal auditing in the performance of their duties in KATH.....	69
4.4.4. Inadequate qualified personnel is a challenge facing internal auditing in the performance of their duties in KATH. ....	70
4.4.5. Lack of coordination among other workers is a challenge in facing internal auditors in the performance of their duties in KATH.....	71
CHAPTER FIVE .....	73
SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSIONS.....	73
5.1 Introduction.....	73
5.1.1 Demographic characteristics of respondents .....	73
5.1.2. Respondents view on Internal Auditing practices in corporate governance.....	73
5.1.3 The relevance of internal audit in Komfo Anokye Teaching Hospital.....	74
5.1.4 Challenges confronting internal auditing activities in the performance of their duties in KATH .....	75
5.2 Conclusion .....	76
5.3 Recommendations.....	76
References.....	78
Appendix .....	86

## LIST OF TABLES

Table 4.1 Gender of the Respondents .....	45
Table 4.2 Age of the Respondents .....	46
Table 4.3 Respondents educational Level .....	46
Table 4.4 Respondents Monthly income level.....	47
Table 4.5 Respondents view on the duties of internal auditors .....	49
Table 4.6 Internal Auditor being part of the agent of internal control system.....	50
Table 4.7 Internal auditors are given adequate resources to carry out their duties in Konfo Anokye Teaching Hospital .....	52
Table 4.9 Internal auditors having manual regulating their practices.....	54
Table 4.10 Audit committee assess the work of internal audit .....	54
Table 4.11 The Independence of Internal Auditor in the performance of their duties in Komfo Anokye Teaching Hospital .....	55
Table 4.12 Indicate the level of importance of internal auditing practices in promoting internal control responsibilities in KATH.....	56
Table 4.13 The Internal Auditors interact with other officials in the performance of their duties in Komfo Anokye Teaching Hospital .....	58
Table 4.14 Number of time Internal Auditors interact with others in the performance of their duties in Komfo Anokye Teaching Hospital .....	59
Table 4.15 Internal Auditing practice helps to promote Risk Management activities in KATH .	60
Table 4.16 Internal Auditing practice helps to promote Information Technology Usage in KATH .....	62
Table 4.17. Internal Auditing practice helps to promote Internal controls activities in KATH ...	63
Table 4.18. Internal Auditing practice helps to promote Ethical Consideration in KATH .....	63
Table 4.19. Internal auditing practice help to promote professionalism in KATH .....	64
Table 4.20 Internal Auditing practice helps to ensure Fairness and Efficiency in operations of KATH .....	66
Table 4.21 The overall performance level of internal auditing practices in the promotion of good organisational governance of KATH .....	67

Table 4.22 Internal auditors are intimidated in the performance of their duties in KATH .....	68
Table 4.23 Inadequate staff strength is a challenge facing internal auditing in the performance of their duties in KATH .....	70
Table 4.24. Inadequate qualified personnel is a challenge facing internal auditing in the performance of their duties in KATH.....	71
Table 4.25 Lack of coordination among other workers is a challenge in facing internal auditors in the performance of their duties in KATH.....	72

## LIST OF FIGURES

Fig: 2.1 Framework on Role of Internal Auditing Practice on Corporate Governance.....	25
Fig 4.1 The number of years Respondents have been working with KATH.....	48
Fig 4.2 Effective control system of audit committee on internal auditing practices .....	51
Fig 4.3 The number of Times internal auditor issue reports to management and Stake holders..	53
Fig 4.4 How often do Internal Auditor publish financial and non-financial information on activities of Komfo Anokye Teaching Hospital?.....	57
Fig 4.5 Internal Auditing practice helps to promote Accountability in KATH .....	61
Fig 4.6 Internal Auditing practice helps to ensure Value for money in KATH.....	65
Fig 4.7 Financial constraint is a challenge facing internal auditing in the performance of their duties in KATH.....	69

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.0 Introduction**

The chapter introduces the research topic for this study –assessing the role of internal audit unit in the corporate governance-a case of Komfo Anokye Teaching Hospital. Under this chapter, background statement, problem statement, the main objectives, significant, scope of the study, and limitation of this research work are elaborated.

### **1.1 Background of the Study**

In a constantly expanding global competition, emerging new technologies, improved communications, the increased public funds being absorbed by public healthcare institutions, the improvements in productivity, the better quality of care, the increased in healthcare operating costs, and the modernization of treatment methods have modified the framework in which public healthcare institutions develop and operate. The health sector in Ghana has been recognized as the primary engine of growth and development. Health care facilities in Ghana are now best positioned to carry out efficient and effective healthcare delivery (Brilliant, 2002) due to various measures implemented to achieve health related agendas under the millennium development goals. For many governments, effective health delivery for the citizenry is of much concern and must be administered by the health care administrator at the various health facilities with supervision by the Ministry of Health.

Public Hospitals in Ghana receive funds from three main sources, namely Government of Ghana budgetary support, Donor Pool Fund and IGF. With largest percentage of public expenditure on

health absorbed by public healthcare institutions, then the need for proper utilization of hospital resources appears today to be particularly urgent.

Healthcare administrators, therefore have constant pressure to provide or facilitate the delivery of adequate healthcare services at their locality. Anthony (2009) noted that this cannot be accomplished without the healthcare facilities undertaking proper internal control mechanisms.

According to 2012 Auditor General's report, the financial position and operational results of some public healthcare institutions in Ghana could have been healthier if effective supervision of schedule officers (internal auditors, accountants, tax experts, procurement officers etc.) and painstaking review by management had been taken to address weaknesses and lapses identified in their financial and operational decision controls. The report emphasized that the passive and weak internal control mechanisms practice by these institutions are the bane of their predicament. Sawyer (2013) stated that managerial problems couple with weak coordination among management which stems from porous corporate governance structures led to a publication by the 'Economy Times' on Monday, 4 march, 2012 indicating that the financial position of Komfo Anokye Teaching Hospital may be insolvent.

The Board of Directors in 2013 annual general meeting described the Komfo Anokye Teaching Hospital's 2011/2012 financial year performance as appalling and that challenges in internal corporate governance adversely impacted on overall institution's performance. The board was of the view that the time has come for all stakeholders in the public healthcare institutions in Ghana (and Komfo Anokye Teaching Hospital in particular) to pay critical adherence to addressing what they call 'perennial' internal control challenges inherent in the institution's corporate governance structure.

It is therefore clear that enhancement in internal control system through realistic internal audit system is a prerequisite for successful corporate governance practices which intend will lead to overall improvement in the healthcare delivery in Ghana.

Interestingly, the corporate governance literature is devoid of any research study that empirically or analytically assesses the link between institution's internal audit unit and its governance performance in the public healthcare delivery in Ghana. This study therefore aims to investigate the role of internal audit unit in the corporate governance - a case of Komfo Anokye Teaching Hospital.

The public healthcare institution is chosen as a case study for this research work mainly because the continuous healthcare delivery is paramount if Ghana need to have a sustained economic growth under its lower middle income status. Again the researcher considered public health sector because of the numerous report of misapplication and misappropriation of funds despite various policies and programmes put in place to check internal control practices in these public health institutions (Auditor General Report, 2012/13). So anything that tends to enhance internal control and improve the governance and management in these public health institutions is particularly important to both stakeholders and policy makers in the Ghanaian health care sector.

This research work therefore found it necessary to assess the role of internal audit unit in the corporate governance performance – a case of Komfo Anokye Teaching Hospital. This study concentrates mainly on the extent to which internal audit unit is helping improve corporate performance in the public health institutions in Ghana.

In this study, concentration is based mainly on the role of internal auditing practice identified Fraser and Henry (2007) in promoting corporate governance in public institutions through the



following determinants: Risk Management, Accountability, Information Technology Usage, Internal controls, Ethical Consideration, Professionalism, Value for money, and Fairness and Efficiency.

## **1.2 The Problem Statement**

According to 2012/13 Auditor General's Report, the financial position and operational results of some public health institutions in Ghana (especially Komfo Anokye Teaching Hospital) could have been healthier if effective supervision of schedule officers (especially internal auditors) and painstaking review by management had been taken to address weaknesses and lapses identified in their financial and operational decision controls.

The report emphasized that the passive and weak internal control mechanisms practiced by these institutions are the bane of their underperformance. Armah (2012) stated that managerial problems coupled with weak coordination among management which stems from porous governance structures led to a publication by the 'Business and Financial news' on Monday, 4 March, 2014 indicating that the board of Komfo Anokye Teaching Hospital is insolvent.

Some researchers have suggested that many of these public health institutions in Ghana only practice internal auditing systems on ad hoc basis resulting in a continuous abysmal performance (Anthony, 2009). As one researcher puts it, there is a missing link between various control governance structure and other regulatory bodies such as internal control systems instituted to run these public health institutions in Ghana resulting operational deficiencies and financial mismanagement of these institutions.

KPMG (2014) noted that a proactive and preventive approach to this problem requires a critical evaluation of existing corporate governance systems of public health institutions and making the

needed adjustments to ensure that these public health institutions' internal auditing systems are up to date with laid down regulation. Having an up to date internal auditing functions as an overall control measure to provide an invaluable quality assurance and independence service to all levels of management to achieve institution's objectives are desirable. However the importance of this traditional role and the ability of internal auditing system to effectively impact on corporate governance in the public health institutions in Ghana is under researched (Anthony, 2009).

This research work therefore found it necessary to assess the role of internal audit unit in the corporate governance performance – a case of Komfo Anokye Teaching Hospital.

### **1.3 The Purpose of the study**

#### ***General Purpose of the study***

The general purpose of the work is to assess the role of internal audit play in the corporate governance of Komfo Anokye Teaching Hospital.

#### ***Specifically, this research works seeks to assess:***

- To identify the role of internal audit unit in the promotion of good corporate governance in Komfo Anokye Teaching Hospital.
- To identify and evaluate the relevance of internal audit in Komfo Anokye Teaching Hospital.
- To evaluate various challenges internal audit unit face in the performance of their duties in promoting corporate governance in Komfo Anokye Teaching Hospital.

#### **1.4 Research Questions**

- What are the role of internal audit unit in the promotion of good corporate governance in Komfo Anokye Teaching Hospital?
- What are the relevance of internal audit in Komfo Anokye Teaching Hospital?
- What are various challenges internal audit unit face in the performance of their duties in promoting corporate governance in Komfo Anokye Teaching Hospital?

#### **1.5 Significance of the Research**

The rationale of this study is to assess the role of the internal audit, and how the internal audit units perceive their role in sustaining compliance with rules and regulations in promoting good corporate governance. This will help academicians and professional alike to appreciate and understand effectiveness and deficiencies inherent in corporate governance system in public health institutions in Ghana including Komfo Anokye Teaching Hospital and assess how internal audit unit can contribute to the improvement in the corporate governance of these institutions.

This research aims to document and provide up-to-date evidence-based recommendations to policy makers on effective strategies that can be employed not only to identify ineffectiveness and deficiencies inherent in corporate governance system of public health institutions in the country, but how policy makers can influence and redirect effort in ensuring that internal audit unit in these public health institutions in Ghana performs it intended roles in order to promote good corporate governance.

The study among its usefulness adds to existing knowledge of internal audit unit practices and the role internal auditors and other control agencies play in ensuring effective corporate governance practices. It will also serve as a good source of reference to public health institutions

in Ghana as far as instituting and ensuring effective corporate governance is concerned. Further, this would enable the Komfo Anokye Teaching Hospital derive optimum results from its staff by improving upon its good corporate governance through effective internal auditing system.

Again, the study will inform organizations that internal auditors do not only exist to detect fraud but to make sure that internal auditing system of the organization are effectively implemented.

Finally, the results of this study will help the Komfo Anokye Teaching Hospital to ensure the need to strengthen internal audit unit in order to safeguard assets, prevention and detection of frauds, errors and irregularities, in day to day management of the institution.

### **1.6 The Scope of the Study**

The scope of this research is Komfo Anokye Teaching Hospital. This research aims at taking an extensive look at assessing comprehensively the system of internal auditing practices in the corporate governance of public health institutions in Ghana using Komfo Anokye Teaching Hospital. Komfo Anokye Teaching Hospital is considered as a case study mainly because the institution was cited in 2012/13 auditor general report for misapplication of funds despite various policies and programmes put in place to promote internal audit practices. Again the institution was chosen due to access to information.

This research work will assess the role of internal audit unit in the promotion of good corporate governance, evaluate the relevance of internal audit and analyse various challenges internal audit unit face in the performance of their duties in promoting corporate governance in Komfo Anokye Teaching Hospital. In this respect, all relevant questions focus on the operational activities of the institution concerning internal audit would be solicited mainly from management of the hospital.

### **1.7 Limitation of study**

The study is supposed to cover all the public health institutions in Ghana; however, the researcher chose Komfo Anokye Teaching Hospital as a case study to represent public health institutions in Ghana, because of time and resource constraints. Although the researcher will collect as much relevant data as possible to understand the role internal audit unit plays in corporate governance in the Komfo Anokye Teaching Hospital, and has taken great care to present this data in as fair manner as possible, this study still has limitations. Public health institutions internal audit report is extremely sensitive and so management may not be willing to share audit information with outsiders. Further, financial problem that is crucial due to the scope of the research work. Activities such as browsing, printing of research documents and expense analysis, transport costs etc involve money. Lastly, the refusal of respondents to provide the right information due to the sensitive nature of the topic would be another form of limitation. This is particularly so because of the uneasiness that people exhibit bordering on the motives of the researcher when enquiries are made into the institutions' account, themes of audit reporting and procurement compliance. However it is believed that the above mentioned shortfalls will not hamper the credibility of information therein contained to any marked degree.

### **1.9 Organization of the study**

The study is divided into five chapters. Chapter one deals with the background, the statement of the problems, research questions, justification of the study, objectives, scope, limitation as well as organization of the study. Chapter two provides an overview of existing literature. This chapter provided a review of already existing literature on this topic. Chapter three gives the profile of the company to be studied. It also describes the data that form the basis for the research

reported in this thesis and provides an overview of the methods or the methodology used in the study. Again it will deal with the theoretical framework and the empirical model that underpin the analysis of the data. Chapter four reports the results of the empirical analysis. That is, it deals with the presentation, analysis and discussion of the data collected from the field. Chapter five which is the last chapter look at the conclusion, recommendation and policy implications of the research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This segment reviews the theoretical and empirical literature underlying the concept of internal audit and good corporate governance in everyday business lives of company. First, the basic concepts of internal audit and the corporate governance are explained. In addition, the theoretical and empirical literature review on internal audit – good corporate governance relationship is carried out. Further, the chapter examines various internal auditing practices adopted by companies in promoting good governance in companies.

#### **2.1 The concept of Internal Audit**

According to the Institute of Internal Auditors (2012) Internal auditor is an autonomous, objective, independent consulting and assurance activity aimed to add value and improve an institution's operations and performance. This helps an institution realize its goals by bringing a systematic, well-disciplined attitude to appraise and improve the efficiency of risk control, and corporate governance processes.

This definition of internal audit provides a clear idea of the links between internal audit and internal control. It provides that internal audit is important assessment function as well as being the pivot to increasing the effectiveness of internal control processes. It is important to stress that while internal control helps organization to meet its objectives; internal audit is about ensuring that its risk management and internal control system are working properly.

Morgan (2011) explained that internal audit has conventionally been measured as checking function and commonly perceived as the “watchdog”. Hence, it is seen as an essential constituent of institution’s control but considered compliant to the accomplishment of key corporate goals.

To COSO (Committee of Sponsoring Organizations of the Treadway Commission, 2013), internal audit is defined as a mechanism which proffers basic security to the business relating to the integrity of financial matters. The Committee’s report did not only give the definition of internal audit, but also describe a framework for internal control. The fundamental significant of the Committee’s report was that it offers standard for the management to use so s to evaluate controls (Nagy, 2002).

An improvement stride was the new definition of internal audit by IIA in June 2000, which clearly state “the internal auditing activity should evaluate and contribute to the enhancement of risk assessment, corporate governance and control” (Ouchi, 2002). In his study, Krogstad (2001) wrote that this new definition change the focus of the internal audit function from one of assurance to that of value added and attempts to shift the profession toward a standards-driven approach with a heightened identify.

Latest definition of the Institute of Internal Auditors (2011), describes internal audit as activity that should evaluate and contribute to the improvement of risk management, control and governance, recognizes the assurance and consulting role of internal auditing in corporate governance.

For operational purposes this study adopted the definition of internal audit to include: an objective, independent consulting and assurance activity aimed to improve and add value to an organization’s operations. Internal audit activity helps an organisation to accomplish its goal by



bringing a systematic controlled approach to appraise and improve the effectiveness of risk control, management and governance processes.

## **2.2 Corporate Governance in Organisation**

Since 1990s, corporate governance has intensified in companies and its definition varies in different literatures according to the different business environment.

Corporate governance is something viewed as a business culture fostering economic growth by building up confidence of investors (The Royal Commission Report, 2003). Schmidt and Tyrell (1997), adopted a more concise definition relating to a company and asserted that “Corporate governance is the totality of the institutional and organisational mechanisms, and the corresponding decision – control rights, making and intervention, which function to resolve conflicts of interest concerning the various groups which have a stake in form and which, either in separation or in their dealings, regulate how important decisions are taken in a company, and eventually also determine which decisions are to be taken”.

A comprehensive report submitted by the Organisation of Economic Cooperation and Development (OECD) in 2004 defined corporate governance as supervision and guidance system adopted by a company. The report emphasized that corporate governance is a key element in the improving economic efficiency and economic growth in addition to strengthening investors’ confidence. According to Kusel, Jimie and Oxner (2000), corporate governance comprises a set of correlation between company’s administration, board of directors, and other stakeholders.

Colbert (2005), asserted that corporate governance also provides a structure to determine the means to attain the company’s goals and to supervise the performance within the company.

Good corporate governance should provide proper incentives to the board of directors and the

company's management to seek to achieve the goals that are in the interest of the institution and its owners and should enable operational control (Mugenda 2003).

For the purposes of this research work, corporate governance consists of all mechanisms, physical systems and technological processes that department heads and segment chiefs put into place to make sure a company operates effectively. Corporate governance elements include human resources rules, policies and procedures, as well as organisational work stipulations. These elements may also include external tools, for example regulations and laws.

### **2.3 Features of good corporate governance**

In assessing Transparency in corporate governance processes, Gupta (2002) identified seven features of corporate governance which include:

#### **2.3.1 There must be Clear Strategy**

According to Chadwick (2003), good corporate governance starts with a clear policy for the business. For example, firm's management authorities might investigate the market to identify a profitable place, form a product line to meet the desires of that target marketplace and then promote its wares with an advertising campaign that reaches those customers directly. In line with this, the firm's workforce stay focused on the company's mission of meeting the desires and needs of the customers in that target market (Stein, 2002).

#### **2.3.2 There must be Effective Risk Management**

Inability to implement effective risk controlling practices will push the firm out of the industry even if the firm implements smart strategies because opponents might steal their clients,

unanticipated calamities might cripple firms operations and instabilities in economy might erode the purchasing capabilities of the target customers (Henry, 2007). This risk can be escaped if the firm adopts effective strategic risk administration. For instance, a firm's management might decide to vary operations so the firm can count on income from several diverse markets, rather than rest on just one.

### **2.3.3 There must be Discipline**

Henry (2007) found that corporate strategies are only as effective as their execution. A firm's management can spend years enacting a policy to push into different markets, nonetheless if it can't marshal its staff to implement the policy, the resourcefulness will collapse. Good business governance process requires having the commitment and discipline to implement strategies, resolutions and policies.

### **2.3.4 There must be Fairness**

It is imperative to stress that 'fairness' must always be a high priority for management of companies (Ho, 2005). For instance, directors must push their staffs to be top, however they should also identify that a substantial assignment can have undesirable long-term impact, for example, high turnover and low morale. Businesses also must be reasonable to their clients, both for public-relations and ethical consideration. Handling clients unfairly and dishonorably, despite its short-term profits, will continuously hurts a business's long-term prospects (Sawyer, 2003).

### **2.3.5 There must be Transparency**

According to Neely and Andy (2002), administrators of companies sometimes possess their own guidelines by restraining the information that goes down to staffs. Nevertheless, corporate transparency provides institutional growth: In circumstances where staffs appreciate management's policies and strategies, and are permitted to monitor the business's financial performance, Sawyer (2003), explained that they are able to comprehend and appreciate their roles within the organisation.

### **2.3.6 Social Responsibility**

Corporate social responsibility is progressively becoming topical issues in recent times (Spira and Page, 2003). They said customers expect businesses to be good community participants, for instance, by instigating recycling efforts and decreasing pollution and waste. A good company governance recognizes ways to improve firm practices and also supports social good by investing in the local community.

### **2.3.7 There must be Self – Evaluation**

Coffey et al (1994) proposed that inaccuracies are sometimes inevitable in a course of administering a business in present-day. The main issue is to perform more often self-evaluations to recognize and lessen brewing challenges. He continued that staff and client appraisals, for instance, can provide important feedback about the usefulness of business current strategies. Engagement of outside experts to analyze business operations also can help classify ways to develop company's competence and performance.

## **2.4 Corporate Governance and the role of the Internal Auditor**

Generally, it is now accepted that the relationship between corporate governance and internal auditing impact all classes of commercial activity of companies and that the supposed repercussions and consequences of this collaboration have reformed significantly in the modern times (Ouchi, 2002). Corporate governance and internal auditing have now grown into an issue of key public concern. On this notion, global procedures perceive that effective collaboration of internal auditing and corporate governance increases performance, and this is a foundation of competitive advantage of companies.

The influence of internal auditing activities to corporate governance processes is shown through delineating the association between internal audit activities and important elements of corporate governance system. In the light of this, it is factual that directors have been considered as the main player in corporate governance process by watchdogs and control committees around the business world (Asax, 2003).

To Asax (2003), the new description of internal auditing activities emphasises on business governance process, specifically the Board of Directors of the companies. This description emphasizes internal audit activities in assisting the company to achieve its intended objectives. Owing to the fact that Board of Directors of companies are eventually responsible for the company's achievement in terms of its goals, internal auditor's involvement is to give information that the company needs (Colbert, 2002). Besides, internal audit's function is vital in helping the Board of Directors of a company in its governance controls.

According to Cook and Winkle (1976), Internal Control activities is spread all over the business in implementing reactions and orders to and from the company administration. By evaluating and measuring the effectiveness of company's controls processes, internal auditing is considered as

an important decision-making control tool (Carmichael et al., 1996), that is directly related to the institution's structure and the common rules of the business operation (Cai, 1997). In modern business transactional setting, internal auditors are now offering board of directors with a far wider range of information about the institution's operational, financial, compliance etc activities in order to develop efficiency, effectiveness, and economically manage the performance and activities of institutions (Rezaee, 1996).

Rezaee and Lander (1993) wrote that internal auditing functions contribute to institutions governance by carrying out best corporate practice philosophies about risk assessment and internal controls procedures to the audit committee by giving out information about any falsified undertakings or abnormalities and shepherding yearly audits and reporting the findings to the audit team. Rezaee and Lander also made it clear that internal auditors inspire audit committee to undertake periodic appraisals of its activities and compared its practices with current best standard to confirm that its activities are conformable with leading practices of the world (Sawyer, 2003).

Sawyer (2003) further indicated that an effective audit committee body will reinforce the position of the internal audit activities by offering a supportive environment and an independent review on the effectiveness of the internal audit job.

Lastly internal auditing functions help business governance by revising the institution's ethics policies and code of conduct to certify they are up-to-date and are talked to staffs. Therefore, internal auditing improves current methods to auditing, develops new auditing ways and services, and aids fulfill progressively more multifaceted demands that management these days faces. In Related development, it can be anticipated that internal auditing function will be

gradually oriented towards instructing the board of directors or management on efficient corporate governance processes.

## **2.5 The Code of Ethics of Internal Auditors**

According to Awaba (2006) the objective of Code of Ethics of the internal auditors is to encourage the culture profession and ethical consideration in the internal auditing activities. He said a well define and guided code of ethics is essential and proper for the occupation of internal auditing, established as it is on the dependence placed in its impartial assurance about control, risk assessment and corporate governance. Therefore, the universal Code of Ethics as given by the Institute of Internal Auditors in 2010 comprises two important constituents.

Firstly, ethics that are pertinent to the practice and occupation of internal auditing, and secondly guidelines of Conduct that define behavioural standards expected of any internal auditors. These guidelines are essential to understanding the doctrines into practical execution and are envisioned to guide the ethical behavior of internal auditors in their operations.

Hypa (2009) wrote that these code of conduct in addition to the organization's occupational practices and other important declarations provide control to internal auditors attending others. In corporate governance in Ghana, the functions and operations of the internal auditor are regulated by the Internal Audit law.

Ghana Agency Law (Act 658, 2003) and other relevant agencies particularly organizations the particular internal auditor is a member. It is acknowledge that even though not every internal auditor is a member of a professional bod, their activities are enhanced and checkmated by such professional bodies. For instance, code of conduct book issued by Ghana Audit Service guide its

members in their duties with their customers. The stipulations in the code of conduct are to be practiced and upheld by their followers in the course of their activities.

It is commendable to state that most of the doctrines and rules practice in the course of internal auditing activities are the same even if upheld elsewhere other than Ghana. Consequently, the ethics and guidelines are include (Gray and Gray, 2009).

It is expected that internal auditors are to uphold and apply the following ethics:

### ***Ethics of Integrity***

The doctrine of integrity of the part of internal auditors establishes trust and thus provides the foundation for reliance on their decision.

### ***Ethics of Objectivity***

It is expected that internal auditors display the highest level of occupational professional objectivity in communicating, gathering, and evaluating information about the activities or practice being scrutinized. It is important to note that internal auditors create a balanced valuation of all the important environments and are not improperly inclined by their own benefits or by others in establishing judgments (Pleier and Associates, 2000)

### ***Ethics of Confidentiality***

It must also be emphasised that internal auditors respect the ownership and value of information they obtain and do not release facts without proper power unless there is a professional or legal responsibility to do so.

### ***Ethics of Competency***

Finally, internal auditors must apply the skills, experience and knowledge, required in the performance of activities services.



## **2.6 Effectiveness of Internal Audit activities**

The effectiveness of internal audit functions are well documented empirically in literature. In analysis the effect of internal auditing functions on organisational performance in 224 bank branches for a year, Sawyer (2003) found that banking performance improved significantly in the branches surveyed for a year following the auditing.

It must be noted that Sawyer is not lonely in mounting and analysing an explanatory ideal of internal audit auditing effectiveness (Kusel, Jimie, and Oxner, 2000). Hub (2007) indicated that while other study gives a worthwhile argument for appreciating how auditing activity can improve a business's performance, it fails to analyse why and when internal audit functions and the conditions that promote or hinder it. Analysing these conditions (good or bad) is the most important pillar of this research work.

Hub (2007) identify two main methods to the perception of the effectiveness of internal auditing functions. The first method of the effectiveness of internal auditing functions dwell on the relationship auditing activity and some established general standards deduced from the features of internal audit.

There are five principles advanced for this approach include professional ability, interdependence, the range of work, the work of the internal auditors and managing of internal audit subdivision. This method was endorsed by Glazer (1980) and Anderson (1983).

Hub (2007) also mentioned that the second method on the internal auditing effectiveness hammers on subjective assessments apportioned to this role by management of organisation. That is, the effectiveness of internal auditing system can be measured on the basis of what it is expected of them by stakeholders.

Hub (2007) indicated that this method involves the making of generally and systematic valid processes by which to measure the effectiveness of internal auditing. In using this methods, Hoag (2007) designed an interviewed guide purposely to produce managerial response for every activity of internal auditing in a company. The interviewed guide composed of four topics: preparation and planning; the value of the audit reporting; the audit timing; and the quality of information between the appropriate players. An average score will calculated based on administrators' responses, on the effectiveness marked against auditing task.

Further, Ziegenfuss (2000) used 15 standards to analyse 13 large private companies to assess the effectiveness and efficiency of internal auditing activity. He found that effectiveness is influenced principally by the relationship between the sets of objectives of the company and the professional qualifications of internal auditors and other several features of the internal auditing branch. Finally Lampe (2005) recognized 15 elements that contribute to internal auditing effectiveness and characterized them into three phases of the auditing practice which include: fieldwork, planning, review and reporting.

## **2.7.0 Important Forms of Internal Audit**

There are various form of the activities that are acknowledged in auditing namely: the operational audit and financial audit.

### **2.7.1 The Financial Audit**

According to handy (2007) financial audit is the most common usage of internal audit. Financial audit encompasses the examination of the verifiability and accuracy of the accounting information generated by an institutions. This part of internal auditing function, embraces the

authentication of financial information that are acknowledged by the International Institute of Auditors from essentially the time of the formation in 1941 as a important task of internal auditing system.

### **2.7.2 The Operational Audit**

According to Thurston (1950), nonetheless financial audit is not the single activity of internal audit function. He suggested that 1950, internal audit comprised both a financial aspect and examination of physical property of companies. He said this is not a financial audit but instead a method to the beginning of operational auditing function. Other function consist of observing of internal controls (Arens et al., 2007). the 1960s, operational audits as well as financial audits were perceived by the internal auditors as an essential side of internal auditing worthy of its specific set of directives (Kowalzyk, 1984).

Bradford (1964), wrote an article titled “the operational internal audit activities” where he explained that improvements in the role of internal audit in the area operation have destined the formation of quality reviews, and performance auditing activities (Arens et al., 2007) and the compliance auditing activities. Therefore internal auditing activities involved in an extensive range of actions. Leung (2003), establish that out of 85 internal auditors across several regions, 87% of them were tangled in design and/or monitoring internal controls activities while 67% of them were involved in assessment of risk management. Further 68% of the internal auditors studied were in involved with compliance audits of different categories and 39% of them were associated in direct operational auditing activities.

This therefore means that operational auditing activities included auditing encompasses all segments of the operation of institutions. This offers the operational internal auditor activities an

extremely extensive role. Taking this extensive function nevertheless did not come without a price consideration. Seiler (2009) mentions the likelihood of challenges in the link between operational auditors and operational management. Seiler highlighted that the significance of proper perception and tone in report exhibition cannot be over- stressed too strongly. In sum, this regulates the failure or success of an operational auditing activities program irrespective of the style in which the audit is directed (Allen, 2005).

The inference from this account is that the operational internal auditing activities will take along to the auditing activities a diverse set of values to the staffs being exposed to the operational internal auditing activities. Whereas this would not have been perceived as a traditional matter in 1960s, for a few years institutional values believed by persons within an institutional would be understood as a main indicator of their beliefs.

## **2.8 The Function of Audit Committees**

Audit committee is an institution that links between the firm's board of directors, management, staff, internal and external auditors, and other accounting professionals advising the business on auditing activities (Asax, 2003). Asax (2003) emphasized that the enactment of Sarbanes – Oxley law (2002) which places rigid financial oversight guidelines, the function of the audit committee has developed increasingly essential. He said Audit committee is comprised of sub-groups from the firm's board of directors and the committee members are autonomous of management guidance and control. This indicate that the audit committee members are likely to have no bonds to the firm's management group.

According to Cai (1997), audit committee members have principal accountability for monitoring the quality of internal controls system, certifying that the financial performance of the committee

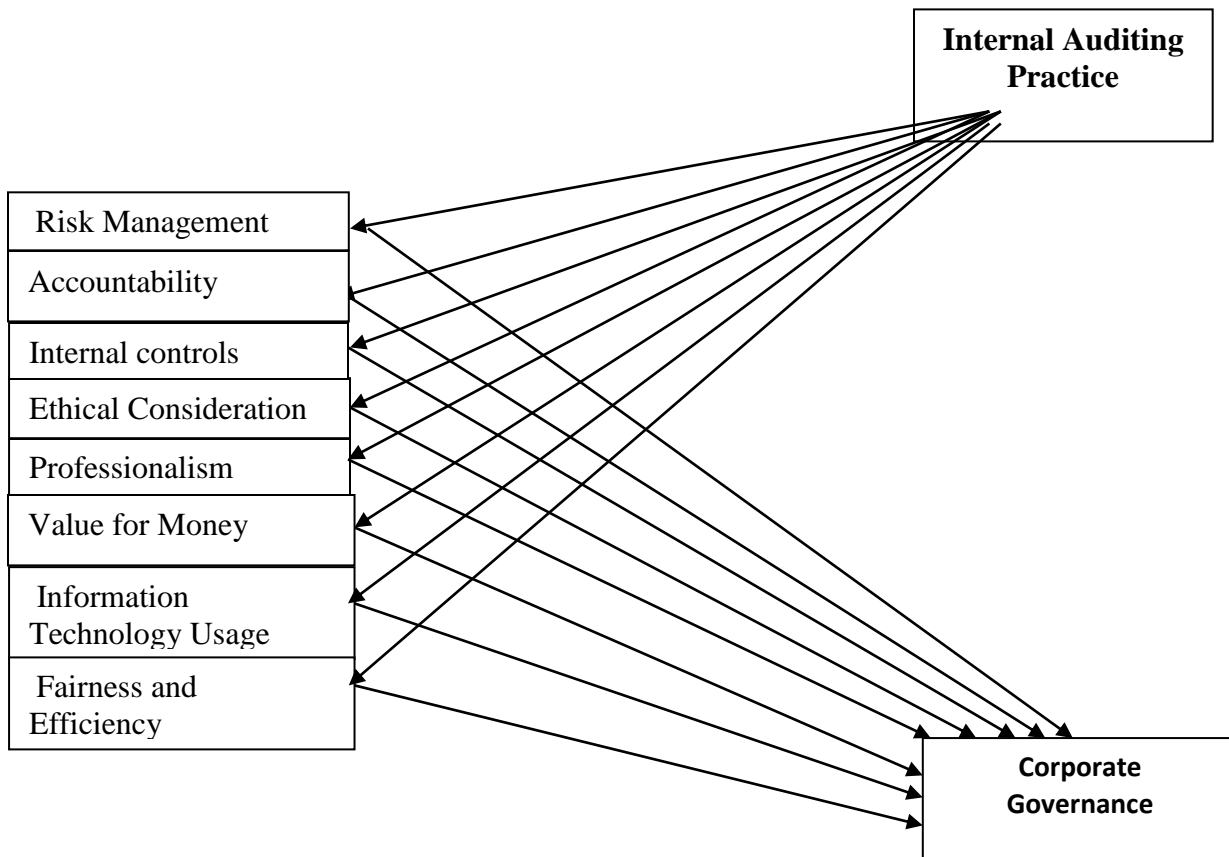
members is appropriately measured and told, and for appraising reports from the committee members relating to the committee's accounting and internal control system.

The significance of institution's governance system in guaranteeing comprehensive financial reporting and preventing fraud is well dignified manner. Ernst and Young (2006) wrote that audit committees members play an essential function in inspiring those practices that have the prospect to weaken the quality of the financial reporting procedure. Furthermore, by accomplishing the attest confirmation function, committee members are important part of a company's monitoring method and hence can also be measured an important constituent of the corporate governance issues. Thus, it must be note that in principles, audit committee members must work with other players in the institution's governance system to ensure that stakeholders obtain the finest financial reports in addition to helping to safeguard the interests of existing and prospect investors and shareholders. For example, the internal auditors must work hand in hand with the audit committee members to evaluate and support quality of financial reporting (Fritsch, 1996).

## **2.9 Framework on the Role of Internal Auditing Practice on Corporate Governance**

The framework below is derived from several studies that have assess the role of internal auditing practices (Denisi and Griffin, 2005; Gottfredson et al., 2005), nevertheless the format presented here is based on a recent review paper on a similar topic; the role of internal auditing practice on corporate governance by Fraser and Henry (2007). They identified eight factors through which the role of internal auditing practice impact on corporate governance which include: Risk Management, Accountability, Information Technology Usage, Internal controls, Ethical Consideration, Professionalism, Value for money, and Fairness and Efficiency

**Fig: 2.1 Framework on Role of Internal Auditing Practice on Corporate Governance.**



Source: Fraser and Henry (2007) and Author's Construction (2015)

### **2.9.1 Risk assessment**

Fraser and Henry (2007) said the risk assessment process related to the risk in connection with the financial reporting procedure is assessed year after year and approved by the audit committee. They said this risk related to each accounting practice and account in the consolidated financial statements is assessed based on quantitative and qualitative factors. The associated financial reporting risks are identified based on the evaluation of the impact of the risks materialising and the likelihood of the risks materialising.

### **2.9.2 Accountability**

According to Wagner (2011), accountability in internal auditing practice can be described as the process of holding an organization or an individual answerable for all phases of the organisation financial process they undertake. The theory and the notion behind accountability is to strengthen the process of internal auditing practice so that they intended benefit and productivity will be achieved. Holding internal auditors accountable and responsible for financial activities undertaking under their authority helps to reduce incidence of corruption in the financial administration process. Again, Aryeetey (2012) said accountability in internal auditing practice especially public institutions especially those in the healthcare services determines effectiveness in carrying out objectives and creating the types of healthcare services that the public needs and wants.

Approaches to boost accountability include information systems which measure the mechanism by which inputs are purchased. This information are normally demanded by health boards and are scrutinized by watchdog organizations like internal auditing system.

Key components of accountability especially in internal auditing system comprises the measurement of objectives and results, explanation of the results to external or internal monitors, and sanctions or punishment for non-compliance and corrupt behavior.

### **2.9.3 Information Technology Usage**

According to Franceschini et al (2003), lately both public and private sector institution have been making valuable use of information technology system in an effort to automate and also shorten their internal auditing process. Hunja (2003) acknowledged that it is just in recent times that

electronic auditing processes have recorded the desirable thought deserves as a means of improving the public financial administration process.

The whole concept of electronic auditing is meant to ensure efficiencies and reduce cost associated with the internal auditing function. Lacity and Willcocks (2007) wrote that this cost reduction can be achieved through man hours, reduction in paper work and little space needed for items and files. Many scholars who have contributed to this subject have all stressed on the indirect or unforeseen benefits that electronic auditing contributed to the public financial administration process.

A tentative review of electronic auditing literature, essentially since the last ten years, demonstration an absence of core deals around key success factors. Lonsdale and Cox (2007) said the chief reason for this might be that operation of electronic auditing process in the public sector is quiet on the primary stages. Lonsdale and Cox (2007) wrote that there is little account of extensive use of e- auditing in the public owned institutions and consequently the theoretical literature accounting for initial public sector implementation of electronic auditing is inadequate.

#### **2.9.4 Internal Controls Activities**

Aryeetey (2012) indicated that COSO (2010) explains that internal control activities are the policies and procedures that help to ensure that management directives are carried out. They help ensure that necessary actions are taken to address the risks that may hinder the achievement of the entity's objectives. COSO (2010) said control activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.



Adjei (2006), cited that control activities in public organisation include the fact that boards of directors and senior management often request presentations from internal auditor and performance reports that enable them to review the organisation operation progress toward improve governance for all. Further, departmental and divisional level management receives and reviews standard financial performance reports on a daily, weekly or monthly basis.

### **2.9.5 The Ethical consideration**

Martin and Jane (2002) contended that ethics has to do with keeping moral principles and standards which affects a person's beliefs, decisions and actions. He further indicated that ethics involves leading an unquestionable way of life especially within the domain of a profession. Hunja (2003) stated that in the internal auditing system, considerations and ethical standards are important because personnel in charge of internal auditing act as representatives of their establishments in dealing with management and suppliers in principal behaviour.

According to Adjei (2006), ethics of auditing practice places emphasis on persons in charge of internal auditing shall reject a proposal, tender, offer or quotation if the contractor, supplier that submitted it offers, or agrees to give either directly or indirectly to any former or current officer or staff of the procurement organisation or governmental entity, an offer of employment, a gratuity of any form, or any other mechanism of service or value as an enticement with respect to anything linked with an internal auditing process. Obedience to ethical standard helps prevent corruption and ensure value for money and smooth operation for public institution.

### **2.9.6 Professionalism**

Adjei (2009) wrote that internal auditing professionalism/know-how refers to the vocation whereby experienced, educated and responsible auditing managers make informed decisions concerning financial administration and contends that the role which auditing experts play in the internal auditing system is critical in nation building.

The use and the recognition of professionalism is significant object of the internal auditing activities and that Auditing Board is to encourage professionalism in internal auditing and provide the expert development in public financial administration process. The Board is also required to ensure obedience to professional standards by training personnel in auditing processes. Tomah (2013) said compliance to professionalism by healthcare professionals by internal auditors help to ensure smooth corporate governance process.

### **2.9.7 Value for Money**

Lee (2002) wrote that value for money refers to the optimum combination of 'quality' and 'whole life cost' to meet clients' organisation. Talbert (2002) also explained that value for money is a technique of comparing alternatives for the supply of commodity and services. He asserted that assessing value for money comprises a consideration of a number of factors. These considerations include: the contribution to the improvement of Government Priorities, transaction costs, cost linked to factors such as whole-of-life as well as certain non-cost factors like fitness for purpose, service, quality and support, and the sustainability considerations.

From Lee (2002) perspective, the theory of value for money in everyday life is easily understood as not paying more money for a commodity or service than ensuring that its availability and quality justifies the purchases for operational use. In relation to public spending Kannan and Tan

(2002), said value for money implies having a concern for national economy, effectiveness and efficiency. In internal auditing, the general perception of value for money denotes output maximization, cost minimization and full attainment of the intended outcomes. Value for money demands that appropriate steps must be undertaken to ensure that public financial administration activities are in conformity with these standards.

Lee (2002) also explained that the concept of value for money further reflects in the price of the item bought. According to Martin and Jane (2002), it is the responsibility of the internal auditors to synchronise the processes of financial activities in the public institutions in order to secure an economic, judicious and efficient use of state funds.

### **2.9.8 Fairness and Efficiency in Public Procurement**

Efficiency and fairness are two main cardinal pillars that internal auditing process seek to achieve because a very fair internal auditing system helps in the efficient application of the state resources judiciously and cooperation for all persons in the organisation. Conclusion drawn by Martin and Jane (2002) indicate that internal auditing practitioners need to be fair in their day-to-day operation with their staff and institution's suppliers and the stakeholders at large in order to receive the trust of the various players within the institution's governance system.

### **2.9.10 Problems and Challenges Facing Internal Auditors**

According to Weingardt (2001) a tentative of the literature reveals the challenges facing internal auditors in the performance of their duties. This includes the following:

First, in many institutions, the position of internal auditors are viewed from different angles as some see them as part of the middle management while others also view them from the agency

theory perspective. As a result, a clear lines of responsibility of internal auditors are not defined in the organisation. There is also different expectation of the internal auditors from the different ranks of board within the institutions (Peurseem and Pumphrey, 2005). This limit their duties and functions in the organisation.

Weingardt (2001) wrote that internal auditors are different from external auditors in the sense that internal auditors are generally regarded as members of the institutions they are undertaking auditing activities. This makes internal auditor part of the organization rather than an outsider.

Moreover, important challenges confronting internal auditors in their functions is the term appointment nature of their work. According to Mathews (1993) internal auditors are cycled from one position to another in order to gain experience on the profession. It requires considerable time and effort to embrace a new member into the principles of the organization, but given the generally relatively short-term employment period of the internal auditors, the business may have relatively shorter period of time to embrace a new internal auditor into its corporate governance structure. This will make the new internal auditor an odd member.

Fritsch (1996) wrote that in situation where the issue of trust is regarded an important constituent in the accomplishment of organizational objectives, if audit is imposed in any form, even on a unpaid manner, may be unproductive and may result in other members of the organization rejecting the internal controls system offered by them. Finally, many workers in public institutions in Ghana see the work of internal auditors as one of witch-haunt exercise and therefore may not be prepared to cooperate with them by providing material evidence to ease their work.

According to Ernst and Young (2006) the image of the internal auditors is very important in determining the credibility of their works. They contend that most of these internal auditors

sometimes connive with accountants in defrauding and embezzlement of funds thereby compromising their credibility in the performance of their work.

Another challenge facing internal auditors in this competitive environment is meeting the expectations of companies and institutions by being abreast with constantly changing complex transaction procedures especially in the wake of technology. Yuh (2007) indicated that the advent of technology is constantly changing the scope of internal auditing activities thus making previous.

Finally, Yuh (2007) asserted that resource available to internal auditing is woefully inadequate. He indicate that inadequate resources make the working of internal auditing activities a challenging as most of the organisation activities may not be scrutinized adequately by them

## **2.11 Summary of Literature Review**

This research work defined internal audit to include: an objective, independent consulting and assurance activity aimed to improve and add value to an organization's operations. Internal audit activity helps an organisation to accomplish its goal by bringing a systematic controlled approach to appraise and improve the effectiveness of risk control, management and governance processes.

A comprehensive report submitted by the Organisation of Economic Cooperation and Development (OECD) in 2004 emphasized that corporate governance is a key element in the improving economic efficiency and economic growth in addition to strengthening investors' confidence.

In assessing Transparency in corporate governance processes, Gupta (2002) identified seven features of corporate governance which include: clear strategy, effective risk management, discipline, fairness, transparency, social responsibility and self – evaluation.

Generally, effective collaboration of internal auditing and corporate governance increases performance, and this is a foundation of competitive advantage of companies.

Cappelli and Peter (2000) explained that external auditors are principally interested in the internal audit functions that are "significant" to their auditing activities. Significant activity offers evidence about the strategy and usefulness of internal controls over the practices that impact on the content of the business and financial reports under appraisal.

According to Awaba (2006) a well define and guided code of ethics is essential and proper for the work of internal auditing, established as it is on the dependence placed in its impartial assurance about control, risk assessment and corporate governance.

There are various form of the activities that are acknowledged in auditing namely: the operational audit and financial audit.

The conceptual framework reviewed in this literature is based on a recent review paper on a similar topic; the role of internal auditing practice on corporate governance by Fraser and Henry (2007) who identified eight factors through which internal auditing practice impact on corporate governance which include: Risk Management, Accountability, Information Technology Usage, Internal controls, Ethical Consideration, Professionalism, Value for money, and Fairness and Efficiency

Audit committee is an institution that links between the firm's board of directors, management, staff, internal and external auditors, and other accounting professionals advising the business on

auditing activities (Asax, 2003). Problems and challenges facing internal auditors include short-term appointment nature of internal auditors, many workers see the work of internal auditors as one of witch-haunt exercise and lack of compliance on the directives of internal auditors.

## **CHAPTER THREE**

### **METHODOLOGY AND ORGANIZATIONAL PROFILE**

#### **3.0 Introduction**

This segment describes the methods as well as the procedure adopted for the study. It contains the target population, sources of data, the sampling techniques and the research instruments are outlined. Further, this chapter describes the type of research method used, the data collection procedure and the profile of the institution under study.

#### **3.1 Study Design**

This study is qualitative in nature in which descriptive research is used to assess the role of internal audit unit in improving corporate governance in public health institutions in Ghana particularly Komfo Anokye Teaching Hospital (KATH).

Ary, Jacobs, Sorensen and Razavieh (2009) noted that qualitative research seeks to understand a phenomenon by focusing on the total picture rather than breaking it down into variables. Consequently, this research aims at achieving an in-depth understanding of the role of internal audit unit in improving corporate governance by Komfo Anokye Teaching Hospital. Komfo Anokye Teaching Hospital provides the necessary data for this study.

Further, Cooper and Schindler (2010) argued that qualitative research includes techniques which seek to describe, decode, translate and otherwise come to terms with the meaning of naturally-occurring situation in the social world. This technique focuses on the quality of data rather than its quantity. A qualitative study method is used in collecting information from respondents who consist of staff in managerial/supervisory positions of Komfo Anokye Teaching Hospital in order to describe and analyse the role of internal audit unit in improving corporate governance.



In order to successfully meet the objectives of this study, both descriptive and inferential analysis are carried out. On the descriptive part, Cooper and Schindler (2010), state that a case study is suitable for descriptive research and hence Komfo Anokye Teaching Hospital is use in this study. Kombo and Tromp (2006) note that a descriptive study is concerned with fact finding which results in the formation of important principles of knowledge and solutions to investigations associated with a study. Therefore, a descriptive study is carried out in the analysis, comparison and interpretation of the data that is collected. Data is collected through the use of semi-structured interview guide and a document analysis relating to the role of internal audit unit in improving corporate governance by Komfo Anokye Teaching Hospital, in which first-hand information on the internal audit unit in improving corporate governance will be collected.

### **3.2. Sources of Data**

The study basically use primary data for discussions and analyses.

#### **3.2.1 Primary data (field survey)**

As said earlier, data is collected from respondents taking from the Board of Director, Management, Internal Audit Unit, Pharmacy Directorate, Administration Directorate, Finance Directorate, Medical Directorate and Nursing Directorate of the hospital who are involved in the hospital's internal auditing operations. The interviews elicited extensively from those respondents relating to the role of internal audit unit in improving corporate governance by Komfo Anokye Teaching Hospital. Data is collected based on structured questionnaire and semi-

structured interviews. The structured questionnaire and interview would be evaluated in order to ensure that they are valid for use before administering them.

This research work seeks the consent of Komfo Anokye Teaching Hospital officials through letter of introduction from KNUST Business School. The interview guide would be administered to the respondents from June 2015.

### **3.2.2 Secondary Source of Information**

Secondary source of information such as audited financial report, mid-year financial reports, financial estimates, Audit Charter, journals, articles, Audit committees' annual reports websites and books were used by the researcher to back up the research.

### **3.3 Study Population, Sampling and Sampling Technique**

#### ***Study Population***

According to Simons (2009) research population is a study of a group of individuals taken from the general population who share a common characteristic, such as age, sex or other common characteristic that is the main focus of a scientific query. It is for the benefit of the people that the research is conducted. Population can be sourced from people, individual, animals, objects, Creswell (2009) explained that there are two type of population namely: targeted population and accessible population. Targeted population refers to the entire group of the individuals or objects to which researchers are interested in generalizing the conclusions. The target population usually has varying characteristics and it is also known as the theoretical population. Simons (2009) wrote that accessible population on the other hand is the population in which the research can

apply their conclusions. This population is a subset of the target population and is also known as the study population. It is the accessible population that this study draws its sample.

The study targeted the population of Komfo Anokye Teaching Hospital mainly because the institution was cited in 2012/13 auditor general report for misapplication of funds despite various policies and programmes put in place to promote internal audit practices. Again the institution is chosen due to access to information

### ***Sampling***

According to Creswell (2009), sampling is the process of selecting a group of subjects for a study in such a way that the individuals represent the larger group from which they were selected. In other words, a sample is a representative portion of a population. Sampling is usually done because it is usually impossible to test every single individual within a population. He said the sample must be large enough to warrant statistical analysis.

### ***Types of Sampling Techniques***

Simons (2009) identified the types of sampling techniques include: simple random sampling, stratified random sampling, and multi-stage sampling. Under a simple random sampling technique, a sample size of a figure specified is produced by a scheme which ensures that each subgroup of the population has an equal chance of being chosen as the sample. With stratified random sampling, the population is divided into called groups 'strata'. A random sampling of from each stratum is taken in a number proportional to the stratum's size when compared to the population. These subset of the strata are then pooled to form a random sample. Multi-stage sampling is a complex form of cluster sampling which contains two or more stages in a simple selection. In simple terms, in a multi-stage sampling large clusters of population are divided into smaller clusters in several stages in order to make primary data collection more manageable.

The researcher adopt a simple random sampling technique in gathering information from respondents from Board of Director, Management, Internal Audit Unit, Pharmacy Directorate, Administration Directorate, Finance Directorate, Medical Directorate and Nursing Directorate. In regard to a simple random sampling method, a sample of the population was selected so that each member of the population has an equal chance of being selected. The basic concept underlying this method of sampling is that the elements or the individuals in the population are judged to be homogenous.

### *State the Sample Size*

Yin (2009) said sample size determination is the act of selecting the number of observations or replicates to include in a statistical sample. The sample size is important feature of any empirical study in which the goal is to make inferences about a population from a sample. In practice, the sample size used in a study is determined based on the expense of the data collection and the need to have sufficient statistical power.

As said earlier, a simple random method is adopted to select 2 Board of Directors, 6 management members, 12 Internal Audit practitioners, and 10 members from each Directorate consisting of Pharmacy, Administration, Finance, Medical and Nursing. In sum, a total of 62 respondents (comprising 12 Internal Audit practitioners, and 10 members from each Directorate consisting of Pharmacy, Administration, Finance, Medical and Nursing) views were sought through structured questionnaires, while 12 respondents (comprising 2 Board of Directors and 6 management members) were interview through interview guide. Respondents are required to be at least 5 years at post. Where a respondent fall short of this criterion, other competent staff, who has been in touch with the auditing operations for the years specified will be contacted and interviewed.

### **3.4 Methods of Data Collection**

This work is both qualitative and quantitative in nature and based on that a questionnaires and semi-structures interview is used based on interview guide. Questionnaires and interviews are used because they produce direct quotations from expert experiences, opinions and understanding (Baiden, 2006). They are therefore the credible way of obtaining information from the staff of hospital on internal auditing activities.

### **3.5 Data Analysis and Interpretation**

This research work employs a thematic method to analyse qualitative data from the interviews. Baiden (2006) wrote that thematic approach in qualitative data analysis is an inductive matrix-based technique of analysing data by manufacturing and ordering data based on headings in conceptualisation in the field of investigation.

On the quantitative part, both descriptive and inferential statistics were used in the analysis of the information or data. Frequencies and their percentages were used in the descriptive statistics components. The analysed data was summarised and findings were reported as a description of the total population of the study. In this descriptive analysis, data retrieved were presented in the form of frequencies, mean, graphs (line graphs and bar chart) and percentages were used to highlight the respondent's perception on the research topic.

### **3.8 The Profile of Komfo Anokye Teaching Hospital**

Komfo Anokye Teaching Hospital (KATH) is located in Kumasi, the Regional Capital of Ashanti Region with a total projected population of 4,780,380 (2000).

The geographical location of the 1200-bed Komfo Anokye Teaching Hospital, the road network of the country and commercial nature of Kumasi make the hospital accessible to all the areas that share boundaries with Ashanti Region and others that are further away.

As such, referrals are received from all the northern regions (namely, Northern, Upper East and Upper West Regions), Brong Ahafo, Central, Western, Eastern and parts of the Volta Regions.

### **Historical Background**

In the 1940s, there was a hospital located on the hill over-looking Bantama Township designated African and European Hospitals. As their names implied, the African side treated Africans while the European side treated Europeans. However, on some rare occasions, high-ranking African government officials were given treatment in the European section.

By 1952, the need to construct a new hospital to cater for the fast increasing population in Kumasi and therefore Ashanti Region arose. The European Hospital was therefore transferred to the Kwadaso Military Quarters to make way for the new project to begin. In 1954/55 the new hospital complex was completed and named the Kumasi Central Hospital. The name was later changed to the Komfo Anokye Hospital in honour and memory of the powerful and legendary fetish priest, Komfo Anokye.

The hospital became a Teaching hospital in 1975 for the training of Medical Student in collaboration with the School of Medical Sciences of the University of Science and Technology, Kumasi.

### **Our Vision**

To become a medical centre of excellence offering Clinical and Non-Clinical services of the highest quality standards comparable to any international standards', within 5 years.

### ***Our Mission***

To provide quality services to meet the needs and expectations of all its clients. This will be achieved through well-motivated and committed staff applying best practice and innovation.

### ***Governance***

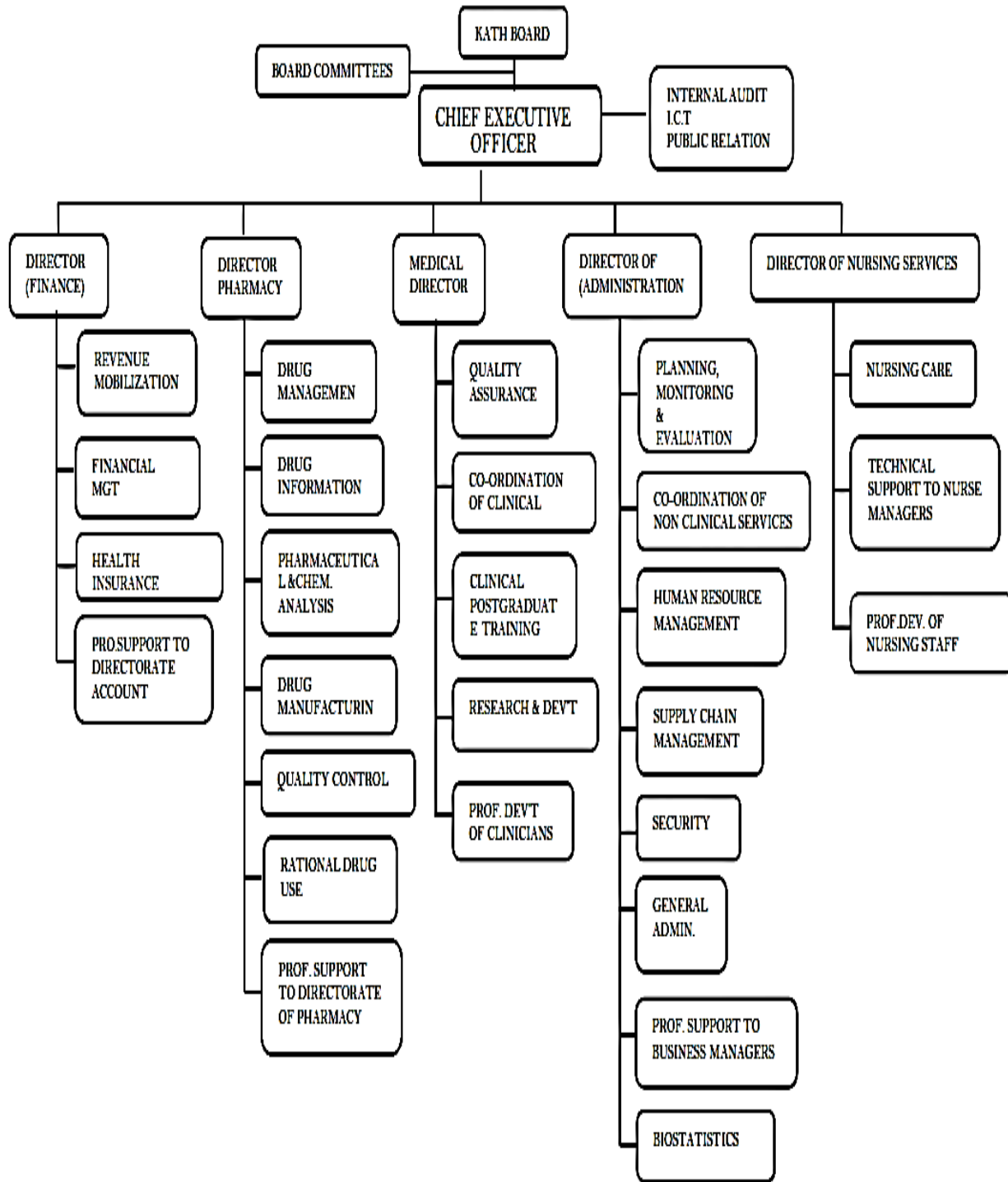
---- The Ghana Health Services and Teaching Hospitals Act 525, 1996 established autonomous Teaching Hospital Boards.

---- The hospital is governed by a Board made up of 4 Non-Executive members (government appointees), 6 Executive members and the Dean of the School of Medical Sciences.

---- The hospital operates within the Ministry of Health broad Policy Framework

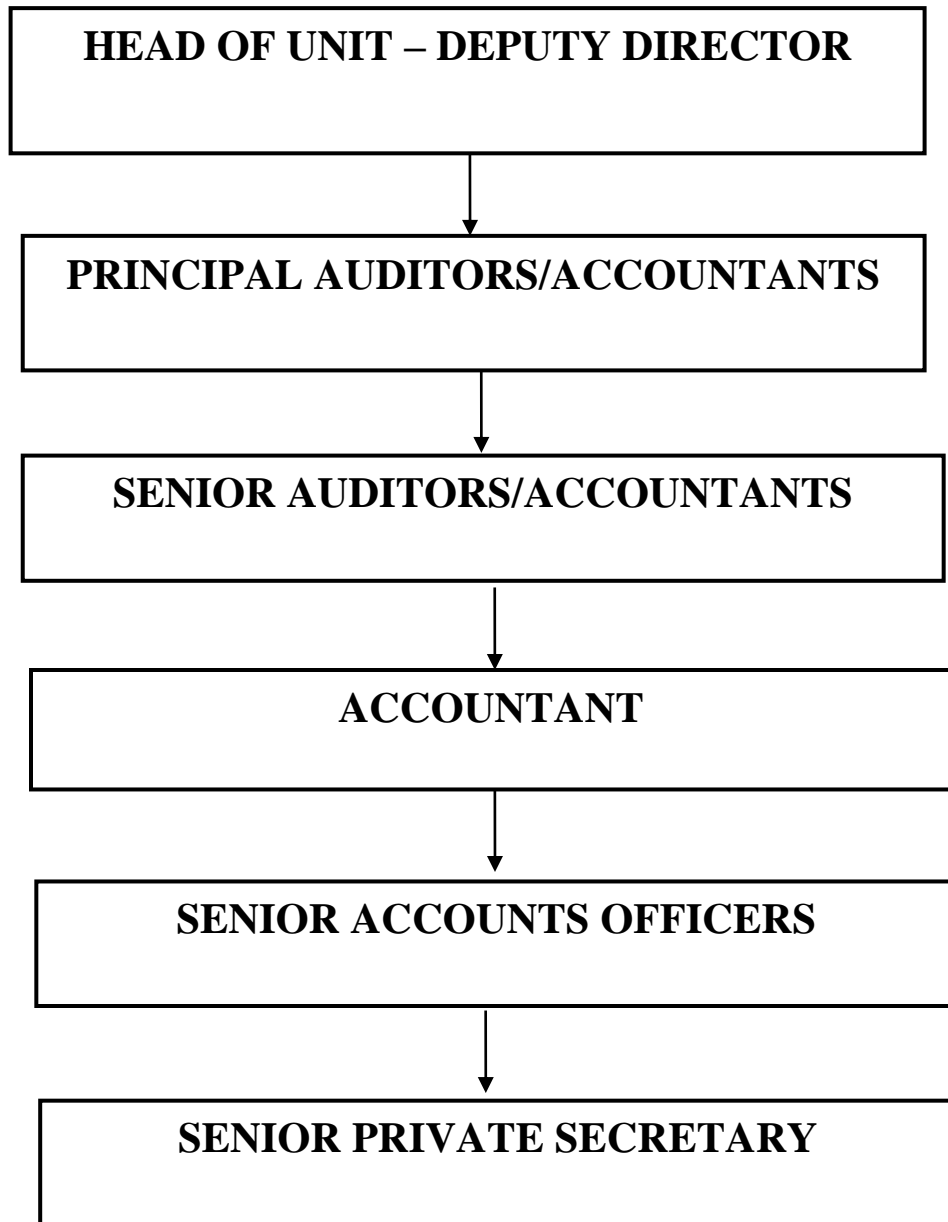
---- The Chief Executive is in charge of the day to day management of the hospital

### 3.9 Organisational structure of Komfo Anokye Teaching Hospital





**INTERNAL AUDIT UNIT KOMFO ANOKYE TEACHING HOSPITAL**



## CHAPTER FOUR

### PRESENTATION, ANALYSIS AND DISCUSSION OF RESULTS

#### 4.0 Introduction

This chapter deals with the analysis and discussion of findings. The analysis was based on self-reported data by respondents. This study collected data from 2 Board of Directors, 6 management members, 12 Internal Audit practitioners, and 10 members from each Directorate consisting of Pharmacy, Administration, Finance, Medical and Nursing. In sum, a total of 62 respondents (comprising 12 Internal Audit practitioners, and 10 members from each Directorate consisting of Pharmacy, Administration, Finance, Medical and Nursing).

#### 4.1.1 Gender of the Respondents

Out of the 62 respondents interviewed, 14 representing 22.58 were females while as much as 48 representing 77.42% were all males as indicated in table 4.1. This is not conformable to the gender distribution of the workforce in Komfo Anokye teaching hospital. Data retrieved from human resource section of the Ghana health service shows that the number of female outnumber that of male. However the number of male far outnumber their female counterpart in the managerial position.

**Table 4.1 Gender of the Respondents**

<b>Respondents</b>	<b>N</b>	<b>%</b>
Male	48	77.42
Female	14	22.58
<b>Total</b>	<b>62</b>	<b>100</b>

Source: Authors field Survey, 2015

#### 4.1.2 Age of the Respondents

Information retrieve from respondents indicate that, out of the 14 females, 7 respondent representing 50.001% fall within the ages of 41 – 50. Also 4 female representing 28.57% fall within 51 – 60. However there was no record of female respondents within the age 18 – 30. Majority of the male 23 (47.91) fall within 41 – 50 age group. The remaining 0%, 35.42% and 16.67% of male were within 18 – 30, 31- 40 and 51 – 60 age groups respectively.

**Table 4.2 Age of the Respondents**

Age Group	Male	Female
18 – 30	0 (0)	0(0)
31 – 40	17 (35.42)	3(21.43)
41 – 50	23 (47.91)	7(50.00)
51 – 60	8 (16.67)	4 (28.57)
<b>Total</b>	<b>48</b>	<b>14</b>

Source: Authors field Survey, 2015

#### 4.1.2 Respondents educational Level

Information retrieved from respondent indicate that they were highly educated as much as 94.94.87% of the respondents indicated tertiary education. Those who had secondary education were 5.13%. The number of people with tertiary education were higher because these days the institutions encourage staff to upgrade their knowledge by pursuing degree programmes. This shown in table 4.3.

**Table 4.3 Respondents educational Level**

Responses	N	%
No education	0	0
Primary education	0	0
Secondary education	6	8.57
Tertiary Education	64	91.43
<b>Total</b>	<b>70</b>	<b>100</b>

Source: Authors field Survey, 2015

### 4.1.3 Respondents Monthly income level

The monthly income level of respondents are relatively higher when compared with per capita income of Ghana because of the implementation of the single spine policy of government. From the table 4.4, it was clear that as much as 58.06% of the respondents had their monthly income between GH¢1201 – 1800. While only 4.84% of respondents had their monthly income of GH¢2401 and above, and 17.75% of respondents had their monthly income between GH¢601 – 1200.

**Table 4.4 Respondents Monthly income level**

Income levels	N	%
0 - 600	0	0
601 – 1200	11	17.75
1201 – 1800	36	58.06
1801 – 2400	12	19.35
2401+	3	4.84
Total	62	100

Source: Authors field Survey, 2015

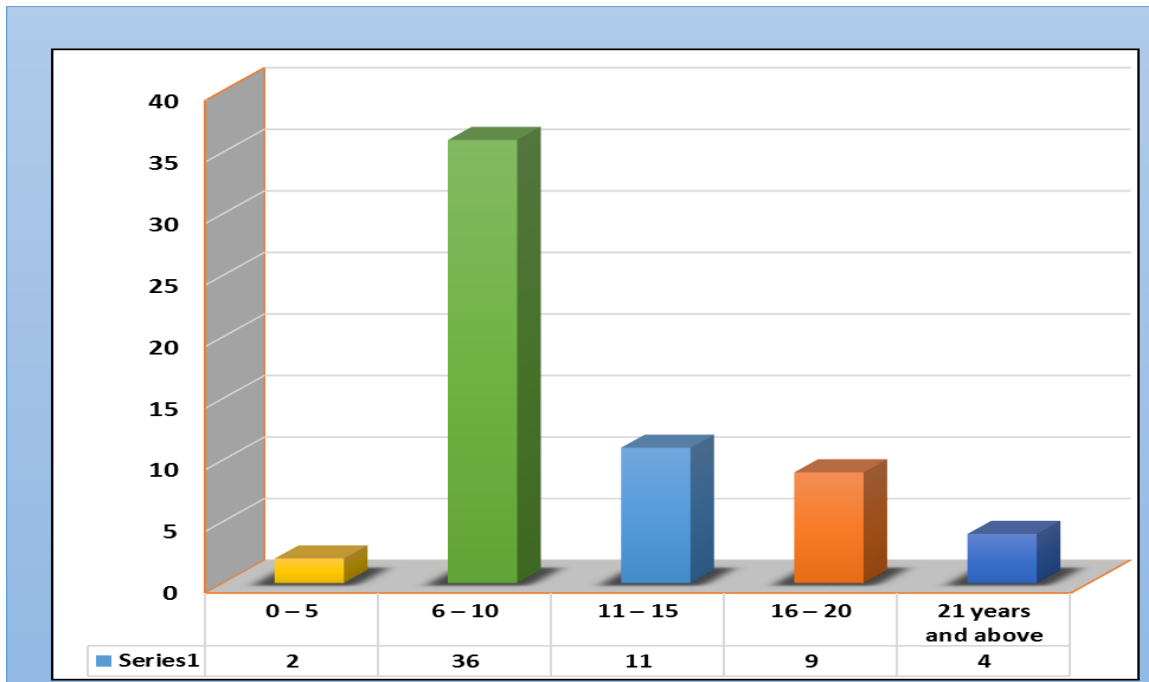
### 4.1.4 The number of years Respondents have been working with KATH

In analysing the information received from respondents, it is clear that 2 representing 2.23% of the respondents indicated that they have been working with Komfo Anokye Teaching Hospital between 0 – 5 years, 36 representing 58.07% of the respondents indicated that they have been working with Komfo Anokye Teaching Hospital between 6– 10 years and 11 representing 17.74% of the respondents indicated that they have been working with Komfo Anokye Teaching Hospital between 11 – 15 years.

Further 4 representing 14.52% of the respondents indicated that they have been working with Komfo Anokye Teaching Hospital between 16 – 20 years and 4 representing 6.45% of the respondents indicated that they have been working with Komfo Anokye Teaching Hospital

between 21 years and above. The minimum and the maximum number of years captured by this 5 and 35 years respectively. This indicate that the respondents' interviews have ample experience in their healthcare operation for long.

**Fig 4.1 The number of years Respondents have been working with KATH**



Source: Authors field Survey, 2015

#### **4.2.0 Respondents view on Internal Auditing Activities**

Information retrieve from respondents indicate that all of the do understand the concept of internal auditing and express the view on internal auditing as an independent and objective body whose mandate is to scrutinize the institutions activities particularly financial information in achieving value for money.

#### 4.2.1 Respondents view on the duties of internal auditors

Respondents were asked to indicate the duties of internal in KATH and the table below gives their responses. From table 44, it was clear that as much as 72.58% of the respondents said internal auditors scrutinize financial report of Komfo Anokye Teaching hospital. The 2014 internal audit manual for KATH specifies that internal audit function among other things including scrutinize financial reports of the hospital.

Moreover, 12.90% of the respondents said internal auditors provides financial information of the hospital, 6.45% of the respondents said internal auditors provides managerial information of the hospital, 3.22% of the respondents said internal auditors provides operational information of the hospital. Further 4.85% of the respondents indicated others as the duty of internal auditors provides managerial information of the hospital. This is indicated in table 44 below.

**Table 4.5 Respondents view on the duties of internal auditors**

Responses	N	%
Provides financial information	8	12.90
Provides managerial information	4	6.45
Provide operational information	2	3.22
Scrutinize financial report	45	72.58
Others	3	4.85
Total	62	100

Source: Authors field Survey, 2015

#### 4.2.2 Internal Auditor being part of the agent of internal control system

In this area, as much as 95% of the respondents said internal auditors are part of internal control system, only 4% stated that internal auditor are not agent of internal control. Most of the respondents stated that internal auditor are ‘police or watch dogs’ on key organisational transactions including income inflow and expenditure incurred. In effect respondents indicated that internal auditor are responsible for providing reasonable assurance (through risk assessment) intended to achieve organisational objectives in a way of promoting internal control. This is in

line with the position held by Fraser and Henry (2007) that internal auditor are agent of internal control.

**Table 4.6 Internal Auditor being part of the agent of internal control system**

Responses	N	%
Yes	59	95.16
No	3	4.84
Total	62	100.00

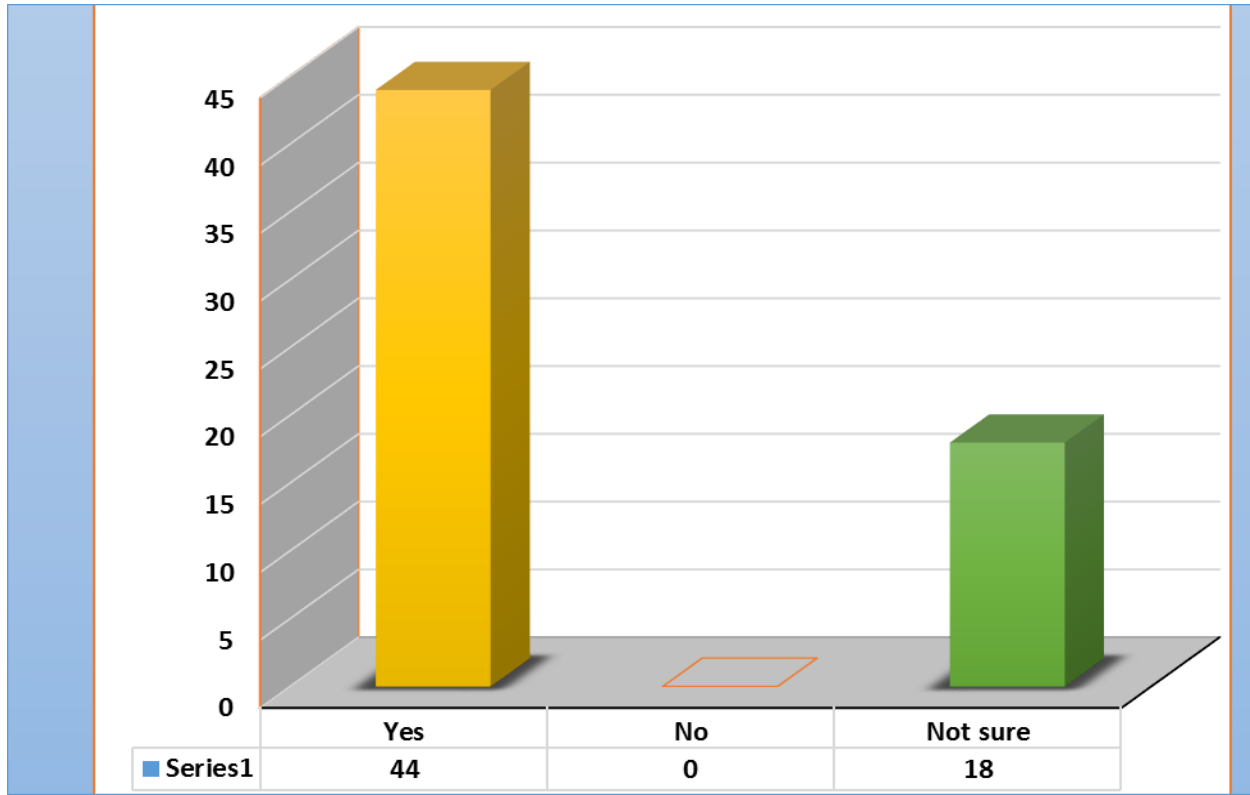
Source: Authors field Survey, 2015

10. Indicate whether there is an effective control system of audit committee on internal auditing practices?

#### **4.2.3 Effective control system of audit committee on internal auditing practices**

In analysis whether there is an effective control system of audit committee on internal auditing practices in KATH, 44 representing 70.97% of the respondents said yes signifying that there is an effective control system of audit committee on internal auditing practices in KATH, 18 representing 29.03% of the respondents were not sure whether there is an effective control system of audit committee on internal auditing practices in KATH. It must be noted that there were no respondents indicating no on the issue of whether there is an ineffective control system of audit committee on internal auditing practices. Frank (2009) indicated that audit committee regulate the activities of internal auditing practices.

**Fig 4.2 Effective control system of audit committee on internal auditing practices**



Source: Authors field Survey, 2015

#### **4.2.4 Internal auditors are given adequate resources to carry out their duties in Konfo Anokye Teaching Hospital**

The researcher wanted to find out whether internal auditors are given adequate resources to carry out their duties in Konfo Anokye Teaching Hospital, information retrieve from respondents indicate that 11 representing 17.75% of the respondents said yes signifying that internal auditors are given adequate resources to carry out their duties in the hospital, 15 representing 24.19% of the respondents indicated no that internal auditors are not given adequate resources to carry out their duties in the hospital and as much as 35 representing 56.46% of the respondents indicated



they are not sure whether internal auditors are given adequate resources to carry out their duties in the hospital. This is indicated in table 44 below.

**Table 4.7 Internal auditors are given adequate resources to carry out their duties in Konfo Anokye Teaching Hospital**

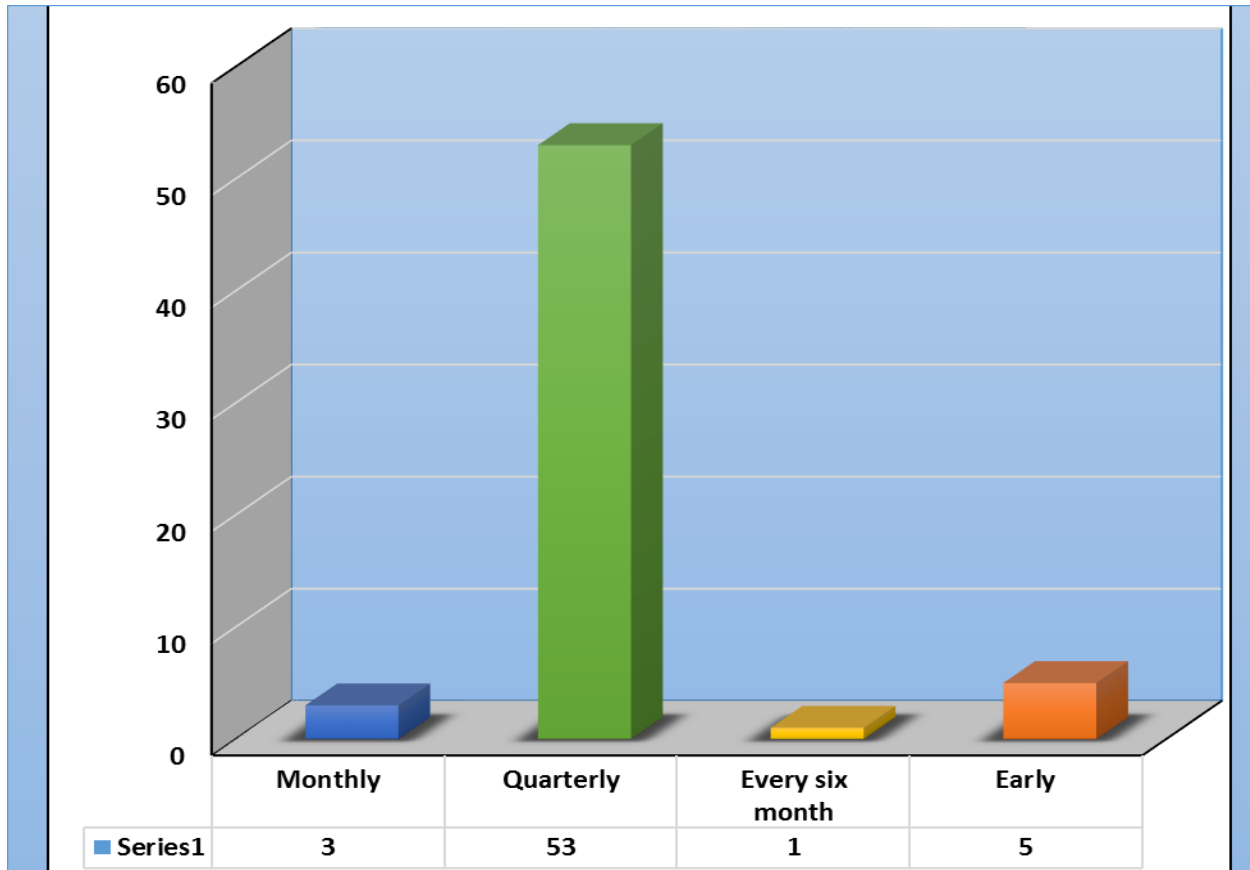
Responses	N	%
Yes	11	17.75
No	15	24.19
Not sure	35	56.46
Total	62	100

Source: Authors field Survey, 2015

#### **4.2.5 The number of Times internal auditor issue reports to management and Stake holders**

In response to this, it was clear that 3 representing 4.84% of the respondents said internal auditor issue reports to management and Stake holders on monthly basis, 53 representing 85.48% of the respondents said internal auditor issue reports to management and Stake holders on quarterly basis, 1 representing 1.62% of the respondents said internal auditor issue reports to management and Stake holders in every six months and 5 representing 8.06% of the respondents said internal auditor issue reports to management and Stake holders on year basis. Sawyer (2003) said internal auditors are supposed to publish financial information on institution they man. This is shown in table 4 below.

**Fig 4.3 The number of Times internal auditor issue reports to management and Stake holders**



Source: Authors field Survey, 2015

#### **4.2.6 Internal auditors having manual regulating their practices**

The researcher wanted to find out whether internal auditors have manual regulating their practices in the hospital, information retrieve from respondents indicate that 51 representing 82.26% of the respondents said yes signifying that internal auditors have manual regulating their practices in the hospital, 3 representing 4.84% of the respondents indicated no signifying that internal auditors have no manual regulating their practices in the hospital and 49 representing 12.90% of the respondents indicated they are not sure whether internal auditors have manual

regulating their practices in the hospital. Information receive from the audit unit of the hospital they have audit charter regulating internal auditors practices in the hospital.

**Table 4.9 Internal auditors having manual regulating their practices**

Responses	N	%
Yes	51	82.26
No	3	4.84
Not sure	8	12.90
Total	62	100

Source: Authors field Survey, 2015

#### **4.2.7 Audit committee assess the work of internal audit**

On this area, 40 representing 64.52% of the respondents said yes signifying that audit committee assess the work of internal auditors in order to ensure that they comply with auditing principles and standards. Further 9 representing 14.52% of the respondents indicated no signifying that audit committee do not assess the work of internal auditors in order to ensure that they comply with auditing principles and standards and 13 representing 20.96% of the respondents were not sure whether audit committee assess the work of internal auditors in the hospital.

**Table 4.10 Audit committee assess the work of internal audit**

Responses	N	%
Yes	40	64.52
No	9	14.52
Not sure	13	20.96
Total	62	100.00

Source: Authors field Survey, 2015

**4.2.7 The Independence of Internal Auditor in the performance of their duties in Komfo Anokye Teaching Hospital**

On this issue, information retrieve from respondents indicate that 42 representing 67.74% of the respondents said yes suggesting that internal auditors are independent in the performance of their duties in Komfo Anokye Teaching Hospital. Additionally, 3 representing 4.84% of the respondents said no suggesting that internal auditors are not independent in the performance of their duties in Komfo Anokye Teaching Hospital, 17 representing 27.42% of the respondents indicated they are not sure whether internal auditor are independent in the performance of their duties in Komfo Anokye Teaching Hospital. Awaba (2006) said the independence of the internal auditors is important in ensuring good corporate governance system.

**Table 4.11 The Independence of Internal Auditor in the performance of their duties in Komfo Anokye Teaching Hospital**

Responses	N	%
Yes	42	67.74
No	3	4.84
Not sure	17	27.42
Total	62	100.00

Source: Authors field Survey, 2015

**4.2.8. Indicate the level of importance of internal auditing practices in promoting internal control responsibilities in KATH.**

From table 4.7, information retrieve from respondents shows that 56 representing 90.32% of the respondents said internal auditors are very important in promoting internal control responsibilities in Komfo Anokye Teaching Hospital, 2 representing 3.23% of the respondents said internal auditors are somewhat important in promoting internal control responsibilities in Komfo Anokye Teaching Hospital, 1 representing 1.61% of the respondents were not important

and 3 representing 4.84% of the respondents were not sure. Fraser and Henry (2007) stated that internal auditor are very important promoters of internal control responsibilities.

**Table 4.12 Indicate the level of importance of internal auditing practices in promoting internal control responsibilities in KATH**

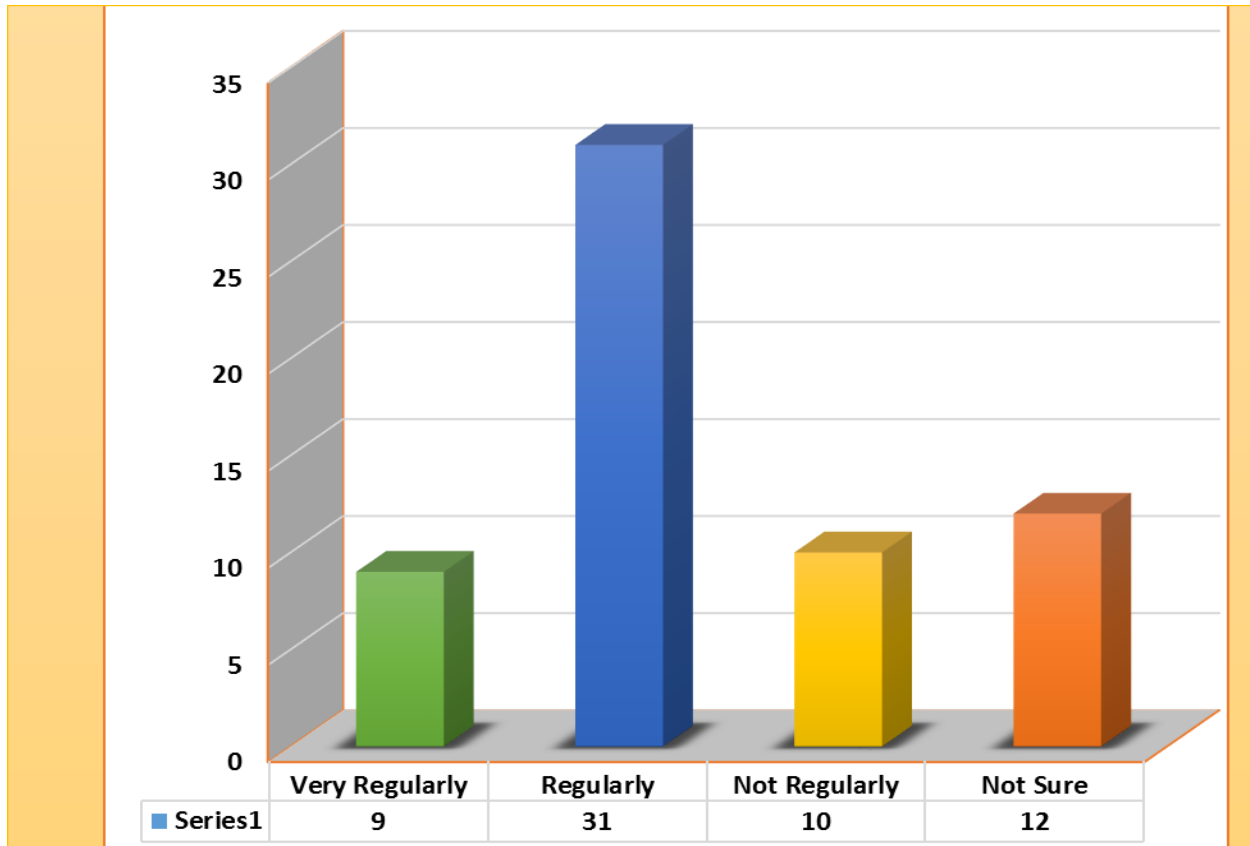
Responses		
Very important	56	90.32
Somewhat important	2	3.23
Not Important	1	1.61
Not Sure	3	4.84
Total	62	100.00

Source: Authors field Survey, 2015

#### **4.2.9 How often do Internal Auditor publish financial and non-financial information on activities of Komfo Anokye Teaching Hospital?**

Information retrieved from respondents indicate that internal auditors do publish financial and non-financial information on activities of Komfo Anokye Teaching Hospital. In finding out, how often internal auditor publish financial and non-financial information on activities of Komfo Anokye Teaching Hospital, 9 representing 14.52% of the respondents said internal auditors do publish financial and non-financial information on activities of Komfo Anokye Teaching Hospital very regularly, 31 representing 50.00% of the respondents said internal auditors do publish financial and non-financial information on activities of Komfo Anokye Teaching Hospital regularly, 10 representing 16.13% of the respondents said internal auditors do not regularly publish financial and non-financial information on activities of Komfo Anokye Teaching Hospital and 12 representing 19.36% were not sure. This is indicated in table 44 below.

**Fig 4.4 How often do Internal Auditor publish financial and non-financial information on activities of Komfo Anokye Teaching Hospital?**



Source: Authors field Survey, 2015

**4.2.10. The Internal Auditors interact with other officials in the performance of their duties in Komfo Anokye Teaching Hospital**

Respondents were asked to indicate whether internal auditors interact with other officials in the performance of their duties in Komfo Anokye Teaching Hospital, and their responses are contained in the table 4.5 below. Information retrieve from respondents indicate that 12 representing 19.36% of the respondents said yes suggesting that internal auditors interact with other officials in the performance of their duties in Komfo Anokye Teaching Hospital, 32 representing 51.61% of the respondents said no and 18 representing 29.03% of the respondents

were not sure whether internal auditors interact with other officials in the performance of their duties in Komfo Anokye Teaching Hospital. This revelation is contrary to the issue proposed by Martin and Jane (2002) that the effectiveness of internal auditing activities will be enhance if they interact with other officials in an institution in the performance of their duties.

**Table 4.13 The Internal Auditors interact with other officials in the performance of their duties in Komfo Anokye Teaching Hospital**

Responses	N	%
Yes	12	19.36
No	32	51.61
Not sure	18	29.03
Total	62	100.00

Source: Authors field Survey, 2015

#### **4.2.11 Number of time Internal Auditors interact with others in the performance of their duties in Komfo Anokye Teaching Hospital**

In analysis number of time internal auditors interact with others in the performance of their duties in Komfo Anokye Teaching Hospital, 3 representing 4,84% of the respondents said internal auditors do regularly interact with others in the performance of their duties in Komfo Anokye Teaching Hospital and 47 representing 75.81% of the respondents said internal auditors do not regularly interact with others in the performance of their duties in Komfo Anokye Teaching Hospital. Further, 12 representing 19.36% of the respondents said they are not sure whether internal auditors do interact with others in the performance of their duties in Komfo Anokye Teaching Hospital.

**Table 4.14 Number of time Internal Auditors interact with others in the performance of their duties in Komfo Anokye Teaching Hospital**

<b>Responses</b>	<b>N</b>	<b>%</b>
Very Regularly	0	0
Regularly	3	4.84
Not Regularly	47	75.81
Not Sure	12	19.36
Total	62	100.00

Source: Authors field Survey, 2015

It is important to note that there was no record of respondents indicating that internal auditors do very regularly interact with others in the performance of their duties in Komfo Anokye Teaching Hospital.

#### **4.3.0 The relevance of internal audit in Komfo Anokye Teaching Hospital**

This section analyses data on the relevance of internal auditing operation in Komfo Anokye Teaching Hospital.

##### **4.3.1 Internal Auditing practice helps to promote Risk Management activities in KATH**

Respondents were asked to indicate whether Internal Auditing practice helps to promote Risk Management activities in KATH, their responses are contained in the table 4.5 below. From the 74.19% of the respondents indicated that they strongly agreed that Internal Auditing practice helps to promote Risk Management activities in KATH, 1.61% of the respondents agreed that Internal Auditing practice helps to promote Risk Management activities in KATH, 6.45% of the respondents disagreed that Internal Auditing practice helps to promote Risk Management activities in KATH, 0% of the respondents strongly disagreed that Internal Auditing practice



helps to promote Risk Management activities in KATH and 8.05% of the respondents were not sure.

**Table 4.15 Internal Auditing practice helps to promote Risk Management activities in KATH**

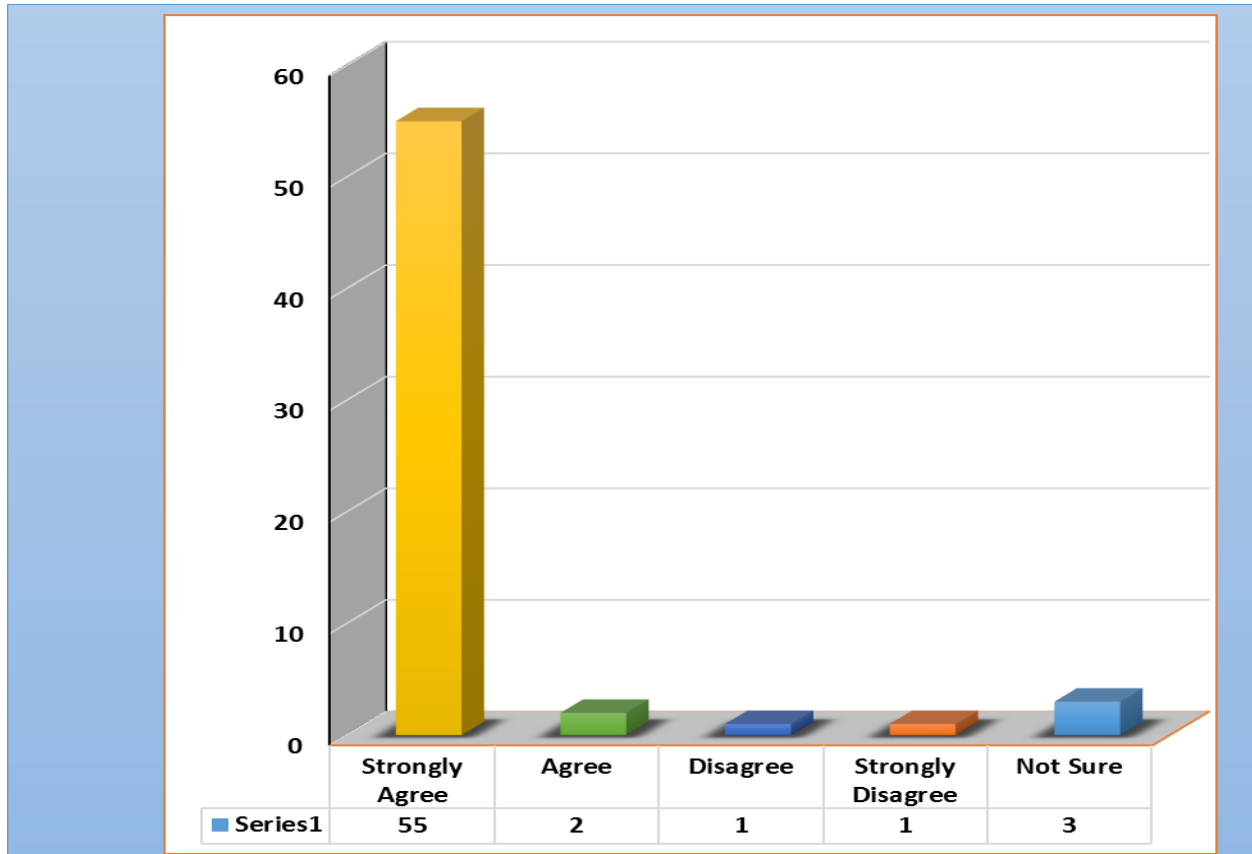
Reponses	N	%
Strongly Agree	46	74.19
Agree	7	1.61
Disagree	4	6.45
Strongly Disagree	0	0.00
Not Sure	5	8.05
Total	62	100.00

Source: Authors field Survey, 2015

#### **4.3.2. Internal Auditing practice helps to promote Accountability in KATH**

From the table 44, 88.71% of the respondents indicated that they strongly agreed that internal auditing practice helps to promote accountability in KATH, 3.23% of the respondents agreed that internal auditing practice helps to promote accountability in KATH, 1.61% of the respondents disagreed and strongly disagreed respectively that internal auditing practice helps to promote accountability in KATH and 4.84% of the respondents were not sure. Kirsty (2008) said it is the duty of internal auditors promote accountability in organisation.

**Fig 4.5 Internal Auditing practice helps to promote Accountability in KATH**



Source: Authors field Survey, 2015

**4.3.3. Internal Auditing practice helps to promote Information Technology Usage in KATH**

Data received indicate that, 19,35% of the respondents indicated that they strongly agreed that internal auditing practice helps to promote information technology usage in KATH and 58.06% of the respondents agreed that internal auditing practice helps to promote information technology usage in KATH. Again 9.68% of the respondents disagreed that internal auditing practice helps to promote information technology usage in KATH, 6.45% of the respondents strongly disagreed that internal auditing practice helps to promote information technology usage in KATH and 3.23% of the respondents were not sure.

**Table 4.16 Internal Auditing practice helps to promote Information Technology Usage in KATH**

Reponses	N	%
Strongly Agree	12	19.35
Agree	36	58.06
Disagree	6	9.68
Strongly Disagree	4	6.45
Not Sure	2	3.23
Total	62	100

Source: Authors field Survey, 2015

#### **4.3.4. Internal Auditing practice helps to promote Internal controls activities in KATH**

Respondents were asked to indicate whether internal auditing practice helps to promote internal controls activities in KATH, their responses are contained in the table 4.5 below. From the 79.03% of the respondents indicated that they strongly agreed that internal auditing practice helps to promote internal controls activities in KATH, 14.52% of the respondents agreed that internal auditing practice helps to promote internal controls activities in KATH, 1.61% of the respondents disagreed that internal auditing practice helps to promote internal controls activities in KATH, 4.84% of the respondents strongly disagreed that internal auditing practice helps to promote internal controls activities in KATH and 0% of the respondents were not sure. Williams (2005) proposed that internal control activities are the work of internal auditors in organisation.

**Table 4.17. Internal Auditing practice helps to promote Internal controls activities in KATH**

Reponses	N	%
Strongly Agree	49	79.03
Agree	9	14.52
Disagree	1	1.61
Strongly Disagree	3	4.84
Not Sure	0	0.00
Total	62	100.00

Source: Authors field Survey, 2015

#### **4.3.5. Internal Auditing practice helps to promote Ethical Consideration in KATH**

On this area, 12.90% of the respondents indicated that they strongly agreed that Internal Auditing practice helps to promote Ethical Consideration in KATH, 19.35% of the respondents agreed that Internal Auditing practice helps to promote Ethical Consideration in KATH, 1.61% of the respondents disagreed that Internal Auditing practice helps to promote Ethical Consideration in KATH, 11.29% of the respondents strongly disagreed that Internal Auditing practice helps to promote Ethical Consideration in KATH and 54.84% of the respondents were not sure.

This also contrary to position held by Milichamp (2002) who indicated that Internal Auditing practice helps to promote Ethical Consideration in organisation.

**Table 4.18. Internal Auditing practice helps to promote Ethical Consideration in KATH**

Reponses	N	%
Strongly Agree	8	12.90
Agree	12	19.35
Disagree	1	1.61
Strongly Disagree	7	11.29
Not Sure	34	54.84
Total	62	100

Source: Authors field Survey, 2015

#### **4.3.6. Internal auditing practice help to promote professionalism in KATH**

With regard to this area, 1.61% of the respondents indicated that they strongly agreed that Internal auditing practice help to promote professionalism in KATH, 82.26% of the respondents agreed that Internal auditing practice help to promote professionalism in KATH, 3.23% of the respondents disagreed that Internal auditing practice help to promote professionalism in KATH, 6.45% of the respondents strongly disagreed that Internal auditing practice help to promote professionalism in KATH and 9.63% of the respondents were not sure. Milichamp (2002) again stated that Internal Auditing practice should help to promote professionalism in organisation which will set example for others to follow.

**Table 4.19. Internal auditing practice help to promote professionalism in KATH**

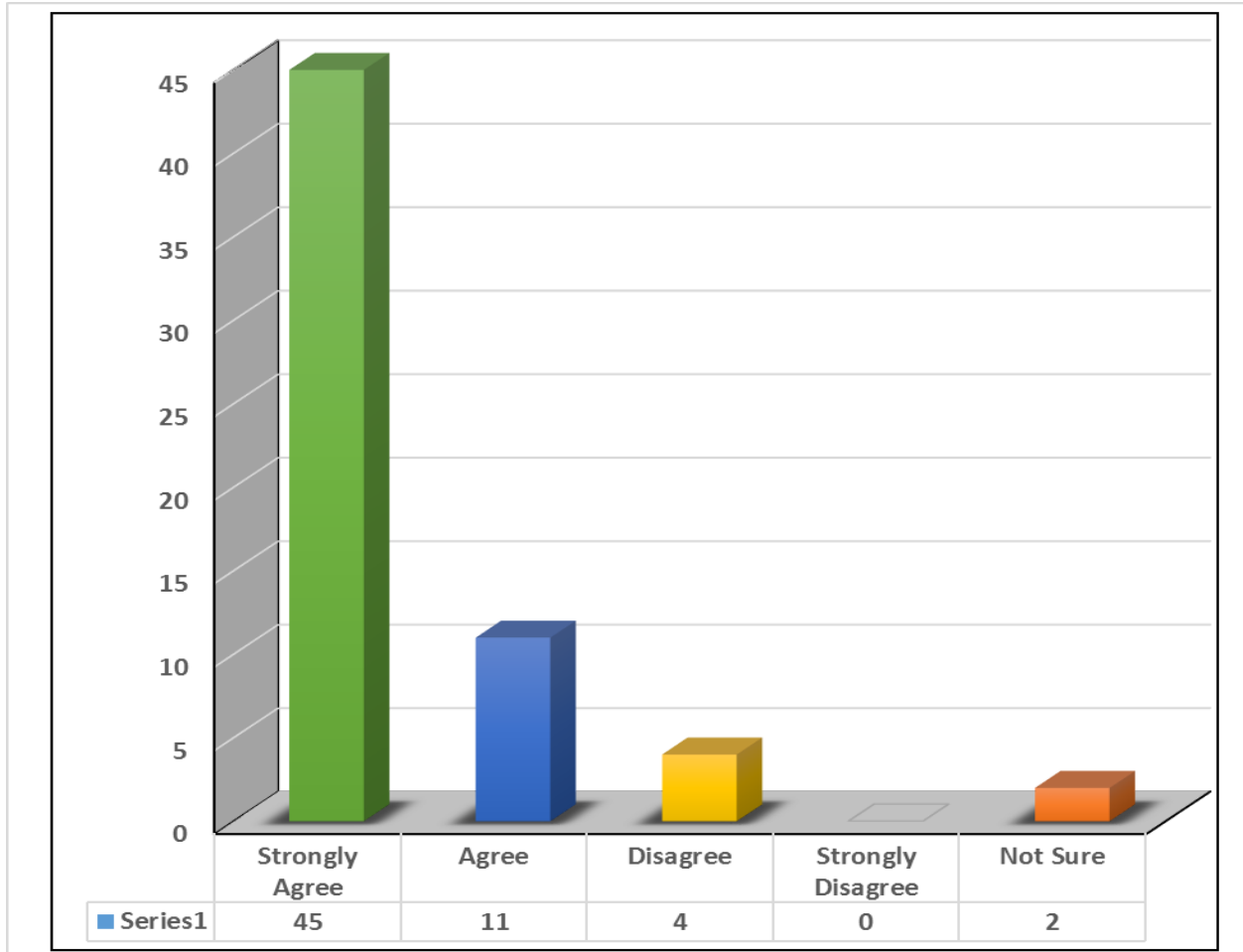
Reponses	N	%
Strongly Agree	1	1.61
Agree	51	82.26
Disagree	2	3.23
Strongly Disagree	4	6.45
Not Sure	6	9.68
Total	62	100

Source: Authors field Survey, 2015

#### **4.3.7. Internal Auditing practice helps to ensure Value for money in KATH**

Out of the 62 respondents, 72.58% of the them indicated that they strongly agreed that Internal auditing practice help to ensure value for value in KATH, 17.74% of the respondents agreed that Internal auditing practice help to ensure value for value in KATH, 6.45% of the respondents disagreed that Internal auditing practice help to ensure value for value in KATH, 0% of the respondents strongly disagreed that Internal auditing practice help to ensure value for value in KATH and 3.23% of the respondents were not sure. Banesish (2008) said it is the duty of internal auditors to help to ensure value for value spending in organisation.

**Fig 4.6 Internal Auditing practice helps to ensure Value for money in KATH**



Source: Authors field Survey, 2015

**4.3.8. Internal Auditing practice helps to ensure Fairness and Efficiency in operations of KATH**

Respondents were asked to indicate whether internal auditing practice help to ensure fairness and efficiency in operations of KATH, their responses are contained in the table 4.5 below. From the table 4.4, 3.22% of the respondents indicated that they strongly agreed that internal auditing practice help to ensure fairness and efficiency in operations of KATH, 17.74% of the respondents agreed that internal auditing practice help to ensure fairness and efficiency in operations of

KATH, 72.58% of the respondents disagreed that internal auditing practice help to ensure fairness and efficiency in operations of KATH, 1.61% of the respondents strongly disagreed that internal auditing practice help to ensure fairness and efficiency in operations of KATH and 8.06% of the respondents were not sure. This contrary to Hevesi (2005) who said Internal auditing practice must help to promote fairness and efficiency in organisational operations.

**Table 4.20 Internal Auditing practice helps to ensure Fairness and Efficiency in operations of KATH**

Reponses	N	%
Strongly Agree	2	3.22
Agree	11	17.74
Disagree	45	72.58
Strongly Disagree	1	1.61
Not Sure	5	8.06
Total	62	100

Source: Authors field Survey, 2015

**4.3.9. Please rate below the overall performance level of internal auditing practices in the promotion of good organisational governance of KATH.**

In analysing the overall performance level of internal auditing practices in promoting good governance of Konfo Anokye Teaching Hospital, 58.07% of the respondents rated the risk management practice by internal auditors as high in promoting good governance in KATH and 82.26% of the respondents rated accountability practice by internal auditors as very high in promoting good governance in KATH. Further, 80.65% of the respondents rated information technology usage by internal auditors as not sure in promoting good governance in KATH, 62.90% of the respondents rated internal control practice by internal auditors as very high in promoting good governance in KATH. 66.13% of the respondents rated ethical consideration

practice by internal auditors as high in promoting good governance in KATH, 69.36% of the respondents rated professionalism practice by internal auditors as very high in promoting good governance in KATH, 91.94% of the respondents rated value for money practice by internal auditors as very high in promoting good governance in KATH, 51.62% of the respondents rated fairness and efficiency practice by internal auditors high in promoting good governance in KATH.

**Table 4.21 The overall performance level of internal auditing practices in the promotion of good organisational governance of KATH**

Items	V.H	H	A	P	NS
Risk Management	7(11.29)	36(58.07)	2(3.222)	11(17.74)	6(9.68)
Accountability	51(82.26)	7(11.29)	0(0)	0(0)	4(6.45)
Information Technology Usage	0(0)	0(0)	22(35.49)	0()	50(80.65)
Internal controls	39(62.90)	11(17.74)	2(3.26)	0(0)	10(16.13)
Ethical Consideration	24(38.71)	41(66.13)	0(0)	0(0)	7(11.29)
Professionalism	43(69.36)	19(30.65)	0(0)	0(0)	0(0)
Value for money	57(91.94)	5(8.06)	0(0)	0(0)	0(0)
Fairness and Efficiency	11(17.74)	32(51.62)	9(14.52)	0(0)	10(16.13)

Source: Authors field Survey, 2015

#### **4.4.0 Challenges confronting internal auditing activities in the performance of their duties in KATH**

This section analysis data on various challenges confronting internal auditing activities in the performance of their duties in KATH

##### **4.4.1. Internal auditors are intimidated in the performance of their duties in KATH.**

Respondents were asked to indicate whether internal auditors are intimidated in the performance of their duties in KATH, their responses are contained in the table 4.5 below. From the table 44, 3.23% of the respondents indicated that they strongly agreed that internal auditors are intimidated in the performance of their duties in KATH, 6.45% of the respondents agreed that



internal auditors are intimidated in the performance of their duties in KATH, 70.10% of the respondents disagreed that internal auditors are intimidated in the performance of their duties in KATH, and 19.36% of the respondents were not sure. Hevesi (2005) indicated that most internal auditors are frustrate and sometimes intimidated in the course their work.

**Table 4.22 Internal auditors are intimidated in the performance of their duties in KATH**

Reponses	N	%
Strongly Agree	2	3.23
Agree	4	6.45
Disagree	44	70.10
Strongly Disagree	0	0.00
Not Sure	12	19.36
Total	62	100.00

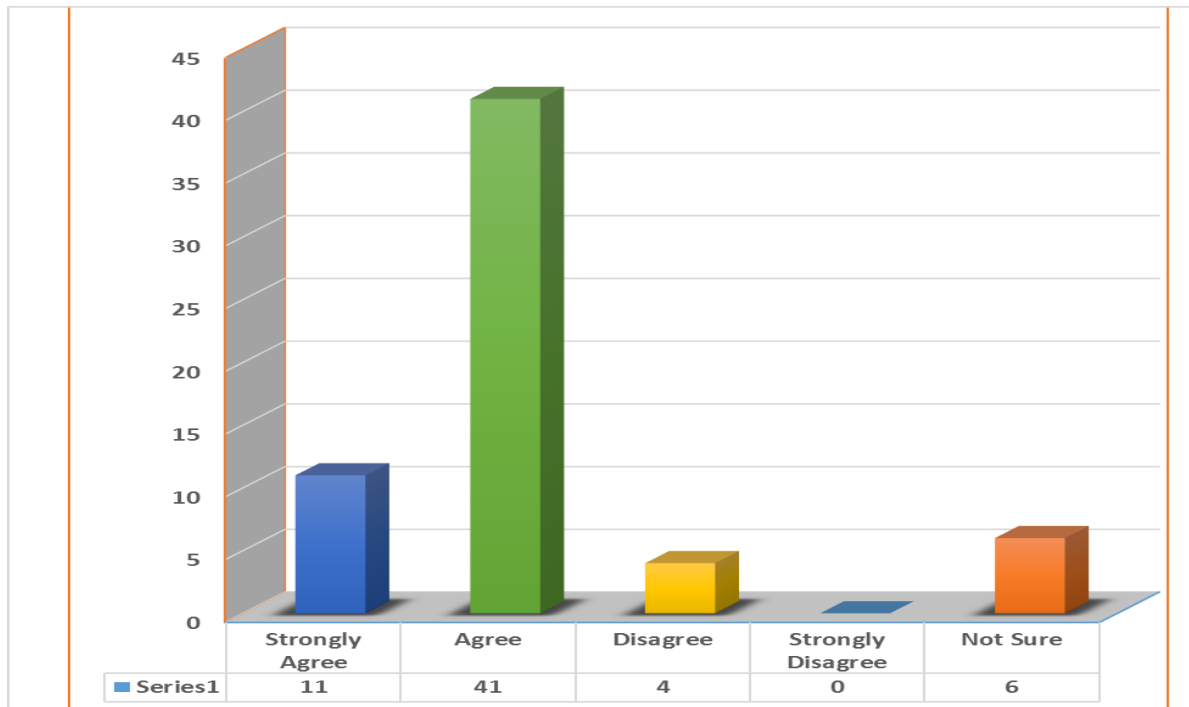
Source: Authors field Survey, 2015

It must be noted that there was no respondents indicating that strongly disagreed that internal auditors are intimidated in the performance of their duties in KATH

#### **4.4.2. Financial constraint is a challenge facing internal auditing in the performance of their duties in KATH.**

In analysing the challenges, 17.74% of the respondents indicated that they strongly agreed that financial constraint is a challenge facing internal auditing in the performance of their duties in KATH, 66.13% of the respondents agreed that financial constraint is a challenge facing internal auditing in the performance of their duties in KATH, 6.45% of the respondents disagreed that financial constraint is a challenge facing internal auditing in the performance of their duties in KATH and 9.68% of the respondents were not sure. Azeem (2005) stated that accountability in public institutions is challenge as internal auditors are constantly being frustrated by financial constraint.

**Fig 4.7 Financial constraint is a challenge facing internal auditing in the performance of their duties in KATH**



Source: Authors field Survey, 2015

Again, there was no respondents indicating strongly disagreed that financial constraint is a challenge facing internal auditing in the performance of their duties in KATH

**4.4.3. Inadequate staff strength is a challenge facing internal auditing in the performance of their duties in KATH.**

On this area, 17.74% of the respondents indicated that they strongly agreed that inadequate staff strength is a challenge facing internal auditing in the performance of their duties in KATH, 53.23% of the respondents agreed that inadequate staff strength is a challenge facing internal auditing in the performance of their duties in KATH, 14.52% of the respondents disagreed that inadequate staff strength is a challenge facing internal auditing in the performance of their duties

in KATH, 0% of the respondents strongly disagreed that inadequate staff strength is a challenge facing internal auditing in the performance of their duties in KATH and 3.23% of the respondents were not sure. Depole (2005) found that inadequate staff strength is a challenge facing internal auditing in the performance in an organisation.

**Table 4.23 Inadequate staff strength is a challenge facing internal auditing in the performance of their duties in KATH**

Reponses	N	%
Strongly Agree	13	17.74
Agree	33	53.23
Disagree	9	14.52
Strongly Disagree	0	0.00
Not Sure	2	3.23
Total	62	100.00

Source: Authors field Survey, 2015

#### **4.4.4. Inadequate qualified personnel is a challenge facing internal auditing in the performance of their duties in KATH.**

From the table 44, as much as 72.58% of the respondents indicated that they strongly agreed that inadequate qualified personnel is a challenge facing internal auditing in the performance of their duties in KATH. Additionally, 17.74% of the respondents agreed that inadequate qualified personnel is a challenge facing internal auditing in the performance of their duties in KATH, 6.45% of the respondents disagreed that inadequate qualified personnel is a challenge facing internal auditing in the performance of their duties in KATH, 0% of the respondents strongly disagreed that inadequate qualified personnel is a challenge facing internal auditing in the performance of their duties in KATH and 3.23% of the respondents were not sure. Azeem (2005) stated that recruiting qualified personnel to man auditing unit in public institutions in Ghana has always been a challenge.

**Table 4.24. Inadequate qualified personnel is a challenge facing internal auditing in the performance of their duties in KATH.**

Reponses	N	%
Strongly Agree	45	72.58
Agree	11	17.74
Disagree	4	6.45
Strongly Disagree	0	0.00
Not Sure	2	3.23
Total	62	100.00

Source: Authors field Survey, 2015

**4.4.5. Lack of coordination among other workers is a challenge in facing internal auditors in the performance of their duties in KATH.**

Respondents were asked to indicate whether lack of coordination among other workers is a challenge in facing internal auditors in the performance of their duties in KATH, their responses are contained in the table 4.5 below. From the table 4.4. out of 62, as much as 83.87% of the respondents indicated that they strongly agreed that lack of coordination among other workers is a challenge in facing internal auditors in the performance of their duties in KATH and 11.29% of the respondents agreed that lack of coordination among other workers is a challenge in facing internal auditors in the performance of their duties in KATH. Aryeetey (2008) found that lack of cooperation and coordination among other public workers makes the work of internal auditor a challenge.

Moreover, 6.45% of the respondents disagreed that lack of coordination among other workers is a challenge in facing internal auditors in the performance of their duties in KATH.

**Table 4.25 Lack of coordination among other workers is a challenge in facing internal auditors in the performance of their duties in KATH**

<b>Reponses</b>	<b>N</b>	<b>%</b>
Strongly Agree	52	83.87
Agree	7	11.29
Disagree	0	0
Strongly Disagree	0	0
Not Sure	3	4.84
<b>Total</b>	<b>62</b>	<b>100.00</b>

Source: Authors field Survey, 2015

Again, there was no respondents indicating strongly disagreed and not sure as to whether lack of coordination among other workers is a challenge in facing internal auditors in the performance of their duties in KATH.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSIONS**

#### **5.1 Introduction**

This chapter brings into light summary of findings, recommendations and conclusions

#### **Demographic characteristics of respondents**

Out of the 62 respondents interviewed, 14 representing 22.58 were females while as much as 48 representing 77.42% were all males. Information retrieved from respondent indicate that they were highly educated as much as 94.94.87% of the respondents indicated tertiary education. In analysing the information received from respondents, it is clear that 36 representing 58.07% of the respondents indicated that they have been working with Komfo Anokye Teaching Hospital between 6– 10 years

#### **Respondents view on Internal Auditing practices in corporate governance**

Information retrieve from respondents indicate that all of the do understand the concept of internal auditing and express the view on internal auditing as an independent and objective body whose mandate is to scrutinize the institutions activities particularly financial information in achieving value for money.

In analysis the duties of internal audit manual in KATH, as much as 72.58% of the respondents said internal auditors scrutinize financial report of Komfo Anokye Teaching hospital. 95% of the respondents said internal auditors are part of internal control system, 70.97% of the respondents said yes signifying that there is an effective control system of audit committee on internal

auditing practices in KATH and 56.46% of the respondents indicated they are not sure whether internal auditors are given adequate resources to carry out their duties in the hospital.

Further, 85.48% of the respondents said internal auditor issue reports to management and Stake holders on quarterly basis, 82.26% of the respondents said yes signifying that internal auditors have manual regulating their practices in the hospital, 64.52% of the respondents said yes signifying that audit committee assess the work of internal auditors in order to ensure that they comply with auditing principles and standards. 67.74% of the respondents said yes suggesting that internal auditors are independent in the performance of their duties in Komfo Anokye Teaching Hospital.

Again, 90.32% of the respondents said internal auditors are very important in promoting internal control responsibilities in Komfo Anokye Teaching Hospital, 32 representing 51.61% of the respondents said internal auditors do not interact with other officials in the performance of their duties in Komfo Anokye Teaching Hospital and 75.81% of the respondents said internal auditors do not regularly interact with others in the performance of their duties in Komfo Anokye Teaching Hospital.

### **The relevance of internal audit in Komfo Anokye Teaching Hospital**

The study document that 74.19% of the respondents indicated that they strongly agreed that Internal Auditing practice helps to promote Risk Management activities in KATH, 88.71% of the respondents indicated that they strongly agreed that internal auditing practice helps to promote accountability in KATH, 58.06% of the respondents agreed that internal auditing practice helps to promote information technology usage in KATH and 79.03% of the respondents indicated that

they strongly agreed that internal auditing practice helps to promote internal controls activities in KATH.

Moreover, 54.84% of the respondents were not sure whether Internal Auditing practice helps to promote Ethical Consideration in KATH, 82.26% of the respondents agreed that Internal auditing practice help to promote professionalism in KATH, 72.58% of the them indicated that they strongly agreed that Internal auditing practice help to ensure value for value in KATH and 75.34% of the respondents disagreed that internal auditing practice help to ensure fairness and efficiency in operations of KATH.

82.26% of the respondents rated accountability practice by internal auditors as very high in promoting good governance in KATH, 62.90% of the respondents rated internal control practice by internal auditors as very high in promoting good governance in KATH. 66.13% of the respondents rated ethical consideration practice by internal auditors as high in promoting good governance in KATH, 69.36% of the respondents rated professionalism practice by internal auditors as very high in promoting good governance in KATH and 91.94% of the respondents rated value for money practice by internal auditors as very high in promoting good governance in KATH,

### **Challenges confronting internal auditing activities in the performance of their duties in KATH**

It was found from the study that 70.10% of the respondents disagreed that internal auditors are intimidated in the performance of their duties in KATH, 66.13% of the respondents agreed that financial constraint is a challenge facing internal auditing in the performance of their duties in KATH and 53.23% of the respondents agreed that inadequate staff strength is a challenge facing



internal auditing in the performance of their duties in KATH. Finally, as much as 72.58% of the respondents indicated that they strongly agreed that inadequate qualified personnel is a challenge facing internal auditing in the performance of their duties in KATH and 83.87% of the respondents indicated that they strongly agreed that lack of coordination among other workers is a challenge in facing internal auditors in the performance of their duties in KATH

## **5.2 Conclusion**

In assessing the duties of internal auditor in Komfo Anokye Teaching Hospital, the study document that internal audit scrutinize financial report of Komfo Anokye Teaching hospital and that internal auditors are part of internal control system. Further, audit committee assess the work of internal auditors in order to ensure that they comply with auditing principles and standards.

The study also found that Internal Auditing practice helps to promote Risk Management activities, accountability, internal controls, Ethical Consideration and value for value in financial spending of KATH. It was found from the study that financial constraint, inadequate staff strength, inadequate qualified personnel and lack of coordination among other workers are major challenges in facing internal auditors in the performance of their duties in KATH

## **5.3 Recommendations**

This section makes recommendations against the findings of this study and they hammer on the following areas.

It was found from the study that financial constraint is a challenge facing internal auditing in the performance of their duties in KATH. This study recommends that adequate resources and logistics are made available to internal auditor to facilitate the performance of their operations.

It was found from the study that that inadequate staff strength is a challenge facing internal auditing in the performance of their duties in KATH. The study recommends that adequate staff strength must be put in place to ensure smooth operation of internal auditing activities in KATH.

The study established that that inadequate qualified personnel is a challenge facing internal auditing in the performance of their duties in KATH. The study recommends that most qualified personnel be employed to undertake auditing activities in KATH. It must be also noted that, internal audit personnel must be given regular training and their activities be reviewed regularly by the by external auditor in order to ensure compliance to auditing standards.

It was discovered that lack of coordination among other workers possess a serious challenge facing internal auditors in the performance of their duties in KATH. The study propose that internal auditor must collaborate with other spending officials of KATH in order to efficiently and effectively enhance their activities

## REFERENCES

- Allen, F. (1967). Empirical evidence on external auditors' reliance on the work of internal Auditor's. *International Journal of Accounting Research*, Pp. 134-144.
- Anderson S. (1983). *Enhancing Auditing professional practice: A Concept for teaching*. Alexandria, VA: Association for Curriculum and Supervision Development.
- Asax F. (2003). *21st Century Audit Management — Opportunities and Challenges* (Pleier & Associates).
- Awaba Y. U. (2006). "Control Self-Assessment: A New Approach to Auditing," *Ivey Business Journal* 65 (1), pp. 8-10.
- Arens et al. (2007). *Enhancing Internal Auditing Through Innovative Practices* (Altamonte Springs, FL: Institute of Internal Auditors).
- Anthony O. P. (2009). "Does Internal Auditing Improve Managerial Performance?" *Management Accounting March*, pp. 54-6
- Anderson E. P. (1983). 'External auditors' reliance on work performed by internal auditors: the influence of fee pressure on this reliance decision', *Auditing: A Journal of Practice and Theory*, 18 (supplement), pp117-135.
- Alle E. C. (2005). 'A Multistage Approach to External Auditors Evaluation of the Internal Audit Function'. *Auditing: A Journal of Practice and Theory*, 21, pp 95-121.
- Brilliant X. (2002). "Strategy, Business Execution, and Performance Measures," *Strategic Finance* 83 (11), pp. 6-8.

- Bradford R. E. (1964). "Managing the Corporate Mind," *Internal Auditor*, 55 (6): 1998, pp. 19-20.
- Cai F. (1997). *Human Resource Strategy* (Thousand Oaks, CA: Sage Publications Inc.).
- Cappelli E. R. and Peter U. T. (2000). "Control Self-Assessment," *Internal Auditor* 53 (2):, pp. 52-57.
- Carmichael et al. (1996). "The Value of Mentoring and Coaching in Internal Audit Settings," *Internal Auditing* 14 (3), pp. 27-35.
- Chadwick I. P. (2003). "Attaining Flexible Stability by Integrating Total Quality Management and Socio-Technical Systems Theory," *Organization Science* 8, pp. 59-70.
- Coffey et al (1994). Internal audit and audit fees: further evidence'. *Managerial Auditing Journal*, 25 (4), Pp. 309-327
- Colbert F. H. (2002). Examining the Incidence of Downsizing and Its Effect on Establishment Performance. Working Paper 7742, National Bureau of Economic Research, Inc.
- Colbert W. R. (2005). "Performance Measurement in Internal Audit," *Internal Auditing* 13 (1):, electronic.
- Cook R. L. and Winkle U. (1976). *Internal Audit and Innovation* (Morristown, NJ: Financial Executives Research Foundation).
- Fritsch F. F. (1996). *Business Research Methods*. 11th edition. New Delhi: McGraw Hill.
- Glazer A. L. (1980). *The art and science of competency models: Pinpointing critical success factors in organizations*. San Francisco: Jossey-Bass/Pfeiffer.
- Gray E. R. and Gray T. R. (2009). *Job and work analysis*, 2nd ed. Thousand Oaks, CA: Sage.

- Handy T. O. (2007). The joint Audit Approach. Evaluations of Performance Audits,” Internal Auditing, Fall 1994, pp. 13-22.
- Henry D. (2007). Reliance on internal auditors. Journal of Accountancy, ,pp 62-73.
- Ho I. O. (2005). “Experienced Hiring Versus College Recruiting: Practices and Emerging Trends,” Personnel Psychology 50 (2), pp. 309-339.
- Hoag A. F. (2007). The Future of Internal Auditing: A Delphi Study (Altamonte Springs, FL: The Institute of Internal Auditors Research Foundation).
- Hub E. R. (2007). ‘Auditing for performance evaluation’, Accounting Review, Pp 520-536
- Hub R. R. (2007). Auditing: An integrated Approach’, Prentice-Hall International, Englewood Cliffs, NJ,
- Hypa Y. E. (2009). “The Effects of Instruction and Experience on the Acquisition of Auditing Knowledge,” The Accounting Review 69: 1994, pp. 157-178.
- Institute of Internal Auditors (2004), “Incentive-based Compensation for Internal Auditors,” Internal Auditor, pp. 42–46.
- Kloot E. U. (1997).“The Keys to Retention,” Incentive 175 (10), p. 117.
- Kowalzyk R. (1984). “Matching Internal Auditors’ Task with their Personality Types as Assessed by the Myers-Briggs Type Indicator,” Internal Auditing 14 (4), 1999.
- KPMG P. (2014). Knowledge Acquisition in Auditing: Training Novice Auditors to Recognize Cue Relationships in Real Estate Valuation,” The Accounting Review 76 (1), p. 81.
- Krogstad D. (2001). ‘Auditing Concepts and Methods: A Guide to Current Theory and Practice’, McGraw-Hill, New York, NY.

- Kusel T. R., Jimie R. E. and Oxner Q. O. (2000). "Performance Measurement Systems, Incentives, and the Optimal Allocation of Responsibilities," *The Journal of Accounting & Economics* 25 (3), pp. 321-347.
- Kusel T., Jimie G. O. and Oxner O. P. (2000). 'The role of internal audit function in corporate governance: a synthesis of the extant internal auditing literature and directions for future research'. *Journal of Accounting Literature*, 23, pp 194-244.
- Lampe P. P. (2005). *The Outsourcing Dilemma: What's Best for Internal Auditing* (Altamonte Springs, FL: The Institute of Internal Auditors,).
- Leung R. T. I. (2003). "Performance Measures to Improve Internal Audit Productivity and Quality," *Internal Auditing* 13 (1), pp. 3-14.
- Leung Z. N. (2003). "Power Staffing 101," *Internal Auditor* 56 (2):, pp. 22-5.
- Mathews Q. L. (1993). *Theory and Practices of Internal Audit*, 6 Ed. Info Mega, Pp. 46.
- Morgan O. (2011). 'External auditors' reliance on internal auditing: further evidence'. *Managerial Auditing Journal*, 26 (6), pp 464-481.
- Mugenda F. F. (2003). "The Impact of Internal Auditor Role and Compensation on External Auditors' Planning Judgments and Decisions," *Contemporary Accounting Research*, pp. 257-282.
- Nagy A. (2002). "A Model of Outsourcing and Audit Risk for Internal Audit," *Contemporary Accounting Research* 17 (3): 2000, pp. 387-428.

- Nash C. F., Claire S. S. and Flesher Q. P. (1997). 'Independent auditor judgement in the evaluation of the internal audit function', *Journal of Accounting Research*, 21 (2), pp 444-455.
- Neely A. R. and Andy A. (2002). 'Auditing and assurance Services in Australia, McGraw Hill, Sydney.
- Neely A. R. and Andy E. Y. (2002). "Insurers Urged to Emphasize Corporate Governance, Transparency." *National Underwriter* 106 (32): August 12, 30-31.
- Ouchi E. Y. (2002). *Quantitative methods of research*. 3rd edition, Cambridge: McGraw Hill.
- Ouchi R. (2002). 'Evaluating the work of internal audit: A comparison of standards and empirical evidence'. *Accounting and Business Research*, 24 (96), , pp 335-348.
- Peurseem D. E. and Pumphrey A. Z. (2005). ' An examination of the relationship between internal and external audit in the Saudi Arabian corporate sector'. *Managerial Auditing Journal*, 19 (7), pp 929-944.
- Pleier Z. S. and Associates F. L. (2000). *The Strategic Management of Intellectual Capital and Organizational Knowledge* (New York, NY: Oxford University Press, 2002).
- Rezaee R. (1996). ' Internal and External auditors: how do they relate?' *Corporate Accounting*, pp 56-58.
- Rezaee W. T. and Lander Y. O. (1993). "Training as a Retention Tool," *Internal Auditing* 58 (5), Pp. 48.
- Sawyer E. R. (2003). ' The use of internal audit by Australian companies', *Managerial Auditing Journal*, 21 (1), pp 81-101

Sawyer T. U. (2003). *Team Work and Group Dynamics* (New York, NY: John Wiley & Sons).

Seiler W. R. (2009). *Business Performance Measurement: Theory and Practice* (Cambridge: Cambridge University Press,).

Sheridan et al (2006). 'How internal auditors view the external audit'. *Internal auditor*, pp 49-54.

Spira S. and Page P. (2003). The effects of risk, materiality, and assertion subjectivity on external auditors' reliance on internal auditors'. *Auditing: A Journal of Practice & Theory*, 12 (1), 1993, pp 50-64.

Stein R. (2002). The effects of certain internal audit variables on the planning of external audit programs'. *The Accounting Review*, 58 (2), pp 215-227.

Weingardt E. T. (2001). 'External auditor reliance on internal audit, *Journal of Internal Auditing*', 5(3). Pp. 10-22.

Weingardt E. T. (2001). Auditor's thought of management control and corporate governance philosophy in planning judgements': *A Journal of Management*, 19 (2), Pp. 122- 145.

Weingardt R. Y. (2001) "Staffing Assignments for Judgment-Oriented Audit Tasks: The Effects of Structured Audit Technology and Environment," *The Accounting Review* 70 (3), pp. 443-465.

Wright D. E., Arnold E. L. and Bedard E. T. (2000). "Review and Synthesis of Audit Structure Literature," *Journal of Accounting Literature* 17: 1998, pp. 40-71.

Sarbanes-Oxley (SOX) Act of (2002). One Hundred Seventh Congress of the United States of America at the Second Session Begun and held at the City of Washington on Wednesday, the twenty-third day of January, two thousand and two USA.



Spira E. and Page, J. (2003). "Determinants of Auditor Expertise," *Journal of Accounting Research* 28, pp. 1-20.

Subramaniam, O. (2007). "Users and Practitioners' Opinions of the importance of Certification of Internal Auditing," *Journal of Accounting* 11 (1), Pp. 39-53.

Institute of Internal Auditors (1999). *The Systems of Internal Control* -Enotes.com, [www.enotes.com](http://www.enotes.com); Date accessed on 29/4/2015.

The Royal Commission Report, (2003). Roth, James, *Best Practices: Value-Added Approaches of Four Innovative Auditing Departments*. (Altamonte Springs, FL: The Institute of Internal Auditors).

Thurston, D. (1950). *The External/Internal Auditor relationship-part1*. The Canadian Institute of Chartered Accountants Magazine,

Thurston S. V. (1950). *The Internal Auditor Job Market*. (Altamonte Springs, FL: The Institute of Internal Auditors, 2000).

Van Peurseem and Pumphrey D. (2005) 'Co-operation between Internal and External Auditors: A Comparative Study on Nationalized and Foreign Banks in Bangladesh'.. *World Journal of Management*, 2 (2), ,pp22-35

Wright G. E. Arnold D., and Bedard V. (2000). *Control Self-Assessment: Threats, Tips, and Techniques* (Altamonte Springs, FL: The Institute of Internal Auditors).

Weingardt C. (2001.) "The Changing Nature of Work and Its Effects on Compensation Design and Delivery," *Compensation in Organizations* (San Francisco, CA: Jossey-Bass Inc.).

White Q. (1976). 'The reliance of external auditors on internal auditors'. *Managerial Auditing Journal*, 19 (9), pp 1148-1159.

Zain et al., (2006) Management, 7th Edition (Boston, MA: Houghton Mifflin Publishing).

Ziegenfuss W. (2000) 'An examination of auditors' decisions to use internal audit as assistants, the effect of inherent risk'. Contemporary Accounting Research, 9 (2), pp 508-525.

Ziegenfuss W. R. (2000). "Job Market Outlook," Internal Auditor 59 (3):, pp. 28-35.

**APPENDIX**

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**BUSINESS SCHOOL**

**This questionnaire is to enable me collect necessary information to complete my research on the topic:**

**ASSESSING THE ROLE OF INTERNAL AUDIT UNIT IN THE CORPORATE GOVERNANCE – A CASE OF KONFO ANOKYE TEACHING HOSPITAL**

**All information provided in this study will be treated as confidential and your anonymity is assured.**

**Section A. PREDISPOSING CHARACTERISTICS**

1. Age of Respondents: .....
2. Gender of Respondents: 1= Male [ ] 2= Female [ ]
3. Educational level of Respondents:  
0=No schooling 1=Primary education 2=Secondary education 3=Tertiary
4. Job description of Respondents  
.....
5. Monthly income of respondents  
a. GH¢0 - 500 [ ]    b. GH¢ 501 – GH¢ 1000 [ ]    c. GH¢1001 – GH¢1500 [ ]  
d. GH¢1501 – GH¢2500 [ ]    f. GH¢2400 + [ ]
6. The number of years respondents have been with KATH.  
1. 0 to 5 years    2. 6 – 10 years    3. 11 – 15 years    4. 16 – 20 year    5. 21+ years

**Respondents view on Auditing Activities**

7. Do you understand internal auditing? Yes [ ]    No [ ]
8. If your answer yes, then state the work of internal auditing in corporate governance.  
.....  
.....
9. Please indicate the core duties of internal audit in KATH?

.....  
.....  
.....  
10. Indicate whether there is an effective control system of audit committee on internal auditing practices?

Yes [ ]            No [ ]            Not Sure [ ]

11. Do you believe that internal audit has adequate resource to carry out its activities?

Yes [ ]            No [ ]            Not Sure [ ]

12. Indicate the number of times internal auditors issue report on organisation to management and stakeholder.    Monthly [ ]    Quarterly [ ]    Every six month [ ]    Year [ ]

13. Indicate whether there is manual regulating internal audit practices.

Yes [ ]            No [ ]            Not Sure [ ]

14. Indicate whether audit committee assess the work of internal audit.

Yes [ ]            No [ ]            Not Sure [ ]

15. Indicate whether internal audit is sufficiently independent of management control.

Yes [ ]            No [ ]            Not Sure [ ]

16. Indicate the level of importance of internal auditing practices in promoting internal control responsibilities in KATH.

1= Not Sure [ ] 2= Not Important [ ] 3=Somewhat important [ ] 4=Very Important [ ]

17. Indicate whether internal auditors do publish financial and non-financial information on activities of KATH.    Yes [ ]            No [ ]            Not Sure [ ]

If your answer is yes, indicate how often internal auditors public information.

1=Very regularly 2=Regularly 3= Not regularly 4= Not sure

18. Indicate whether internal auditors interact with other staff of various department in the performance of their duty in KATH?    Yes [ ]            No [ ]            Not Sure [ ]

19. If your answer is yes, indicate how often internal auditors with other staff of various department in the performance of their duty in KATH.

1=regularly 2=Regularly 3= Not regularly 4= Not sure

## The Role of Internal Auditing Practice on Corporate Governance

Respondents are to indicate the level of their agreement or disagreement on these internal audit practices.

20. Internal Auditing practice helps to promote Risk Management activities in KATH

Strongly Agree [ ] Agree [ ] Disagree [ ] Strongly Disagree [ ] Not Sure [ ]

21. Internal Auditing practice helps to promote Accountability in KATH

Strongly Agree [ ] Agree [ ] Disagree [ ] Strongly Disagree [ ] Not Sure [ ]

22. Internal Auditing practice helps to promote Information Technology Usage in KATH

Strongly Agree [ ] Agree [ ] Disagree [ ] Strongly Disagree [ ] Not Sure [ ]

23. Internal Auditing practice helps to promote Internal controls activities in KATH

Strongly Agree [ ] Agree [ ] Disagree [ ] Strongly Disagree [ ] Not Sure [ ]

24. Internal Auditing practice helps to promote Ethical Consideration in KATH

Strongly Agree [ ] Agree [ ] Disagree [ ] Strongly Disagree [ ] Not Sure [ ]

25. Internal Auditing practice helps to promote Professionalism in KATH

Strongly Agree [ ] Agree [ ] Disagree [ ] Strongly Disagree [ ] Not Sure [ ]

26. Internal Auditing practice helps to ensure Value for money in KATH

Strongly Agree [ ] Agree [ ] Disagree [ ] Strongly Disagree [ ] Not Sure [ ]

27. Internal Auditing practice helps to ensure Fairness and Efficiency in operations of KATH

Strongly Agree [ ] Agree [ ] Disagree [ ] Strongly Disagree [ ] Not Sure [ ]

28. Please rate below the overall performance level of internal auditing practices in the promotion of good organisational governance of KATH.

Very high (V.H), High (H), Average (A), Poor (P), and Not Sure (NS)

Items	V.H	H	A	P	NS
Risk Management					
Accountability					
Information Technology Usage					
Internal controls					
Ethical Consideration					
Professionalism					
Value for money					
Fairness and Efficiency					

### Challenges associated with internal auditors in the performance of their duty.

29. Internal auditors are intimidated in the performance of their duties in KATH.

30. Financial constraint is a challenge facing internal auditing in the performance of their duties in KATH.

31. Inadequate staff strength is a challenge facing internal auditing in the performance of their duties in KATH.

32. Inadequate qualified personnel is a challenge facing internal auditing in the performance of their duties in KATH.

33. Lack of coordination among other staffs is a challenge facing internal auditing in the performance of their duties in KATH.

34. Indicate other challenges associated with internal auditors in the performance of their duty.

.....  
.....  
.....

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**BUSINESS SCHOOL**

This interview guide is to enable me collect necessary information to complete my research on  
the topic:

**ASSESSING THE ROLE OF INTERNAL AUDIT UNIT IN THE CORPORATE  
GOVERNANCE – A CASE OF KONFO ANOKYE TEACHING HOSPITAL**

All information provided in this study will be treated as confidential and your anonymity is assured.

1. What is/are the work of internal Auditing in KATH?
2. How is internal auditing activities regulated in KATH?
3. Are there professional standard governing the conduct of internal auditing activities in KATH?
4. What professional qualities does internal auditors have in the performance of their duties in KATH?
5. Are internal auditing activities regulated by an Audit charter?
6. Indicate whether there is an effective control system of audit committee on internal auditing practices.
7. Indicate the activities of internal auditing practices in promoting internal control responsibilities in KATH.
8. How does internal auditor help to promote controlling activities in KATH?
9. Explain the consideration of management and audit committee on the work of internal auditing practices in KATH.
10. Explain how internal audit activities help in performing quality assessment review in KATH.
11. Indicate major challenges associated with internal auditors in the performance of their duty in KATH.