

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

KNUST SCHOOL OF BUSINESS

COLLEGE OF ART AND SOCIAL SCIENCES

KNUST

**THE CONTRIBUTION OF INTERNAL AUDITING ON INTERNAL
CONTROLS IN DISTRICT ASSEMBLIES IN GHANA
(A CASE STUDY OF TAMALE METROPOLITAN ASSEMBLY)**

**Thesis submitted to the Department of Accounting and Finance in Partial
Fulfilment of the Requirement0-- for the Award of**

MASTERS OF BUSINESS ADMINISTRATION DEGREE IN ACCOUNTING

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November, 2015

CANDIDATE'S DECLARATION

I hereby declare that, except for specific references which have been duly acknowledged, this work is the result of my own field research and it has not been submitted either in part or whole for any other degree elsewhere.

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SUPERVISOR'S DECLARATION

I hereby declare that the preparation and presentation of the thesis was supervised in accordance with the guidance for the supervision of thesis laid down by Kwame Nkrumah University of Science and Technology.

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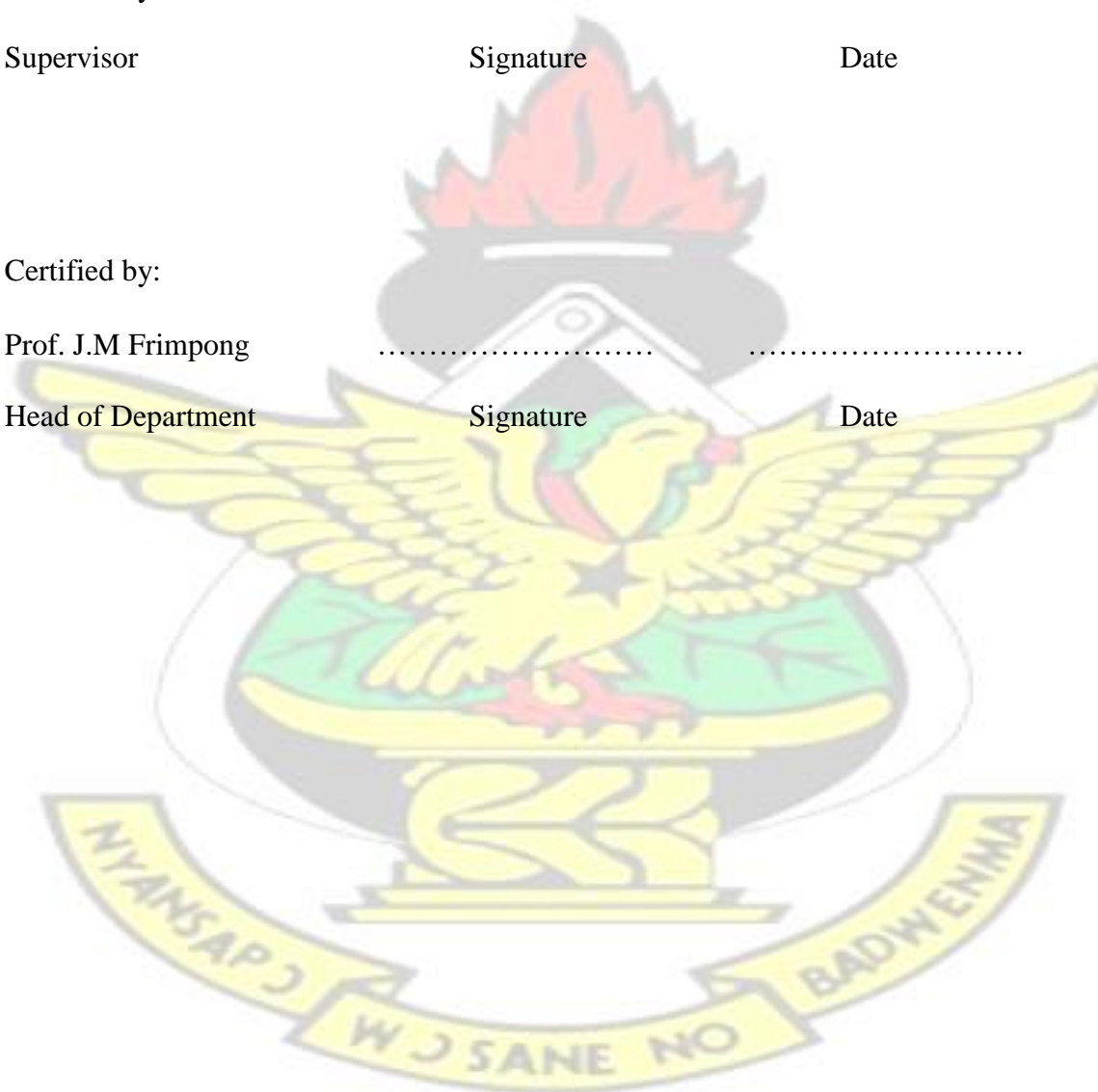
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DEDICATION

This work is dedicated to my mother, Sanatu Salifu, my uncles, Bako Mutala and BakoSule. I also dedicate the work to my wife, Wasila Shirazu, my daughter, Fauzan Tipagya and all friends.

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ACKNOWLEDGEMENT

I would like to express my profound gratitude to my supervisor, Dr Anthony Osei-Fosu for the patience and tolerance shown during the writing of this thesis. My appreciation also goes to the Head of Department, Prof. J.M Frimpong who approved the topic for the successful project work.

I would also like to express my sincere appreciation to the entire members of Tamale Metropolitan Assembly (TMA), for imparting knowledge to me for a successful work. My gratitude also goes to the Metropolitan Chief Executive who gave me the go ahead to administer my questionnaire on the management units of the assembly and the assistant director 1, Mr Abdul-Rahaman Baba Ahmed for the warm reception given to me.

I am also grateful to the Finance Officer of the assembly, Mr Sulemana Abubakari Mahama, and the Head of the Internal Audit Unit, Mr Alhassan Abdulai, for their advice and suggestions that I factored as inputs on the work.

I am also very grateful to the Headmaster of Business Senior High School (BISCO) and the Head of Business Department of the school for the encouragement that they offered.

My appreciation also goes to the assistant headmaster of academic of Business Senior High School, Mr Mohammed Issifu who constantly encourages and advises me as to how to go about the research work.

I also owe appreciation to my mother, Sanatu Salifu and other family members for the support given to me.

My last thanks go to the almighty Allah for the guidance and care throughout the research work.

ABSTRACT

The study sought to assess the contribution of internal auditing on internal controls of district assemblies in Ghana focusing on Tamale Metropolitan Assembly in Northern region. Internal Audit Agency serves as an oversight body that is charge with the mandate of ensuring that the internal audit units of the district assemblies in Ghana perform their function of monitoring and appraising of the activities and internal controls of district assemblies.

The study sought to assess the efficiency of the internal audit unit in the monitoring and advice in the design, implementation and maintaining of internal controls in district assemblies in Ghana as well as suggesting ways of improving the efficiency and effectiveness of the internal audit units.

Therefore, the methodology adopted by the study was on secondary data using questionnaire administered on the management units of Tamale Metropolitan Assembly in the northern region.

Furthermore, the data of the study indicates that there was lack of independence on the part of internal audit personnel in the Metropolis and lack of funds to discharge its function effectively.

More so, the study recommended that the government needs to employ more internal audit staff who have the knowledge in auditing to increase the numerical strength of the unit and increase the budgetary allocation with the oversight body ensuring that the resources allocated are utilised judiciously.

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ACRONYMS



| | |
|--------------|---|
| AAA | American Accounting Association |
| AC | Audit Committee |
| AICPA | American Institute of Certified Public Accounts |
| ARIC | Audit Report Implementation Committee |
| BOD | Board of Directors |
| CAFR | Comprehensive Annual Financial Report |
| CEO | Chief Executive Officer |
| CFO | Chief Finance Officer |
| FEI | Financial Executive Institute |
| GFOA | Government Finance Officers Association |
| IA | Internal Audit |
| IAA | Internal Audit Agency |
| IAF | Internal Audit Function |
| IAU | Internal Audit Unit |
| IIA | Institute of Internal Audit |
| MDAs | Ministries Departments and Agencies |
| MMDAs | Metropolitan Municipal and District Assemblies |
| NAO | National Audit Office |
| NAA | National Association of Accountants |
| PV | Payment Voucher |
| RBIA | Risk Based Internal Audit |
| TMA | Tamale Metropolitan Assembly |

CHAPTER ONE

INTRODUCTION

1.0 BACKGROUND OF THE STUDY

Revenue has been a major and significant item in making the decentralisation a reality in developing country like Ghana. Since the onset of decentralisation, the engine of development at the grassroots or local government level has always been basically revenue base of the local government. The idea of decentralisation which started in the 1980s is geared towards providing authority and development to the local folks through local governance system which has been enshrined in the local government act of 1993 (Act 462) and the 1992 constitution. Even though, the decentralisation concept has been implemented all that while, there is only one policy document defining the decentralisation policy in Ghana which is the latest and the overall guiding programming document called National Decentralisation Action Plan (NDAP), which was endorsed by cabinet in 2004. Since Ghana attained its independence in 1957, successive governments have looked to having performed the local government system to assist in development of the entire country. This was attempted by Jerry John Rawlings in introducing decentralisation in 1983, but the current decentralisation concept was initiated in 1992 and enshrined in the 1992 constitution of republic of Ghana. Since the implementation of the decentralisation where the constitution provided that district assemblies should have adequate and reliable source of revenue to undertake their programmes or activities with most of the government transfers in the form of common fund and internal generation funds or sources such as taxes, rates, levies, fees and licences all of which are listed in the sixth schedule of the local government act, 1993 (Act 462). These internal generated funds and common fund need to be well managed by the district assemblies there by ensuring judicious use of resources culminating in the decentralisation concept becoming a reality. There has always

been a short fall in resources (funds) in the district assemblies in Ghana which has motivated the researcher to research into the contribution of internal auditing on internal controls of the district assemblies in Ghana.

1.1 Statement of the problem

The genesis of decentralisation is for the local government to identify areas in need of development and then solicit for funds either from the central government in the form of common fund or from the internal generated funds to undertake developmental needs. This revenue generated and received from central government must be used in undertaking programmes such as maintaining peace and order, provision of infrastructure, improvement in human settlement, sponsoring of educational activities, poverty reduction strategies etc.

Undoubtedly, lack of revenue or poor utilisation of revenue of the district assemblies does not only negatively affect the development of the district assemblies, but a waste of state resources as well.

In line with the developmental programmes and activities of the district assemblies, literature indicates that non-performance of most of these activities and programmes are not because of poor mobilisation of revenue, but poor internal control systems and unmonitored expenditure sometimes. For the internal controls to be efficient there is the need for auditing. The question needed to address is whether or not there is proper auditing. Due to these problems in internal controls it is pertinent to assess the contribution of internal auditing on internal controls in district assemblies in Ghana since the major mandate of the internal audit units is to advice and monitor the internal controls formulated and implemented by district assemblies in Ghana.

1.2 Research Objectives

The researcher seeks to achieve the following general and specific objectives.

1.2.1 General Objectives.

The general objective of the research shall be to assess the contribution of internal auditing on internal controls in the district assemblies in Ghana using Tamale Metropolitan Assembly (TMA) as a case and suggest ways of improving on the effectiveness of the internal auditing of the district assemblies.

1.2.2 Specific Objectives.

In achieving the general objectives stated above, the following specific objectives shall be undertaken.

1. To identify the roles of internal auditors in district assemblies in Ghana.
2. To identify the internal controls and their implementation in district assemblies in Ghana.
3. To assess the benefits of internal auditing to the district assemblies in Ghana.
4. To suggest ways of improving on the effectiveness of internal auditing of the district assemblies in Ghana.

1.3 Research Questions

To achieve the objectives of the research, the following questions shall be answered.

1. What are the roles of internal auditors in a district assembly in Ghana?
2. What are the internal controls formulated and implemented in the district assemblies in Ghana?
3. What are the benefits of internal auditing to the district assemblies in Ghana?
4. What are the various ways of improving on the effectiveness of internal auditing in district assemblies in Ghana?

1.4 Significance of the Study

The significance of the study indicates the use of the research outcome by the district assemblies, the government, communities and the contribution to the theoretical field of the subject. The research outcome shall be used by the local authorities in efficient and economic utilisation of limited resources generated, hence better implementation of programmes. In response to the economic challenges that the nation faced in 2013 and 2014, government resources allocated in the form of common fund shall be put into good uses as expected which to the larger extent benefit the society as they are the direct beneficiaries of state funds allocated.

In terms of theoretical contribution, it will add to the literature on the contribution of internal auditing on internal controls in the district assemblies in Ghana.

Secondly, the study will provide recommendation in strengthening internal audit units in order to improve internal controls in the district assemblies in Ghana that will enhance development as well as suggesting other measures to ensure sound internal control.

1.5 Methodology of the study

1.5.1 Research design

The researcher would use a mixture of exploratory, analytical and descriptive design in achieving the objective of the study.

Consequently, quantitative and qualitative methods would be used to undertake the research.

1.5.2 Sources of Data Collection Techniques and Tools

The researcher shall adopt both primary and secondary data. The secondary data shall be collected; from the district assembly's internal audit units report, surveys and documentary sources such as journals, reports and publications.

The primary data would be gathered through questionnaires and discussions with the internal audit unit's staff and other staff in various units..

1.5.3 Data Analysis

The analysis of the data would be based on statistical methods of presentation to analyse the qualitative and quantitative data gathered. Also, tables, pie charts and bar charts would be used to analyse the internal auditing carried out and whether compliances were ad head to.

This would indicate as to whether it leads to internal controls or not.

In the case of quantitative data analysis, the district assemblies management units' responses would be used to figure out whether adequate controls instituted by the internal audits were complied or not. For qualitative data analysis, the recorded results of discussions with the internal audit unit staff shall support in determining the understanding of internal controls and its implementation.

1.6 The Scope of the Study

In order not to make the research wide enough, the study would be restricted to the contribution of internal auditing on internal controls in district assemblies in Ghana and not any other function of the district assemblies. The emphasis of the study shall be on the contribution of internal auditing on internal controls in the district assemblies Tamale

Metropolitan Assembly (TMA) in perspective and ways to improve on the effectiveness of the internal auditing in the district assemblies in Ghana.

1.7 Limitation of the Study

In terms of confidentiality, it was difficult for the researcher to get information from the internal audit unit of the district assembly, but through explanation of reasons of the study, access to valuable information was gotten. Also, funding of travel and transport expenses pose challenges into and from the district assembly where the study was carried out.

Also the researcher was unable to carry out the study in all the districts in Ghana to get a wider representation of the study.

Finally, the researcher found it difficult in administering the questionnaire as some respondents resisted initially claiming it was going to waste their time.

1.8 Organisation of the Study

The study was organised into five chapters as follows,

Chapter one: This chapter is made up of background information, statement of the problem, the research questions, significant of the study, research methodology, the scope of the study, limitation of the study and organisation of the study.

Chapter two: This part of the study looked at the review of related literature on the topic which is sub-divided into themes as the internal controls in the district assemblies, the decentralisation concept and legal framework, sources of revenue of the district assemblies, internal auditing in district assemblies and the contribution of internal audit units in district assemblies.

Chapter three: This chapter of the study was based on the methodology that is employed mainly on the study method and design, the sampling technique, the sample size used, the

study variables, ethical consideration, assumptions and limitation of the study. *Chapter four:* This part of the study was based on the analysis of the findings and discussions from the research.

Chapter five: This part consisted of the summary, recommendations and conclusions of the research. The conclusions drawn were based on the findings and the recommendations made for both immediate and long-term practice. Recommendations for further study were also made in this chapter.



CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

The chapter dealt critically with literature on the contribution of internal auditing on internal controls in district assemblies in Ghana. The content of this review centred on the historical background on internal auditing, operational definition and principles of internal auditing, role or functions of internal auditor, internal controls in district assemblies in Ghana and the benefits of internal auditing. The ways of improving the effectiveness of internal auditing was not left out. Looking at the contribution of internal auditing on internal controls in the district assemblies in Ghana means considering the way the performance of internal audit has been traditionally and how it has been defined by academics and professionals.

2.1 Historical background on internal auditing

The invention of double entry system in the 15th century has provided a way for those who involved in commerce to control their dealings or involving suppliers, customers and employees. History indicated that internal auditors were used before the 15th century or employed by kings or traders. The internal auditors as at then were involved in detecting or preventing theft, fraud and other forms of irregularities (Treadway Report, 1987).

The techniques such as separation of duties, independent checking and interviewing in order to prevent irregularities were been applied as at then. As industrial revolution set in, control methods and auditing techniques which were copied from England to the U.S.A were practiced up to the 20th century. After the 20th century, companies felt the need to employ their own employees to be in charge of verifying and checking their financial transactions and to test compliance with accounting controls instead of solely depending on external auditors (Treadway Report, 1987).

The issue of transparency, integrity and improvement of government services delivery led to the rise in governance and accountability. Montondon and Fischer (1995) indicate that

the credibility of internal audit function is significantly important due to the fact that they are responsible to so many stakeholders. Also, as there were reports of corporate wrongs practices in the 20th century there was an act passed by the US government known as the foreign corrupt practice Act of 1977 seen as an initiator of internal auditing. The Act was basically intended to avoid stealing and bribery in public organisation through maintenance of adequate system of internal control and maintaining of complete records. There were business failures and fraud in the mid to late 1980s which resulted to examination of fraudulent financial reporting by group of private sector organisations including the American Institute of Certified Public Accountants (AICPA), American Accounting Association (AAA), The Financial Executive Institute (FEI), The Institute of Internal Auditors (IIA) and National Association of Accountants (NAA). A final recommendation of these institutes known as Treadway commission was issued in 1987 and a major recommendation was based on significant internal auditing, companies to maintain adequate internal control system and to establish effective and objective internal audit function (Treadway Report, 1987).

As risk management which is one of the functions of internal auditors dated long ago meant that internal auditing is also dated long ago. Even to date public entities operating in current democracies cause serious risk to organisational legitimacy due to failure of governance (Deegan, 2006; Ingraham & Lynn, 2004).

Ghana's perspective of internal auditing was premised when the internal audit agency act, 2003 (Act 658) set up the internal audit agency as a body to be in charge of the oversight responsibility to help co-ordinate and provide quality assurance for internal audit activities within Ministries, Departments and Agencies (MDAs) and Metropolitan, Municipals and District Assemblies (MMDAs) in Ghana. The Internal Audit Agency has among its objective as enshrined in the internal audit agency act, 2003 (Act 658) as to contribute to

the improvement of fair, transparent and accountable governance and reshape internal audit practices in the public services of Ghana in order to ensure public acceptability, visibility and needed support (Internal Audit Agency Act, 2003, Act 658).

2.2 Operational Definition of Internal Auditing and Principles

The following are the operational definitions and principles used in addressing the nature and functions of audit and internal audit to be specified.

Audit: An independent examination of an assertion made by a responsible officer and expressing an opinion on that. The nature of this independent examination could be operational, compliance, financial or performance (Shafritz, 2004). Audit of financial statements are carried out to give an assurance that the financial reports are complete and accurate. Audit may also be seen as provision of assurance on a claim or assertion.

Assurance: Refers to reduction of material uncertainty and doubts on something. This has been confirmed by Wittington & Pany (2012) who observed that audit gives assurance to user regarding the objective of the audit. In line with Report on Comprehensive Annual Financial Report (CAFR), audit is seen as a report on comprehensive annual financial report as it awards Government Finance Officers Association (GFOA) certificates of achieving excellence in the financial reporting programme. The officers are in charge of preparing financial reports that includes financial statements of government entities as well as other issues to the external stakeholders.

External Audit: Independent examination normally conducted by audit firms (operated by certified public accountants) that are contracted by these entities. The external audits are focused on external stakeholders whereas internal audits are focused on internal stakeholders (management and other employees).

Audit may also be seen as finding of facts. Findings audit has been observed by Wittington & Pany (2012) who stated that audit is based on finding or deficiency in which the outcome of the audit procedures demonstrate a deviation or variation or noncompliance from stated objective, standard or expected conditions.

Audit could as well be looked at as enhancement of governance. Audit is a process affected by regulatory, legal and mechanism based on market conditions and best practices to establish greater shareholder value (Shafritz, 2004).

Internal Audit: An independent, objective provision of assurance and consultative activities meant to improve the operations of the entity and reduction of risk exposed to the firm in meeting strategic and operational goals and objectives that are set to achieve.

The internal audit function is achieved by examining an entity's risk management, control and governance processes and reporting on the outcome of these audits and reviews to directors and governing boards or stakeholders (The Institute of Internal Auditors, 2006).

Audit in terms internal audit could be seen as examination of internal controls in terms of monitoring their designs, implementation and operation (Wittington & Pany, 2012).

Internal Controls: Organisational procedures, policies and systems put in place to protect assets, secure the accuracy and the reliability of reported data, promotion of operational efficiency and attainment of institutional goal and objective. According to Scott (2003) two types of controls exist; institutional controls designed to enforce compliance to procedural or regulatory and technical controls designed to enforce quality and timeliness of activities or issues. Bryan (2010) identified two types of internal controls, as those to prevent waste, fraud, abuse and unintentional errors and another type for detection of when they may have been actually occurred. Bryan further identified control activities to every firm as segregation of duties, proper authorisation, physical safeguards, independent checks and sufficient and adequate documentation. He observed that the first three

activities are preventive mechanisms and the last two as detective mechanisms. These control activities are supposed to be implemented by the district assemblies in Ghana.

Stakeholders: People or units with stake in an enterprise. As far as corporate entities are concern, stakeholders include owners or shareholders. It may also be those (individuals or groups) affected or impacted by the entity's existence. Internal audit has also been looked at to be one that provides directors with assurance on the design and operation of the internal control (Government Finance Officers Association, 2006; Light, 1993; Pollitt et 1999; Shah, 2007; The Institute of Internal Auditors; 2003, 2004, 2006). The Institute of internal auditors (2006) observed that government auditing happens to be a footprint to good public sector governance. For there to be good governance at the local governance (district assemblies) level internal auditing must be in place. Prawitt et al (2009) also state that the Institute of Internal Auditors (IIA) identified internal audit as one of the cornerstones in corporate governance practices.

Internal auditing is an independent, objective assurance and consulting activities or measure put in place to add value and improve an organisational operation. Internal audit provides assurance to directors about conditions of local governance system of governance, internal controls through audit and review (Asare, 2009). It is not doubtful that effective local governance demands effective internal auditing through monitoring of internal controls designed by management, review of these controls and risk management policies and systems designed.

2.3 Role/Functions of Internal Auditors

The crucial role of internal auditors in the district assemblies in Ghana basically is to help design appropriate internal controls for implementation and to monitor their implementation for achieving operational efficiency and value for money in terms of

economy, effectiveness and efficiency. As part of their functions they help management in managing risk exposed by these government units. Internal auditors involved in risk management by way of assessing the risk of their entities, responding to the identified and assessed risk and reporting to management of the risk and find ways to address it.

Internal auditors have a role in assisting management in the assessment of risk and internal control as stated by Hampel and Turnbull report in UK. The auditors provide objective assurance and advice on risk and control (Turnbull Report, 2005). Also, according to the Turnbull Report or Guidance, directors need to manage risk by taking steps as to identify the risk, control it and monitor it if possible. It is not the internal audit's primary role to manage risk, but directors who have this responsibility to do so by delegating it to managers in various departments (Turnbull Report, 2005). The internal auditors responsibility towards risk is to monitor the processes management adopt to manage the risk and to add value to it by way of advising them on ways to address it. Internal auditor give advice on the best design of systems and monitor their operations, involve in a process that continually improves internal control systems and provide assurance on systems set up in each department (Turnbull Report, 2005).

The internal auditors need to obtain knowledge of the business operations and the industry in which it is operating. Internal auditors could as well be involved in performing other assignments as fraud investigation, information technology audit, customer service work, compliance to laws and regulations and many others. It is imperative to note that internal auditors are charged the responsibility of monitoring the internal controls designed by the district assemblies in Ghana they serve in order to enhance judicious utilisation of resources or funds. The role in providing assurance in terms of giving advice on the best design of systems, monitoring of their implementation or progress and continual improvement of the internal control process were solidified or clearly stated by the internal

audit agency Act, 2003 (Act 658) as the responsibility of the internal auditors in Metropolitan, Municipal and District Assemblies in Ghana.

2.4 Internal Controls of District Assemblies in Ghana

Internal controls are the organisational mechanisms put in place to protect the assets, secure the accuracy and reliability of reported data, promotion of operational efficiency and attainment of institutional goals and objective.

It is constantly observed under the organisational theory that organisations are established to facilitate social order and achievement of various types of activities (Scott, 2003). Organisations benefit the society because they have three unique features: durability, reliability and accountability. Each of these features is enhanced through the adoption of effective system of governance with strong internal controls. The definition of governance includes salient sub-elements as the entity's system of internal control (Rezaee, 2007). These controls are the safeguards designed and used to operate at the transaction level (record of the event) in order to protect the resources of the entity from practices such as waste, abuse and fraud.

Lin PizziniVargus and Bardhan (2011), using SEC Edgah data on public companies and Institute of Internal Auditors(IIA) Gain survey, realised that there exist a relationship between the work of internal auditors and that of external auditors in assessing the entity's internal controls and reporting on weaknesses.

The writers concluded that an effective internal audit assist in strengthening the internal controls within an entity of a period. The submission included that, internal audit function should get the needed funding adequate enough and good tone set by management. It is clear that not only would the presence alone of the internal audit function influence the

quality of internal control of an entity, but it may be influenced by the degree of experience the entity gain with the function.

It is clear from research findings and practice that the time spent on an entity's internal audit function may have implication on the related internal controls.

Organisations are encouraged by regulators and professional associations to use practices that protect the system of governance and specifically the system of internal control (Government Finance Officers Association, 2006a). Two types of internal controls exist, institutional control designed to enforce compliance to procedural and regulatory and technical control designed to enforce quality and timeliness of issues (Scott, 2003).

Local government have suffered with the difficulty of maintaining and mobilizing revenue sufficient to keep in line with the spending level needed to provide the public useful services (Thomas, 2002). The public sometimes mount pressure on the district assemblies to reduce tax burdens. This pressure necessitates the need to institute or design good internal controls for effective use of resources. Local government's growth and size may affect the demand for services or the number of services needed and the resources availability to provide them (Baber, 1983; Deis&Giroux, 1992; Friedberg &Lutrin, 2001). District assemblies in Ghana mostly as government organisations implements controls to comply with its own regulations and procedures as well as controls that seek to enhance quality of operation and timely execution of activities and programmes.

Also, two types of controls exist one for prevention of waste, fraud, abuses and unintentional errors and another for detection of when the error may have occurred (Bryan, 2010). Bryan noted segregation of duties, proper authorisation and physical safeguard as preventive mechanisms and independent check and sufficient and adequate documentation as the detective mechanisms.

Consensus is drawn as the operations of district assemblies in Ghana designed these control activities or mechanisms in achieving efficiency and effectiveness in resources utilisation. Every district assembly in Ghana ought to implement preventive control such as segregation of duties. Thus, personnel who initiate transactions or programmes should be different from those who authorise them or those who approve the transactions. Proper authorisation has also been a key control designed in most district assemblies as well as proper custody of assets or resources of the districts. The district assemblies designed as part of their control activities independent checks of their operations mostly done by external auditors who conduct independent examination of the operations and report to the auditor general. The same can be said for ensuring sufficient and adequate documentation of events or transactions.

The question lies on their implementation and not the design. It is the responsibility of internal audit unit of the district assemblies to ensure that these controls are implemented and functioning. However, the relative size of the internal audit unit may influence the degree to which their work has effect on the result of the external auditors (Friedberg & Lutrin, 2001; Goodwin, 2004; Lewis, 2003, 2007). The size of the internal audit and its funding has effect on the independence examination of the external auditor. Financial constraints and performance may influence audit result (Lewis, 2003, 2007). External auditors place high reliance on the work of internal audit when they believe that it has performed its work well evidenced from adequate resources of the internal audit department both financial and competent human resources. When the external auditors obtain the assurance of good work done by the internal auditors, it will lead to reduction of their independent examination and reduction of audit fees charge. In line with this, it is therefore clear that quality and effective internal audit function will go a long way to save cost for the company since lesser audit fees will be paid.

The principal resource of the internal audit is personnel and other resources such as technology and software application for efficiency and effectiveness of their function.

2.5 Benefits of Internal Auditing

It is worth noting that the benefits of internal audit cannot be over emphasised. The Institute of Internal Auditors (IIA) stated that internal audit happens to be an important function that supports and promotes institutional governance (Ramamoorti, 2003). Holt and Dezoort (2009) indicate that internal audits role in corporate governance is to monitor risk and seeing to it that there is financial reporting reliability. Internal audit provide and support for the monitoring and the oversight function filled by management, the board and external auditors by providing independent and objective verification or examination over the operational and strategic perspective of corporate governance like the system of internal control (Anechiarico, 2010; Asare, 2009; Montondon, 1995; Rezaee, 2007).

Internal audit has been defined by the Institute of Internal Auditors (IIA) as “an independent, objective assurance and consulting activity designed to add value and improve on organisation’s operations. It helps an organisation accomplish its objectives by bringing systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes” (Ramamooti, 2003, P. 12).

The institute’s definition centred on the work of internal auditors on activities based on important areas affecting present and future operations and perceived legitimacy of the organisation, risk management, control and governance (Arena &Azzone, 2009; Dittenhofer, 2001). It must be emphasised that the definition meant that aside internal auditors being independent and objective they carry out their role by disciplining themselves and in compliance with standards. Carrying on internal auditing enhances good corporate governance. According to Institute of Internal Auditors (2006, P3)

“governmental auditing is a cornerstone to good governance”. Prawitt et al (2009) state specifically that the Institute of Internal

Auditors (IIA) identified internal audit as one of the cornerstones in corporate governance. It has also been premised that the quality or value of internal audit has even been highlighted in the IIA definition by stating the concept of value added. Recent attention has been drawn on identifying determining or influencing factors of internal audit quality (Cristiana & Cristiana, 2009). Arena & Azzone (2009) linked audit quality to resources, competence and participation (based on acceptance of the internal audit findings by management) within Italian companies. The quality of an entity’s internal audit could be judged of the basis of resource given to the internal audit, the competence of its staff as well as the chances given to the internal audit unit to participate in shaping systems and addressing operational problems.

Also, the environment in which management operate has influence on the effectiveness of internal audit function. Saren and Abdolmohammadi (2011) observed that the environment established by management has influences on the effectiveness of internal audit function. This includes the defining of function adequately in terms of establishment of roles and responsibilities of the internal audit and the tone put up in a form of culture by senior managers of the organisation.

2.6 Effectiveness of Internal Auditing

Oxford Dictionary defines effectiveness as having an effect or able to bring about the result intended. Effectiveness has been defined to mean the achievement of objective and goals (Dittenhofer, 2001 and Omar et al, 2007). Beckmerhagen, et al (2001) indicated that in order to adequately measure audit effectiveness, evaluation need not be made only on the end result of the audit as against planned objective, but also audit processes and resources.

There is a narrow view when effectiveness is measured by only comparing the outcome to that of the objectives set. The processes and the amount of resource used should all be factored. Sterch and Bouckaert (2006) mentioned that the implementation of internal audit function in public sector is effective on conditions of legal requirement for establishment of internal audit function, presence of audit committee and help from obtained from top management and central unit for the advancement of internal audit function.

Also, by mandate the internal audit agency needs to support the internal audit units in the Metropolitan, Municipal and District Assemblies in their discharge of duties as a function. Areas of the support could be from human resources capacity building, information technology capacity, training and other means of support. For effectiveness, the internal audit agency needs to set standards and procedures for the conduct of internal audit in the district assemblies in Ghana. In line with this audit report implementation committee established and under the remit of the auditor general needs to be functional by ensuring that the recommendations of parliament and the auditor general are implemented as well as reviewing and advising the internal auditors on the strategic and annual internal audit plans and monitoring for their performance.

Once there is successful implementation of internal audit function, the next serious challenge is developing it to be effective. Six themes have been identified as critical in ensuring internal audit effectiveness as perception and ownership, organisation and governance framework, legislation, improve professionalism, a conceptual performance and resources.

The two important attributes impacting on internal audit quality and effectiveness are the internal audit quality and management support. Hung and Han (1998) conducted an investigation into factors that influence effectiveness of internal audit function by using private sector firms listed in Taiwan. The result indicated that on average, regular

performance evaluation of internal audit, good attitude of head of internal auditing work and education and training of internal auditors were useful in the effectiveness. The findings also indicated that internal audit units have impact on the success of annual audit plan. The reason been that it is the internal audit unit that design the annual audit plan to management to review before audit work can be carried out. The quality of the audit work is then tie up to this plan designed.

Contrary to the findings of Hung and Han (1998), Annuar et al (2001) obtained the side of the internal auditors to provide information on the important factors that contribute to the effectiveness of the internal audit function in Malaysian companies. In the study it was observed that interpersonal skills, internal audit commitment and support from audit committee and board of directors among other contribute a lot in the effectiveness of the internal audit function.

Signs of added value and effectiveness in operation of the business are the perceived function of the internal audit to stakeholders. .

Chambers (1992, P.22) sees effectiveness as “doing the right thing”. Efficiency means doing thing well and economy also means doing things cheaply. Effectiveness is seen as the most important factor to consider in internal auditing. In situation where internal audit is ineffective, but been conducted in economic manner or efficiently carried out audit objective will not have been achieved. What matters to the entity is effectiveness since efficiency in ineffective practice amounts to waste with no benefit (Dittenhofer, 2001). Thus, the audit conducted in efficient way can be done in any area at all. The effectiveness of internal audit could as well be in line with the quality of it. Studies have shown that auditor’s tenure has impact on the quality or effectiveness of the internal audit. Supporting this position, Deis and Giroux (1992) examined audit result in Texas

School district and concluded that when the auditor's tenure increases, the quality of his audit which could be measured as the effectiveness decreases. There is therefore a consensus based on literature that as the auditor remains to audit the company for quite a long period, threat to familiarity sets in which could undermine the quality or effectiveness of the audit. De Angelo (1981) indicates that as auditor tenure increases there is an increase pressure as well to reduce quality of work and controlling of cost thereby leading to ineffective audit work conducted.

Audit quality in this perspective means that the possibility that the auditor will detect and report weaknesses (Lin et al, 2011, Lopez & Peter, 2010). Internal audit is considered as providing services to the entity. An effective internal audit requires reviewing the main areas of risk in order to contribute to the achievement of the entity's objective by improving the corporate governance positively. Consequently, the rate at which goals are achieved in terms of internal audit function is associated to the corporate governance practices.

We see internal audit effectiveness as a "risk based concept that helps the organisation to achieve its objective by positively influencing the quality of corporate governance" (Lenz, 2013, P.257).

In terms of risk management, internal auditing must assess risk of the entity, respond to the assessed risk and report the risk appropriately. Effective internal audit is expected to monitor systems, processes and review risk management processes and systems designed by management to achieve corporate objective by positively influencing corporate governance.

For there to be effective internal audit, there need to be relationship between internal auditors and the companies audit committee. Regular interaction or communication help the internal audit function to be most effective (Rezaee and Lander, 1993). There need to

be dialogue between the internal auditors and the audit committee in ensuring effective internal audit function. Failure of communication between internal audit and audit committee would result in poor funding of internal audit unit, no implementation of recommendations made by internal audit and operational problem without appropriate ways of solution.

Audit committee with solely non-executive directors are the surest way to establish a symbolic relationship between the audit committee and internal audit function (Scarborough et al, 1998). Raghunandan et al (2001) and Goodwin (2004) supported the findings of Scarborough et al (1998) when examining the association between audit committee composition and the interaction with internal audit indicating that independence of the audit committee and the funding and accounting background or experience have a supporting impact upon the audit committee relationship with the internal audit.

The challenges however, when there is interaction between audit committee and the internal audit are mostly competition on the resources. The same position has been observed by Abbott et al (2010) that, there could be competing claim on internal audit function resources between management and the audit committee.

However, there may be challenges facing internal audit function in the local government level such as inexperience of employees and lack of independence, lack of implementation or no action taken on audit findings and recommendation by district authorities, lack of resources and perception of internal auditors.

2.6.1 Support from Senior Management

For internal audit to play a key role in risk management, support from other governance stakeholders, particularly those from senior management may typically be required. This position has been observed in the US among higher interest of chief executive officer

(CEO) in the area of risk management and internal controls (Sarbane- Oxley- Ac t (Sox) section 302 and 404. Leadership of the district assemblies should unconditionally support the internal audit function in order to ensure effectiveness of these units in championing their role in design, monitoring and review of processes and systems of managing risk in order to achieve the district assemblies' objective.

Sarens and De Beelde (2006a) in interviewing ten heads of internal audit (IA) of Belgian companies and some subsidiaries of U.S firms indicate that the higher the development of the risk based internal audit, the higher the status enhanced of the internal audit function. It is clear that in order to perform risk based internal audit there is great support needed from the senior management of the organisation or the client.

Literature also points to the fact that internal audit function in the public sector lack cooperation from auditee and has been seen to be at the high side.

Support from internal audit (IA) by senior management happens to be an important ingredient identified by Geis (2010), when he interviewed eight heads of internal audit and studying the likely benefit that the internal audit stands to get in German set up. The German set up is symbolic of a two-tier board structure-supervisory board and management board-and a corporate governance code building on company engaged head of internal audit basically for reporting to management board has been enshrined in the company law for independent management of the affairs of the entity.

On the part of the supervisory board, it establishes an audit committee (AC) to be in charge of the monitoring of the internal controls designed, risk management steps, accounting procedures or processes and internal audit systems in terms of performance and funding as well as the review of the audited financial statements and compliance with applicable laws and regulations (German Corporate Governance code, 2013).

The first aspect of the study suggests so many indicators measuring effectiveness including surveys from customers, contribution of internal audit on EBITDA (earnings before interest, tax depreciation and amortisation) and liquidity position, unearthing fraud, number of internal audit (IA) per country, time period for end of field work, delivery of report and the ratio of suggestions put to action (Geis, 2010).

The second aspect of the study develops the study of others such as Parasuraman et al (1985) proposing that internal audit develop a customer service geared process by first looking at the identification of the customer and the needs and moving ahead to look for ways (means) of fulfilling their anticipations. The model is based on the principle that the more the expectation gap is reduced, the more effectively the entity's customers perceive internal audit to have functioned (Geis, 2010).

The findings kept silent on those anticipations which were not established as a result of the design of the study. It has been shown from the study that the likely difficulties that customers of internal audit might have would be unclear expectation as well as threat to their independence (Geis, 2010).

2.6.2 Serving two or more Masters

There is the need for independence of the internal audit function looking at the relationship with management and the audit committee in totality rather than individually. Internal audit function serving two masters has been acknowledged as a potential conflict by the Institute of Internal Auditors (IIA).

Gramling et al (2004, P240) foresees tension existing between the internal audit function, the audit committee and the executive management as they provide the question “ If the audit committee and management have difference visions for corporate governance role of the internal audit function, which vision will dominate?”. The audit committee would

have its expectation of the internal audit quite different from that of the expectations of the management of the same entity.

A study by Hoos (2010) suggests that internal auditors sometimes in their functions give priority to either management or audit committee depending on the direction and guidance of their head.

His findings led to an experiment in which the head of internal audit assigns staff to either prioritise the management mission of cost reduction or audit committee mission of enhancing effectiveness. The study highlighted the important role of the head of the internal audit.

Chambers (2008) suggests that the board is the leading customer of internal audit whilst acknowledging the significance of the governance stakeholders. Chambers (2008) indicates that it is crucial to “get the boss right” in clear terms define the legitimacy of the board as the chief stakeholder having oversight responsibility. It is clear that for the board to fully rely on the assurance of the internal auditor, then the internal auditor must be independent of management.

If this is done the risk is that management will report to directors only what is palatable or favourable to them without communicating reports of internal audit which is not favourable to them.

Gramling et al (2004, P. 240) thinks that the internal audit function places one client first when putting up the question on “which side of the line between the audit committee and management does the internal audit function fall”. For the effectiveness of internal audit function, the emphasis of internal audit should be on one party first before the other when serving two or more parties.

Christopher et al (2009) conducted a survey on the independence of the internal audit function by using evidence from Australian companies. The researcher drew conclusion

that the independence of internal audit function needs to be evaluated looking at its relationship with management and the audit committee, but not looking at it individually. Findings suggest that, there may be a maximum degree of intensity of the relationship with management and the internal audit functions, but with the audit committee is stronger guarantee of independence than the relationship with management (Sarans, 2009). The study also indicated that too much participation and direction can be dangerous and small participation shows a disadvantage as well.

2.6.3 Skills and Competence of Internal Auditors

In establishing an internal audit department, there is the need for highly qualified staff, defining the mission, development of audit charter, staffing the department, formulation of overall audit strategy and assessing the department's effectiveness. The internal auditor's commitment and support from the audit committee, interpersonal skills, support from the board of directors, performance of the audit and integrity of internal auditors, efficiency of the internal audit units, internal auditors knowledge of the entity among others contribute to the effectiveness of the internal audit function. The auditor's competency is linked with improved entity control over financial reporting.

This was observed by Mohamed et al (2012) that the internal audit quality is defined as composing of the auditor's competence and contribution to financial statement audit process. Auditor competence is linked up to stakeholder confidence in the credibility of financial reporting of the entity (Holt &Dezoort, 2009). The confidence stakeholders place on the financial information reported in away in seen to be part of the competence of internal auditors though they do not prepare the information, but see to it that accounting systems on which the reports are based are operation effectively.

For effectiveness to be achieved in the district assemblies in the internal audit units there is the need for competent and skilled labour to be in charge of the internal auditing.

Van Peurse (2005) sees internal auditor's role to be a monitor and crucial one serving as watchdog and consultant. The study of Van Peurse was conducted by interviewing six Internal Audit Functions (IAFs) in New Zealand. She regards communication skills and personal authority as indicators of successful internal auditors who define their roles by adapting and tailoring to situations.

In the discharge of their mandate in terms of monitoring as watchdog and consulting by way of advising on the designs of systems and others, internal auditors need communication skills, listening and connection skills. According to Chamber (2008) communication skills, listening and influencing skills are needed in carrying out field work and liaising with auditee and board executive in an entity's perspective. Ali et al (2007) indicate that lack of audit personnel and their competence will go a long way to be obvious factors that limit the internal audit function in state and local governments in Malaysia. The same was observed in Sudan where a study conducted by Brierley et al (2001) in public sector concludes that internal audit sections were not adequately staffed in comparison with the duties they had to perform. There is an established position out of literature that lack of requisite staff in the internal audit units happens to be a big challenge for so many nations in the world.

Mihret et al (2010, P. 240) emphasised the crucial skill of internal auditors as being able "to make the "though" recommendation without fear or favour". It is obvious that acting as the internal auditors in district assemblies in Ghana, they need the skills such as communication skills, listening skills, and liaising skills in order to convince management to implement and design systems to enhance efficiency and effectiveness in utilisation of resources.

2.6.4 Meeting Expectation of Management

The level of senior management support for the internal audit function is the most crucial factor in internal audit effectiveness (Albrecht et al, 1988). With the use of five Belgian case, Sarens and De Beelde (2006a) carried out an investigation on the existing relationship between internal audit and senior management (CECs and CFOs), which he concluded that acceptance and appreciation of internal audit in a company depends on the support they receive from senior management. Internal audit should meet management needs by serving as a monitor of operation in order to offer advice to management on appropriate ways to conduct business or address problems and manage risk.

2.6.5 Meeting Expectation of the Board/Audit Committee

Public sector organisations need to have an independent audit committee to ensure that internal audit is given the necessary resources and functioning appropriately. Public sector organisations need to put in place audit oversight committee that ensures that the findings and recommendations of the internal auditors are implemented (Schwartz and Sulitzeanu-Keran, 2002).

Having an audit committee in district assemblies in Ghana is not mandatory, but its presence in these organisations will end up enhancing the effectiveness of internal audit function and the effectiveness and efficiency of the operation of the local government units. The audit committee can minimise pressure from management and show support for the internal audit function by ensuring that the leadership of internal audit units is not penalised as a consequence of audit which show negatively on the management (Scarbrough, Rama & Raghunandan, 1998).

When the internal audit meets the expectation of the board or the audit committee then, internal audit is said to be effective. Internal auditors expected givers of comfort to the board or the audit committee looks at what is happening in the company, hence mitigating the information asymmetry challenge (Sarens et al, 2006).

Clear signs of comfort such as existence of internal audit, face to face meeting and presentation of recommendations are providers of comfort to the board. The audit committee of the district assemblies' expectation needs to be met before internal audit will be said to be effective.

2.6.6 Internal Audit Based on Risk

The recent development on corporate governance has focus on the entity to identify and manage risk that they face in their operation. Though it is management responsibility to identify and manage risk, internal audit plays a role by providing an assurance that they have been managed well. Modern internal audit happens to be risk- based (Spira and Page, 2003). National Audit Office (2012, P.5) states “a good internal audit service gets to the heart of the issues facing the organisation”. The Institute of Internal Auditors (IIA) performance standards 2010 (IIARF, 2013) requires risk- based internal audit.

Sarens and De Beelde (2006a, P. 76) indicated that in line with the rise of institutionalised enterprise risk management functions “internal auditors are concerned about their capacities to play an important role in risk management”. It takes effectiveness of the internal audit function to be risk- based or focused. Internal audit units in district assemblies in Ghana should be focused on risk of mismanagement of their scarce resources, thereby enhancing value for money by the tax payer. The growth of risk based internal audit (RBIA), the effectiveness of the internal audit function. The more instrumental the internal audit function play in safeguarding and managing principal risk

threatening the entity, the more effective of the internal audit function (Coetzee and Lubbe, 2013). The powerful the risk based internal audit, then the effectiveness of the internal audit function.

2.6.7 Meeting the Expectation of External Auditors

The contribution of internal audit is an important determinant of the external audit fees (Felix et al, 2001). The higher the contribution of internal audit on the financial statements of the entity, the lower the audit fees will be. The more quality work done by the internal audit unit the lesser the work of the external auditors, hence lower fees charged. There is collaboration between the internal auditors and external auditors in terms of reliance on the result or work of the internal auditors. Also, the Institute of Internal Auditors stated that internal audit contributes to be perceived as a step daughter of public accounting (IIA, 2012).

The district assemblies are clear chances of the public accounting view point.

2.6.8 Micro and Macro Factors Influencing Internal Audit Effectiveness

- There was a pioneer work on the internal audit effectiveness by Albrecht et al (1988) which was sponsored by the Institute of Internal Auditors (IIA) research foundation.
- There was also an extensive research on internal audit functions effectiveness in the year 2000 onwards.
- Research opportunities were presented by Bailey et al (2003) on internal audit by making academic community developed interest on internal audit.

In terms of behavioural dimension of internal audit effectiveness, attention needs to be stressed on the competence and skills of the internal auditor. Mihret et al (2010) and Soh

and Mortinov-Bennie (2011) states the crucial skills of internal auditors to be able to communicate most especially in difficult issues.

Lenz (2013) indicates in “moment of truth “to include moment of conflict and discomfort as the biggest important factors affecting effectiveness of internal audit. It is clear that conflict and unhappiness in the reports of stakeholders in internal audit are the serious challenges of internal audit function effectiveness.

Literature indicates that micro factors such as the entity, internal audit resources, internal audit processes and internal audit relationship affect the effectiveness of the internal audit. Also academic research shows that support from management is crucial in ensuring internal audit effectiveness. The board and audit committee are important stakeholders as well as trying to meet the expectation of these stakeholders are important in ensuring internal audit effectiveness. The skills and competences of the internal auditor are key and must be in line with the culture of the entity in order to ensure effectiveness of the internal audit.

Macro factors may also affect the effectiveness of the internal audit function.

Al-Twajry et al (2003) examines internal audit in Saudi Arabia and concluded that institutional theory views organisations changes largely as response to three mechanisms: Coercive forces, normative forces and mimetic forces. DiMaggio and Powell. (1983) state in line with institutional theory sees “rational actors make their organisations increasingly similar as they try to change them.

Coercive forces are concern with laws and binding regulations. For this reason, Arena et al (2009) shows in Italian set up that regulations can strongly influence the effectiveness of internal audit. It has been emphasised that in order to have effective internal audit coercive forces should be adapted. Brierley et al (2001) and El –Sayed Ebaid (2011) as researchers in Sudan and Egypt respectively supported this position by saying that for there

to be effectiveness in internal audit function coercive forces need to be adapted. Normative forces are forces that show high degree of conformance with International Professional Practice Framework as principles provided by the Institute of Internal Auditors (IIA) (IIARF 2013), the global standard setting body of the internal audit profession. There is a correlation between the normative forces and the effectiveness of the internal audit function. The stronger the normative forces, the effectiveness of the internal audit function and the weaker the normative forces, the ineffectiveness of the internal audit function.

Mimetic forces are the situations where the organisation tends to model themselves after similar ones are seen to be successful and legitimacy in their operations or dealings.

Lenz (2013) sums up by saying that; coercive organisational forces impacted on the effectiveness of the internal audit function, but are been restricted. He also asserted that normative organisational forces impact on the effectiveness of the internal audit, but are generally weak. Mimetic organisational forces matter just that effectiveness of the internal audit function demands a combined understanding of what makes the audit a value added activity. There exist restrictions of investigation of macro factors based on the institutional theory relying on the potential understanding lacking the external factors such as political, societal, economical, technological, legal and environmental.

Lenz (2013) lays his emphasis on the superiority of micro factors. The importance of the micro factors in effectiveness of the internal audit cannot be over emphasised. Internal audit department in district assemblies in Ghana should place much emphasis on the micro factors in order to improve in the effectiveness of internal audit function.

2.6.9 Crucial Role of Head of Internal Audit

The skill and competence of the head of internal audit impact on the effectiveness of the internal audit function in an organisation. Prawitt (2003) agrees that managing and staffing

an internal audit function (IAF) is wide and difficult activity that continuous to still be unexplored by research. In line with this, Pforsich et al (2006 and 2008) present a study by highlighting on the significance of the head of the internal audit when putting up the internal audit function or unit.

The study describes the procedures that an entity took when setting up an internal audit department, which added that obtaining highly qualified head of internal audit, defining the mission of the internal audit department, developing audit charter, staffing the department, developing overall audit strategy and assessing the unit's effectiveness. Modalities applied to assess the effectiveness included whether major projects were executed, whether internal audit function got request for service from businesses, whether businesses were ready to work with the internal auditors and client surveys conducted. Responses from clients in the form of feedback help in gaining understanding as to how the services were positioned or perceived by clients. The head of internal audit in the study reports directly to the audit committee and for the purpose of administration to the management particularly the finance director or chief finance officer (CFO).

The study helps gain an understanding of what activity to put in place when setting up an internal audit function, steps in the activities and what to perform best or emphasise and providing indicators of effectiveness of the internal audit function.

2.6.10 Multiple Outcome of Internal Auditors

Dittenhofer (2001) suggests as measurement benchmarks for internal audit effectiveness and the mechanisms of addressing problems when they exist or the confirmation or assurance of their non- existence. Some internal audit functions (IAF) may fulfil the highest standards when making contributions on strategic matters within the entity (Melville, 2003). Studies by Mercer (2004), Archambeault et al (2008) and Holt and

Dezoort (2009) indicate that an internal audit report enhances stakeholder confidence when it adds up to the existence of a good corporate governance reports

Also, the presence of internal audit function is a plus, particularly in reporting unauthorised practices (Kaplan and Schultz, 2007). The existence of internal audit function serves as deterrent in terms of fraud and other irregularities that are to be perpetrated by employees and other officers of the entity. It is imperative to note that the internal audit function presence alone help in the management of risk of fraud and other misstatements in the company.

Coram et al (2008) states that organisations with internal audit function detect, correct and report fraud by misappropriation of assets. Internal audit is instrumental in term of managing risk of fraud and errors thereby ensuring judicious use of resources of the entity.

Hermanson et al (2008) reviews internal audit related difficulties that were unearthed in SOX 404 report and provides suggestions for the enhancement of an effective value added work.

Prawitt et al (2009) indicates that the operation of the internal can help in preventing management from concealing and massaging earnings or records for their advantage since there is in existence of highly transparent measures or mechanisms for uncovering dubious acts. The internal audit function would go a long way to detect any falsifications, wrong adjustments, massaging of accounts and concealments which all financially benefit management without due course most especially when controls are overridden.

2.6.11 Internal Audit Relationship

There is an impact of the interpersonal relationship that exists among internal audit stakeholders on the effectiveness of internal audit function. The relationship between the head of the internal audit unit and the various staff working under him and management

and that of the board go a long way to impact on the effectiveness of the internal audit function.

The competition between audit committee and management on the internal audit resources can depict the kind of relationship that will exist. This has been supported by Abbott et al (2010) that there is competition between management and audit committee on the internal audit resources. More research is needed to explore the way management, internal audit function, audit committee relate among each other. There may be confusion sometimes in terms of interpersonal relationship. Since there is no full agreement of head of audit unit's best reporting lines, it has been established that an intense working relationship between audit committee and the internal audit function influence the effectiveness of internal audit function. A very good working relationship specifically good interpersonal relationship leads to effectiveness of internal audit while poorer personal relationship between internal audit staff and management or board impact negatively on internal audit. The working relationship between internal audit function and the board specifically or the head of internal audit and also looking at their relationship with the audit committee (Davies, 2009).

Davies (2009) points that gaining a reputed status with the entity may demand some long time for internal audit function as the working relationship between audit committee and internal audit greatly lies on the governance structure and individual personalities and willingness to cooperate. Management or the board support for the internal audit unit in terms of logistics and other resources may be based on how the unit or head of the unit relate to the board or management. This is an important new research area that needs to be looked at. The various areas of this that need serious research includes;

- a) Why do some stakeholders decide not to place value on internal audit?

- b) How can alignment be done between head of internal audit and senior management?
- c) How can alignment be done between head of internal audit and audit committee?
- d) What do we know about the causes of effectiveness of internal audit?
- e) What is the direction of the effect of relationship between head of internal audit and management or board?

2.6.12 Organisational Characteristics Issues Including Politics and Culture The entire organisation in which internal audit function is seen to be important aspect that impact on the effectiveness (Mihret et al, 2010). Carcello et al (2005) study and probe into the question why some companies pump heavy monies into the internal audit while other firms do not. Carcello et al (2005) conducted a study using 217 public companies in the U.S. The researcher found out that internal audit budgets are higher in entities that are large, financed through debt, which are into financial, services or utility sector, possessing inventory, having operational cash flow and have in place of audit committees that review the budgets prepared by internal audit.

Cohen and Sayeg (2010) also sum up this by stating that the internal audit effectiveness rest on more on organisational features than just on the job setting or qualification of internal audit personnel. The effectiveness of the internal audit is solely on the organisations characteristics but not its internal audit personnel or its work environment. The highest of the qualities of the internal auditors is not relevant without the understanding of the politics and culture of the entity (Sawyer, 1995).

The qualities of the internal auditors do not matter most, but the culture and the politics in the organisation it serve. These factors even influence his qualities. Hence, the best the culture and politics the effectiveness of the internal audit function. In line with this Saren and Abdol Mohammadi (2009 and 2011) indicate the importance of politics and culture in

organisation. The understanding of the politics and culture of the entity would end up building on the quality of the auditor thereby enhancing the effectiveness of the internal audit function.

2.7 Empirical Literature Review

Halimah et al (2009) conducted a study on “The Effectiveness of Internal Audit in Malaysian Public Sector’. They concluded by stating in their findings that lack of audit staff has been rank as the major problem faced by internal auditors in conducting an effective internal auditing. They as well stated that utmost attention and consideration are needed from the top management and audit committee in their effort of sound governance and accountability in their organisation.

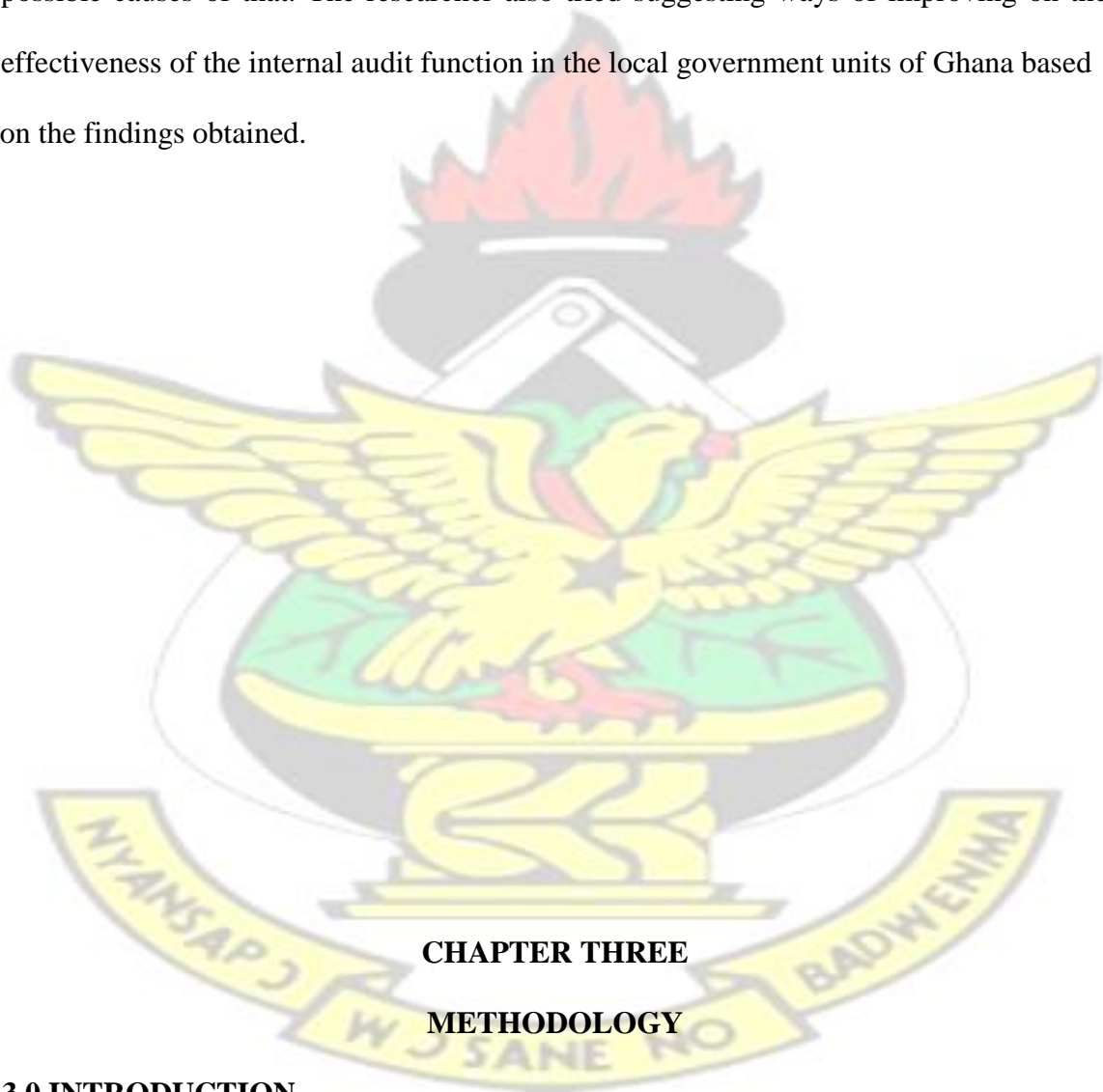
Christopher et al (2009) in their work- A Critical Analysis of the Independence of the Internal Auditors, Evidenced from Australia- concluded in their study that ,the independence of the internal audit function on the basis of its effectiveness needs to be judged taking into consideration its relationship with management and the audit committee in combination rather than individually.

Carl P. Gabrini (2013) presented his work on “The effect of internal audit on the governance. He concluded that internal audit within the cities where he studied does not appear to have a substantive effect on their governance system when measured on the basis of their annual independent audit.

Mihret,D.G, &Yismaw, A.W (2007) undertook a study “Internal audit effectiveness: An Ethiopian public sector case study”. They conducted the study by using public sector of high educational institutions and using four interrelated factors as internal audit quality, management support, the organisational setting and attributes of auditees. Their findings revealed that internal audit office of the studied areas needs to enhance the technical proficiency of the internal audit staff and minimise staff turnover so as to foster audit

effectiveness. They stated that the internal audit lack of authority on budgets reduces its control of resource acquisition and utilisation. They also concluded that the scope of the internal audit is limited to regular activities.

The researcher tried looking at the topic in a different way focusing on “The contribution of internal auditing on internal controls of the local government units” trying to draw conclusion on whether they are effective in the discharge of their duties and if not the possible causes of that. The researcher also tried suggesting ways of improving on the effectiveness of the internal audit function in the local government units of Ghana based on the findings obtained.



CHAPTER THREE

METHODOLOGY

3.0 INTRODUCTION

This chapter looks into details the research methodology focusing on the research design, the sampling technique, sources of data collection and data collection techniques and the profile of the study institution.

3.1 Research Design

The research design for the study was as a single case and adopted both primary data and secondary data. The primary data of the study were obtained from questionnaires administered to the study population while the secondary data also gathered from literature on the topic.

The study is a combination of exploratory, descriptive and analytical in achieving the objective of the study. Also, both qualitative and quantitative methods would be used to undertake the research.

3.1.1 The Study Population

The study population was made up of the entire management of Tamale Metropolitan Assembly (TMA) and the assembly members in the Northern Region. The management of the metropolis consist of staff in various departments as executive, administration, societal development, human resources, planning, budget, internal audit, management information system and revenue.

3.1.2 Sample Size Determination

The sample population was designed in this manner in order to obtain actual facts concerning the contribution of internal auditing on internal controls of the metropolis. The whole management of the metropolis were used for the study. The study population build up was the management teams in the various sections of the metropolis. In terms of fairness on the representation of members of the study population, the entire staff of the metropolis both management and other personnel were involved.

The whole membership of the metropolis was used in the study because a full list of the staff serving as population could be gain and the population of the study was as well known.

In all, a total of Seventy (70) respondents were selected for the study. This was made up of Fifteen (15) assembly members and some management unit staff. Based on these, the researcher was able to finish the research within the limited time period available to him with limited data.

3.2 Data and data Collection Procedures and Tools

The researcher confronted the management of Tamale metropolis and declared his mission of the visit. The researcher also explained sections of the questionnaire to the respondents for more clarification before administering the questionnaire.

The data collection tools employed to ascertain the primary data for both quantitative and qualitative analysis included observation and questionnaire. The researcher used these tools in order to achieve objectives set and answer the questions he asked. To clearly gather facts from the respondents, a quantitative data was obtained from staff of the management units and analysed to examine the impact of internal audit report or recommendation on the operational performance of the metropolis.

Moreover, the quantitative data collected helped the researcher to analyse whether there is effectiveness or ineffectiveness of operations of the district assembly (Tamale Metropolitan Assembly) in terms of achieving targets or objectives with the presence of the internal audit unit.

3.3 Data Analysis

The researcher adopted statistical approach of representation to analyse both quantitative and qualitative data obtained. The statistical methods of representation were bar charts, histograms, pie charts and tables to analyse responses.

Also, the researcher used questionnaires administered on the respondents and analyse the tools stated.

3.4 Ethical Consideration

There was an approval sought from KNUST School of Business (KSB) before the study was carried out in the school's name. Also, permission was obtained from Tamale metropolis as well as the respondents before information was obtained from the audit unit and other units. Respondents were also assured of confidentiality of the information obtained.

Questionnaires were also based on soliciting information on basic personal information and those relating to work practices and not deeply on their confidential issues.

3.5 Validation and Reliability

The questionnaire was examined critically for its authenticity and accuracy before administered on the selected respondents. This was done to ensure that the purpose of the questionnaire really achieve or measure what it purports to measure. Also the five years reports obtained were examined critically and cross-cast to ensure that the figures were accurate. Some policy manuals and procedures were also observed to ensure that answers obtained from respondents were actually true and verifiable.

3.6 Organisational Profile

3.6.1 The Study Setting: The Northern Region

The study was carried out in the Northern Region-one of the administrative regions of Ghana. According to Ghana Statistical Service in 2010 population and housing census, the region has population of 2,479,461. This population is made up of 1,229,887 male and 1,249,574 female and having growth rate of 1.8% (Ghana Statistical Service, 2010). The region has population density (person per sq.km) of 35.2 inhabitants per square kilometres (Ghana Statistical Service, 2010 population and housing census).

According to Ghana Statistical Service, 2010 population and housing census, 1,728,749 out of the whole population of the region representing 70% live in rural setting and engaged in agriculture as their economic activity for livelihood.

3.6.2 Background/Brief History of Tamale Metropolis

Tamale Metropolitan Assembly (TMA) was formed under the legislative instrument (L.I) 2068 of 2012. It is the only metropolitan assembly in the three regions of the northern part of Ghana namely upper west, upper east and northern region. The metropolis has two sub-metro councils, namely Tamale south and Tamale central sub- metro councils. The metropolis is one of the 26 district assemblies in the Northern region. The metropolis is located in the central part of the region and bounded by Sagnerigu district to its north, Mion district to its east, Tolon district to its west Central Gonja to its south and West Gonja district and East Gonja district as well to its south.

3.6.2 Vision Statement of Tamale Metropolitan Assembly

The vision statement of Tamale Metropolitan Assembly (TMA) is to have a clean and environmentally friendly Metropolis which attracts the right expertise and level of employment opportunities. A metropolis where children, women and men have high quality of life, equality and sustained health services education, economic resources and above all participate in decision making.

3.6.3 The Objective of Tamale Metropolitan Assembly

The metropolis has its objective as an overall goal which is to achieve an improve quality of life of the people through wealth creation, empowerment of the marginalised groups promotion of gender equality and strengthening of the sub-metro structures for broader and all inclusive participation in decision making process in the metropolis.

3.6.4 Mission Statement of Tamale Metropolitan Assembly

Tamale Metropolitan Assembly (TMA) has its mission statement as to enhance the quality of life of the people of the metropolis by facilitating the maintenance of law and order and mobilising the physical and financial resources to provide quality socioeconomic services especially in education, culture, water and sanitation and health in collaboration with other developmental partners and in conformity with broader national policies.

3.6.5 Services Provided by Tamale Metropolitan Assembly

The metropolis provides social developmental services to the inhabitants of the metropolis to fulfil the decentralisation concept. These services among others include water, sanitation and health, support in the education of the people, promotion of culture and traditional practices of the people, ensuring peace and security of the inhabitants and provision of the infrastructural needs of the people.

KNUST

CHAPER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 INTRODUCTION

This chapter of the study presents the data analysis and discussions on the findings of the field survey among 70 respondents collected from Tamale Metropolitan Assembly. The management units in the metropolitan assembly who were contacted are the internal audit unit, budget, planning unit, human resource unit, finance office and revenue, cocoordinating director's office, administrative staff and some assembly members.

It highlights the role of internal auditors in the district assemblies, the internal controls of the district assemblies and how they are implemented, the benefits of internal auditing to the district assembly and the ways of improving the effectiveness of internal auditing in the district assembly.

4.1 Background Information of Respondents.

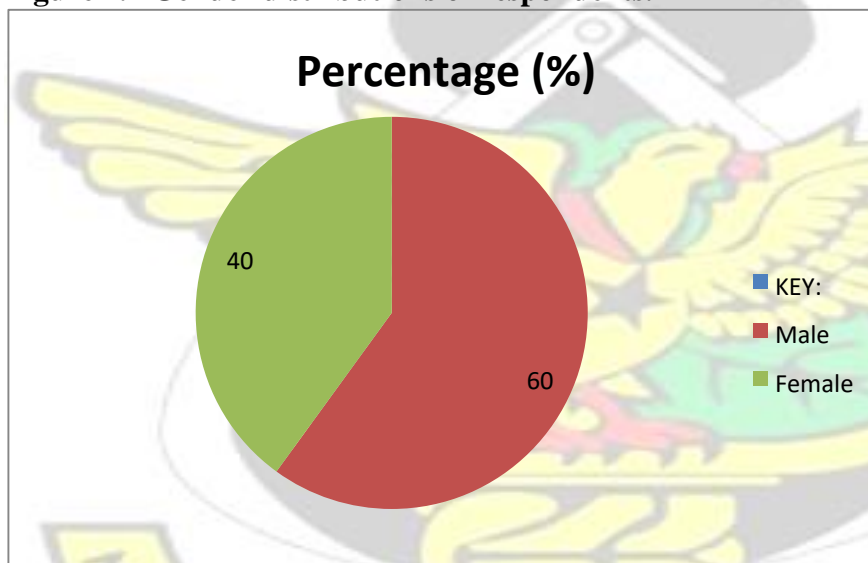
This section of the discussion shows information on the background of respondents. It includes information on their gender distribution, age distribution, and their educational attainment.

4.1.1 Gender Distribution of Respondents.

The gender distribution of respondents is shown in Figure 4.1.

The data collected revealed that, out of the 70 respondents studied, 60% were males whilst 40% were females. This result of the study indicates that the study is not gender bias or insensitive as the difference is not much making the sentiments of both male and female to be considered in the way they see internal audit issues.

Figure 4.1 Gender distributions of respondents.



Source: Field Survey, June, 2015

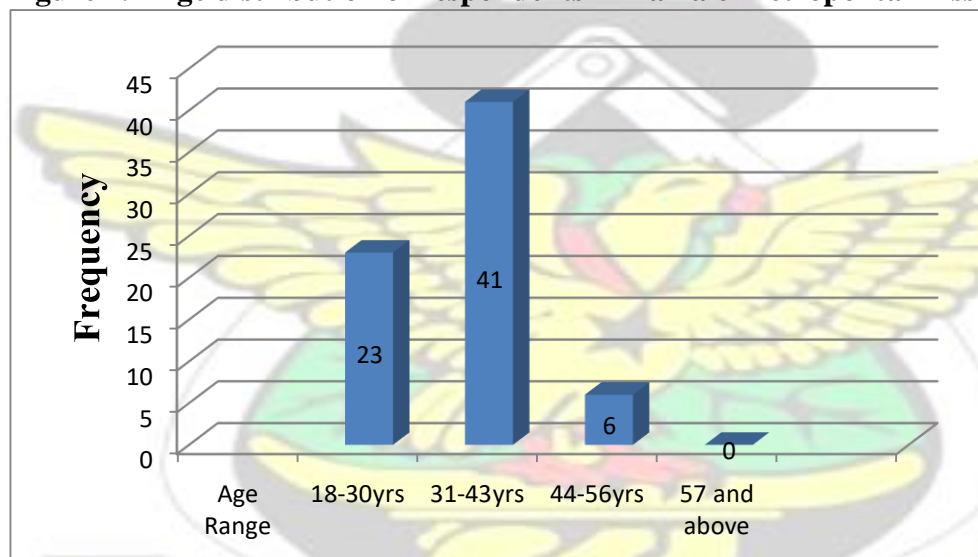
4.1.2 Age Distribution of Respondents.

The age distribution of respondents is shown in Figure 4.2.

From figure 4.2 , it can be established that majority of the respondents were aged between 31-43 years whilst a few of them aged ranges 18-30 years and 44-56 years. No respondent

was aged 57 and above which means that none of the respondents would be retiring in the next 3 years. The result is shown with the mean mark of 33.8 and a standard deviation of 0.52. In percentages term, 58.57% of the respondents were aged between 31-43 years, 32.86% aged between 18-30 years, 8.57% aged between 44-56 years and no respondent aged 57 and above. The result indicates that the study was not bias towards a particular age group as most of age groups were represented though majority were aged between 31 years to 43 years.

Figure 4.2 Age distribution of respondents in Tamale Metropolitan Assembly.



Source: Field Survey, June, 2015

Mean=33.8

Std. Dev. =0.52

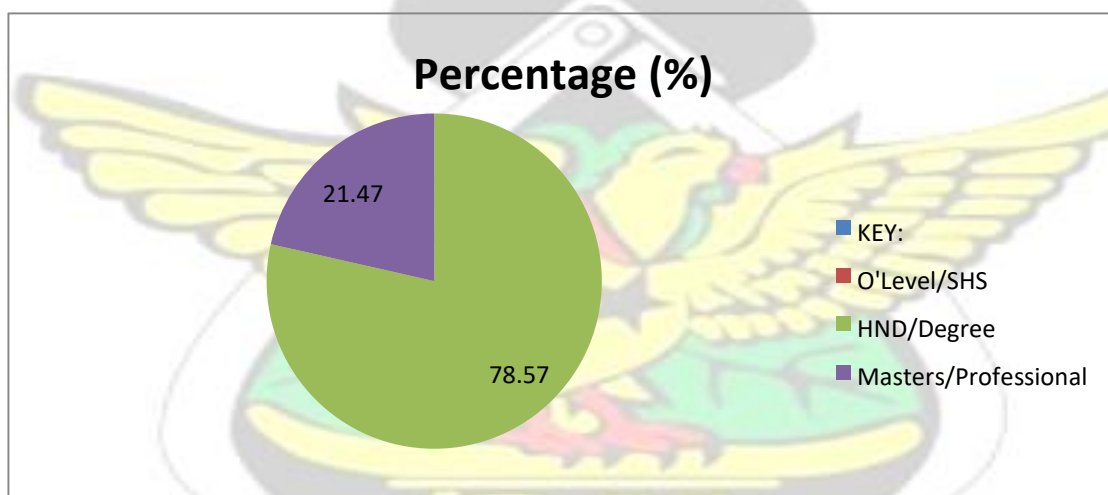
N=70

4.1.3 Educational Attainment of Respondents.

The distributions of educational attainment of respondents are shown in Figure 4.3.

Out of the 70 respondents studied in the Metropolitan Assembly (TMA), no respondent had his/her educational attainment being “0” level or SHS showing 0%,but 78.57% of them attained HND and or degree and 21.43% also attaining masters and or professional certificates. This implies, most of the respondents studied were literates including assembly members who at least have attained HND and or degree. They may be capable of providing the needed information concerning the contribution of internal auditing on internal controls of the Tamale Metropolitan Assembly.

Figure 4.3 Educational Attainments of Respondents in Tamale Metropolitan Assembly.



Source: Field Survey, June, 2015

4.2 The Role of Internal Auditors in the Tamale Metropolitan Assembly.

In line with the high literacy level of respondents which was clearly depicted from the field survey, a question on the category of worker a respondent was, indicated that seven were internal audit staff, seven (7) planning unit staff, two (2) human resource unit staff, seven (7) administrative staff, four (4) budget analysts, seven (7) finance officers or accountants

and eight (8) managers being co-coordinating directors and other nongovernmental organizations in the metropolitan assembly. The remaining twenty (28) respondents were community development staff, environmental health officers, procurement officers and assembly members.

Based on their position, they have knowledge if not at all fair on the existence of internal audit unit and its roles.

4.2.1 Existence of Internal Audit Unit in Tamale Metropolitan Assembly.

From Table 4.1a, it is clear that all the respondents testified that the Metropolitan Assembly has an internal audit unit representing 100% with no response for its nonexistence. Furthermore, Table 4.1b indicates that 84.29% of the respondents agreed that the existence of the internal audit unit was not longer than 10 years. Thus, that it existed between 1-10 years which shows a majority of the respondents. Contrary to this position, 11.43% agreed its existence to range between 11-20 years and only 4.28% differ by stating that it is above 30 years since its establishment. None of the respondents agreed on 21-30 years.

However, out of the 3 respondents agreeing on internal audit unit existing for above 30 years, one respondent added by stating that it existed since inception of the local governance.

It is pertinent to note that majority of the staff in the Tamale Metropolitan Assembly believed that it existed between 1-10 years. This implies the internal audit unit existed not more than 10 years. These responses are indicated in table 4.2.

Table 4.1a responses on the existence of Internal Audit unit in Tamale Metropolitan Assembly.

| Responses | Frequency | Percentage (%) |
|------------------|------------------|-----------------------|
|------------------|------------------|-----------------------|

| | | |
|--------------|-----------|------------|
| Yes | 70 | 100 |
| No | - | - |
| Total | 70 | 100 |

Source: Field survey, June, 2015

The study further ascertained if there exists Internal Audit unit, the length of the time it has existed. The responses are shown in Table 4.1b.

Table 4.1b

| Year range | Frequency | Percentage (%) |
|-------------------|------------------|-----------------------|
| 1-10years | 59 | 84.29 |
| 11-20years | 8 | 11.43 |
| 21-30years | - 3 | - |
| Above 30 years | 70 | 4.28 |
| Total | | 100 |

Source: Field survey, June, 2015

4.2.2 Internal Auditor's Role in Monitoring Systems and Controls and how well they are implemented in Tamale Metropolitan Assembly.

Looking at the role of internal auditors in monitoring systems and controls designed by management whether they are well implemented or functioning, specifically on the position that internal audit unit vet payment vouchers before payments are made, 50.0% of the respondents agreed to this position strongly with certainty whilst 45.71% also agreed to this just that fairly. The same majority also acknowledged that internal audit unit ensure that budgets are prepared before expenditure is carried out and work carried out in line with the assembly's mission. This implies the total agreement to this represent 95.71% (45.71% and 50.0%). Contrary to this role of internal auditors, 2.86% disagreed to this position and 1.43% strongly disagreed meaning they are certain or sure that it is not their role as internal auditors.

It is established that since majority of the respondents agreed to this representing 95.71%, it became their core mandate as internal auditors of the metropolitan assembly as highlighted in the Internal Audit Agency Act, 2003, (Act 658). This suggests that internal auditors need to monitor the internal controls and systems to see if they are functioning properly or properly implemented and offer their advice to the management of the assembly without delayance. Table 4.2 clearly shows the result obtain in line with this role.

Table 4.2 Internal Auditors of Tamale Metropolitan Assembly vet payment vouchers before payments are made.

| Responses ` | Frequency | Percentage% |
|--------------------|------------------|--------------------|
| Agree | 32 | 45.71 |
| Strongly Agree | 35 | 50.0 |
| Disagree | 2 | 2.86 |
| Strongly disagree | 1 | 1.43 |
| Undesired | - | - |
| Total | 70 | 100 |

Source; Field survey, June, 2015

4.2.3. Internal Auditor's Role in Risk Management.

A further enquiry was made on whether internal auditors of the assembly among others recommend to management to ensure that revenue collected are banked early enough to avoid risk of stealing as risk management practices to the management of the assembly. Out of the 70 respondents, 60.0% agreed to this risk management practices to management whilst 38.57% strongly agreed to that position without any doubt in their minds. The remaining 1.43% disagreed to the sentiment or position and none responded to strongly disagree and undesired representing 0% each respectively.

Looking at agreement to the role holistically, it is pertinent to notice that 98.57% (60.0% and 38.57%) agreed to that role as internal auditors representing majority of the respondents contacted. Also, they were asked whether there were sanctions or penalties measures enforced. Out of the 70 respondents, 64% admitted by saying yes while the remaining 6% said no to that position.

This position suggests that the internal audit unit in the Tamale Metropolitan Assembly recommend risk management practices to the management of the assembly.

As key management team (respondents) agreeing to this role as internal audit units testified that they actually discharge this role or function. The result of the enquiry is clearly highlighted in Table 4.3.

Table 4.3 Internal auditors in Tamale Metropolitan Assembly recommend that revenue collected is banked early to avoid the risk of stealing.

| Responses | Frequency | Percentage (%) |
|-------------------|------------------|-----------------------|
| Agree | 42 | 60.0 |
| Strongly agree | 27 | 38.57 |
| Disagree | 1 | 1.43 |
| Strongly disagree | - | - |
| Undesired | - | - |
| Total | 70 | 100 |

Source: Field survey, June, 2015

4.2.4 Internal Auditor Role in Terms of Reporting.

Furthermore, in line with the role of internal auditors in Tamale Metropolitan Assembly reporting, respondents were enquired as to whom the internal auditors reports to. The enquiry revealed that 65.71% of the respondents agreed that the internal auditors report to

the audit committee whilst 25.71% said they report to the management of the assembly. The remaining 8.58% expressed lack of knowledge.

Taking the position of reporting to the audit committee, which formed majority of the responses representing 65.71% that, the internal auditors report to the audit committee of the assembly. This position of the internal auditors will enhance their independence as they do not only report to the management, but also the audit committee in line with the internal audit agency act, 2003 (Act 658).

As part of enhancing effectiveness of the internal audit unit, the reporting parties can help make the report of the internal audit unit binding on the management since the audit committee through audit report implementation committee (ARIC) will see to it that the report issued by the internal audit is fully implemented. The result from the enquiry is highlighted in table 4.4.

Table 4.4 who does internal auditors of the Tamale Metropolitan Assembly report to?

| Responses | Frequency | Percentage (%) |
|-----------------|-----------|----------------|
| Audit Committee | 46 | 65.71 |
| Management | 18 | 25.71 |
| Unknown | 6 | 8.58 |
| Total | 70 | 100 |

Source: Field survey, June 2015

4.2.5. Other Roles of Internal Auditors.

Responses were sought from respondents on what they think was the role that the assembly play. Dominant among the responses were pre-audit of payment vouchers, regular auditing of systems and works, improve on risk management of the assembly, as control tools to ensure that internal controls are adhered to among others.

4.3 Internal Controls of Tamale Metropolitan Assembly and how they are implemented.

So many internal controls have been designed by the management of the assembly (TMA) for effective operation and efficiency in the utilization of resources of the assembly.

Inquiries were made from respondents on how these internal controls designed have been functioning or implemented. These include early banking of cash revenue collected, safe custody of the assembly's assets, observance of principle of segregation of duties and authorisation of programmes and activities.

4.3.1 The Duration that Revenue Collectors Keep Monies Collected.

The survey result revealed that 65.71% of the respondents acknowledged that the revenue collectors keep monies collected for the assembly within 24 hours. This means that the monies collected are banked as the metropolitan assembly had so many banks in the assembly. Furthermore, 10.0% responded that revenue collector's bank all revenue collected within 6 hours with 27.86% saying it is banked within 2 days or 48 hours. Out of the remaining percentage, 14.29% said that within 12 hours monies collected on the assembly's behave are banked whilst 7.14% had different views that it takes a week or more to lodge such monies.

The enquiries revealed that majority acknowledged that within 24 hours all revenues collected are paid into the bank account of the assembly meeting the prompt payment policy to avoid siphoning of the revenue by revenue collector as an internal control designed by the finance officer and other management of the assembly. The result of this analysis is highlighted in Table 4.5.

Table 4.5 how long do revenue collector of Tamale Metropolitan Assembly keep monies collected?

| Responses | Frequency | Percentage (%) |
|-----------|-----------|----------------|
|-----------|-----------|----------------|

| | | |
|-----------------------|-----------|------------|
| Not more than 6 hours | 59 | 10.0 |
| Within 12 hours | 10 | 14.29 |
| Within 24 hour | 46 | 65.71 |
| Within 2 days | 2 | 2.86 |
| Others | 5 | 7.14 |
| Total | 70 | 100 |

Source: Field survey, June, 2015.

4.3.2 Custody of Tamale Metropolitan Assembly's Assets.

There was enquiry as to whether there was staff designated for the custody of the assets of the assembly (TMA). Principal stakeholders responded that there existed staff in charge of assets. Where out of 70 respondents 92.86% agreed that there was staff in charge of assets safe custody whilst 7.14% responded no to this questions.

Based on the percentage of the respondents who acknowledged this, it presupposed that people are in charge of this duty as an internal control for protection of the assembly's assets or losses. This implies that the assembly's vehicles, building and other properties are protected. The result of this analysis from field survey is highlighted in Table 4.6.

Table 4.6 Custody of Tamale Metropolitan Assembly's Assets.

| Responses | Frequency | Percentage (%) |
|------------------|------------------|-----------------------|
| Yes | 65 | 92.86 |
| No | 5 | 7.14 |
| Total | 70 | 100 |

Source: Field survey, June, 2015

4.3.3 The Principle of Segregation of Duties Practice in Tamale Metropolitan Assembly.

Inquiries were made on whether there was principle of segregation of duties practice in the Tamale Metropolitan Assembly. Responses were made where 44.28% disagreed to the statement that there was no principle of segregation of duties practice while 32.86% disagreed strongly without any reservation or doubt that it does practice. In holistic terms, the disagreement of this statement represents 77.14% (44.28% and 32.86%) which was majority of the respondents.

Contrary to this 20.0% agreed that segregation does not exist whilst 2.86% strongly agreed to that though this principle was explained to most respondents especially those who lack accounting knowledge. No response was obtained on undesired. Table 4.7 highlights this result.

Table 4.7 There is no principle of segregation of duties practice in Tamale Metropolitan Assembly.

| Responses | Frequency | Percentage (%) |
|-------------------|-----------|----------------|
| Agree | 14 | 20.0 |
| Strongly agree | 2 | 2.86 |
| Disagree | 31 | 44.28 |
| Strongly disagree | 23 | 32.86 |
| Undesired | - | - |
| Total | 70 | 100 |

Source: Field survey, June, 2015

The enquiry revealed that staff where assigned to specific duties without undertaking so many work processes that avoid staff undermining or breaking controls or taking advantage of control weaknesses to cause financial loss to the metropolitan assembly (TMA).

4.3.4 Authorization of Programmes and Activities in the Tamale Metropolitan Assembly.

As part of the internal controls of the assembly is the authorization of programmes and activities before they are undertaken, an enquiry was made from the respondents as to whether programmes or activities were authorized properly before they were carried out. A reasonable response representing 58.57% agreed that authorisation were done to programmes and activities before they were carried out while 22.86% also agreed strongly with high surety of their position. Contrary to this position, 14.28% disagreed to the statement with only 1.43% disagreed without any doubt and 2.86% thought it was not necessary. This analysis is shown in Table 4.8.

Table 4.8 there are proper authorization of activities and programmes in Tamale Metropolitan Assembly.

| Responses | Frequency | Percentage (%) |
|-------------------|-----------|----------------|
| Agree | 41 | 58.57 |
| Strongly agree | 16 | 22.86 |
| Disagree | 10 | 14.28 |
| Strongly disagree | 1 | 1.43 |
| Undesired | 2 | 2.86 |
| Total | 70 | 100 |

Source: Field Survey: June, 2015

The result indicates that in line with the internal audit agency act, 2003, (Act 658), proper authorisation was done before execution of programmes in Tamale Metropolitan Assembly.

4.3.5 Ways to Enhance Internal Controls Effectiveness.

Responses were made as to what strategies existed to enhance internal control effectiveness. Among these was a statement that perpetrators of misappropriation of the

Tamale Metropolitan Assembly's resources must be punished, recommendations of the internal audit unit be implemented, those internal controls that need reviews must be done. The responses revealed that 58.57% were of the opinion that penalties measures must be metred to those who cause financial loss to the assembly whilst 24.29% subscribed that the recommendations of the internal audit unit must be implemented and the remaining 17.14% were of the view that old systems need to be changed..

Based on this, it is pertinent to note that perpetrators of misappropriation and other wilful causes of losses to the assembly are punished as 58.57% expressed the opinion of punishment action.

Table 4.9 Strategies to Fully Enhance Internal Controls Effectiveness.

| Responses | Frequency | Percentage (%) |
|--|------------------|-----------------------|
| Punishment of perpetrators | 41 | 58.57 |
| Implementation of Recommendations of Internal Auditors | 17 | 24.29 |
| Review of Old Controls Systems | 12 | 17.14 |
| Total | 70 | 100 |

Source: Field Survey, June, 2015

It is important to note that the management of the assembly need to review the accounting system implemented as well as continued with the punishment of perpetrators of misappropriation and other financial malfeasance that drill the assembly's (TMA) resources.

4.3.6 Implementation of all Internal Controls Designed in Tamale Metropolitan Assembly.

Furthermore, enquiries were made as to whether all internal controls designed in Tamale Metropolitan Assembly were implemented. The result gathered revealed that 67.14%

admitted that not all internal controls designed were fully implemented with the remaining 32.8% saying that they are fully implemented. This position clarity that it is not all internal controls of the assembly that are fully implemented since the principal stakeholders (respondents) attested to this forming majority of the 70 responses sought. The result obtained from the respondents is shown in Table 4.10.

Table 4.10 Determination of Whether Internal Controls of Tamale Metropolitan Assembly is fully implemented.

| Responses | Frequency | Percentage (%) |
|------------------|------------------|-----------------------|
| Yes | 23 | 32.86 |
| No | 47 | 67.14 |
| Total | 70 | 100 |

Source: Field survey, June, 2015

4.4 The Benefits of Internal Auditing to Tamale Metropolitan Assembly.

This section of the study highlights the benefits of internal auditing to the running or operation of Tamale Metropolitan Assembly (TMA). Enquires were made to seek this from respondents as they have worked with the internal audit unit for some time.

4.4.1 Protection of Tamale Metropolitan Assembly from the Risk of Fraud. According to Holt and Dezoort (2009), that internal audit role in corporate governance happens to be to monitor risk in any form and seeking to it that there is financial reporting reliability. The need for Tamale Metropolitan Assembly (TMA) internal audit unit's protection of risk of fraud was sought from respondents. Based on the result from the enquiry made in the field, 57.14% agreed that the presence of internal audit unit serve as deterrent to risk of fraud in the Metropolitan Assembly whilst 30.0% of the respondents strongly agreeing to that position.

However, 10.0% of respondents disagreed to the position that the existence of the internal audit unit serve as deterrent to risk of fraud and 1.43% disagreed strongly without any doubt of their position.

Also, 1.43% of the respondents didn't know what to say and felt that it was not necessary to the operation of the assembly.

It is therefore pertinent to note that, 87.14% of respondents holistically supported the statement that internal audit unit help prevent risk of fraud in district assemblies most especially Tamale Metropolitan assembly. The result of the field survey is highlighted in Table 4.11.

Table 4.11 The Presence of Internal Audit Unit in Tamale Metropolitan Assembly Serve as Deterrent to Risk of Fraud.

| Responses | Frequency | Percentage (%) |
|-------------------|-----------|----------------|
| Agree | 40 | 57.14 |
| Strongly agree | 21 | 30.0 |
| Disagree | 7 | 10.0 |
| Strongly disagree | 1 | 1.43 |
| Undesired | 1 | 1.43 |
| Total | 70 | 100 |

Source: field survey, June 2015

4.4.2 Lesser Audit Work would be performed by External Auditors when there is Efficient Internal Audit Unit.

External auditors place reliance on the work of internal audit if they believe that or have evidence that the internal audit unit operates efficiently especially on low risk areas. In line with this, it has been established that external auditors' reliance on efficient internal audit was high when 55.71% agreed to that position and 34.29% strongly agreed to the

position. However, the remaining percentage disagreed where 5.71% disagreed and 4.29% strongly disagreeing to this position. This implies that majority of the respondents agreed that high reliance or lesser work would be performed by external auditors if there was efficient internal audit unit. The respondents agreed that external auditors would not duplicate their effort on work already performed by internal audit unit effectively. The result of this is shown in Table 4.12.

Table 4.12 lesser Audit Work would be performed by External Auditors with the Presence of Efficient Internal Audit Unit in Tamale Metropolitan Assembly.

| Responses | Frequency | Percentage (%) |
|-------------------|-----------|----------------|
| Agreed | 39 | 55.71 |
| Strongly agree | 24 | 34.29 |
| Disagree | 4 | 5.71 |
| Strongly disagree | 3 | 4.29 |
| Undesired | - | - |
| Total | 70 | 100 |

Source: Field survey, June, 2015

4.4.3. Safeguard of Tamale Metropolitan Assembly's Assets.

The existence of internal audit unit serve as protection to the assets of the organization since people or workers may feel that if there is misappropriation of assets or funds, the unit would detect that and punishment mitred out. Based on the field survey carried out, 84.29% of the respondents believe that the Metropolitan Assembly's assets are manned with the existence of internal audit unit whilst 15.71% disagreed by saying no. The position of respondents based on majority was that, the assets are safeguarded with the existence of the internal audit unit. The result is shown in Table 4.13.

Tables 4.13 Are The Assets of Tamale Metropolitan Assembly Safeguarded?

| Responses | Frequency | Percentage (%) |
|--------------|-----------|----------------|
| Yes | 59 | 84.29 |
| No | 11 | 15.71 |
| Total | 70 | 100 |

Source: Field survey, June, 2015

4.5 Ways of Improving the Effectiveness of Internal Auditing in the District Assemblies.

Internal audit unit's independence from management, adequate resources, adequate staff with the required competencies in auditing among others end up enhancing the effectiveness of internal audit unit. This confirms the position of Ali et al (2007) who indicated that lack of audit personnel and their competence will go a long way to be obvious factors that limit the internal audit function in state and local government. Below are the various ways of improving the effectiveness of internal audit unit of Tamale Metropolitan Assembly.

4.5.1 Tamale Metropolitan Assembly grant of Permission to Internal Audit Units to Participate in Training Programmes.

Towards suggesting various ways of enhancing efficiency of the internal audit unit of Tamale Metropolitan assembly, the following were obtained from respondents.

Substantial number of the respondents representing 50.0% agreed that Tamale Metropolitan Assembly do permit its internal audit unit to participate in training programmes either internally or externally, whilst 32.86% also subscribed to this position strongly. This implies, 82.86%(50.0% and 32.86%) of respondents agreed to the position that the metropolitan assembly always permit its internal audit staff to attend training

programmes to be abreast with current practices and obtain new skills and knowledge that will help them work efficiently. Out of these respondents 14.28% disagreed to the sentiment whilst 2.86% disagreed strongly. However, no respondent expressed ignorance about the sentiment. Table 4.14 displays the result of the findings.

Table 4.14 Tamale Metropolitan Assembly grant of Permission to its Internal Audit Unit to Participate in Training Programme.

| Responses | Frequency | Percentages (%) |
|-------------------|-----------|-----------------|
| Agree | 35 | 50.0 |
| Strongly agree | 23 | 32.86 |
| Disagree | 10 | 14.28 |
| Strongly disagree | 2 | 2.86 |
| Undesired | - | - |
| Total | 70 | 100 |

Source: Field survey, June, 2015.

4.5.2 Internal Auditor's Knowledge or Education on Auditing.

For Effectiveness of Internal audit unit or function, staff needs to have required competencies or skills in auditing as underscored by Mohammed et al (2002) that internal audit quality is defined as composing of the auditor's competence and contribution to financial statement audit process. Enquiry from the respondents revealed that 71.43% agreed that internal auditors have the necessary education in auditing whilst 17.14% agreed to the sentiment or statement strongly and 11.43% disagreed to that. The result indicates that majority of the respondent acknowledged that internal audit unit staff are the requisite staff to serve that departments as they have knowledge in auditing. The staff needs to attend workshops or seminars to update their knowledge in order to work effectively. No respondent expressed lack of knowledge about internal auditors' knowledge in auditing. The result of the findings is presented in Table 4.15.

Table 4.15 The Internal Audit Staff of Tamale Metropolitan Assembly has Education on Auditing.

| Responses | Frequency | Percentage (%) |
|-------------------|------------------|-----------------------|
| Agree | 50 | 71.43 |
| Strongly agree | 12 | 17.14 |
| Disagree | 8 | 11.43 |
| Strongly disagree | - | - |
| Undesired | - | - |
| Total | 70 | 100 |

Source: Field survey, June, 2015

4.5.3 Management of Tamale Metropolitan Assembly Supporting Internal Audit Unit with Resource or Funds.

For effectiveness of internal audit, there is the need to be independent from management as underscored by sarbane-oxley act (Sox) section 302 and 404 in the US that, among highest interest of chief executive officer (CEO) role in risk management and internal control, the other side of senior management support is the lack of independence on the part of the internal audit unit. The field enquiries revealed that 57.14% of respondents agreed that the top management of the assembly support the internal audit unit with resources or funds in order to operate or function whilst 22.86% agreed strongly to this sentiment. Contrary to this, 14.28% disagreed to that position with 2.86% strongly disagreed to that position. It has also been revealed that 2.86% of the respondents expressed ignorant about that position. Based on the results obtained from the field survey it has been established that the management of the assembly (TMA) supports the internal audit unit with the necessary resources to undertake its audit. This is clearly highlighted

with 80.0% of the respondents agreeing to the fact that management of the assembly does support the Metropolitan Assembly with the needed resources or funds.

The results of the findings are shown in Table 4.16.

Table 4.16 Top Management of Tamale Metropolitan Assembly do Support the Internal Audit Unit with Resources or Funds.

| Responses | Frequency | Percentage (%) |
|-------------------|-----------|----------------|
| Agree | 40 | 57.14 |
| Strongly agree | 16 | 22.86 |
| Disagree | 10 | 14.28 |
| Strongly disagree | 2 | 2.86 |
| Undesired | 2 | 2.86 |
| Total | 70 | 100 |

Source: field survey, June, 2015.

4.5.4 Determination of the Scope of Internal Audit Unit's Work.

For the internal audit unit of Tamale Metropolitan Assembly to be independent, there is the need for the audit committee to determine the scope of their work and not management of the assembly (as per Act 658). The result from field survey revealed that 88.57% of respondents said that the internal audit unit of Tamale Metropolitan Assembly's scope of work was determined by the audit committee whilst 7.14% admitted that it is determined by management of the assembly. Out of the remaining percentage, 4.29% said that they lack knowledge of that. Based on this, substantial number of respondents representing 88.57% holistically said that the scope of its internal audit unit is determined by the audit committee. The result is highlighted in table 4.17

Table 4.17 whodetermineinternal audit unit's scope of work in Tamale Metropolitan Assembly?

| Responses | Frequency | Percentage (%) |
|-----------|-----------|----------------|
|-----------|-----------|----------------|

| | | |
|-----------------|-----------|------------|
| Audit Committee | 62 | 88.57 |
| Management | 5 | 7.14 |
| Unknown | 3 | 4.29 |
| Total | 70 | 100 |

Source: Field survey: June, 2015.

4.5.5 Sufficiency of Internal Audit Staff of Tamale Metropolitan Assembly.

Tamale Metropolitan Assembly do not have the needed personnel in its internal audit department as 51.43% responded that they have staff range of 1 to 5 and 24.28% responded to staff of 6 to 10 respectively in its internal audit unit. Out of the remaining number, 20% thought they are ranged 11 to 15 while 4.29% alluded to internal audit staff range of 16 to 20 and no response on 21 to 25. This confirms the position of Ali et al (2007) who indicate that lack of audit personnel and their competence will go a long way to be obvious factors that limit the internal audit function in state and local governance. The ideal standard for a Metropolitan Assembly as per the internal audit manual provided by the internal audit agency is ten (10) staff. In comparison of the result and that of the standard show that they lack staff in the unit. The result is clearly highlighted in table 4.18.

Table 4.18 How many Internal Audit Staff does Tamale Metropolitan Assembly has?

| Response | Frequency | Percentage (%) |
|--------------|-----------|----------------|
| 1-5 | 36 | 51.43 |
| 6-10 | 17 | 24.28 |
| 11-15 | 14 | 20.0 |
| 16-20 | 3 | 4.29 |
| 21-25 | - | - |
| Total | 70 | 100 |

Source: Field survey, June, 2015.

4.5.6 Other ways of Improving on the Effectiveness of Internal Audit Unit of Tamale Metropolitan Assembly.

Further enquiries were made on improving the effectiveness of internal audit units and among responses were resourcing the internal audit unit and making the internal audit unit independent of management through reporting to higher authority without fear of victimization.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 INTRODUCTION.

This chapter of the study presents the summary of the major findings of the study as well as the conclusions drawn and the recommendations for enhancing the effectiveness of internal auditing in Tamale Metropolitan Assembly.

5.1 Summary of Findings.

5.1.1 The Roles of Internal Auditors.

The study revealed that Tamale Metropolitan Assembly's internal auditors perform their functions in line with the requirement of internal audit agency act, 2003 (Act 658), a body that established the internal audit agency as an oversight body. The roles of the internal audit unit of the assembly includes monitoring of systems and controls designed by management and how well they are implemented or functioning, risk management advices to the assembly, reporting of their recommendations and advices to audit committees and pre-auditing of payment vouchers (PVs) most of which are enshrined in the internal audit agency act, 2003 (act 658).

It was also found that the internal auditors give recommendations to audit report implementation committee (ARIC) on how to reduce expenditure or improve on systems and controls of the Metropolitan Assembly. This therefore implies that the internal audit unit offer advisory and risk management services to the assemblies they serve. This conforms to the position of Hampel and Turnbull report, 2005 in UK which indicated that internal auditors need to assist management of their organisations in assessing risk and internal controls designed and offer advice to management.

Also, the findings confirms the position of Holt and Dezoort(2009) who stated that part of internal auditors role in corporate governance was to monitor risk and ensure there is financial reporting reliability.

5.1.2 Internal Controls of Tamale Metropolitan Assembly and how they are implemented.

The study discovered that one major internal control designed by the assembly which was financial in nature is the prompt banking of revenue collected for the assembly. The result revealed that revenue collectors supposed to pay all revenue collected within 24 hours of which most revenue collectors complied with. Furthermore, the assembly also put in place an internal control of assigning staff to take custody of assets of the assembly which is helping in protecting the assembly's assets according to the findings.

Also, discovery was made on segregation of duties being practice in the assembly where every work process was not done by one officer who may take advantage of control weaknesses to misappropriate funds meant for the assembly. This implies every personnel were assigned to a job without doing virtually everything.

The study also revealed that before programmes and activities are carried out in Tamale

Metropolitan Assembly, authorized officers' mostly senior management authorized the activities before they were performed. This implies that expenditure is controlled in the Tamale Metropolitan Assembly. The findings indicated that preventive mechanism or controls (segregation of duties, proper authorisation and physical safeguards) as categorised by Bryan, 2010 against waste, errors, frauds, and abuses were in place. The study did not ignore ways of improving the effectiveness of internal controls in the Metropolitan Assembly. The discoveries made were that perpetrators of misappropriation of funds or any form of financial malfeasance in the assembly were published to deter others from committing the same offence.

5.1.3. The Benefits of Internal Auditing to the Tamale Metropolitan Assembly. It has been revealed from the study that the presence of internal audit unit in the assembly (TMA) served as protection of assets thereby preventing risk of fraud in the assembly. Thus, once there was a unit checking or monitoring works and programmes people would be afraid to commit crimes by way of causing financial loss to the assembly. This revelation goes in line with Kaplan and Schultz (2007) who stated that the presence of internal auditing is a plus, particularly in reporting unauthorised practices.

Another revelation from the study was that effective internal audit unit helps in minimizing the work to be performed by external auditors as they rely on the reports or working papers of the internal auditors. Once they got evidence that internal audit unit was efficient and effective in their function, lesser work would be carried out thereby not destructing work to continue. This did not depart from Felix et al (2001) who in assessing the effectiveness of internal auditing by looking at the internal audit function meeting the expectation of external auditors, stated that internal auditing happens to be an important determinant of external audit fees as lesser work would mean lesser fees to be charged.

Also, discovery has been made that the presence of internal audit unit serves as safeguard to the assets of the Tamale Metropolitan Assembly. The discovery implies that people would be afraid to steal assets or funds meant to champion the developmental needs of the assembly since the internal audit unit may spot such acts.

This position is in line with Coram et al (2008) who concluded that organisations with internal audit function detect, correct and report fraud by misappropriation of assets.

5.1.4 Ways of Improving the Effectiveness of Internal Auditing in Tamale Metropolitan Assembly.

It has been discovered from the study that management of the assembly do allow or grant permission to internal audit unit to attend training programmes to upgrade their knowledge on current audit practices and pronouncements in the field of internal auditing.

It has also been discovered that, ensuring that all staff under internal audit unit need to have knowledge or education in auditing in general in order to understand most of the work they supposed to carry out. This education must be supplemented with training programmes, workshops or seminars according to the study. This finding conforms to the conclusion of Mohamed et al (2012) who said that internal audit quality is defined to be composing of the auditor's competence and contribution to financial statement process.

It has also been revealed that management of the assembly support the internal audit with resources to discharge their duties. This has been observed to be good, but needs to have been done by the internal audit agency by way of budgetary allocation since it would end up under mining the independence of the internal audit unit making them to be producing reports that would not implicate management if they deserve to be.

It has also been discovered that the scope of work of internal audit unit in Tamale Metropolitan Assembly was not determined by management of the assembly, but the audit committee. This revelation implies that the internal audit unit's independence was not impaired.

It was further revealed from the study that, the assembly was not having the sufficient staff in the internal audit unit. This revelation poses a challenge to the functioning of the internal audit as indicated by Ali et al (2007) that lack of audit personnel and their competence will go a long way to be obvious factors affecting internal audit function in state and local government.

5.2 Conclusions.

Per the findings of the study, it could be held that internal audit unit in the Tamale Metropolitan Assembly contribute immensely in the operational efficiency and effectiveness of the assembly in providing developmental needs of the people. The internal auditors discharge or perform key roles in the fulfilment of functions or mandate as enshrined in the internal audit agency act, 2003 (Act 658) including risk management and advisory services to management of the assembly. It is worthy to note however that, the Tamale Metropolitan Assembly has crafted or designed sound systems and internal controls for efficient operation of the assembly to protect, utilize and control the funds or resources of the assembly to ensure provision of developmental programmes to achieve its objective and realized its vision.

Moreover, the assembly benefits a lot from the presence of the internal audit among others as risk of fraud and other losses are avoided leading to efficiency, effectiveness and economic use of the limited resources that they mobilized.

Finally, it has been suggested that the assembly (TMA) needs to continue to punish perpetrators of fraud or any other form of financial malfeasance that cause financial loss to the assembly in order to deter others and any staff to be employed into the internal audit must also have education on auditing since auditing looks technical that needs special competence.

5.3 Recommendations.

Per the findings of the study, the following suggestions were made by the researcher to enhance the effectiveness of internal controls for effective running of Local Government concept in Ghana.

Regarding the issue of management providing financial support both money and resources to the internal audit unit need to stop for central government to provide that through the internal audit agency so that the internal audit unit can fully be independent of its operation and function.

Aside making the internal audit units independent of management of the district assemblies, it would end up a long way in making them efficient and effective in their work.

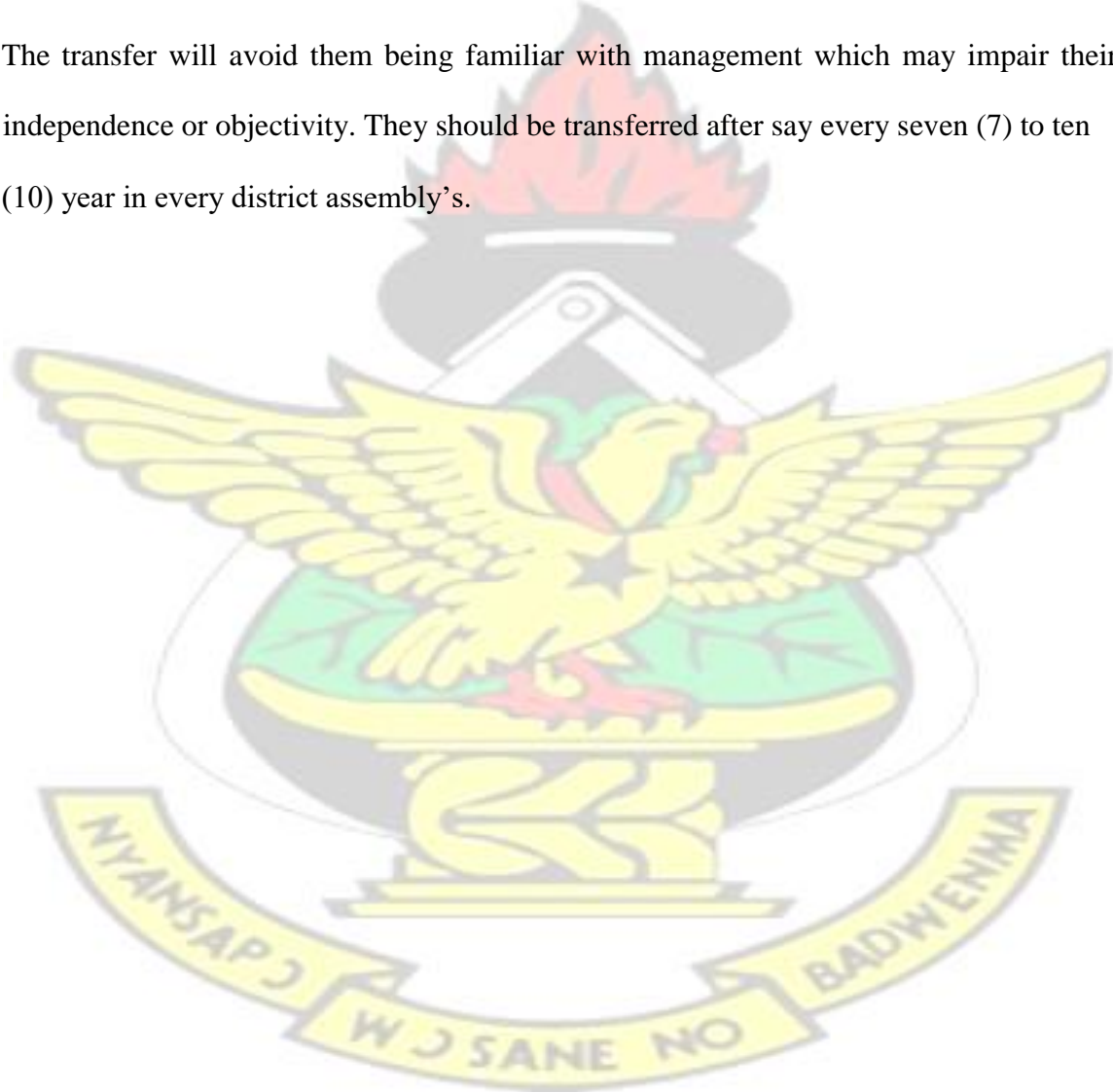
Furthermore, the composition of the audit report Implementation Committee (ARIC) must involve independent experts outside the management of the district assemblies as the same management who are queried by the internal audit units was the same management forming the committee that would implement the recommendations of both internal auditors and external auditors.

This would end up fully implementing the recommendations made by the internal auditors as little management cannot suppress the report or part of it with the presence of independent experts.

The government needs to provide funds for logistics and training programmes to internal auditors annually in order to make them know the current development of the practice and any skills or competence that need to be learnt in order to enhance the smooth discharge of their duties as internal auditors.

Another recommendation on the part of avoiding familiarity which may threaten the independence of internal audit staff is that the staff need not be at one district assembly for quite a long time without being transferred to a different district assembly

The transfer will avoid them being familiar with management which may impair their independence or objectivity. They should be transferred after say every seven (7) to ten (10) year in every district assembly's.



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APPENDICES

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

COLLEGE OF ART AND SOCIAL SCIENCES

KNUST SCHOOL OF BUSINESS

The researcher is a Master of Business Administration Student of Kwame Nkrumah University of Science and Technology, Kumasi, researching on the **Contribution of Internal Auditing on Internal Controls of Tamale Metropolitan Assembly**. The research is specifically for academic purposes and as such information obtained will be treated confidentially.

SECTION A:

DEMOGRAPHICS OF RESPONDENTS

Tick the appropriate box to provide your response.

1. Sex? Male [☐] Female [☐]
2. Age : 18—30years [☐] 31—43years [☐] 44—56years [☐] 57years and above [☐]
3. Level of Education: “O’ Level/ SHS [☐] HND/Degree [☐] Masters/Professional [☐]

SECTION B:

THE ROLE OF INTERNAL AUDITORS IN THE DISTRICT ASSEMBLIES

4. What category of employee do you belong to? Manager [☐]
Finance Officer/ Accountant [☐] Others
5. For how long have you been doing the work? Below 2 years [☐] Below 5 years [☐]
Below 10 years [☐] Others
6. How often do you give your report as work schedule to your superior? Daily [☐]

- Weekly [] Monthly [] Annually [] Others
7. Does your organisation have internal audit unit? Yes [] No []
8. If yes, how long has it existed? 1—10 years [] 11—20 years []
21—30 years [] Above 30 years []
9. Does the management of the assembly abide by the recommendations made by the internal audit unit? Yes [] No []
10. Do the operations of the assembly conform to the mission of the assembly?
Yes [] No []
11. Are payment vouchers vetted before payments are made? Yes [] No []
12. Budgets are prepared in the assembly. a.agree [] b. strongly agree []
c. disagree [] d. strongly disagree [] e. undesired []
13. Revenue collected in the assembly are banked early to avoid risk of fraud.
a. agree [] b. strongly agree [] c. disagree []
d. strongly disagree [] e. undesired []
14. Are there sanctions or penalties measures enforced for those who defraud the assembly? Yes [] No []
15. Internal auditors give their reports to the audit committee. a. agree []
b. strongly agree [] c. disagree [] d. strongly disagree [] e. undesired []
16. What specific role does your organisation's internal audit unit play?
.....

SECTION C:

INTERNAL CONTROLS OF DISTRICT ASSEMBLIES AND HOW THEY ARE IMPLEMENTED

17. How long do revenue collectors keep monies collected?

a. Not more than 6 Hours [] b. Within 12 Hours [] c. within 24 Hours []

d. Within 2 days [] e. Others

18. Is there specific staff in charge of custody of the assembly's assets? Yes [] No []

19. There is no principle of segregation of duties practice in the organisation.

a. agree [] b. strongly agree [] c. disagree []

d. strongly disagree [] e. undesired []

20. Perpetrators of misappropriation of the assembly's funds and other financial malfeasance are punished. a. agree [] b. strongly agree [] disagree []

d. strongly disagree [] e. undesired []

21. There is the need to review the accounting system implemented to see if there is the need to change it to comply with the new accounting standards. a. agree [] b.

strongly agree [] c. disagree [] d. strongly disagree [] e. undesired []

22. Are all internal controls designed fully implemented? Yes [] No []

23. There are proper authorisation of activities and programmes in the organisation.

a. agree [] b. strongly agree [] c. disagree []

d. strongly disagree [] e. undesired []

24. What strategies exist to ensure that internal controls are effective?

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SECTION: D

THE BENEFITS OF INTERNAL AUDITING TO THE DISTRICT ASSEMBLIES

25. The presence of internal audit unit in the district assembly serves as deterrent to risk of fraud. a. agree [] b. strongly agree [] c. disagree []

d. strongly disagree [] e. undesired []

26. Lesser work is performed by external auditors avoiding interacting on operations when there is an effective internal audit function.

a. agree [] b. strongly agree [] c. disagree []

d. strongly disagree [] e. undesired []

27. Are resources safe guarded with the existence of internal audit unit? Yes [] No []

28. Internal audit provide advice and recommendations to the assembly rather than them seeking consultancy services outside.

a. agree [] b. strongly agree [] c. disagree []

d. strongly disagree [] e. undesired []

SECTION E:

WAYS OF IMPROVING THE EFFECTIVENESS OF INTERNAL AUDITING IN THE DISTRICT ASSEMBLIES

Tick the box that appropriately fit your situation.

| | Agree | Strongly Agree | Disagree | Strongly Disagree | Undesired |
|--|-------|----------------|----------|-------------------|-----------|
| 29. The organization does permit internal audit staff to participate in training programmes to improve their efficiency. | | | | | |
| 30. The internal audit staff has the necessary education in auditing. | | | | | |
| 31. Top management do support internal audit unit with resources or funds needed. | | | | | |
| 32. The internal audit unit should minimize the level of its dependence on management of the assembly. | | | | | |
| 33. The assembly does not implement recommendations made by the internal audit unit. | | | | | |

| | | | | | |
|---|--|--|--|--|--|
| 34. Internal audit effectiveness does not affect the management of the assembly. | | | | | |
| 35. Termination of the internal audit work does not require approval of the audit committee, the executive committee and the civil service committee. | | | | | |

36. In your opinion, what can be done to ensure internal audit unit's effectiveness

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37. Who determines the internal audit unit's scope of work in Tamale Metropolitan Assembly

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38. How many Internal Audit staff does Tamale Metropolitan Assembly has?

- a. 1-5 staff [] b. 6-10 staff [] c. 11-15 []
- d. 16-20 staff [] e. 21-25 staff []