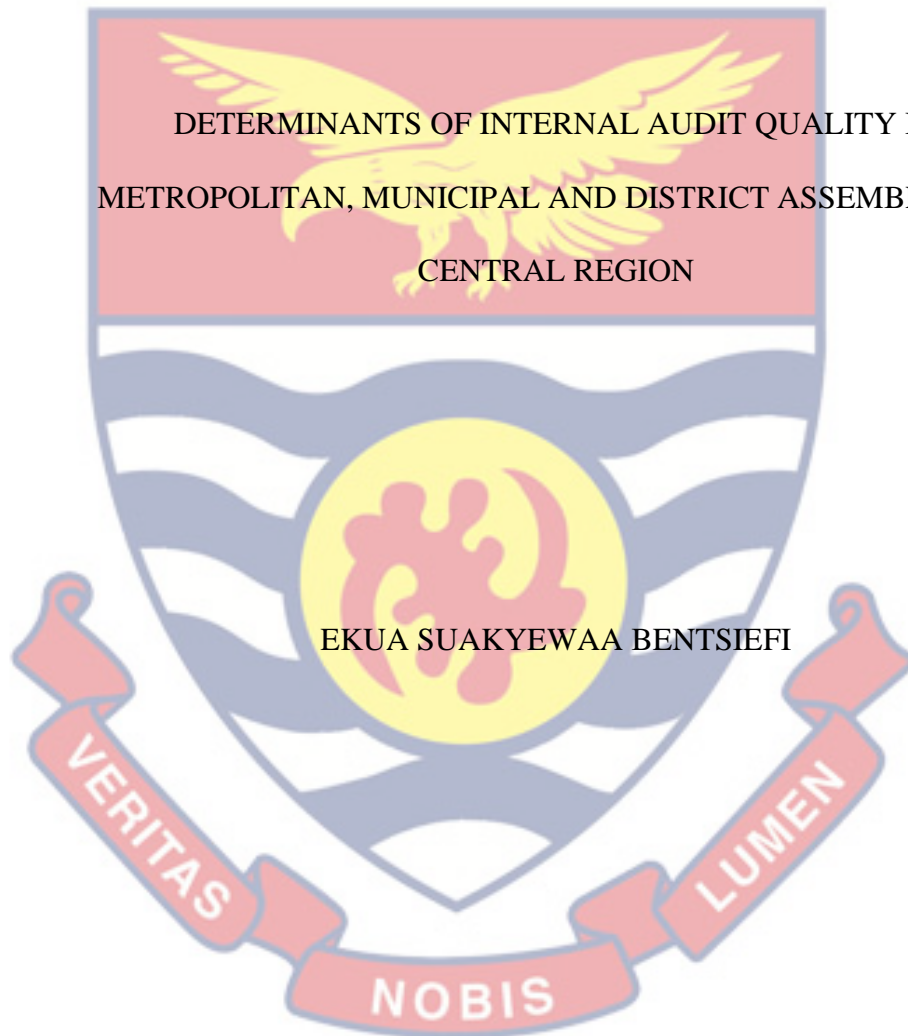


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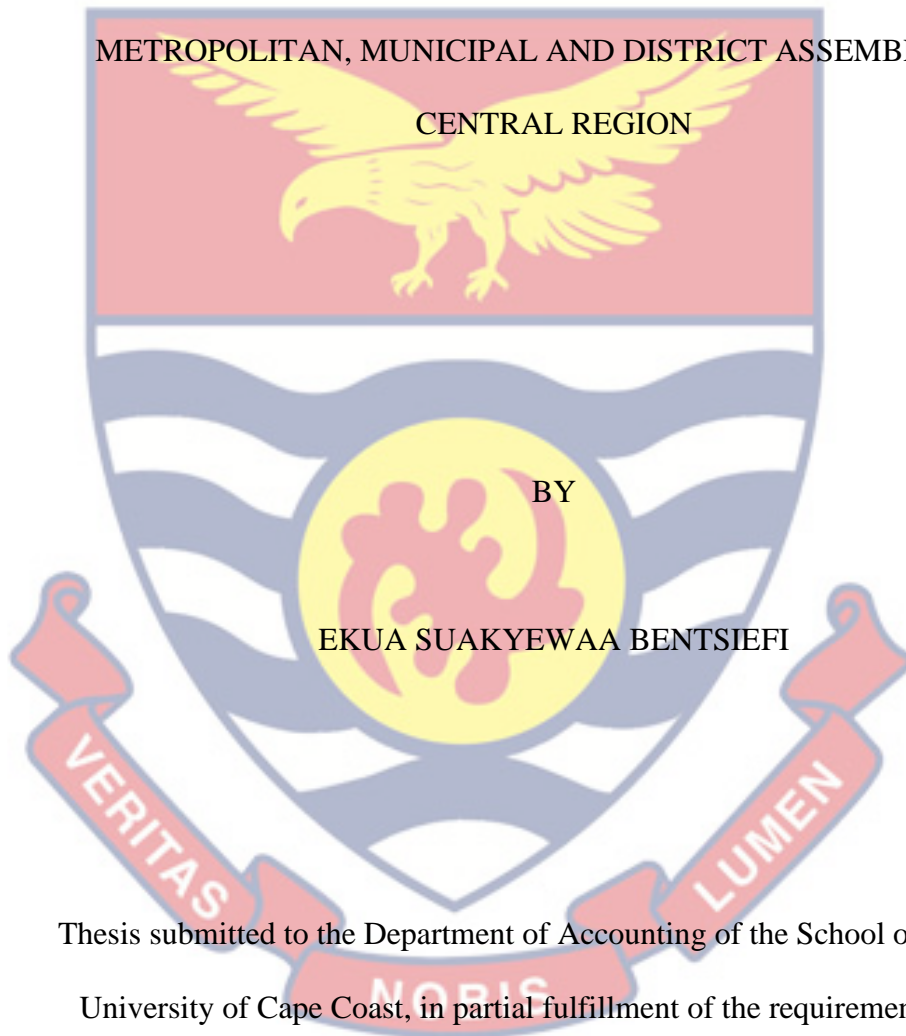


EKUA SUAKYEWAA BENTSIEFI

2021

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BY

EKUA SUAKYEWAA BENTSIEFI

Thesis submitted to the Department of Accounting of the School of Business,
University of Cape Coast, in partial fulfillment of the requirements for the
award of Master of Commerce degree in Accounting

AUGUST 2021

DECLARATION

Candidate's Declaration

I hereby declare that this thesis is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature: Date:

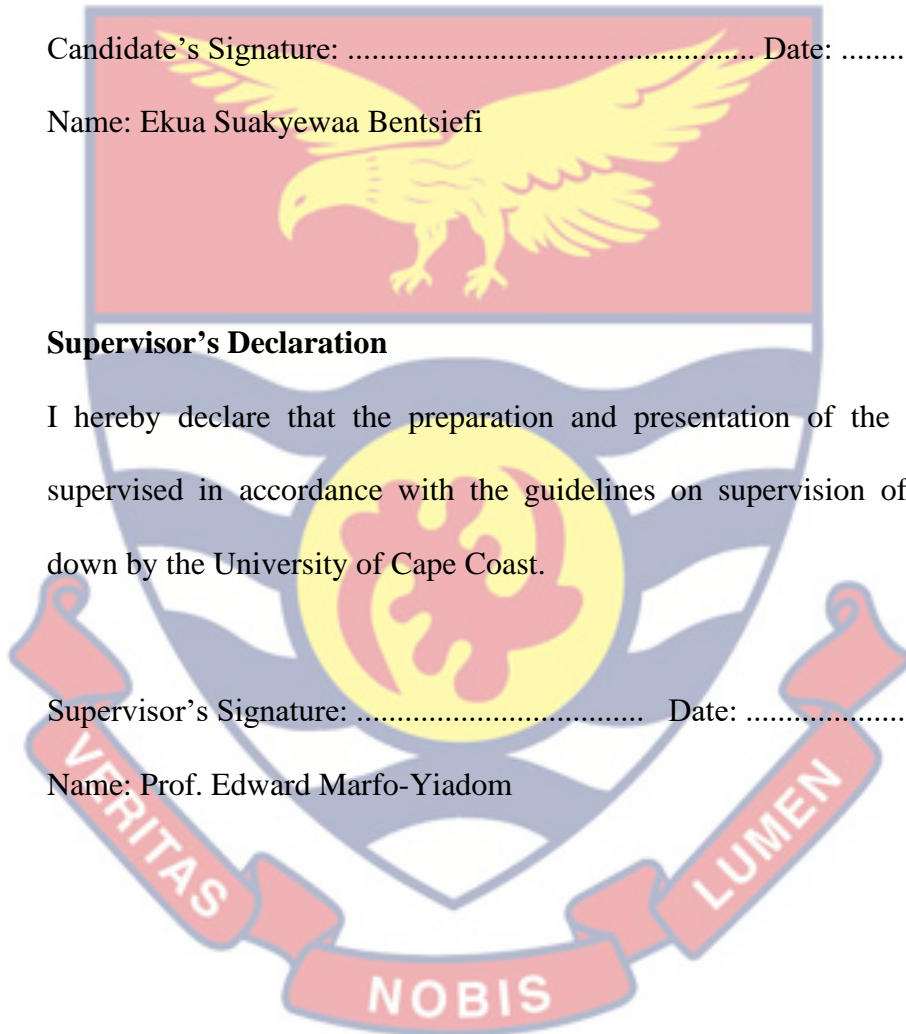
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Supervisor's Declaration

I hereby declare that the preparation and presentation of the thesis were supervised in accordance with the guidelines on supervision of thesis laid down by the University of Cape Coast.

Supervisor's Signature: Date:

Name: Prof. Edward Marfo-Yiadom



ABSTRACT

The motivation for the study was the infractions cited by the Auditor General in the audit report of Metropolitan, Municipal and District Assemblies (MMDAs) from 2014 to 2018 as well as the Auditor General's Report on Management and Utilization of District Assemblies' Common Fund and other Statutory Funds from 2015 to 2018. The study examined the influence of competence, independence, nature of work performed, management support and stakeholder perceptions of internal audit staff on internal audit quality. Stratified random sampling was employed for data collection from one hundred and sixteen internal audit staff, management and other stakeholders of MMDAs in the Central Region of Ghana. Descriptive statistics was used to analyze objectives and multiple regression was employed to test the hypotheses of the study. The results of the study revealed that competence, independence, management support, nature of work performed by the internal audit staff and positive stakeholders' perception of internal audit staff positively affect the quality of the internal audit work. The study affirmed inspired confidence theory which states that an auditor must be independent and professionally competent to enhance audit quality. The study recommends that MMDAs should enhance the competence of the internal audit staff through professional training and provide adequate resources to enable internal audit staff enhance the quality of their activities.

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I also acknowledge the authors whose names appear in the references and from whose work I have quoted. I am also grateful to my brother, Samuel Suakye Bentsieffi for his moral support throughout my period of study. God bless you all.

DEDICATION

To my mother, Rev. Dr. Helpina Hawa Adams who has always inspired me to
achieve greater heights in life



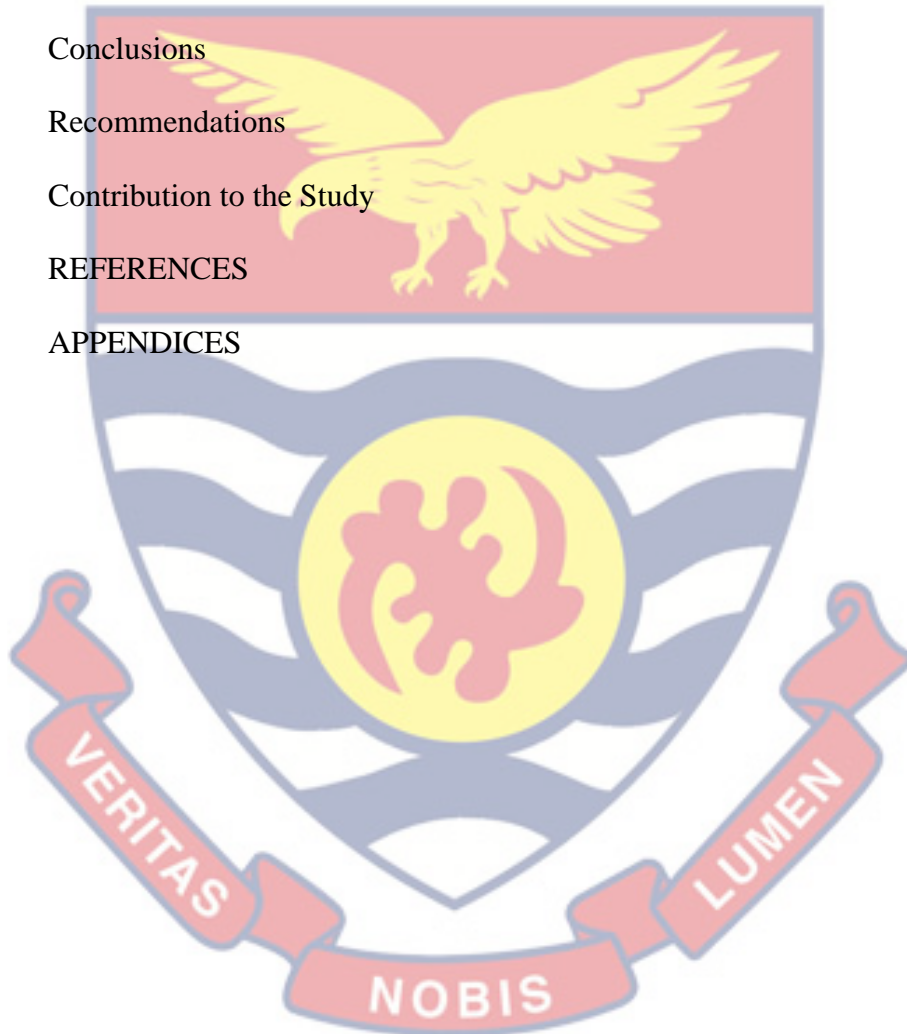
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LIST OF ABBREVIATIONS

AAA	American Accounting Association
AC	Audit Committee
AICPA	American Institute of Certified Public Accountants
ARIC	Audit Report Implementation Committee
FEI	Financial Executive Institute
IA	Internal Audit
IAQ	Internal Audit Quality
IAS	Internal Audit Staff
IIA	Institute of Internal Audit
MDA	Ministries, Departments and Agencies
MMDA	Metropolitan, Municipal and District Assemblies
NAA	National Association of Accountants
PFM	Public Financial Management
ISPPIA	International Standard for Professional Practice of Internal Auditing
IPPF	International Professional Practice Framework



CHAPTER ONE

INTRODUCTION

Internal auditing has recently been a major source of concern for all stakeholders in both the private and public sectors of any economy. These problems stem from a growing demand for and concern about openness and accountability in the management of diverse entities' financial and non-financial resources. However, in many cases, the quality of internal audit departments' work has become a problem that stakeholders are anxious to solve as a result of ongoing reports of improper management practices in entities that result in financial losses and resource waste.

Eight district assemblies were found to have embezzled cash, as well as quantities of money not properly accounted for by 43 staff members of various district assemblies, according to the Auditor General's report for the 2014 financial year. This was due to a lack of effective monitoring and management's failure to penalize the individuals implicated. Management and staff of various MMDAs continued to violate various procedures and policy guidelines in place, according to the Auditor General's report for the 2016 fiscal year. These procedures and policy guidelines were in place to ensure effective, economical, and efficient management of resources allocated to them. During the fiscal year, there were difficulties with financial irregularities in various MMDAs. These and other comparable situations in the various MMDAs raise questions about how quality is managed.

Background to the Study

Internal auditing is a prerequisite for excellent government governance to be implemented. The public sector is frequently viewed as a source of inefficiency, leakage, and financial losses (Nurdiono & Gamayuni, 2018). Transparency and accountability of MMDAs requires supervisory and monitoring mechanism that in this matter is internal auditor to enhance the performance of local government and increase its quality. Internal audit quality helps in achieving the objectives of the local government (Omolaye & Jacob, 2017). Decentralization is globally seen as a way of getting the community to participate in local development. Many countries in the world have adopted decentralization and implemented the concept in different ways (Opare, Egbenya, Kaba & Baku, 2012).

Local Government System is a decentralized system and a medium through which government gets closer to its citizens as well as delivering its promises and responsibility to community development (Usang & Salim, 2016a). The role of Internal Audit Staff in Decentralized Local Governance System is of essence due to its function as an internal control mechanism in governance (Zeyn, 2018). The quality of Internal Audit helps ensure sound governance and accountability as well as help Local Government achieve its objective of impacting lives of citizens in a country (Usang & Salim, 2016a). As cited in Tackie, Marfo-Yiadom, and Achina, (2016), Falleti stated that decentralization is a set of state reforms, hence, decentralization does not include transfers of authority to non-state people.

In this regard, decentralization reforms can occur in both authoritarian and democratic settings, implying that the concepts of decentralization and democratization should not be confused. Although most emerging countries profess to be decentralized, there are still vestiges of centralization to be seen. The success or failure of decentralization can be attributed to the concept of development, the degree of decentralization, the attitude of the central government toward local entities, and the degree to which the practice is permitted to grow over time (Lewis, McCulloch & Sacks, 2016). The 1992 Constitution of Ghana describes decentralization as a transfer of authority for decision-making, finances and management from the central to the local governments.

The central government, on the other hand, sometimes undertakes responsibilities that should be delegated to the districts and controls the vast bulk of regional and district financial resources (Amoako-Asiedu, 2016). Fiscal decentralization is one of the key components of Ghana's decentralization program. It is important to note that the backbone of Ghana's local government system is the fiscal framework, which specifies mechanisms, through which local governments receive, mobilize and use financial resources for executing programs to promote development (Petio, 2016). By organizing and managing their administration, budgeting, and integrating their development process to prioritize basic needs and the promotion of social and economic development, local governments can help meet the social, economic, and material needs of their communities and the areas under their jurisdiction (Oduro-Ofori, 2016).

Local government system is a decentralized system and a way of getting closer to citizens as a government. It is an important medium for the development of communities. The responsibility of the audit is to serve the Central Government's Ministries, Departments and Agencies as well as public boards or corporations under the direct control and management of government in a manner consistent with the Public Financial Management Act 2016, (Act, 921) and the Internal Audit Agency Act 2003 (Act, 658) and with professional standards and commitment. This activity has the potential to provide hitherto unparalleled services to management in the conduct of their core duties (IIA, 2007). There has been a need all over the world to pay greater attention to the improvement of managing public resources because it constitutes the largest business entity in a country. In Ghana, business entities include Ministries, Departments and Agencies and Metropolitans, Municipals and District Assemblies among others hence the need to establish internal audit units.

Historically, internal auditing was once thought to be limited to ensuring that an organization's accounting and underlying records were properly preserved, that an asset management system was in place to secure assets, and that policies and procedures were in place and followed to the letter. Internal auditing has seen major modifications in terms of definitions, breadth of coverage, and methodology as time has passed. Modern internal auditing has expanded its scope beyond financial difficulties in some firms to encompass value for money, risk assessment, managerial effectiveness, and governance systems (Asare, 2008).

In MMDAs, the internal audit department is critical since it is recognized as a major component in the implementation of accounting systems, which aids in the evaluation of the department's performance. Internal audit is regarded as the backbone of business accounting because it is the portion that keeps track of all businesses in the industry (Al-Matari, Yeop Abdullah, & Yeop Abdullah, 2014). Internal audit efficiency aids the assembly's work since financial reports reflect the internal audit department's quality, and internal audit quality ensures strong governance and accountability in the public sector. Internal audit, when carried out under the correct conditions and with the backing of a committed top management, can assist local governments in achieving goals that have a positive influence on people's lives (Usang & Salim, 2016a). However, internal audit quality includes competence, independence, quality of work, training and development and management support for internal audit (ISA 610).

Furthermore, an internal audit is an important aspect of the General Assembly in the assembly, and it includes the General Assembly's and Audit Committees' monitoring efforts to ensure that the financial reporting process is trustworthy (Al-Matari et al., 2014). Internal auditing's goal is to assist members of the organization in carrying out their obligations effectively. Internal auditing assists them in this by providing analyses, assessments, suggestions, advise, and information on the activities under scrutiny (Zeyn, 2018).

Local government uses public service delivery as a tool to supply public services to the public. Some examples are sewage and waste disposal, street cleaning, public education, and health services (Shah & Esfahani, 2014).

However, public management of resources within MDA's and MMDA's are where proven business management practices are adopted in the public sector to improve economy, efficiency and effectiveness in public service delivery. In an attempt to resolve public sector problems with business solution, there was a call on governments across the globe to improve efficiency and accountability in public management (Narcisa, Lucan, Hlaciuc & Maria, 2015).

The government of Ghana established the Internal Audit Agency as a means of strengthening accountability and reinforcing trust and confidence in financial reporting and management in public sector institutions especially MMDA's. These audits help enhance MMDA's performance, expand the variety, number and value of transactions (IIA, 2010). The value of an Internal Audit Staff in MMDAs level lies in how well he/she is able to contribute to the well-being and to the overall performance of the organization. The Auditor should strive to make oneself relevant to the organization using proper methods in accordance with regulatory standards (IIA, 2016).

Statement of the Problem

The credibility and integrity of financial statements are vital for well-functioning markets and improved financial performance, and an independent quality audit underpins confidence in their credibility and integrity (Farouk, 2014). Internal audit quality is needed to keep abreast of developments and technical progress seen by the world in ages past (Deribe, 2014). The quality of financial reports reflects the quality of internal audit department and the quality of the internal audit ensures sound governance and accountability in the public sector specifically the local government (Usang & Salim, 2016).

The mission of the local government service as enshrined in the Local Government Service Act, 2003 (Act 656) is to support local government bring value for money services and internal audit is a valuable resource to an organization and its contribution can enhance overall performance of MMDA's (Hammond, 2018). Bello, Ayoib, & Zalina, (2017) investigated the relationship between internal audit quality and organizational performance of public universities in Nigeria and concluded that the efficiency of internal audit will help develop the work of the university because the quality of financial transactions reflects the quality of internal audit department and the functionality of internal audit quality factors are fundamental ingredients in achieving organizational performance. However, internal audit quality includes competence, independence, quality of work, training and development and management support for internal audit (ISA 610).

In Ghana, a study by Onumah, Amidu, and Donkor, (2016) focused on internal audit quality and earnings management but recommended that further studies should assess the effect of the quality of internal audit function in the public sector of Ghana. The Auditor's General, (2018) on the accounts of District Assemblies showed a declining performance of assemblies in submitting their financial statements for validation. The declining trends were as follows: thirty (30) in 2013, twenty-four (24) in 2014 and fifteen (15) in 2015 (The Auditor General's Report, 2015). The number of submissions of financial statements for validation increased in 2016 with thirty-nine (39) submissions but declined to two (2) in 2017 and rose again to fourteen (14) in 2018 (The Auditor General's Report, 2018).

Observations of infractions at the district assemblies include diversion of funds for private use, insertions on cheques after endorsement, payment vouchers not pre-audited even though the assemblies involved have well-functioning Internal Audit Departments (The Auditor General's Report, 2014). Default in submitting financial statements and illegal withdrawal of funds were captured in the report though the assemblies involved have Internal Audit Departments which seeks to facilitate, monitor and enhance the activities of management (The Auditor General's Report, 2018). This raises the question as to why the internal audit departments exist in the MMDAs.

The Auditor-General's Report on Management and Utilization of DACF and other Statutory Funds from 2015 to 2018 stated that the deficiencies in the operations of the District Assemblies created avenues for some officials to mismanage funds and resources of the Assemblies to a financial value of approximately GHS52.97 million in 2015 and GHS70.13 million in 2016, though it fell to GHS40.93 million in 2017, it however, alarmingly rose again to GHS120.56 million in 2018 (The Auditor General's Report, 2018).

The Auditor-General's Report on Management and Utilization of DACF and other Statutory Funds further explained that the Auditor general has recommended in previous and current reports to the Minister of Local Government and Rural Development to set up effective monitoring and follow-up mechanisms to track actions of which Internal Audit Departments serve as a monitoring control function to the MMDAs yet there is widespread of malfeasance and mismanagement of finances and resources indicating that the recommendations were to a large extent ignored or not implemented. (The

Auditor General's Report, 2018). These reports are contrary to the various reasons IAA was established. However, to the best of my knowledge no work has been done on Internal Audit quality and Local Governance in Ghana and specifically in the selected area of study. Hence, basing on ISA 610, infractions and recommendations in the Auditor General's report for MMDAs and recommendation by Onumah et al., (2016), therefore, this study, seeks to find out the determinants of internal audit quality in MMDAs in the Central Region of Ghana.

Purpose of the Study

The purpose of the study is to examine the determinants of internal audit quality in MMDAs in the Central Region of Ghana.

Research Objectives

The overall objective of the study was to examine the determinants of internal audit quality in MMDAs in the Central Region of Ghana. The specific objectives of the study are to:

1. To assess the effect of competence of internal audit staff on internal audit quality
2. To examine the effect of independence of internal audit staff on internal audit quality
3. To examine the effect of nature of work performed by internal audit staff on internal audit quality
4. To investigate the effect of nature of management support for internal audit staff on internal audit quality
5. To assess the effect of stakeholder perceptions of internal audit staff on internal audit quality

Research Hypotheses

The following hypotheses were formulated in an attempt to gain answers to the above research objectives.

H₁: Competence of internal audit staff is a significant positive predictor of internal audit quality

H₂: Independence of internal audit staff is a significant positive predictor of internal audit quality

H₃: Nature of work performed by internal audit staff is a significant positive predictor internal audit quality

H₄: Nature of management support for internal audit staff is a significant positive predictor of internal audit quality

H₅: Stakeholder perceptions of internal audit staff is a significant positive predictor of internal audit quality

Significance of the Study

The study will enable the researcher acquire skills in research that will enhance future performance and employment in the field of research.

The study will introduce the Internal Audit Agency to the public not as evaluators but as value-adding function of an organization. It will also improve the public understanding of the Agency's role in the government as well show that the agency aids organizations in achieving their goals and objectives.

The study will add to literature about already established variables hence serving as a source for literature review for academicians.

The study's findings will enable internal audit employees to assess some of the policies that regulate local government and determine whether they are

producing the desired results. This may offer such users with a foundation from which to adjust policies to meet the needs of many stakeholders, hence improving service delivery.

Delimitations

The study was conducted at MMDAs in Central Region of Ghana. This was because of proximity and accessibility of data and also due to the fact that the researcher is time bound hence data cannot be collected across the country. The study focused on internal audit staff, management and other stakeholders in MMDAs in Central Region. Contextually, the study focused on the determinants of internal audit quality in the Central Region of Ghana.

Limitations

Inherent in the study is the limitation associated with probability sampling methods because of the use of stratified random sampling technique to select the internal audit staff, management and others stakeholders in MMDAs in central region. There is also the possibility of bias in the responses on questions bothering on personal factors hence, the reason for including management and other stakeholders in the study.

Organization of the Study

The study was organised into five main chapters with appropriate subsections. Chapter one provided a general introduction to the whole study. It covered the background which leads to the research problem and objectives of this research. In this chapter, the justification for the research, the structure and the organisation of the study were outlined.

The second chapter reviewed relevant literature on the subject and the theories to be adopted to support the study. The methodology to be adopted for the study was described in chapter three. Analysis of data, results and discussions was presented in chapter four. The final chapter thus chapter five contained the major findings, conclusions and recommendations.



CHAPTER TWO

LITERATURE REVIEW

Introduction

The concept of Internal Auditing is one of the elements of internal control systems within an organization. It is one of the mechanisms of monitoring and evaluating internal control systems in an organization. Its essence has made organizations establish internal audit units or departments. This chapter reviewed literature related to determinants of internal audit quality of local governance in Ghana, specifically the Central Region. It focused on the concept of decentralized local governance system, concept of internal audit, theories underpinning internal audit, empirical review of existing literature and conceptual framework based on theories and literature reviewed.

Theoretical Review

According to Carmichael (2005), the necessity for theory in auditing is linked to the willingness of stakeholders, managers, bankers, auditors, and analysts to establish a strong foundation for making financial decisions. These parties are viewed as actors attempting to optimize their output, and they want to know all of the options available to them in order to do so. A full study of the economic variables and their relationships is required to gain the requisite knowledge about these possibilities. This can be accomplished by employing theories that provide enough explanation and reasoning for the variables, their relationships with one another, and the environment in which the socio-economic action is taking place. Those upon which the study was built

includes Theory of Inspired Confidence, Agency Theory and Institutional Management Theory.

Theory of inspired confidence (Theory of rational expectations)

In 1926 Professor Theodore Limperg of the University of Amsterdam developed a theory, known as the Theory of Inspired Confidence which eventually, became known as the Theory of Rational Expectations. The theory holds that, the value of the auditors' report comes from their expertise as a qualified, impartial professional. According to this view, as the business community evolves, so do its expectations of the auditors' role. Limperg believed that the auditor's job should be guided by the rational expectations of individuals who use their reports, and that auditors should not fall short of those expectations. The notion of inspired confidence explains society's belief in the auditor's ability to improve the trustworthiness of management information, hence creating quality accountability, (Limperg Institute, 1985).

Limperg describe the auditor's responsibility as follows;

“The auditor-confidential agent derives his general function in society from the need for an expert and independent examination and the need for expert and independent opinion based on that examination. The function is rooted in the confidence society places in the effectiveness of the audit and the opinion of the accountant. This confidence is consequently a condition for the existence of that function, if the confidence is betrayed; the function too is destroyed, since it becomes useless”.

The theory highlights the requirement for an auditor to be always on the lookout for societal expectations generated as a result of a scenario and to act carefully to satisfy such expectations in order to maintain confidence

(Carmichael, 2005). Changes in society's expectations necessitate changes in the auditor's job and approach to work, which explains why audit function attributes have changed.

The notion of inspired confidence, albeit not extensively utilized in internal auditing literature, aids in understanding how the environment affects internal auditors' methods. Internal auditors use their knowledge of social interactions and societal expectations to match their goals with the company's goals. This notion is supported by findings from a survey by Holt and DeZoort, (2009), which confirmed that external stakeholders' confidence in company financial statements is determined by their perceived quality of the firm's internal audit function (Holt & DeZoort, 2009). Dahir (2016), also used this theory to support their work indicating that for an auditor's work to have impact on an organizations' performance, the auditor must be independent and professionally competent and they used independent variables such as Internal Auditor's Independence, Internal Auditor's Quality, Internal Control System and Audit Risk to measure its impact which asserted that it has significant impact on organizational performance.

The current corporate governance environment in Ghana's public sector, as well as the quality of public sector internal audit functions, deserve to be scrutinized in light of what stakeholder's demand from a modern internal audit function. The current level of corporate governance in public institutions, particularly municipal governments, is consistent with the findings of several research (Lenz, Sarens, & Hoos, 2017), which states that the existence of a consistently widening expectation gap between internal audit and its stakeholders cannot be ruled out. The Theory of Inspired Confidence supports

the significance of internal audit independence as a major quality characteristic of the function. An internal audit function must be able to earn trust from stakeholders in order to be viewed as impartial. This can be accomplished by demonstrating that the function is autonomous enough to carry out its engagements in an unbiased and impartial manner (Jachi & Yona, 2019).

Agency theory

In the accounting literature, agency theory is frequently used to explain and predict the appointment and performance of internal and external auditors. According to Adams (1994), agency theory is also a valuable theoretical framework for studying the internal auditing function. He claims that agency theory not only helps to explain and anticipate the presence of internal audit, but also how the organization assigns roles and responsibilities to internal auditors, and how the internal audit function is likely to be changed by organizational change. It concludes that agency theory provides a solid foundation for in-depth research that will help both academics and internal auditors.

The agency theory is a useful basis for understanding the need and varying nature of internal audit functions (Adams, 1994). The Internal audit function in an organization is meant to minimize agency costs (Sarens & De Beelde, 2006) and the agency theory serves as the framework to explain the existence and scope of internal audit functions (Goodwin-Stewart & Kent, 2006). However, this notion is contrary to findings by Carey, Subramaniam, and Ching., (2006), their research found that the presence of an internal audit function has little bearing on agency variables. Instead, they saw internal

audit's monitoring role as a replacement for, rather than a complement to, external audit. However, it can be proved that the study by Carey et al., (2006) was focused on a small family business, which can be a key limiting factor because the conclusions cannot be applied to huge public sector companies due to the variations in the scope of the study.

However, a number of empirical studies have used the agency theory to explain why some firms outsource internal audit services (Shbail & Turki, 2017), to debunk the myths about the moral risks that managers face in the workplace (Ocheni, 2015) to identify the many types of internal audit functions and how they interact with management (Van Gansberghe, 2005) and to demonstrate the link between internal audit function features and firm performance (Al-Matari et al., 2014).

Bello et al., (2017) study on investigating the relationship between internal audit quality and organizational performance of public universities in Nigeria, was consistent to agency theory and its proponents provided that qualified persons help to improve firm performance because they have a clear insight about how to deal with operation and achieve work with high quality, this is in line with Onumah et al., (2016).

Their findings supported the claim made by agency theory that internal auditors should be in charge of monitoring procedures in agency interactions. Since the agency theory is inadequate in the context of developing economies, several academics argue against its usage in internal audit literature (Shbail & Turki, 2017) and the principal cannot be clearly defined in the sense that the public may not have a single, shared interest, and demonstrating its relevance

in the context of public sector enterprises (Mihret, James, & Mula, 2010; Shbail & Turki, 2017).

However, understanding the place and purpose of an internal audit function within an organization's governance framework is greatly aided by a review of the theory. As a vehicle for promoting openness and accountability, the Agency theory supports the presence of an independent internal audit function. The agency theory's major goal is to explain how contracting parties create contracts to reduce the costs of problems like adverse selection and moral hazard. The existence of market and institutional systems, according to agency theory, can mitigate these issues (Trotman, 2014).

Institutional management theory

This theory was propounded by DiMaggio and Powell, (1983). Institutions, according to the notion, are social structures entrusted with resources in order to bring stability and significance to social life. As a result, companies must follow the norms and belief systems that govern their environment in order to exist and achieve their objectives. Institutional theory discusses how changes in organizational structures and procedures are molded by normative influences from both external and internal sources, such as laws and rules, or by the professions (Mihret et al., 2010). Its main purpose is to investigate organizational phenomena in complex social, political, and economic contexts. More importantly, they can provide light on the relationship between IA and the achievement of the firm's objectives by offering insight into IA practices as one component of organizational systems (Mihret et al., 2010).

Similarly, Arena and Azzone, (2007) The following external pressures have an impact on both persons and organizations: (a) rules and regulations (coercive isomorphism), (b) other organizations' choices (mimetic isomorphism), and (c) professional bodies' consultations (normative isomorphism). Several previous studies in internal audit have adopted an institutional theory (Al-Twaijry, Brierley, & Gwilliam, 2003; Arena, Arnaboldi, & Azzone, 2006; Mihret et al., 2010). Al-Twaijry et al., (2003) used the isomorphic approach to analyze internal audit in Saudi Arabia, and institutional theory was used to explain their results about internal audit establishments and the role of the government in fostering their development. Similarly, Arena et al., (2006) focused, on the coercive isomorphism, to investigate the development of internal audit in six Italian companies as a multiple case study. Their findings confirmed that the adoption and development of internal audit were impacted by the coercive, mimetic and normative pressures.

Moreover, Arena and Azzone, (2007) found that isomorphic pressures have a major impact on the companies' support of internal audits, according to a survey of 364 Italian enterprises. Mihret et al., (2010) claim that compliance with International Standards for the Professional Practice of Internal Auditing and organizational goal achievement have a positive relationship, and that this relationship might be used to assess internal audit quality. Based on the foregoing, it is obvious that the institutional theory is a legitimate theory for internal audit in both developed and developing countries, and that it is a good theory for explaining the link between some of the study's variables. As a

result, being involved in the development of this study conceptual framework is important.

Conceptual Review

Decentralization

Decentralization has long been a popular topic in development theory and practice (Klugman, 2013). In the 1950s and 1960s, when British and French colonial administrations were preparing colonies for independence by devolving responsibility for some programs to local authorities, the word gained use (Massoi and Norman, 2009). In the 1950s and 1960s, when British and French colonial administrations were preparing colonies for independence by devolving responsibility for some programs to local authorities, the word gained use (Robertson, 2002). Today, both developed and developing countries are pursuing decentralization policies.

Klugman (2013) believes that in the Western world, decentralization is considered as a way to provide more cost-effective public services. According to him, developing countries are seeking decentralization changes to tackle economic inefficiencies, macroeconomic instability, and poor governance. Decentralization is seen as a natural stage in the transition to a market economy and democracy in post-communist transition countries, whereas it is seen as a result of political pressure to democratize in Latin American countries (Klugman, 2013). Faguet, Fox, and Poeschl, (2014) according to the report, stated that, African countries see decentralization as a means of achieving national unity. Based on these various perspectives, it is clear that decentralization is a very broad concept that may be defined and implemented in a variety of ways depending on the circumstances.

Rondinelli, McCullough, and Johnson, (1989) defined decentralization as the transfer of planning, management, and resource raising and allocation responsibilities from the federal government and its agencies to local governments, government field units, semi-autonomous public authorities or corporations, and non-governmental private organizations. Political, administrative, legislative, fiscal, and market decentralization are all examples of decentralization. Political decentralization in Ghana took the form of the establishment of District Assemblies and sub-district structures such as urban, town, and area councils, as well as unit committees, which provided a platform at the local level for citizens to deliberate, legislate, and carry out actions necessary for the development of their areas (Forkuor & Wusu Adjei, 2016; King, Owusu, & Braimah, 2013).

Another type of decentralization is administrative decentralization, which involves the transfer of responsibility for the planning, financing, and management of certain government functions from the central government and its agencies to local governments, government field units, and subordinate units or levels of government (Rondinelli et al., 1989). Since 1988, decentralization has been applied in Ghana, and citizens have come to accept it as one of the means of assuring development and local participation in administration. In Ghana, decentralization aims to devolve central administrative authority to district levels, allowing the government to offer required services to the people (Opare, Egbenya, Kaba, and Baku, 2012).

Ahwoi believes that encouraging decentralization requires a strong central authority, and that local resource utilization in unitary systems works best when there is a strong center to coordinate local administrations.(Sharma,

2010). Decentralization has been implemented in Ghana to carry out operations that were formerly carried out by the central government, and communication is now handled by the District Chief Executive (Ministry of Local Government and Rural Development, 1994). District assemblies are the pivot around which decentralization revolves (Opare et al., 2012).

In Ghana, central government departments have been administratively decentralized to the district level to take over the responsibilities that these central government organizations previously handled. These include, among other things, health, education, agriculture, social welfare, and community development. De-concentration, delegation, and devolution are the three main types of administrative decentralization (Opare, Egbenya, and Kaba, 2009). While de-concentration is the redistribution of decision-making authority and financial management responsibilities among different levels of the central government, delegation is a broader form of decentralization in which the central government transfers responsibility for decision-making and administration of public functions to decentralized units that are not fully controlled by the central government but are ultimately accountable to it.

Devolution occurs when the government delegates service responsibilities to municipalities, who elect their own mayors and councils, raise their own resources, and have autonomous investment authority (Opare et al., 2009). Another type of decentralization which is the focus and backbone of this work is fiscal decentralization. It is a situation in which decisions about expenditures of revenues raised locally or transferred from the central government are done by the local authority (Opare et al., 2009). In many developing countries, local governments possess the legal authority to impose

taxes, but the tax base is so weak. Smoke (2001), found that, in most developing nations, allotted funds are almost never sufficient to meet local expenditure requirements, according to a report addressing major concerns about fiscal decentralization.

Economic or market decentralization is the most comprehensive kind of decentralization from the government's perspective because functions are shifted from the public to the private sector. The two basic approaches to market decentralization are privatization and deregulation. Privatization is defined as the complete transfer of responsibility for the supply of goods and services to the free market. When the government and the private sector combine to create services or infrastructure, public-private partnerships are formed. Private vendors can now compete for services that were formerly supplied by the government or controlled monopolies due to deregulation. (Opore et al., 2009).

All of these forms of decentralization can play a major role in increasing involvement in political, economic, and social activities in developing nations if the conditions are right. Decentralization, when done correctly, helps to ease decision-making bottlenecks that are frequently produced by central government planning and control of critical economic and social activities (Opore et al., 2012)

Decentralized local governance system

Before independence in 1957, Ghana was known as the Gold Coast. The colonial administration used an indirect rule system during that time, relying on native authorities to maintain law and order rather than involving natives in actual local government management (Gocking, 2005). Ahwoi

(2010) claims that local governments were undemocratic, corrupt, and inefficient at the time. Municipal Councils Ordinance of 1859, for example, was enacted to aid local government management in large coastal towns. Native people were elected to local councils in Accra, Cape Coast, Sekondi-Takoradi, and Kumasi for the first time on the Gold Coast. These councils were in charge of public health, security, and peacekeeping, as well as maintaining law and order (Ahwoi, 2010).

The CPP government implemented a centralized form of state administration shortly after Ghana gained independence in 1957. This was due to a variety of factors. To begin with, Nkrumah was a pro-socialist, and his political ideas influenced the implementation of policies that favored power centralization over decentralization. Due to worries of secession linked to Asante's agitations for federalism, the CPP government did not support local government administration. "Local governance was often weak and vulnerable to the centralization of power that was typical of the post-colonial state in Africa" even when the CPP government attempted to construct five regional autonomous assemblies in the early days after independence (Crawford, 2004).

The Siriboe, Mills Odoe, and Akufo Addo commissions were established to provide recommendations on local government administration after the CPP government was deposed in 1966. The Local Administration Act of 1971 (Act 357), which established a de-concentrated type of local administration, was created by the government of Busia in order to carry out the suggestions made by these commissions. Additionally, it reinstated traditional leaders as participants in Local Government Councils, enabling

them to participate in decision-making alongside two-thirds of elected members at the local level. Regional, District, and Local Councils have the authority to offer public services because they were established (Ahwoi, 2010). However, after the government was toppled in 1972, these reforms could not be maintained.

Act 357 was modified by the Local Administration (amended) Decree of 1974, which was enacted by the military National Redemption Council administration that succeeded Busia's administration (NRCD 258). Regional councils, municipal or district councils, area, urban, and local councils, as well as town/village development committees were all established as a result of the decree. These buildings are still standing today. Unfortunately, on June 4, 1979, the Armed Forces Revolutionary Council, commanded by Flight Lieutenant Jerry John Rawlings, overthrew the military regime that had implemented these reforms (AFRC).

After the Peoples' National Party (PNP) won the 1980 presidential elections, the military junta transferred control to the PNP, which established a civilian government led by Dr. Hilla Limman. The construction of regional administrative entities was made possible by the local government (amendment) Act of 1980 (Act 403), which was passed by the PNP administration in its 27th month in power. The regional administrations were responsible for development planning and coordinating plans and programs between district and regional levels (Ahwoi, 2010). To ensure a just and equitable distribution of public services, they were also in charge of developing and implementing regional development initiatives. However, the PNP government was toppled by Flt Lt. J. J. Rawlings in his second coup on

December 31, 1981, before the majority of the Act 403 provisions were put to the test. The current Local Government system in Ghana was inaugurated at this point.

Decentralization of local administration is defined as "local government" in Article 241/3 of the 1992 Constitution (Article 240/2). In accordance with Article 35, the state is required to "take suitable measures to guarantee administrative and financial decentralization and to allow citizens chances to participate in decision-making at every level in national life and governance." The constitution also creates the District Assemblies' Common Fund (DACF) and mandates that at least 5% of all government earnings be paid into it on a quarterly basis for use in district assembly capital works, which are currently at 7.5 percent.

Fiscal decentralization

Fiscal decentralization is viewed as a type of government in which local/subnational governments are given control over locally generated funds as well as functions and activities at the various levels of government (Smoke, 2001). In all decentralization processes, including Ghana's, the fundamental problem now is fiscal decentralization, which encompasses both internally and internationally generated sources of income. It has become highly crucial for subnational governments in their effort to attain their intended development goals and objectives at the local level (Dick-Sagoe, 2012). As cited in Ankamah (2012), the World Bank, USAID, the Asian Development Bank, and other top development organizations have come out in favor of fiscal decentralization, making it "part of a global reform agenda." As a result, it has

been crucial in helping emerging and transitional economies formulate their economic, development, and governance plans. (Bahl, 1999a).

Fiscal decentralization grants local governments the power to create, distribute, and employ financial resources. It describes a group of measures intended to boost the income or fiscal independence of local governments. According to Adu-Gyamfi (2014), fiscal decentralization refers to the distribution of financial resources and control over budgetary and financial choices to either decentralized officials, central government appointees, or elected officials. The fiscal dimension of decentralization has been portrayed variously as the fourth leg, key mover or driving factor of success of the broader program of decentralization. It is focused with dividing up the financial functions and responsibilities of the public sector between the central and local governments and transferring such roles, resources, and authority to the latter (Sharma, 2010).

For municipal governments around the world, fiscal decentralization offers benefits and drawbacks. Fiscal decentralization improves the efficacy, efficiency, and productivity of local government service delivery. Initiatives for local economic development are influenced by fiscal decentralization (Yamoah, 2007). However, the most significant challenges that Ghana faces at the local government level are a lack of human resources to manage the processes, taxpayers' lack of information or political power to pressure local policymakers to make resource-efficient decisions, and a lack of good public expenditure management systems to assist them in their tax and budget decisions. (Abdul-Rahim, 2013).

The traditional justification for decentralization is that local governments are more effective and responsive to citizen needs while also being held to a higher standard of accountability than national government structures. In addition, local governments become a necessary conduit for setting up an effective solution for equating benefits and costs for service delivery when viewed in terms of geography (Yamoah, 2007).

A total of 68 developing nations out of 75 at the time of the mid-1990s adopted fiscal decentralization, according to the World Bank. Therefore, the World Bank believes that fiscal decentralization and the desire for local autonomy and the devolution of authority are significant factors influencing governance and development in the current era of globalization (World Bank, 1997). In his analysis of some 58 countries in the early 1990s, Oates (1993) revealed a more amicable and advantageous relationship between fiscal decentralization and economic growth, and it supports a role for subnational governments, particularly in the building of infrastructure.

Internal auditing

Internal auditing was part of the decentralized unit from 1979 to 1989. Prior to the Controller & Accountant-General taking over this responsibility, the Auditor-General was legally responsible for providing an internal audit function for the Ministries, Departments, and Agencies (MDAs) and the Metropolitan, Municipal and District Assemblies (MMDAs) under the Financial Administration Decree, 1979, SMCD 221. Internal audit was mostly used at this point to monitor the actions of the accounting personnel that was seconded to MDAs and MMDAs (Ghartey, 2003).

Under the Audit Service, internal auditing was given its own division with staff solely focused on it. In order to provide management, stakeholders, and the general public with the assurance that these financial transactions had been carried out in compliance with existing rules, regulations, and procedures, pre-auditing was conducted on a regular basis (Asare, 2008). A slew of incidents involving members of the Audit Service who served as both internal and external auditors at the MMDAs in the middle of the 1980s that cost the state money highlighted the threat to quality and integrity (Gharthey, 2003).

The Institute of Internal Auditors (IIA), (2015) Internal audit is described as a free, unbiased assurance and consulting activity intended to enhance and better an organization's operations. The Ministries, Departments, and Agencies, as well as the Metropolitan, Municipal, and District Assemblies, are the focus of the Internal Audit Agency, which also aims to coordinate, facilitate, and offer quality assurance for internal audit activities inside these organizations (IAA Act, 2003). By implementing a methodical and disciplined strategy to assess and enhance the efficacy of risk management, control, and governance procedures, it aids a company in achieving its goals (Institute of Internal Auditors (IIA), 2012a).

According to Russell (2006), Internal auditors are in charge of conducting internal audits to ensure that goals and objectives are met. The vision and mission statements of an organization include its long-, medium-, and short-term goals. While the vision statement communicates the organization's objectives for the future, the mission statement conveys the organization's description and aims for the present (Reding, 2009). Internal

audit departments monitor compliance by looking at how well the rules and regulations are carried out. Operational internal audit aims to assess the capability to assess risks and ensure that the various business processes operate more effectively (Buduothere, 2016). To guarantee that the objectives of the assemblies are met and sustained success is achieved, the internal auditor must assess and enhance the efficacy of risk management, governance, and control (Reding, 2009).

Internal audit agency

As a central organization to coordinate, facilitate, monitor, and supervise internal audit activities within Ministries, Departments, and Agencies as well as Metropolitan, Municipal, and District Assemblies, the Internal Audit Agency (IAA) was established by an Act of Parliament as an independent, objective assurance and consulting agency. Through a methodical, disciplined strategy that helps to strengthen internal controls, manage risk, and governance procedures, it was created to offer value to local government operations and assist in achieving its goals. IAA employs internal auditors to carry out these internal auditing tasks (IAA Act, 2003, Act 658).

The development of the double entry system in the 15th century gave people interested in business a mechanism to manage their interactions with suppliers, clients, and staff (Treadway, 1987). According to the paper, kings or traders used internal auditors before the 15th century as well. At that time, internal auditors were in charge of uncovering and stopping theft, fraud, and other forms of irregularities. Measures including duty separation, independent checking, and interviewing were employed at the time to prevent abnormalities. Up until the twentieth century, when the industrial revolution

started to take root, control systems and auditing methods were copied from England to the United States. After the 20th century, businesses realized they needed to hire their own employees to analyze and check their financial transactions and test compliance with accounting controls rather than relying primarily on external auditors. (Treadway, 1987).

Governance and accountability have increased as a result of concerns about openness, honesty, and bettering the delivery of government services. Montondon, (1995) show that the internal audit function's reputation matters a lot because there are so many stakeholders for whom they are accountable. Additionally, a law known as the Foreign Corrupt Practice Act of 1977, passed by the US government in response to complaints of unethical corporate behavior in the 20th century, is credited with launching internal auditing. The Act's major goal was to prevent theft and bribery in public organizations by maintaining a sufficient internal control system and keeping accurate records.

A group of private sector organizations, 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, looked into fraudulent financial reporting as a result of business failures and fraud in the late 1980s (NAA). When the Treadway Commission delivered its final report in 1987, one of its principal recommendations was for businesses to maintain adequate internal control systems and to build efficient and impartial internal audit functions (Treadway, 1987).

Parliament passed the Internal Audit Agency Act, 2003 (Act 658), as cited in Ghartey (2003), to coordinate, facilitate, and provide quality assurance for internal audit activities inside MDAs and MMDAs, it formed the Internal Audit Agency as a supervisory agency. Each internal audit unit must submit an annual report to the agency via the Regional Coordinating Council. The agency is an autonomous entity that appoints internal audit personnel for the Ministries, Departments and Agencies (MDAs) and the Metropolitan, Municipal and District Assemblies (MMDAs). The goal to ensure the judicious use of public finances served as the primary impetus for the public sector reforms that governments in many developing nations started in the past ten years. Internal auditing in the public sector, in particular, is beneficial for controlling public spending, maintaining financial accountability, and enhancing the governance structures of public institutions (Abbey, 2010).

Internal audit units serve as important sections of public institutions liable to the management of these organizations. To ensure professionalism and quality assurance for internal audit practice inside MDAs and MMDAs, the Agency was established with supervision authority. According to the Internal Audit Agency Act of 2003 (Act 568), the agency is responsible for establishing standards and procedures for internal audit activities in MDAs and MMDAs. It also makes sure that financial, managerial, and operating information reported both internally and externally is accurate, reliable, and timely, and that MDAs and MMDAs' financial activities comply with applicable laws, policies, plans, standards, and procedures.

The agency is responsible for promoting economy, efficiency, and effectiveness in the management of government programs and operations. It also prepares plans for the development and maintenance of an effective internal audit for MDAs and MMDAs, as well as for monitoring, conducting inspections, and evaluating that internal auditing.

Through a board that the President appoints after consulting with the Council of State, the Agency reports to the President. The qualifications for the position are based on knowledge, experience, and expertise in areas related to the Agency's duties. The chairperson, the minister in charge of finances or a representative, the minister in charge of local government and rural development or a representative, and the chairperson of the Public Service Commission or representative; the Director General of the Agency; two other members from the private sector; and two professional accountants each with not less than ten years' experience in the profession nominated by the Council of the Institute of Chartered Accountants (Ghana) make up the board. (Abbey, 2010).

Role of audit committee

Any institution, body, or organization that is subject to auditing by the Auditor-General is required by Section 30 of the Audit Service Act, 2000 (Act 584) to create an Audit Report Implementation Committee (ARIC), which is made up of members of the Governing Board or Council of that institution, body, or organization where such Council or Board is required by law, a Ministerial Committee for Ministries, Departments, and Agencies of the Central Government, or a Special Committee of the Auditor-General. The Audit Report Implementation Committee is responsible for making sure that

the head of an institution, body, or organization being audited by the Auditor General pursues the implementation of issues in all audit reports, as well as the Auditor-reports General's endorsed by Parliament and financial matters raised in the reports of internal monitoring units in the institution, body, or organization, and annually prepares a statement showing the status of implementation.

The Public Financial Management (PFM) Act, 2016, (Act, 921) changed the name of ARIC to Audit Committee (AC), allowing independent members from professional organizations like the Institute of Chartered Accountants, Ghana and the Internal Audit Agency who do not work for the covered entity to participate. An Audit Committee shall be created to service a specific covered company or any other covered entities in a sector, according to Section 86 of the PFM Act, 2016, (Act, 921). The number of Audit Committees to be established in each sector, the requirements for nomination to an Audit Committee, the funding of Audit Committees, and the format for Audit Committee meetings must all be specified for this purpose by Regulations issued by the Minister.

According to Section 87 of the PFM Act, an Audit Committee must include five members, the majority of whom must be independent members. The majority of the members of the Audit Committee will be chosen by the Internal Audit Agency and the Institute of Chartered Accountants in Ghana from among individuals who do not work for the covered entity to which the Audit Committee is related. The Principal Account Holder will nominate two additional members. An audit committee's chairperson must be chosen from among the committee's independent members.

The Principal Account Holder shall appoint the chairperson and members of the Audit Committee, which may co-opt senior management individuals to serve in the fulfillment of its duties under this Act.

An audit committee is an independent committee which comprises experts from various fields in the organization (Goodwin & Yeo, 2001). It contributes significantly to the advancement of sound corporate governance.

The audit committee is one of the essential stakeholders in ensuring that resources are protected and used effectively and efficiently in attaining an organizational goal as part of the corporate governance system. One of the benefits of having an audit committee in a company is that it safeguards the independence of internal auditors. Bishop, Hermanson, Lapidés, and Rittenberg (2000), contend that effective corporate governance includes cooperation between the audit committee and internal auditors. Internal auditors and the audit committee have a critical working connection that benefits both parties by mutually enhancing their respective roles (Goodwin & Yeo, 2001).

By safeguarding their independence and ensuring that management implements audit recommendations, the audit committee can strengthen the internal audit function. On the other side, internal auditors can be valuable resources for the audit committee as it works to fulfill its obligations (Turley & Zaman, 2004). The assertion of Turley & Zaman (2004) is in line with Bishop et al., (2000) who assert that internal audit is a useful resource that can give the audit committee the data they need to fulfill their governance responsibility.

Empirical Review

Internal audit quality

An independent quality audit supports confidence in the veracity and integrity of financial statements, which is necessary for well-functioning markets and improved financial performance, and plays a significant role in sustaining an efficient market environment (Farouk, 2014). External audits that follow high-quality auditing standards can assist reporting organizations implement accounting standards and ensure that their financial statements are reliable, transparent, and useful. Audits can help companies enhance their corporate governance, risk management, and internal control, resulting in better financial results (Institute of Internal Auditors (IIA), 2012a).

The Institute of Internal Auditors (IIA) (2012), Internal audit quality measurement covers competence, objectivity, independence, and integrity, as well as job accomplished, according to the report. These are crucial variables in an organization's governance, control, and risk management. However, training and development, as well as management support for internal audit, are critical aspects of the quality function of internal audit. "Internal audit quality is the most critical part of effective internal audit process for effective organizational performance" (Institute of Internal Auditors (IIA), 2012b). Internal audit quality characterized by competency and independence and its ability to produce accurate reports and other findings and recommendations on time for decision makers is crucial in achieving organizational performance (Enofe, Mgbame, Osa-Erhabor, & Ehiorobo, 2013).

Power, (1997) claimed that, according to the internal auditing idea, the competence, independence, and ethical standards of auditors can affect the quality of the audit. For an internal auditor to be able to carry out the audit duty effectively, independence and competence are critical qualities that they must possess. A quality audit is one that the auditee may use to make changes (Alzeban & Gwilliam, 2014). According to Institute of Internal Auditors (IIA) (2008), information, expertise, and other competencies is a collective word used to describe the professional competency needed by internal auditors to fulfill their professional obligations.

Internal auditors would be able to organize their audit job appropriately, perform it, and communicate the findings and suggestions to the appropriate individuals on a timely basis if they had the necessary knowledge, skills, and other competences. The scope of service, audit planning, field work, quality assessment, and audit communication are all part of the internal audit process. Internal auditors must have the necessary knowledge, skills, and other abilities to carry out their duties. Soh and Martinov-Bennie (2011), (as cited in Usang & Salim, 2016), stated that, the internal audit function is seen as a value-adding function to an organization because of its role in governance, control and risk management.

Internal audit functions are known for assisting organizations in managing risks, improving control risks, reducing monitoring costs, minimizing earnings management, reducing fraud risks, reducing opportunistic behaviors, and performing non-financial operations (Prawitt, Smith, & Wood, 2009). In the public sector, the quality of internal audit ensures strong governance and accountability. Internal audit, when carried out

under the correct conditions and with the backing of a committed top management, can assist local governments in achieving goals that have a positive influence on the lives of citizens (Usang & Salim, 2016b). The internal audit quality includes competence, independence, quality of work, training and development and management support for internal audit. These quality dimensions include specific characteristics the external auditor seeks in placing reliance on the work of an internal auditor, however, IIA, (2012) measures internal audit quality as competence, objectivity, independence and integrity and work performance.

Zeyn (2018), used 36 inspectorates in a survey to examine the impact of internal audit quality on financial responsibility at the local level of government. The author found out that there is great influence of internal audit quality of the government towards the financial accountability quality of local government, but, Usang and Salim (2016a) stated that internal audit quality can be improved by providing an enabling environment for increased competence, quality of work, career and development opportunities, independence, and management support, all of which can help minimize the negative effects of political interference in local government. As a value-added function, internal audit quality is a valuable tool for addressing the problem. On this note, this study based on ISA 610 as a measure of internal audit quality.

Determinants of internal audit quality

The determinants of internal audit quality were reviewed as follows;

Competence of internal audit staff

Staff competence is clearly identified in the professional literature as a key element in effective audit activity (Institute of Internal Auditors (IIA), 2006). Internal auditors must have the knowledge, skills, and other competencies required to perform their tasks and obligations, according to standards-setters, who have repeatedly emphasized this point (ISPPIA). Furthermore, Soh and Martinov-Bennie, (2011) stated that auditor competency obtained from experience and knowledge plays an important role in increasing audit quality. This is in line with Musah, Gapketor, and Anokye (2019), stating that competency is related to adequate education and experience owned by public accountant in the field of auditing and accounting and that competence affects the quality of work of internal auditors.

Competence is more closely correlated with the public accountants' level of training and experience in the field of auditing and accounting (Baharud-din, Shokiyah, & Ibrahim, 2014). The International Standards for Professional Practice of Internal Auditing (ISPPIA) emphasizes the need of an internal audit team with the requisite knowledge, skills, and other competences to carry out their duties. To be able to offer value and improve the organization's operations, public internal auditors must have the relevant education, professional qualifications, experience, and training.

The internal auditors must gain sufficient technical training which encompasses technical aspects and general education (Rodrigues, 2012). In order to mature and gain competence, the auditor must first gain some

professional experience through adequate supervision and review of work by a superior. Competence is a useful talent that is mostly utilized to conduct objective audits (Badara & Saidin, 2013). Internal auditor competency has an impact on how well internal audit functions are carried out. Internal auditors with the necessary expertise, specific knowledge, and auditing power will effectively fulfill internal audit functions, resulting in internal audit quality. Internal audit duties in the public sector are effectively executed when internal audit professionals are appropriate and competent (Unegbu & Kida, 2011).

Studies by Asiedu and Deffor, (2017) and Onumah and Krah, (2012) revealed that internal auditors' lack of competence is an impediment to the effectiveness of IA in a number of African countries, lowering its quality. Internal audit department staffing and personnel management are usually the catalysts for the internal audit department's effective operation.(DeZoort & Salterio, 2001). Mismanagement, abuse, and blunders caused by a weak internal audit department can have a negative impact on other controls. Internal auditing quality is inextricably linked to the size of the internal audit staff and the level of competence of internal audit.

Competent internal auditors not only prepare high-quality audit reports, but also communicate them effectively so that their recommendations are understood and implemented. For qualified internal auditors to disseminate internal audit reports, interpersonal skills, speaking skills, written skills, and listening skills are all required (DeZoort & Salterio, 2001). Hence, the quality of output of internal auditors affects organizational processes and how the function is perceived within MMDAs.

Independence of internal audit staff

The International Professional Practice Framework defines internal audit independence as “freedom from circumstances that could jeopardize internal auditors’ capacity to impartially execute their mandate or as a condition whereby threats to auditors’ objectivity is sufficiently avoided”. This characteristic enables the audit to proceed without interference from the entity being audited. Organizational independence, when combined with objectivity, helps to the correctness of the auditors' work and the capacity to rely on reported results. Internal auditor independence is achieved by the organization's status and objectivity (Rainsbury, Bradbury, & Cahan, 2009). Independence of internal auditor is mostly achieved when they are appointed by the Board of Directors and not the management of the organization. The independence of internal audit includes the independence of the auditing program, the independence of the auditing process and the independence in the reportage (Rainsbury et al., 2009).

Internal auditors should be able to access any document related to a specific audit work without fear of reprisal. Management that engages in unethical behavior frequently becomes preoccupied and interferes with audit reviews, limiting the scope of the audit, retaining important information, and, in some cases, the audit conclusions. Prevent management interference in internal audit procedures in businesses when the head of the internal audit unit or department holds a sufficiently powerful position (Van Gansberghe, 2005).

According to the Institute of Internal Auditors (IIA)., (2015), access to the asset register, confirmation of the asset's existence, employee and payroll information, records, and any other requirements for their work must be

granted to internal auditors without restriction. When internal auditors are given the latitude to examine all the assets and records, they are considered independent. When gathering information and conducting investigations, internal auditors must not be constrained by management, and they must be free from any personal interests that might interfere with the audit's verification. (Sarwoko & Agoes, 2014).

Internal audit results are independently reported thanks to the independence of internal auditors. Internal audit quality is encouraged in firms where internal auditors are not subject to any reporting-related pressure (Sarwoko & Agoes, 2014). According to Institute of Internal Auditors (IIA), (2006), the internal auditor is in a unique position in that management employs them, but they also expect them to review their actions. This can lead to significant conflict because the internal auditor needs to be independent of management in order to evaluate management's actions objectively, but their employment relationship with management is very obvious. According to internal auditing standards, independence is the absence of circumstances that can compromise an internal auditor's ability to perform their duties impartially. To maintain their independence, internal auditors are not required to actively engage in the organization's daily management activities. Risk management should be their top priority (Institute of Internal Auditors (IIA), 2008).

Drent (2002) also internal auditors are treated as workers by many executives and managers, according to the research, and reporting to the audit committee is merely a formality to meet corporate governance norms. Some managers force internal auditors to perform management duties because they

believe internal auditors are supposed to work for them. The loss of independence of the internal audit function poses a risk in this area. Van Gansberghe, (2005) articulated the challenge by arguing that the internal audit department must give value to management operations while also not becoming its servant and reporting on the status to the board or other analogous governing body on a regular basis.

The ability of management to influence the internal audit function's budget has a negative impact on the internal audit function's independence. Furthermore, when senior management becomes overly involved in influencing internal audit planning, the internal audit function's independence may be jeopardized (Christopher, Sarens, & Leung, 2009). Internal auditors who engage in management practices are more likely to have impaired audit independence in their quest to achieve internal audit quality.

Work performed by internal audit staff

Quality of audit work is the degree or extent of excellent of audit work. Glazer and Jaenike (1980), argued that performing auditing work according to internal auditing standards contributes significantly to the effectiveness of auditing. Ridley & D'silva (1997), found in the UK that complying with professional standards is the most important contributor to IA's added value. Standards for audits and audit - related services are published by the IIA and includes attributes, performance and implementation standards. In general, formal auditing standards recognize that internal auditors also provide services regarding information other than financial reports. They require auditors to carry out their role objectively and in compliance with accepted criteria for professional practice, such that internal audit activity will evaluate and

contribute to the improvement of risk management, control and governance using a systematic and disciplined approach.

This is important not only for compliance with legal requirements, but because the scope of an auditor's duties could involve the evaluation of areas in which a high level of judgement is involved and audit reports may have a direct impact on the decisions or the course of action adopted by management (Bou-Raad, 2000). It can thus be argued that greater quality of IA work is understood in terms of compliance with formal standards, as well as a high level of efficiency in the audit's planning, execution of audit work and effectively performing its functions to improve audit quality.

Management support for internal audit staff

High level managers in a company provide wise approval, encouragement, and assistance to their staff or subordinates so that they can carry out their responsibilities successfully. This is known as managerial support. Organizational transformation mostly depends on the support and dedication of management (Fernandez & Rainey, 2006). Within an organization, managers are responsible for task monitoring and resource allocation. The allocation of financial resources to the performance of internal audit work as well as encouraging them as they carry out their duties are examples of support for internal audit. The self-sufficiency and objectivity of the internal auditor are heavily influenced by the connection between the internal audit personnel and the organization's management (Institute of Internal Auditors (IIA), 2015).

Internal audit is of high quality in firms where management makes sure that the department has the resources needed to carry out its responsibilities. Internal audit functions are successful in semi-autonomous businesses if authorities are committed to the process and ensure that the internal auditors are treated with respect and have enough assistance (Mihret & Yismaw, 2007). To stop corruption and waste in the public sector, it is crucial to have an internal audit function that is well-supported in terms of governance, budget allocation, and resources, including qualified employees (Belay, 2007).

Managerial assistance is achieved through assisting internal audit functions by providing cash, resources, transportation, training, equipment, and budgeting. The response to audit findings and management's commitment to enhancing the internal audit unit's vitality are included in the management support component, which has an impact on the department's effectiveness and efficiency (Cohen & Sayag, 2010).

They continued by saying that managerial support can be observed in processes like hiring internal audit personnel and advancing such personnel's careers. Another crucial element that influences how much the internal audit unit can aid a company in achieving its goals is management support. Effective internal auditing requires the commitment and backing of top management. By highlighting the importance of independent and objective internal auditing in identifying opportunities to enhance performance quality and by putting internal audit unit recommendations into practice, management may show that it supports internal audit.

The chief executives and other high government officials should demonstrate a strong commitment to enhancing the caliber of internal audit in the case of metropolitan, municipal, and district assemblies. In order to ensure that the auditors are regarded with respect, the internal audit unit needs support from the entire assembly. It is crucial that the assembly understands the function of internal audit and its authority. Internal audit is largely only as helpful as management permits it to be. If management does not act because of political considerations after receiving reports from internal audit that are critical of a certain segment of the assembly, this will only serve to undermine the role of internal audit and decrease its effectiveness (Gray & Manson, 2000).

In line with Mihret and Yismaw (2007), Internal auditors' attitudes regarding enhancing audit quality and their commitment to pursuing careers as internal auditors are significantly impacted by management's inability to execute internal audit recommendations. This is also in line with the thinking of Van Gansberghe (2005), who submits that the implementation of audit recommendation is important in enhancing internal audit quality. Mihret and Yismaw (2007) additionally added that without management's commitment to implementing the audit findings and recommendations, they would be of little use. The results of these studies suggest that if people do not understand how their work contributes to the overall achievement of the organizations' goals, they will not find the internal audit profession to be appealing to them. Even those who accept internal audit appointments may not carry out their duties with the utmost professionalism.

Adams (1994) used agency theory to explain why maintaining a robust internal audit department is in management's best interest. Although there is some ongoing communication between internal auditors and management, top management shouldn't be in charge of internal auditors, and there shouldn't be any management interference to influence the audit outcomes. The internal audit unit should make all decisions on the mandate, scope, technique, and outcomes without consulting top management. In order to implement internal audit findings and recommendations, top management provides cash, staffing, training, and development (Cohen & Sayag, 2010; Mihret & Yismaw, 2007).

Stakeholder perceptions of internal audit staff

Perception is our physical understanding of the environment around us, and it includes both thankfulness for ecological motivations and behaviors in response to them. We get evidence about belongings and components of the environment that are necessary to our life through the perceptual process. Perception not only informs our awareness of the world around us, but it also motivates us to take action in our environment. Touch, sight, sound, smell, and taste are the five senses that make up perception. It also includes a collection of senses, such as the ability to detect changes in body positions and movements, as well as the reasoning procedures needed to interpret information, such as recognizing an associate's face or smelling a familiar scent (Arulalan & Anojan, 2014).

What this definition has clearly demonstrated is that the amount of information available to an individual and their ability to appropriately analyze that information influence the views they have about another person. To put it another way, an individual may receive the same set of facts as others on a

given condition, but they may come to different conclusions due to variances in their capacity to understand the data (Arulalan & Anojan, 2014).

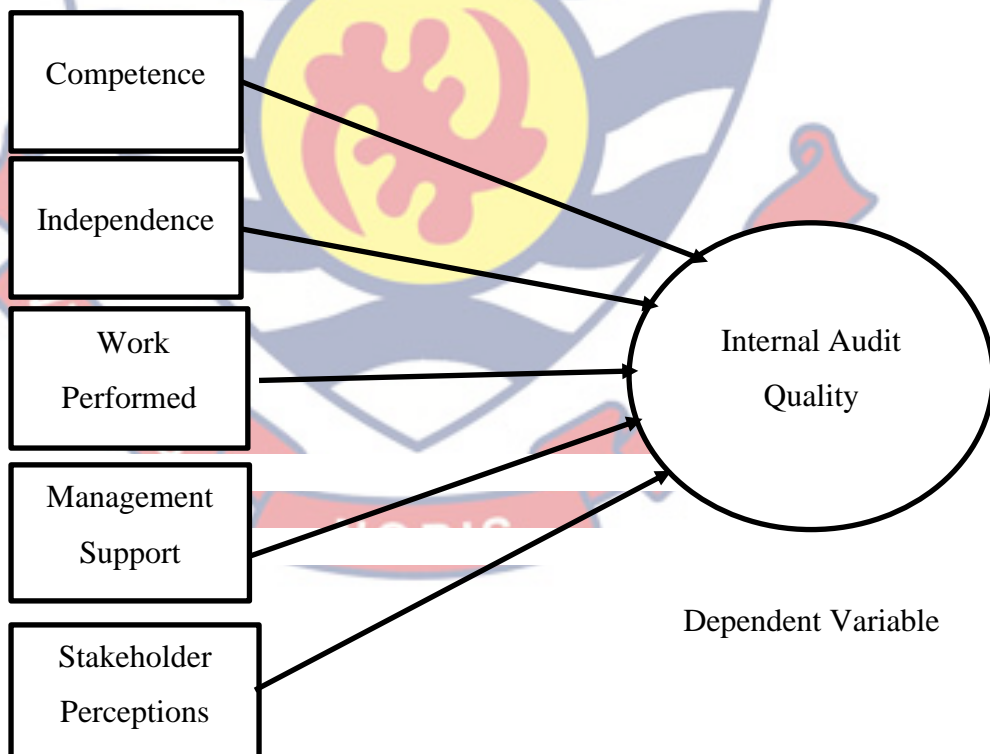
Internal audit is viewed as a method of inspecting compliance with no need to provide assurance on the information stream, analytical tools, data clarification, or the impact of market procedures on the company model. Internal audit's ability to be considered as part of the solution is limited in some ways because it was not perceived as part of the problem (Chambers & Odar, 2015).

As they discover negative discoveries in their valuation and assessments of internal controls, internal auditors' appearance may be reverting to that of "police." The internal audit function must address this major reputation issue. Internal auditors must recognize when this occurs and take steps to mitigate or eliminate unfavorable impressions if they are to be effective in their assurance and consulting work, relationships with key stakeholders, and support for organizational success. Ignoring such impressions may cause the IAF's assurance and consulting efforts, as well as its interactions with stakeholders, to suffer. (Coderre, 2005).

In such a short period of time, so many different perspectives and misconceptions concerning internal auditing have emerged. Because this profession has only been established for a few hundred years, the fact that misperceptions still exist may indicate that each internal audit function should assess how they are seen inside their own firms. Is it possible that the internal audit function contributes to these misunderstandings? Or do they promote their profession by raising awareness of how it has evolved? (Chambers, 2014).

Conceptual Framework

Conceptual framework is a scheme of variables which the study operationalizes in order to achieve the set objectives. A variable is measured based on different characteristics to determine their effect on the dependent variable (Dahir, 2016). According to Mugenda and Mugenda (2003), “independent variables cause changes in the values of dependent variable, the dependent variable is expected to be influenced by the independent variables”. The independent variables in the study are competence of internal auditors, independence of internal auditors, nature of management support for internal auditors, nature of work performed by internal auditors and stakeholder perceptions of internal auditors and how they affect internal audit quality of local governments in central region.



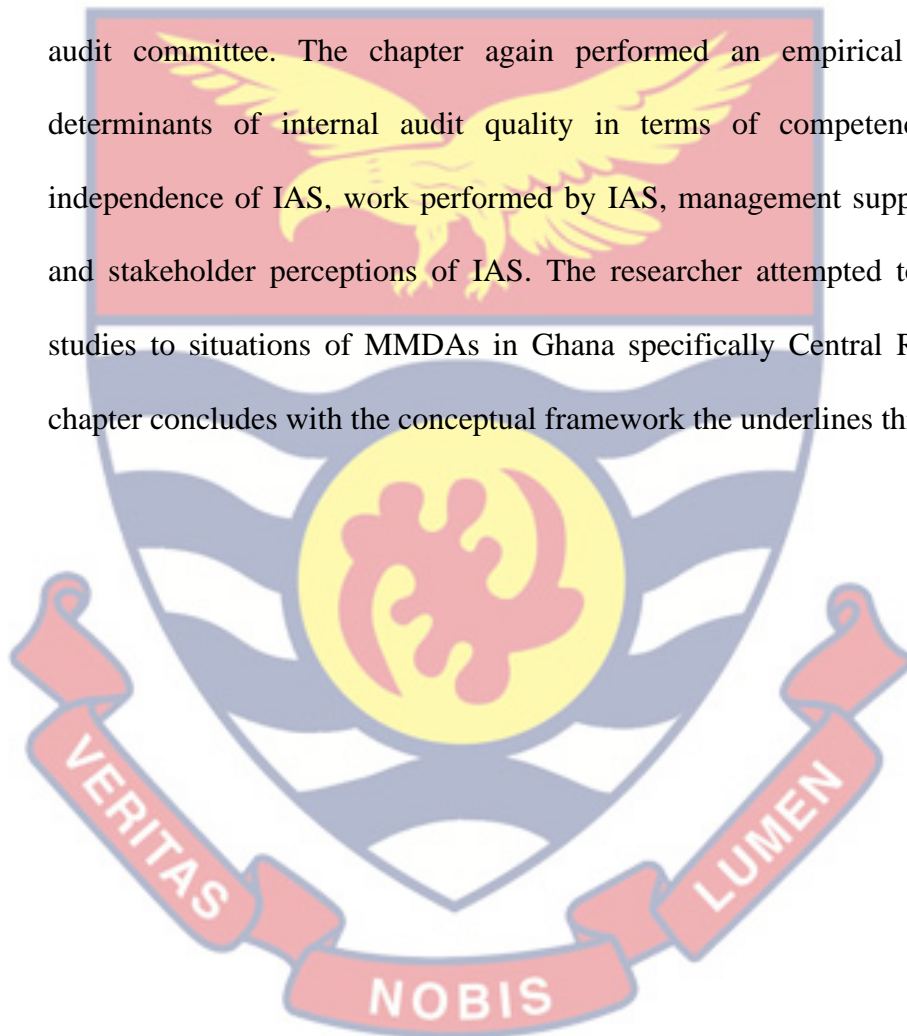
Independent Variables

Figure 1: Conceptual Framework of the Study

Source: Author's Construct (2020)

Chapter Summary

This chapter reviewed various literature on the various theories that was used to support this study and it included theory of inspired confidence, agency theory and institutional management theory, linking the theories to the work of internal audit and its quality. The chapter performed conceptual review on local governance system, decentralization, internal auditing and audit committee. The chapter again performed an empirical review of determinants of internal audit quality in terms of competence of IAS, independence of IAS, work performed by IAS, management support for IAS and stakeholder perceptions of IAS. The researcher attempted to relate the studies to situations of MMDAs in Ghana specifically Central Region. The chapter concludes with the conceptual framework the underlines this research.



CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter presents the methods used to establish the determinants of internal audit quality in MMDAs in the Central Region of Ghana. Areas covered in this section include: research design, study area, population, sampling procedures, data collection instruments, data collection procedures and data process and analysis.

Research Design

This study adopted quantitative research approach which makes use of positive claims to establish relationship between two or more variables (Creswell, 2003). Creswell further explained that quantitative research approach helps to confirm or reject claims made about certain phenomenon through theories or hypothesis. Hence, with this approach, the study can establish whether competence of internal audit staff, independence of internal audit staff, nature of work performed, nature of management support and stakeholder perceptions of internal audit staff has any effect on internal audit quality in MMDAs in the Central Region of Ghana. Also, scientific studies have a feature of testing theories or hypothesis (Grix, 2004), hence, the use of quantitative research approach makes this study scientific.

Agyedu, Donkor, and Obeng, n.d. stated that, studies have constraints which include time and financial constraints therefore most studies rely on sample instead of population. This study will make use of all internal auditors as well as management and other stakeholders in MMDAs in the Central Region of Ghana but the outcome will be generalized to the entire MMDAs in

Ghana and this can be done through quantitative research approach. The design for the study was explanatory design. Kamolson (2007) defined explanatory design as a type of design that seeks to establish cause and effect of a certain phenomenon. In this study, the phenomenon under consideration was determinants of internal audit quality in MMDAs in Central Region, hence, through explanatory design, the effect was analyzed using Statistical Product and Service Solution (SPSS).

Study Area

The Central Region is one of the sixteen (16) regions in the Republic of Ghana with Cape Coast as its administrative capital. Historically, Central Region was part of the Western Region until 1970 when it was carved out just before the 1970 Population Census. It occupies an area of 9,826 square kilometers or 4.1 per cent of Ghana's land area, making it the third smallest in area after Greater Accra and Upper East. It shares common boundaries with Western Region on the West, Ashanti and Eastern Regions on the North and Greater Accra Region on the East. On the South is the 168-kilometre length Atlantic Ocean (Gulf of Guinea) coastline.

The region was the first area in the country to make contact with the Europeans. Its capital, Cape Coast, was also the capital of the Gold Coast until 1877, when the capital was moved to Accra. It was in the castle of Cape Coast that the historic Bond of 1844 was signed between the British and the Fantes Confederation. The population of the region is estimated at 2,201,863, with sex ratio of 90 males per 100 females and an annual growth rate of 2.7%. The population density is about 214 persons per sq km. This makes the region the

second most densely populated after Greater Accra Region (Ghana Statistical Service (GSS), 2013).

Population

The population for the study was all internal audit staff as well as management and other stakeholders in MMDAs in Central Region of Ghana. There are 22 MMDAs comprising of one Metropolitan, seven Municipals and fourteen District Assemblies in Central Region. The population of this study is made up of Internal Auditors, Coordinating Directors, Chief Executives, Budget Officers and Account Officers. The researcher used stratified random sampling hence one metropolitan, four municipals and six district assemblies were included in the study. An estimated 306 target accessible population with 120 internal auditors, 22 chief executives, 44 coordinating directors, 60 budget officers and 60 account officers. The sampling frame was compiled by the researcher during the preliminary stage of this study.

Sampling Technique

Sampling is inevitable in scientific studies. According to Agyedu et al., n.d., it is difficult for a study to include all the units within a population because of time and financial resource constraints. In view of this, stratified random sampling was used to gather primary data for this study. The researcher was able to gather data from one metropolitan, four municipals and six district assemblies in the Central Region of Ghana. Data was collected from one hundred and sixteen respondents which comprise of sixty-four internal audit staff and fifty-two management and other stakeholders. A minimum sample size of 173 was determined based on the formula provided by Slovin, (1973).

The internal audit staff perform the internal audit activity hence; they have in-depth knowledge about internal audit and its quality within the MMDAs in Central Region. Also, with their activities affecting management and other stakeholders, a second opinion from them enabled us get a better view and understanding of the research studied. Table 1 indicates the actual number of respondents used for the study.

Table 1: Status of Assembly of Respondents

Variable	Category	Frequency	Percentage
Internal audit Staff	Metropolitan	12	10.3
	Municipal	15	12.9
	District	37	31.9
Management and other stakeholders	Metropolitan	5	4.3
	Municipal	13	11.2
	District	34	29.3
Total		116	100

Source: Field Survey (2020)

Data Collection Instrument

The study relied on primary data and questionnaire was used to collect data from internal audit staff and management and other stakeholders including Chief Executives, Coordinating Directors, Account Officers and Budget Officers of MMDAs in the Central Region of Ghana. The study on Determinants of Internal Audit Quality in MMDAs in Central Region used structured questionnaire because it is most appropriate and helps collect data at the lowest administration cost (Bryman, 2004). Bryman further stated that structured questionnaire helps to gather more accurate data which helps quantitative analysis.

The questionnaire was developed into seven sections. Section I focused on socio-demographic characteristics of respondents, section II focused on competence of internal audit staff, section III covered independence of internal audit staff, section IV was on work performed by internal audit staff, section V on nature of management support for internal audit staff, section VI on stakeholder perceptions of internal audit staff and section VII on internal audit quality. These variables were measured using items derived from previous studies. Items measuring competence, independence, work performed, management support, stakeholder perceptions and internal audit quality was adapted (Cohen & Sayag, 2010; Chambers, 2014; Usang & Salim, 2016a).

The study used five-point Likert scale for all questions contained in the questionnaire, except for the questions under section I: socio-demographic characteristics of respondents. The five-point Likert scale ranges from strongly disagree (1) to strongly agree (5) and poor (1) to excellent (5). Five-point Likert scale reduces frustration level of respondents and increases response rate and response quality (Dellai & Omri, 2016).

Data Collection Procedures

An introductory letter was obtained from the Department of Accounting while permission was sought from the management and heads of internal audit units at MMDAs in Central Region. The data collection was done between November and December 2020. The researcher administered the questionnaires at the selected MMDAs in Central Region. The questionnaires were administered and taken the same day to reduce the tendency of none response or misplacement of the questionnaires by respondents. In all 173 questionnaires were self-administered via the drop and pick method, however,

116 questionnaires were retrieved for the compilation of the datafile that was used for the data processing and data analysis as demanded by the nature of the formulated specific research objectives. Therefore, a return rate of 67.05% was recorded for the study.

Data Processing and Analysis

The data collected was edited and coded using the Statistical Package for Service Solution (SPSS) version 22.0. The study further used SPSS for the factor reliability test (Average Variance Extracted), validity test, Kaiser-Mayer-Okin (KMO) and Bartlett's test for sphericity. The analysis in the study was grouped into two as descriptive analysis and regression analysis. The descriptive analysis made use of tables where mean and standard deviation were reported. The Likert-scale questions were analyzed using descriptive statistics and multiple regression analysis.

Owing to the predictive orientation of the specific research objectives, multiple regression configurations were carried out to examine how changes in the constructs otherwise predictors on changes in internal audit quality. Thus, all the formulated objectives were measured with multiple regression technique. Data transformation exercise was carried out for the constructs after tests of validity and reliability had been conducted and the results validated. Preliminary analyses were conducted to test the various assumptions that underline the conduct of multiple regression as a parametric data analytical technique. These strategies made it possible for holistic approach to evaluating the formulated specific research objectives. The findings were presented in Tables for easy understanding and reading.

Chapter Summary

The chapter looked at the methods used in investigating the problem statement. This included the research design, study area, population, sampling technique, data collection instrument, data collection procedures and data processing and analysis. The next chapter will be interpretation of results and discussion.



CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter presents the discussion of the results of the study in relation to the specific objectives. The demographic characteristics of the respondents were analyzed using frequency distribution table. Regression analysis was used to test the hypotheses. Also, a regression equation was built to test the hypotheses and in order to assess whether a particular hypothesis is supported or not, the sign of the beta coefficient (β) was taken into account.

Demographic Characteristics

The demographic characteristics considered in the study are sex, position, highest educational qualification, area of discipline, professional qualification, work experience and number of years worked at the assembly. The responses on demographic characteristics are summarized in Tables 2 and 3.

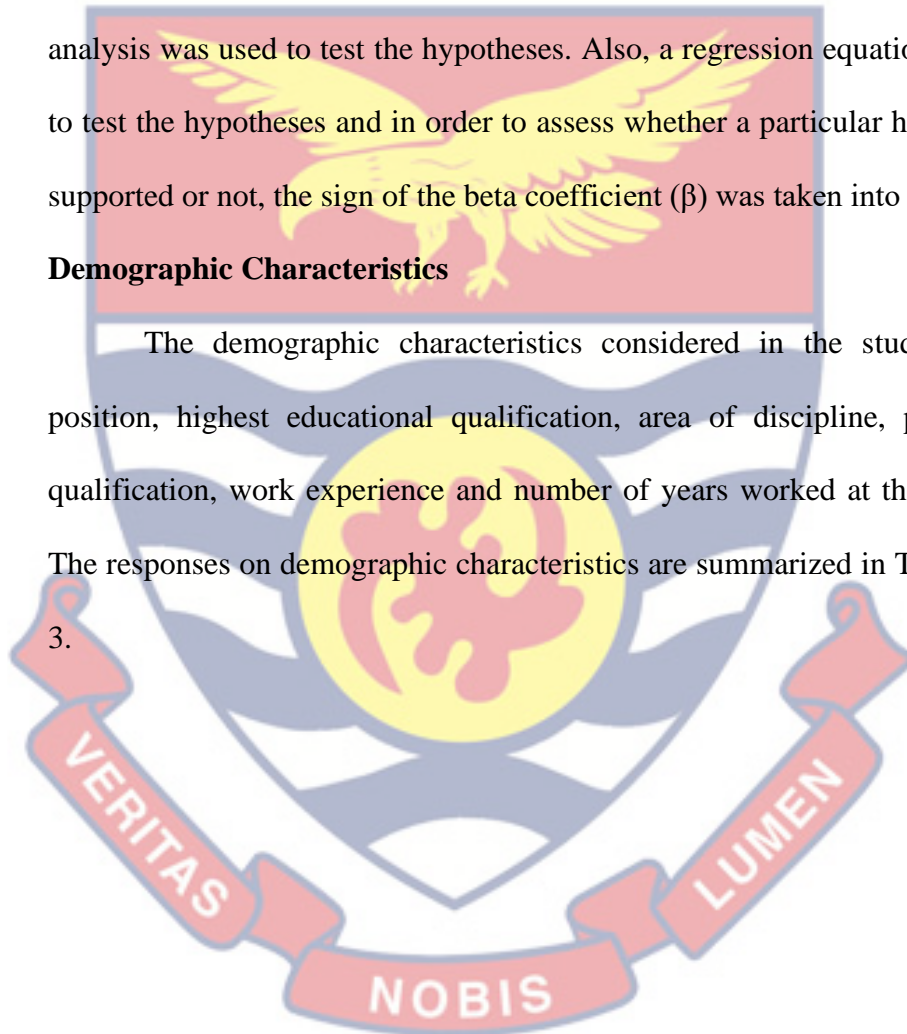


Table 2: Demographic Characteristics of Internal Audit Staff

Variable	Category	Frequency	Percentage
Sex	Male	34	53.1
	Female	30	46.9
Rank/Position	AIAT	11	17.2
	AIA	20	31.3
	IA	10	15.6
	SA	6	9.4
	PA	16	25.0
	DIA	1	1.6
	Highest	HND	22
Educational Qualification	Bachelor's Degree	26	40.6
	Master's degree	13	20.3
	Other	3	4.7
Subject /Discipline	Accounting	30	46.9
	Finance	19	29.7
	Statistics	10	15.6
	Marketing	5	7.8
Professional Qualification	Chartered Accountant	6	9.4
	Certified Internal Auditor	9	14.1
	None	49	76.5
Working Experience	1-5years	24	37.5
	6-10years	37	57.8
	11-15years	3	4.7
Years worked at assembly	1-5years	60	93.8
	6-10years	4	6.2

Source: Field Survey (2020)

N=64

The demographic statistics shows that both male staff and female staff are fairly represented in the study hence avoiding the threat of gender bias in the context of this very study. The primary data were also collected from the various staff with different positions in the hierarchy of the structure of the

various MMDAs that were surveyed although most of the staff were AIAs, PAs and IAs. All the respondents surveyed had some level of formal education but most of them have bachelor's degree and HND. With highly educated staff, auditing function in the various MMDAs could be more effective and efficient thereby enhancing the quality of auditing in such MMDAs.

Observation of the discipline shows the staff have relevant expertise supporting disciplines that collectively have bearing on the merit of competency in delivering effective and efficient auditing services in the MMDAs. Most of them have accounting, finance and statistics backgrounds. The proportionality of the discipline is a reflective of well-structured auditing units in the MMDAs in the Central Region of Ghana. Affiliation to professional association among the participants is not encouraging because only 14% of the participants are Certified Internal Auditors and about 9% Chartered Accountants.

Therefore, auditing staff in the MMDAs in the Central Region should take on more professional-oriented career development initiatives to become professionals in the audit practice. The participants have requisite working experience to provide the right information in respect of the content of the instrument issued as most of them have worked between 6-10 years although about 94% have worked between 1-5 years in their present MMDAs as at the time of the conduct of this very study.

Table 3: Demographic Characteristics of Management and Other Stakeholders

Variable	Category	Frequency	Percentage
Gender	Male	31	59.6
	Female	21	40.4
Rank/Position	Chief Executives	4	7.7
	Coordinating Directors	9	17.3
	Account Officers	23	44.2
	Budget officers	16	30.8
Highest Educational Qualification	HND	12	23.1
	Bachelor's degree	24	46.2
Years worked at assembly	Master's degree	16	30.8
	1-5years	38	73.1
	6-10years	9	17.3
	11-15years	5	9.6

Source: Field Survey (2020) N=52

Analysis of the demographic information of the management and other stakeholders show that both sexes are fairly represented. Therefore, believability of the results is devoid of gender bias sentiments. It can also be inferred that the work structures of the MMDAs are dominated by both sexes although males dominate a little higher than female staff. The analysis of the job position of the respondents showed that majority are account officers, followed by budget officers and then coordinating directors. The voice of other stakeholders in the context of the study also enriches the content of the findings in respect of the tested specific research objectives as occasioned by this empirical study.

Again, the results in respect of the level of education among the respondents show that management and other stakeholders have some level of

formal higher educational level with most of them having bachelor's degree, then master's degree and then HNDs. The usage of English language for the formulation of the items in the instrument is thus justified on the merit of the state of formal education of these staff in the MMDAs in the Central Region of Ghana. Most of the stakeholders have 1-5 years working experience and then followed by those with 6-10 years working experience.

Competence of Internal Audit Staff

The first objective sought to assess the competence of internal audit staff at the internal audit unit at the various MMDAs in the Central Region of Ghana. To analyze this objective, descriptive statistics of mean and standard deviation were employed. Moreover, responses from staff were analyzed alongside that of management to ensure comparability. A mean score of more than 3.0 indicates overall agreement to competence of internal audit staff statements, otherwise, overall disagreement. The results from the analysis are displayed in Table 4.

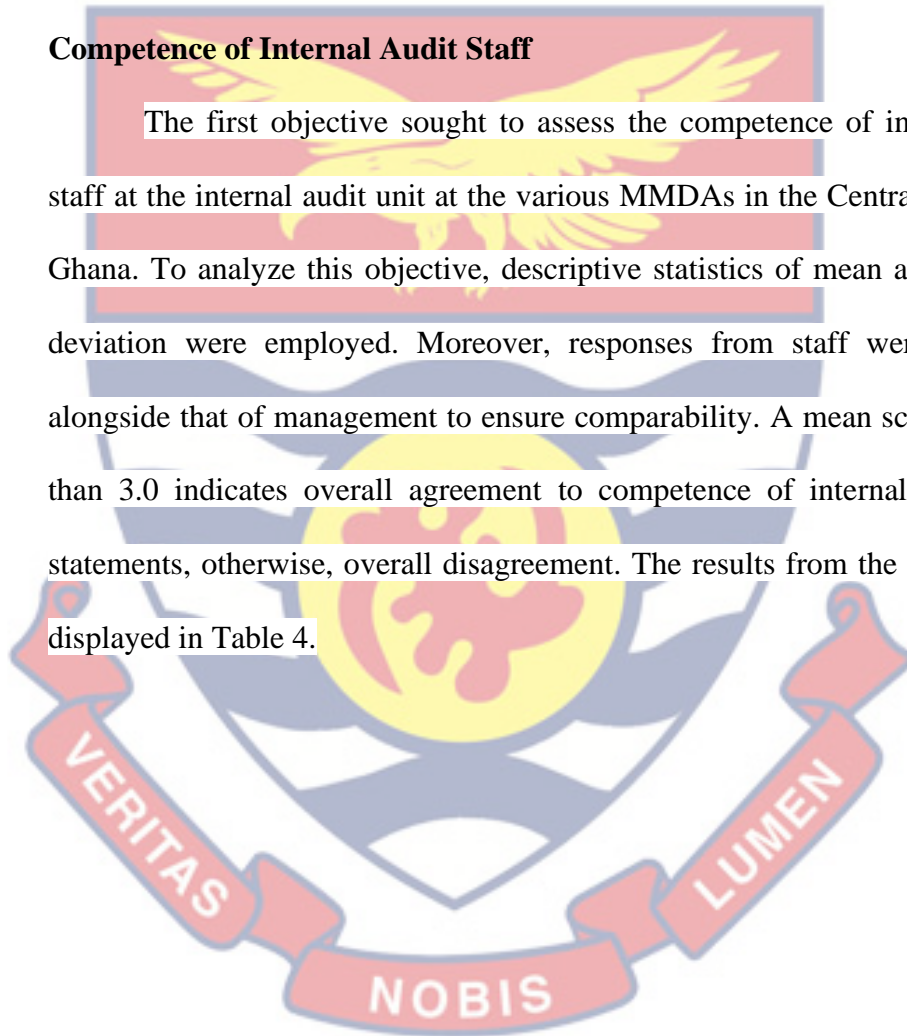
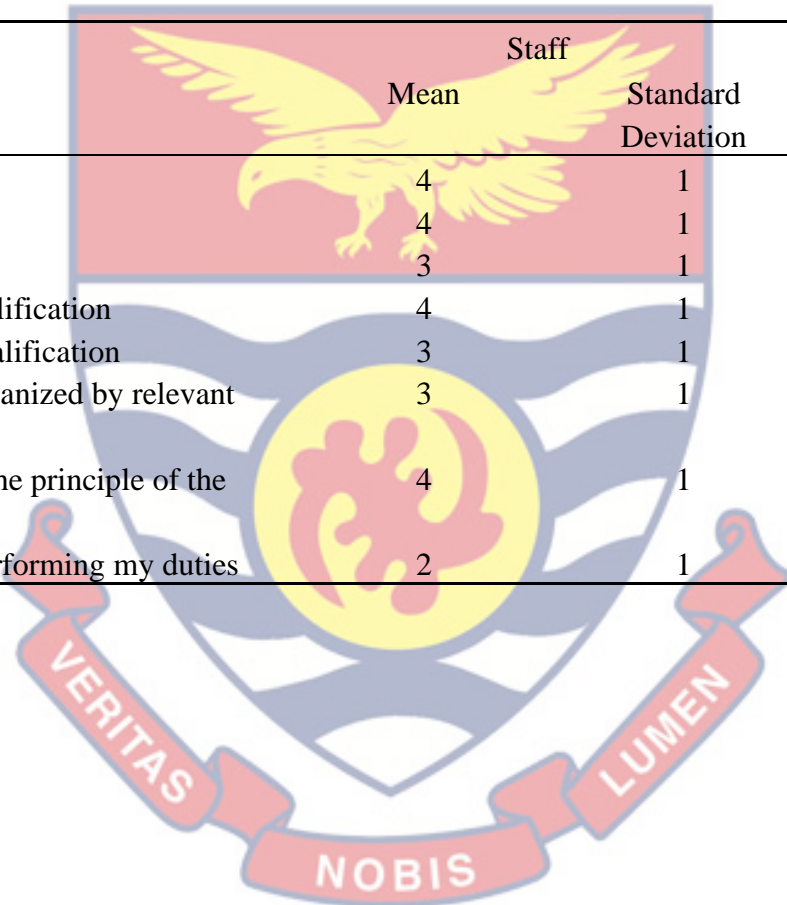


Table 4: Competence of Internal Audit Staff

Statements	Staff		Management	
	Mean	Standard Deviation	Mean	Standard Deviation
I possess the appropriate knowledge	4	1	3	1
I possess the appropriate skills	4	1	3	1
I possess the appropriate professionalism	3	1	4	1
I possess the appropriate educational qualification	4	1	3	1
I possess the appropriate professional qualification	3	1	3	1
I participate in annual CPD programs organized by relevant professional bodies	3	1	3	1
I perform my duties in accordance with the principle of the profession	4	1	4	1
IA manual is not available to guide in performing my duties	2	1	4	1

Source: Field Survey (2020)



The results in Table 4 shows that there was an overall agreement that competence of internal audit staff contributes to internal audit quality. This indicates that if the competence of internal audit staff is enhanced through educational and professional training alongside staff members participating in CPD programs it would enable them enhance the overall quality of the unit. The responses recorded a standard deviation of 1 meaning that the average response was not dispersed from the entire responses collected from the respondents.

Much importance was given to IAS performing their duties in accordance with the principle of their profession. The response indicated high agreement from both IAS and management and other stakeholders, which presuppose that IAS should ensure they are abreast with the principle of their profession to enable them improve upon their competence, thereby increasing its quality.

Independence of Internal Audit Staff

The second objective sought to assess the independence of internal audit staff at the internal audit unit at the various MMDAs in the Central Region of Ghana. To analyze this objective, descriptive statistics of mean and standard deviation were employed. Moreover, responses from staff were analyzed alongside that of management to ensure comparability. A mean score of more than 3.0 indicates overall agreement to independence of internal audit staff statements, otherwise, overall disagreement. The results from the analysis are displayed in Table 5.

Table 5: Independence of Internal Audit Staff

Statements	Staff		Management	
	Mean	Standard Deviation	Mean	Standard Deviation
I perform my duties with a degree of autonomy and independence from management	3	1	3	1
I am free from interference in discharging my duties	3	1	3	1
I have direct access to the general assembly	4	1	3	1
I perform my duties according to the assigned responsibilities	4	1	4	1
My appointment, remuneration and transfer places restriction on my freedom to report freely	3	1	3	1
Budget from mgt do not place restrictions on my freedom to report freely	4	1	3	1
I have access to all departments in the assembly in performing my duties	4	1	3	1
I have access to all workers in the assembly in performing my duties	4	1	3	1
I perform my duties with honesty and diligence	4	1	4	1
I avoid any illegal activity that discredits the work of the internal audit unit	4	1	4	1
I keep away from any relationship that may lead to bias assessment	4	1	4	1
I avoid favoritisms that may lead to unprofessionalism of my work	4	1	3	1
I disclose material facts to avoid distortion of reporting activity	4	1	3	1

Source: Field Survey (2020)

The results in Table 5 shows that there is an overall agreement independence of internal audit staff contributes to internal audit quality. This indicates that if independence of the internal audit staff is enhanced through keeping away from relationships that have the potential to cause bias assessment in their auditing jobs, performing their duties according to assigned duties and having access to all departments in their respective assemblies when performing their assigned duties, it would help increase internal audit quality. The responses recorded a standard deviation of 1 meaning that the average response was not dispersed from the entire responses collected from the respondents.

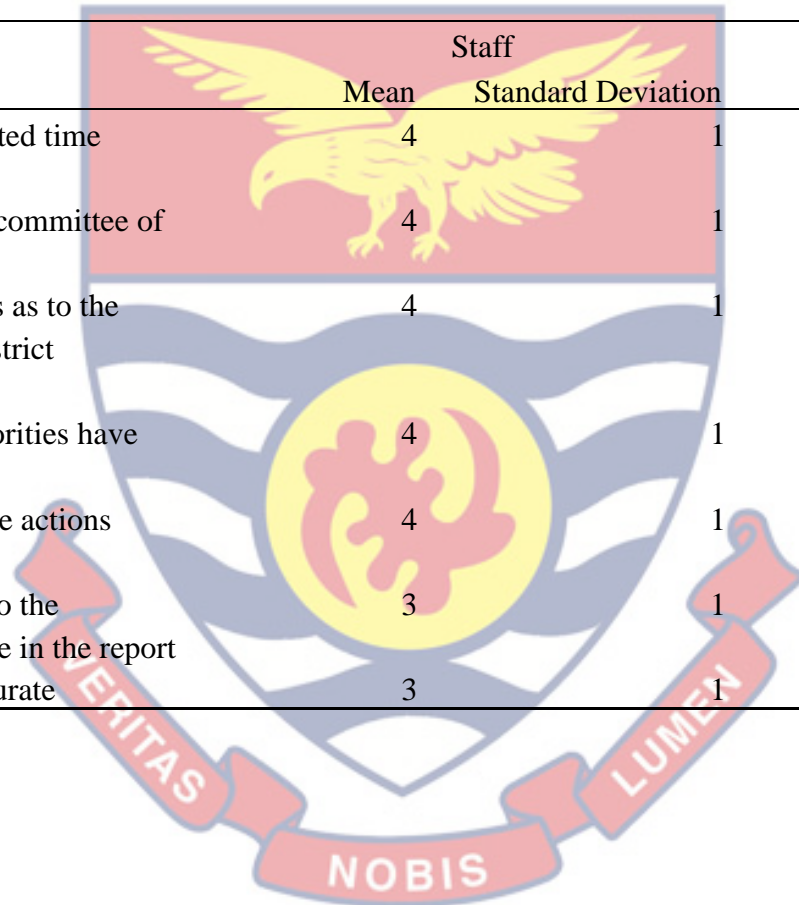
Nature of Work Performed by Internal Audit Staff

The third objective sought to assess the nature of work performed by internal audit staff at the internal audit unit at the various MMDAs in the Central Region of Ghana. To analyze this objective, descriptive statistics of mean and standard deviation were employed. Moreover, responses from staff were analyzed alongside that of management to ensure comparability. A mean score of more than 3.0 indicates overall agreement to nature of work performed by internal audit staff statements, otherwise, overall disagreement. The results from the analysis are displayed in Table 6.

Table 6: Nature of Work Performed by Internal Audit Staff

Statements	Staff		Management	
	Mean	Standard Deviation	Mean	Standard Deviation
Do you prepare report within the stipulated time according to the act?	4	1	3	0
Do you submit quarterly report to audit committee of the district assembly?	4	1	4	1
Do you make the necessary observations as to the conduct of the financial affairs of the district assembly?	4	1	4	1
Do you ensure that the appropriate authorities have copies of the quarterly prepared reports?	4	1	4	1
Do you do regular follow-ups to examine actions taken to correct problems identified?	4	1	4	1
Appropriate authorities do not respond to the observations and recommendations made in the report	3	1	4	1
Internal audit report is not clear and accurate	3	1	4	1

Source: Field Survey (2020)



The results in Table 6 shows that nature of work performed by internal audit staff contributes to internal audit quality. This descriptive results in respect of the nature of work performed by internal audit staff in the respective assemblies portrays internal audit staff making the necessary observations as to the conduct of the financial affairs of their respective district assemblies, and engaging in regular follow-ups to examine actions taken to correct identified problems as well as ensuring the appropriate authorities have copies of the quarterly prepared auditing reports will help enhance internal audit quality. The responses recorded a standard deviation of 1 meaning that the average response was not dispersed from the entire responses collected from the respondents.

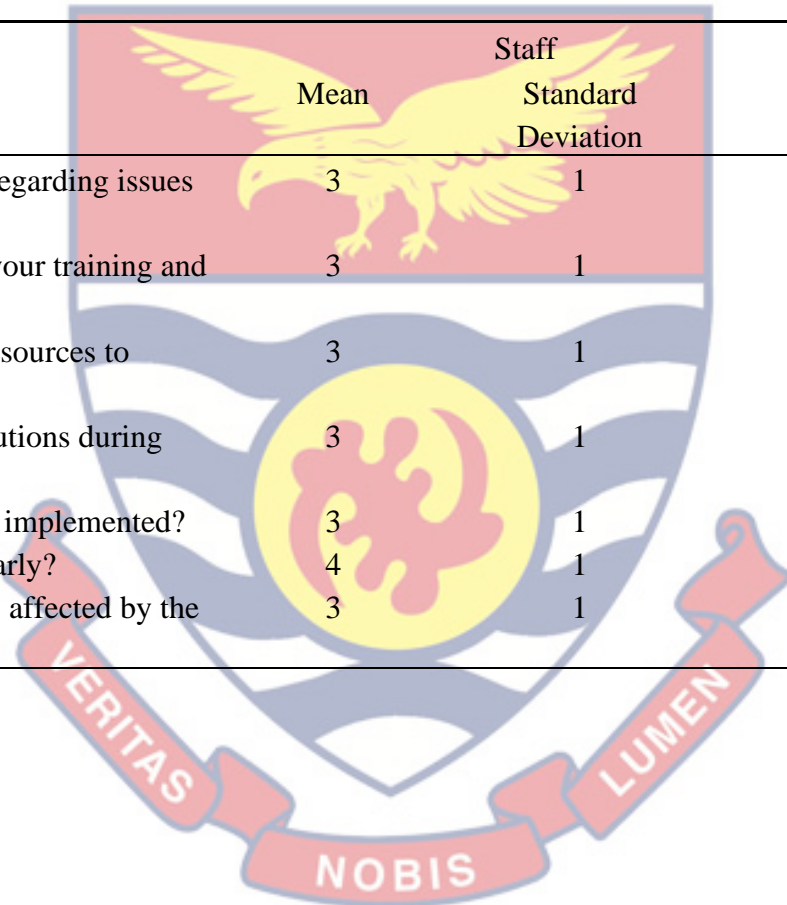
Nature of Management Support for Internal Audit Staff

The fourth objective sought to assess the nature of management support for internal audit staff at the internal audit unit at the various MMDAs in the Central Region of Ghana. To analyze this objective, descriptive statistics of mean and standard deviation were employed. Moreover, responses from staff were analyzed alongside that of management to ensure comparability. A mean score of more than 3.0 indicates overall agreement to nature of management support for internal audit staff statements, otherwise, overall disagreement. The results from the analysis are displayed in Table 7.

Table 7: Nature of Management Support for Internal Audit Staff

Statements	Staff Mean	Staff Standard Deviation	Management Mean	Management Standard Deviation
Do you get the attention of management regarding issues audited?	3	1	3	1
Does management invest consistently in your training and development?	3	1	3	1
Does management provide the required resources to perform your duties?	3	1	4	1
Does management make valuable contributions during meetings to enhance your work?	3	1	4	0
Are findings and recommendations easily implemented?	3	1	4	1
Do you issue report to management regularly?	4	1	3	.
Is management's decision-making process affected by the reports?	3	1	3	0

Source: Field Survey (2020)



The results in Table 7 shows that nature of management support for internal audit staff contributes to internal audit quality. The results proves that if management makes valuable contributions during meetings to enhance the work of internal audit staff and gives attention to IAS regarding issues audited as well as provide the required resources needed by internal audit staff to perform his/her duties and invests consistently in the training and development of internal audit staff of the assemblies surveyed, the quality of internal audit will be increased. The responses recorded a standard deviation of 1 meaning that the average response was not dispersed from the entire responses collected from the respondents.

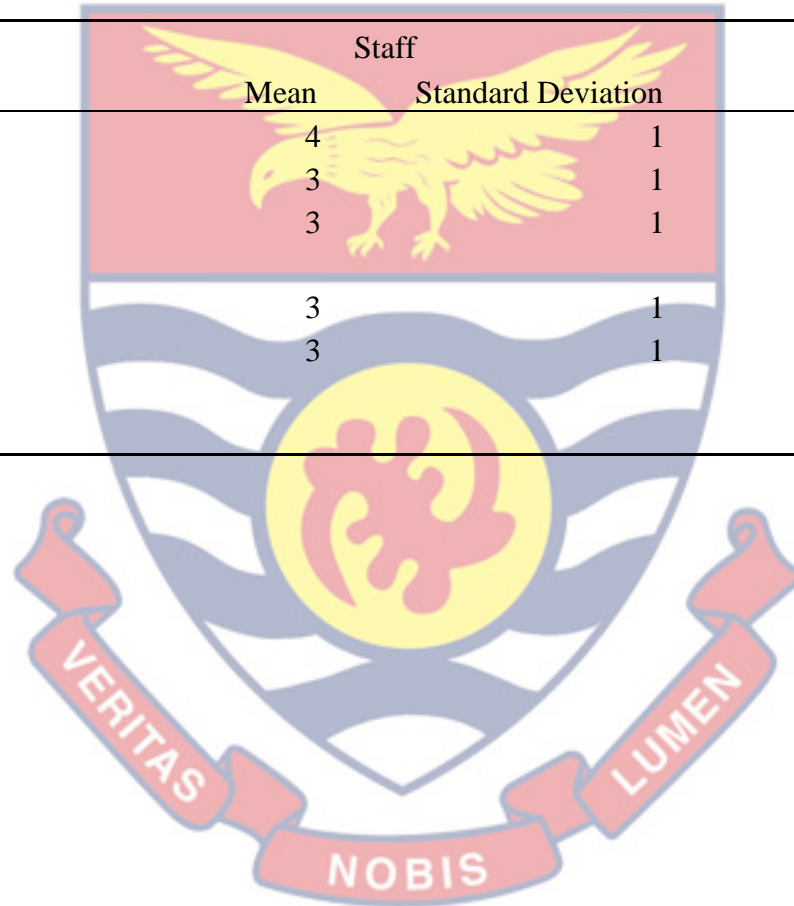
Stakeholder Perceptions of Internal Audit Staff

The fifth objective sought to assess the stakeholder perceptions of internal audit staff at the internal audit unit at the various MMDAs in the Central Region of Ghana. To analyze this objective, descriptive statistics of mean and standard deviation were employed. Moreover, responses from staff were analyzed alongside that of management to ensure comparability. A mean score of more than 3.0 indicates overall agreement to stakeholder perceptions of internal audit staff statements, otherwise, overall disagreement. The results from the analysis are displayed in Table 8.

Table 8: Stakeholder Perceptions of Internal Audit Staff

Statements	Staff		Management	
	Mean	Standard Deviation	Mean	Standard Deviation
Are you an accountant by training?	4	1	3	1
Are you a fault finder?	3	1	3	1
Are you spoken to only when you ask a question?	3	1	3	1
Are you a corporate policeman?	3	1	3	1
Does management perceive that internal audit unit is expensive to operate from within the organization?	3	1	3	1

Source: Field Survey (2020)



The descriptive results in Table 8 shows that stakeholder perceptions of internal audit staff contribute to internal audit quality. The results proves that positive perception of internal audit staff will enable stakeholders have confidence in them which will intend help increase internal audit quality. The responses recorded a standard deviation of 1 meaning that the average response was not dispersed from the entire responses collected from the respondents.

Internal Audit Quality

The study sought to assess the opinion of internal audit staff and management and other stakeholders on internal audit quality at the internal audit unit at the various MMDAs in the Central Region of Ghana. To analyze their opinion, descriptive statistics of mean and standard deviation were employed. Moreover, responses from staff were analyzed alongside that of management to ensure comparability. A mean score of more than 3.0 indicates overall agreement to internal audit quality statements, otherwise, overall disagreement. The results from the analysis are displayed in Table 9.

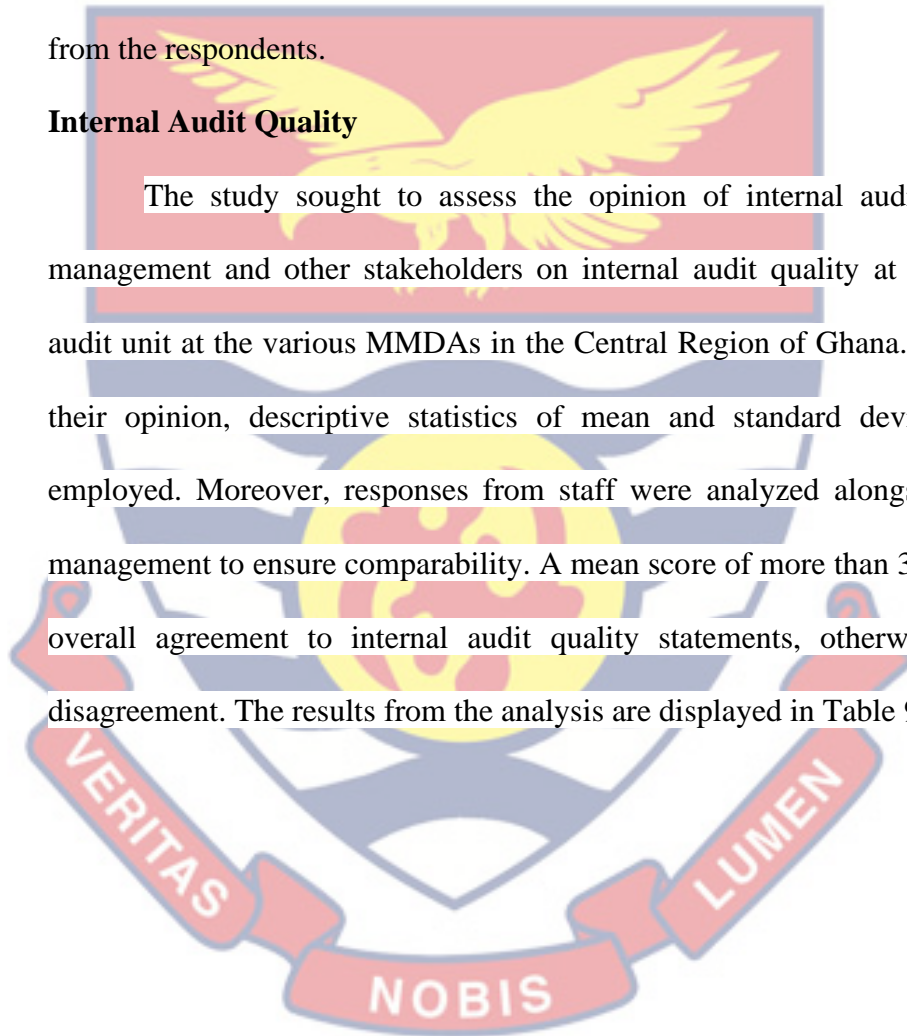


Table 9: Internal Audit Quality

Statements	Staff		Management	
	Mean	Standard Deviation	Mean	Standard Deviation
Identification of risks in the assembly	4	1	3	1
Control system evaluation in the assembly	4	1	4	0
Examination of effectiveness and performance of the assembly	4	1	3	1
Evaluation of internal audit reports by management	4	1	3	1
Evaluation of internal audit reports by audit committee	4	1	4	0
Evaluation of internal audit reports by external auditors	4	1	4	1
Source of data and information for the assembly's operations	3	1	3	1
Source of data and information for management's decision making	3	1	3	1
Is the assembly satisfied with the work of internal audit unit?	4	1	3	1
Are the findings of IAU based on documents and reliable data?	4	1	4	1
Are the findings of IAU significant to the assembly?	4	1	4	1
Does recommendations of IAU provide practical cost-benefit solutions for correcting problems that are found?	4	1	4	1
Does IAU report meet the standard specified by the act?	4	1	4	1

Source: Field Survey (2020)

The participants were surveyed regarding to the opinion and perception about the state of internal audit quality at the respective MMDAs that were surveyed. The findings are presented in Table 9. The results prove for most instances, the participants agreed that control system evaluations in their assemblies are very good, that the evaluations of internal audit reports by external auditors are very good, that the evaluations of internal audit reports by audit committee are very good, that the sources of data and information for their respective assemblies' operations are very good, that the sources of data and information for management's decision making are very good and that the extent to which recommendations of internal audit unit provide practical cost-benefit solutions for correcting problems that are found are very good.

Validity Test

The study conducted principal component analysis for all the six variables for the purpose of enhancing the validity of the result and to enable the study to form construct to measure the influence of the various dependent variables on the quality of audit. KMO, Bartlett's test of sphericity and pattern matrix was done for the various indicators used in measuring the constructs.

Competence of Internal Audit Staff

The first objective sought to assess the competence of internal audit staff at the internal audit unit at the various MMDAs in the Central Region of Ghana. To analyze this objective, KMO, Bartlett's test of sphericity and pattern matrix were employed. Moreover, responses from staff were analyzed alongside that of management to ensure comparability.

Table10: KMO and Bartlett's Test for Competence of IAS

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.651
Bartlett's Test of Sphericity	Approx. Chi-Square	239.384
	df	15
	Sig.	.000

Source: Field Survey (2020)

The result in Table 11 showed that the sample size used for the performance of the principal component analysis was adequate. This is reflected in the KMO test which was 0.651 for competence of internal audit staff in Table 10. The sample size was considered adequate because the KMO test value was more than 0.6 for each construct and the Bartlett’s test showed high level of significance at 5% alpha level.

Table 11: Pattern Matrix^a for Competence of IAS

	Components	
	1	2
I possess the appropriate knowledge	0.821	
IA manual is not available to guide in performing my duties	-0.808	
I possess the appropriate skills	0.739	
I perform my duties in accordance with the principle of the profession	0.405	
I participate in annual CPD programs organized by relevant professional bodies		0.925
I possess the appropriate professional qualification		0.910

Extraction Method: Principal Component Analysis.

Rotation Method: Oblimin with Kaiser Normalization.

a. Rotation converged in 7 iterations.

Source: Field Survey (2020)

Independence of Internal Audit Staff

The second objective sought to assess the independence of internal audit staff at the internal audit unit at the various MMDAs in the Central Region of Ghana. To analyze this objective, KMO, Bartlett's test of sphericity and pattern matrix were employed. Moreover, responses from staff were analyzed alongside that of management to ensure comparability.

Table 12: KMO and Bartlett's Test for Independence of IAS

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.609
Bartlett's Test of Sphericity	Approx. Chi-Square	578.177
	df	78
	Sig.	.000

Source: Field Survey (2020)

The result in Table 13 showed that the sample size used for the performance of the principal component analysis was adequate. This is reflected in the KMO test which was 0.609 for independence of internal audit staff in Table 12. The sample size was considered adequate because the KMO test value was more than 0.6 for each construct and the Bartlett's test showed high level of significance at 5% alpha level.

Table 13: Pattern Matrix^a for Independence of IAS

	Component				
	1	2	3	4	5
I perform my duties with honesty and diligence	.883				
I keep away from any relationship that may lead to bias assessment	.840				
I disclose material facts to avoid distortion of reporting activity	.776				
I avoid any illegal activity that discredits the work of the internal audit unit	.762				
I avoid favoritisms that may lead to unprofessionalism of my work	.739				
I am free from interference in discharging my duties		.840			
I perform my duties with a degree of autonomy and independence from management		.793			
I perform my duties according to the assigned responsibilities		-.440			
I have direct access to the general assembly			.746		
I have access to all workers in the assembly in performing my duties			.733		
I have access to all departments in the assembly in performing my duties			.621		
Budget from mgt do not place restrictions on my freedom to report freely				.886	
My appointment, remuneration and transfer places restriction on my freedom to report freely					.909

Extraction method: principal component analysis.
 Rotation method: oblimin with kaiser normalization.

a. Rotation converged in 15 iterations.

Source: Field Survey (2020)

Work Performed by Internal Audit Staff

The third objective sought to assess the nature of work performed by internal audit staff at the internal audit unit at the various MMDAs in the Central Region of Ghana. To analyze this objective, KMO, Bartlett's test of sphericity and pattern matrix were employed. Moreover, responses from staff were analyzed alongside that of management to ensure comparability.

Table 14: KMO and Bartlett's Test for Work Performed by IAS

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.546
Bartlett's Test of Sphericity	Approx. Chi-Square	251.450
	df	21
	Sig.	.000

Source: Field Survey (2020)

The result in Table 15 showed that the sample size used for the performance of the principal component analysis was adequate. This is reflected in the KMO test which was 0.546 for work performed by internal audit staff in Table 14. The sample size was considered adequate because the KMO test value was approximately 0.6 for each construct and the Bartlett's test showed high level of significance at 5% alpha level.

Table 15: Pattern Matrix^a for Work Performed by IAS

	Component	
	1	2
Do you ensure that the appropriate authorities have copies of the quarterly prepared reports?	.822	
Do you do regular follow-ups to examine actions taken to correct problems identified?	.730	
Do you submit quarterly report to audit committee of the district assembly?	.699	
Do you make the necessary observations as to the conduct of the financial affairs of the district assembly?	.677	
Appropriate authorities do not respond to the observations and recommendations made in the report		.809
Internal audit report is not clear and accurate		.735
Do you prepare report within the stipulated time according to the act?		-.619

Extraction method: principal component analysis.

Rotation method: oblimin with kaiser normalization.

a. Rotation converged in 8 iterations.

Source: Field Survey (2020)

Management Support for Internal Audit Staff

The fourth objective sought to assess management support for internal audit staff at the internal audit unit at the various MMDAs in the Central Region of Ghana. To analyze this objective, KMO, Bartlett's test of sphericity and pattern matrix were employed. Moreover, responses from staff were analyzed alongside that of management to ensure comparability.

Table 16: KMO and Bartlett's Test for Management Support for IAS

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.548
Bartlett's Test of Sphericity	Approx. Chi-Square	260.83
	df	7
	Sig.	.000

Source: Field Survey (2020)

The result in Table 17 showed that the sample size used for the performance of the principal component analysis was adequate. This is reflected in the KMO test which was 0.548 for management support for internal audit staff in Table 16. The sample size was considered adequate because the KMO test value was approximately 0.6 for each construct and the Bartlett’s test showed high level of significance at 5% alpha level.

Table 17: Pattern Matrix^a Management Support for IAS

	Component	
	1	2
Does management provide the required resources to perform your duties?	.918	
Does management make valuable contributions during meetings to enhance your work?	.882	
Are findings and recommendations easily implemented?	.822	
Does management invest consistently in your training and development?	.820	
Do you issue report to management regularly?		.820
Do you get the attention of management regarding issues audited?		-.660
Is management's decision-making process affected by the reports?		-.479

Extraction method: principal component analysis.

Rotation method: oblimin with kaiser normalization.

a. Rotation converged in 7 iterations.

Source: Field Survey (2020)

Stakeholder Perception of Internal Audit Staff

The fifth objective sought to assess stakeholder perception of internal audit staff at the internal audit unit at the various MMDAs in the Central Region of Ghana. To analyze this objective, KMO, Bartlett's test of sphericity and pattern matrix were employed. Moreover, responses from staff were analyzed alongside that of management to ensure comparability.

Table 18: KMO and Bartlett's Test for Stakeholder Perceptions of IAS

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.631
Bartlett's Test of Sphericity	Approx. Chi-Square	207.22
		4
	df	10
	Sig.	.000

Source: Field Survey (2020)

The result in Table 19 showed that the sample size used for the performance of the principal component analysis was adequate. This is reflected in the KMO test which was 0.631 for stakeholder perceptions for internal audit staff in Table 18. The sample size was considered adequate because the KMO test value was more than 0.6 for each construct and the Bartlett’s test showed high level of significance at 5% alpha level.

Table 19: Pattern Matrix^a for Stakeholder Perceptions of IAS

	Component	
	1	2
Does management perceive that internal audit unit is expensive to operate from within the organization?	.846	
Are you a corporate policeman?	.811	
Are you a fault finder?	.593	
Are you an accountant by training?		-.909
Are you spoken to only when you ask a question?		-.674
Extraction method: principal component analysis.		
Rotation method: oblimin with kaiser normalization.		
a. Rotation converged in 5 iterations.		

Source: Field Survey (2020)

Internal Audit Quality

The study sought to assess the opinion of internal audit staff on internal audit quality at the internal audit unit at the various MMDAs in the Central Region of Ghana. To analyze this opinion, KMO, Bartlett's test of sphericity

and pattern matrix were employed. Moreover, responses from staff were analyzed alongside that of management to ensure comparability.

Table 20: KMO and Bartlett's Test for IAQ

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.633
Bartlett's Test of Sphericity	Approx. Chi-Square	621.61
	df	4
	Sig.	.000

Source: Field Survey (2020)

The result in Table 21 showed that the sample size used for the performance of the principal component analysis was adequate. This is reflected in the KMO test which was 0.633 for internal audit quality in Table 20. The sample size was considered adequate because the KMO test value was more than 0.6 for each construct and the Bartlett's test showed high level of significance at 5% alpha level.

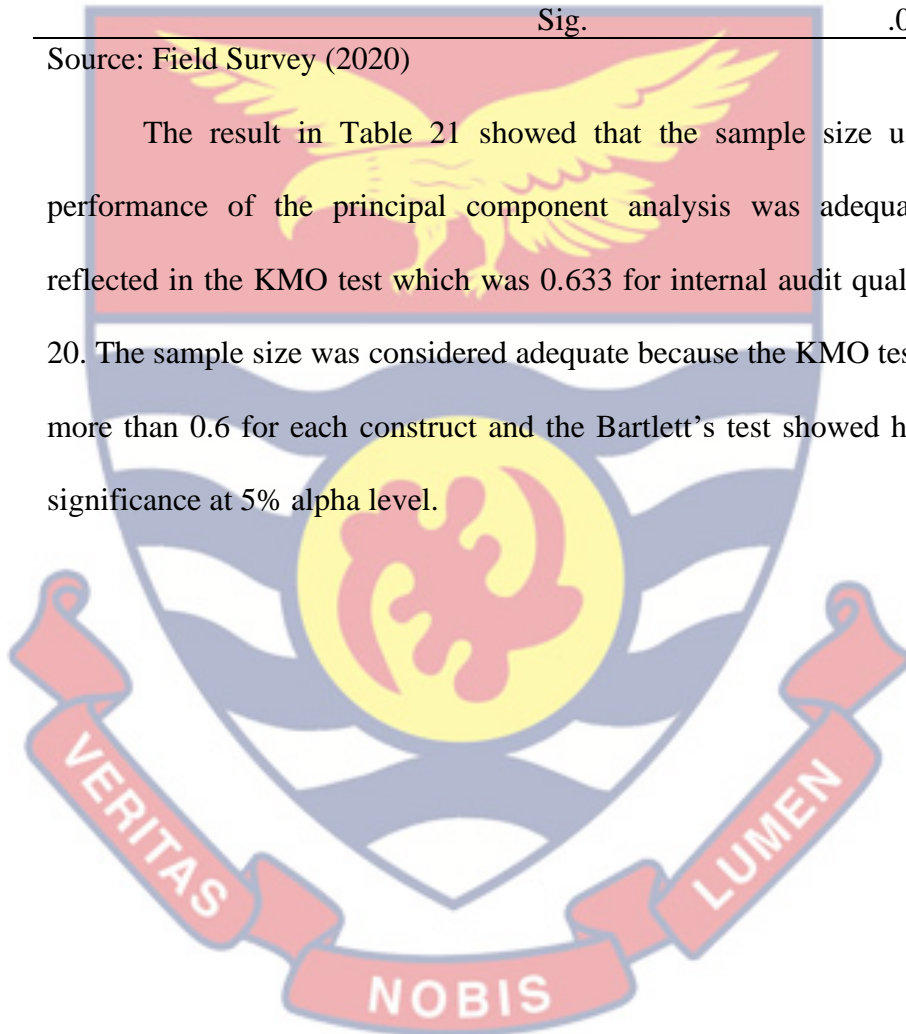


Table 21: Pattern Matrix^a for IAQ

	Component			
	1	2	3	4
Are the findings of IAU significant to the assembly?	.915			
Are recommendations of IAU providing practical cost-benefit solutions for correcting problems that are found	.879			
Does IAU report meet the standard specified by the act?				
Control system evaluation in the assembly				
Source of data and information for the assembly's operations		.775		
Evaluation of internal audit reports by external auditors		.715		
Evaluation of internal audit reports by audit committee		.657		
Source of data and information for management's decision making		.562		
Examination of effectiveness and performance of the assembly			.925	
Evaluation of internal audit reports by management			.666	
Identification of risks in the assembly				.862
Is the assembly satisfied with the work of internal audit unit?				.601
Are the findings of IAU based on documents and reliable data?				.532
Extraction Method: Principal Component Analysis.				
Rotation Method: Oblimin with Kaiser Normalization.				
a. Rotation converged in 14 iterations.				
Source: Field Data (2020)				

Reliability Test

The study conducted Average Variance Extracted for all the six variables for the purpose of enhancing the reliability of the indicators and findings to enable the study to form construct to measure the influence of the various dependent variables on the quality of audit. AVE was used to ascertain whether there was internal reliability of the indicators of the constructs.

Table 22: Total Variance Explained for Competence of IAS

Factor	Initial Eigenvalues			Rotation Sums of Squared Loadings ^a
	Total	% Of Variance	Cumulative %	Total
1	3.245	40.564	40.564	1.972
2	1.789	22.368	62.931	2.166
3	1.119	13.982	76.914	2.010
4	.695	8.686	85.600	
5	.422	5.277	90.877	
6	.285	3.561	94.437	
7	.250	3.128	97.565	
8	.195	2.435	100.000	

Extraction Method: Principal Axis Factoring.

Source: Field Survey Result (2020)

The result in Table 22 shows that internal reliability was achieved for competence of internal audit staff with cumulative total variance more than 50% at the third factor where the eigen value was more than 1.0. This implies that internal reliability was achieved for the construct used in this study with an Average Variance Extracted of 0.620 which is more than 0.50 meaning the items explains the variance in the constructs. This also indicates that the data points are very close to the mean and to each other.

Table 23: Total Variance Explained for Independence of IAS

Factor	Total	Initial Eigenvalues	
		% Of Variance	Cumulative %
1	3.634	27.957	27.957
2	1.794	13.798	41.755
3	1.638	12.599	54.354
4	1.362	10.475	64.828
5	1.255	9.653	74.481
6	.789	6.072	80.553
7	.616	4.737	85.290
8	.544	4.184	89.474
9	.421	3.239	92.713
10	.323	2.481	95.194
11	.271	2.082	97.277
12	.224	1.720	98.996
13	.130	1.004	100.000

Extraction Method: Principal Axis Factoring.

Source: Field Survey Result (2020)

The result in Table 23 shows that internal reliability was achieved for independence of internal audit staff with cumulative total variance more than 50% at the fifth factor where the eigen value was more than 1.0. This implies that internal reliability was achieved for the construct used in this study with an Average Variance Extracted of 0.602 which is more than 0.50 meaning the items explains the variance in the constructs. This also indicates that the data points are very close to the mean and to each other.

Table 24: Total Variance Explained for Work Performed by IAS

Factor	Initial Eigenvalues			Rotation Sums of Squared Loadings ^a
	Total	% Of Variance	Cumulative %	Total
1	2.801	40.015	40.015	1.934
2	1.431	20.438	60.453	1.557
3	.991	14.158	74.610	
4	.677	9.678	84.289	
5	.520	7.431	91.720	
6	.382	5.462	97.182	
7	.197	2.818	100.000	

Extraction Method: Principal Axis Factoring.

Source: Field Survey Result (2020)

The result in Table 24 shows that internal reliability was achieved for work performed by internal audit staff with cumulative total variance more than 50% at the second factor where the eigen value was more than 1.0. This implies that internal reliability was achieved for the construct used in this study with an Average Variance Extracted of 0.533 which is more than 0.50 meaning the items explains the variance in the constructs. This also indicates that the data points are very close to the mean and to each other.

Table 25: Total Variance Explained for Management Support for IAS

Factor	Initial Eigenvalues			Rotation Sums of Squared Loadings ^a
	Total	% Of Variance	Cumulative %	Total
1	3.483	49.755	49.755	3.007
2	1.231	17.588	67.343	1.618
3	.870	12.422	79.765	
4	.771	11.017	90.782	
5	.369	5.273	96.055	
6	.222	3.169	99.224	
7	.054	.776	100.000	

Extraction Method: Principal Axis Factoring.

Source: Field Survey Results (2020)

The result in Table 25 shows that internal reliability was achieved for management support for internal audit staff with cumulative total variance more than 50% at the second factor where the eigen value was more than 1.0. This implies that internal reliability was achieved for the construct used in this study with an Average Variance Extracted of 0.615 which is more than 0.50 meaning the items explains the variance in the constructs. This also indicates that the data points are very close to the mean and to each other.

Table 26: Total Variance Explained for Stakeholder Perceptions of IAS

Factor	Total	Initial Eigenvalues	
		% of Variance	Cumulative %
1	2.562	51.245	51.245
2	1.054	21.086	72.331
3	.798	15.956	88.287
4	.403	8.065	96.353
5	.182	3.647	100.000

Extraction Method: Principal Axis Factoring.

Source: Field Survey (2020)

The result in Table 26 shows that internal reliability was achieved for stakeholder perception of internal audit staff with cumulative total variance more than 50% at the second factor where the eigen value was more than 1.0. This implies that internal reliability was achieved for the construct used in this study with an Average Variance Extracted of 0.601 which is more than 0.50 meaning the items explains the variance in the constructs. This also indicates that the data points are very close to the mean and to each other.

Table 27: Total Variance Explained for Internal Audit Quality

Factor	Total	Initial Eigenvalues		Rotation Sums of Squared Loadings ^a
		% Of Variance	Cumulative %	Total
1	4.558	35.065	35.065	3.065
2	1.729	13.301	48.367	2.132
3	1.291	9.934	58.300	1.776
4	1.017	7.820	66.121	2.757
5	.908	6.987	73.107	
6	.817	6.288	79.395	
7	.617	4.744	84.140	
8	.586	4.507	88.647	
9	.486	3.736	92.383	
10	.415	3.195	95.578	
11	.257	1.978	97.556	
12	.191	1.471	99.027	
13	.126	.973	100.000	

Extraction Method: Principal Axis Factoring.

Source: Field Survey Result (2020)

The result in Table 27 shows that internal reliability was achieved for internal audit quality with cumulative total variance more than 50% at the second factor where the eigen value was more than 1.0. This implies that internal reliability was achieved for the construct used in this study with an Average Variance Extracted of 0.559 which is more than 0.50 meaning the items explains the variance in the constructs. This also indicates that the data points are very close to the mean and to each other.

Regression Analysis

The general objective sought to assess the effects of determinants of internal audit quality on internal audit quality at the internal audit unit of various MMDAs in the central region of Ghana. To analyze this objective multiple regression was employed. The results from the analysis are displayed in Table 28.

Table 28: Regression Results

Variables	B	Std. error	Beta	t	Sig.
(Constant)	2.357	.615		3.834	.000
Competence	.545	.078	.607	7.015	.000
Independence	.281	.113	.063	2.487	.003
Work Performed	.365	.115	.048	-3.173	.001
Management Support	.319	.077	.139	-4.143	.000
Stakeholder Perception	.274	.045	.130	6.089	.000
R	.612				
R Square	.374				
Adj. R Square	.346				
F-stats	13.162				
P-value	.000				

Dependent variable: Internal Audit Quality

Source: Field Survey Results (2020)

Effect of Competence of Internal Audit Staff on Internal Audit Quality

The first objective sought to assess the effect of competence of internal audit staff on the quality of internal audit. To analyze this objective, multiple regression was employed. The results from the analysis are displayed in Table 28. The dependent variable was internal audit quality while the independent variable was competence of internal audit staff.

From Table 28, the result indicates a positive and a significant correlation of 0.545 existing between competence of internal audit staff and internal audit quality. The size of the correlation is strong (Cohen, 1988) with the level of association of 54.5%. Thus, the competence of internal audit staff and internal audit quality are strongly correlated. The coefficient value of 0.607 indicates that a unit increase in competence of internal audit staff will increase internal audit quality by 0.607 units. This suggests that an increase in competence of internal audit staff will improve the quality of the internal audit unit. The study therefore failed to reject the first hypothesis which predicted a significant positive relationship between competence of internal audit staff and internal audit quality.

The R-square which indicates the level of goodness of fit showed that the independent variables explain the quality of internal audit by 37.4%. The probability of the F-statistic of 0.000 which is less than 5% indicates that the R-square value is significant. Hence the study concluded that the independent variables of the study significantly explain more than 35 percent of the internal audit quality in the internal audit unit.

The findings support the position of some previous empirical studies that collectively held the view that competence of internal audit staff significantly predict improvement in the level of quality of internal auditing (Asiedu & Deffor, 2017; Onumah & Krah, 2012; Usang & Salim, 2016a). The technical education required of all internal auditors augmented by working experience and in-service training empowers auditors to be more competent in discharging their mandates in professional and efficient manner in the MMDAs (Rodrigues, 2012).

This data further supports the idea that internal auditor expertise is a barrier to successful internal audit quality (Asiedu & Deffor, 2017; Onumah & Krah, 2012) thereby confirming the claim that Internal audit department effectiveness is typically influenced by how well the department is staffed and how well its employees are managed (DeZoort & Salterio, 2001) especially in the areas of good interpersonal skills, effective communication and conflict management (Badara & Saidin, 2013; DeZoort & Salterio, 2001; Rodrigues, 2012; Shamki & Alhajri, 2017).

Additionally, the notion of rational expectations takes the stance that the value of the auditors' report comes from their expertise as a qualified, impartial professional. This argument is furthered by the assertion that how well external stakeholders view the internal audit function of the company affects their trust in the financial statements of the organization (Holt & DeZoort, 2009).

Effect of Independence of Internal Audit Staff on Internal Audit Quality

The second objective sought to assess the effect of independence of internal audit staff on the quality of internal audit. To analyze this objective,

multiple regression was employed. The results from the analysis are displayed in Table 28. The dependent variable was internal audit quality while the independent variable was independence of internal audit staff.

Based on the result in Table 28, the study found that, a positive correlation of 0.281 exists between the independence of internal audit staff and internal audit quality. The size of the correlation is weak (Cohen, 1988) with the level of association of 28.1%. Thus, the independence of internal audit staff and internal audit quality are weakly correlated. The multiple regression model showed that the coefficient of independence of internal audit staff was significant at 5% alpha level given the probability value of 0.003. The effect size was 0.063 with the implication that a unit increase in the level of independence of internal audit staff increases the level of internal audit quality by 0.063 units. The study therefore failed to reject the second hypothesis which predicted a significant positive relationship between independence of internal audit staff and internal audit quality.

Comparing this result to some previous empirical studies, The study supports the thesis that internal auditors should have the freedom to access any document related to a particular audit task without fear or favor, and that in organizations where the head of the internal audit unit or department has a strong enough position, they can prevent management interference in internal audit processes (Van Gansberghe, 2005), thereby enhancing auditing quality (Christopher et al., 2009; Rainsbury et al., 2009; Sarwoko & Agoes, 2014).

The independence of internal auditor is devoid of manipulations by other stakeholders so far as the discharge of their function is concerned, it perfectly reflects the portion of the theory of inspired confidence stating that,

for an auditor's work to have impact on an organizations' performance, the auditor must be independent and professionally competent and they used independent variables such as "internal auditor's independence, internal auditor's quality, internal control system and audit risk to measure its impact which asserted that it has significant impact on organizational performance" (Dahir, 2016).

Effect of Nature of Work Performed by Internal Audit Staff on Internal Audit Quality

The third objective sought to assess the effect of nature of work performed by internal audit staff on the quality of internal audit. To analyze this objective, multiple regression was employed. The results from the analysis are displayed in Table 28. The dependent variable was internal audit quality while the independent variable was the nature of work performed by the internal audit staff.

Based on the result in Table 28, the study found that a positive correlation of 0.365 exists between the nature of work performed by internal audit staff and internal audit quality. The size of the correlation is weak (Cohen, 1988) with the level of association of 36.5%. Thus, the nature of work of internal audit staff and internal audit quality are correlated. The multiple regression model showed that the coefficient of nature of work performed by internal audit staff was significant at 5% alpha level given the probability value of 0.001. The effect size was 0.048 with the implication that a unit increase in the level of nature of work of internal audit staff increases the level of internal audit quality by 0.048 units. The study therefore failed to reject the

third hypothesis which predicted a significant positive relationship between nature of work of internal audit staff and internal audit quality.

Again, this finding proves the quality of work performed by internal auditors have some ramifications on the state of audit quality therefore the claim that this conclusion strongly supports the requirement that auditors adhere to internal auditing standards because it considerably increases auditing's effectiveness. (Glazer & Jaenike, 1980). In order to improve the condition of audit quality, auditors may make decisions or take actions that are directly influenced by legal compliance, examination of areas requiring a high level of judgment, and audit reports (Bou-Raad, 2000). The position of some previous empirical studies is hereby supported in that their assertion that the effectiveness of work performed by internal auditors have positive significant impact on audit quality (Bou-Raad, 2000; Ridley & D'silva, 1997).

Additionally, the notion of rational expectations takes the stance that the value of the auditors' report comes from their expertise as a qualified, impartial professional. The assertion that the perceived quality of the organization's internal audit function determines external stakeholders' confidence in the financial statements of the company strengthens this position in that if the nature of work performed by internal audit staff is characterized by expertise and their ability to work according to standards and regulations regarding the auditing profession (Holt & DeZoort, 2009).

Effect of Nature of Management Support for Internal Audit Staff on Internal Audit Quality

The fourth objective sought to assess the effect of nature of management support for internal audit staff on the quality of internal audit. To analyze this objective, multiple regression was employed. The results from the analysis are displayed in Table 28. The dependent variable was internal audit quality while the independent variable was the management support for internal audit staff.

Based on the result in Table 28, the study found that a positive correlation of 0.319 exists between the nature of management support for internal audit staff and internal audit quality. The size of the correlation is weak (Cohen, 1988) with the level of association of 31.9%. Thus, the nature of management support for internal audit staff and internal audit quality are weakly correlated. The multiple regression model showed that the coefficient of nature of management support for internal audit staff was significant at 5% alpha level given the probability value of 0.000. The effect size was 0.139 with the implication that a unit increase in the level of nature of management support for internal audit staff increases the level of internal audit quality by 0.139 units. The study therefore failed to reject the fourth hypothesis which predicted a significant positive relationship between nature of management support for internal audit staff and internal audit quality.

The issue of management support for internal auditing staff is long recognized as a viable weapon to improving the state of internal audit quality (Cohen & Sayag, 2010; Gray & Manson, 2000; Institute of Internal Auditors (IIA)., 2015; Mihret & Yismaw, 2007). The assertion that internal audit

quality is higher in firms where management guarantees that the internal audit department has the resources it needs to accomplish its obligations is greatly enhanced as evidenced by some empirical studies (Cohen & Sayag, 2010; Mihret & Yismaw, 2007; Van Gansberghe, 2005).

Internal audit functions are successful in semi-autonomous businesses if authorities are committed to the process and ensure that the internal auditors are treated with respect and have enough assistance (Mihret & Yismaw, 2007). The key to managerial support is to have an internal audit function that is well-supported in terms of governance, budget allocation, and other resources, including qualified employees, in order to stop corruption and waste in the public sector (Belay, 2007).

According to institutional management theory, institutions are trusted with resources to maintain social order and give life purpose. Organizations must therefore adhere to the laws and values that govern their environment in order to survive and accomplish their aims (DiMaggio & Powell, 1983). With internal audit unit being part of the social structures, management support can help enhance their activities thereby enhancing its quality. Institutional theory explains how changes brought about by normative influences, including both internal and external sources like laws and regulations, or by the professions, shape organizational structures and practices (Mihret et al., 2010).

Effect of Stakeholder Perceptions of Internal Audit Staff on Internal

Audit Quality

The fifth objective sought to assess the effect of stakeholder perceptions of internal audit staff on the quality of internal audit. To analyze this objective, multiple regression was employed. The results from the analysis

are displayed in Table 27. The dependent variable was internal audit quality while the independent variable was the stakeholders' perception of internal audit staff.

Based on the result in Table 27, the study found that a positive correlation of 0.274 exists between the stakeholders' perception of internal audit staff and internal audit quality. The size of the correlation is weak (J. Cohen, 1988) with the level of association of 27.4%. Thus, stakeholders' perception of internal audit staff and internal audit quality are weakly correlated. The multiple regression model showed that the coefficient of stakeholders' perception of internal audit staff was significant at 5% alpha level given the probability value of 0.000. The effect size was 0.130 with the implication that a unit increase in positive stakeholders' perception of internal audit staff increases the level of internal audit quality by 0.130 units. The study therefore failed to reject the fifth hypothesis which predicted a significant positive relationship between stakeholders' perception of internal audit staff and internal audit quality.

The finding therefore means, in situations where auditing is done professionally, stakeholders in the MMDAs recognize such feats which the stakeholders believe it can predict positive variance in the state of internal audit quality at the MMDAs operating in the Central Region of Ghana. The finding also supports the collective claim held by some previous empirical studies (Arulalan & Anojan, 2014; Chambers & Odar, 2015). This finding re-echoes the claim that the theory of inspired confidence, which states that an internal audit function must be able to win stakeholders' trust in order to be able to be perceived as impartial, supports the importance of internal audit's

independence as a major quality dimension of the function. This is possible by the function demonstrating that it is independent enough to be able to carry out its engagements in an unbiased and impartial manner (Jachi & Yona, 2019).

From the agency theory perspective, Adams (1994) argues that the role and obligations given to internal auditors by the organization are also explained by agency theory, which also predicts how organizational change would affect the internal audit function. Agency theory also aids in explaining and predicting the existence of internal audit. The study comes to the conclusion that agency theory can serve as a foundation for extensive research that will be beneficial to both the academic community and the internal auditing profession, hence providing the impact of stakeholder perception on the degree of quality of auditing work at the various MMDAs operating in the Central Region of Ghana (Mihret et al., 2010; Onumah et al., 2016; Shbail & Turki, 2017). Stakeholders thus provide means for monitoring the operations of internal auditors to produce transparency and accountability which is much enshrined in the agency theory's perspective (Jensen & Meckling, 1976).

From the perspective of the institutional management theory, organizational structures and practices are shaped through changes induced by normative pressures, including both external and internal sources such as laws and regulations, or by the professions (Mihret et al., 2010). The impulse of this finding is therefore inspiring the confidence in the finding that perception of stakeholders on internal audit staff with respect to internal audit quality predicting positive change in quality of audit services provided at the various MMDAs operating in the Central Region of Ghana. As a result, internal audit personnel can offer light on the relationship between internal auditing and

achieving business objectives and provide insight into internal auditing processes as one component of organizational systems (Mihret et al., 2010).



CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter presents the summary of the study and the findings. The conclusions drawn on the basis of the results are also highlighted in this chapter, followed by the recommendations.

Summary of the Study

The study was influenced by the infractions cited by the Auditor General in the audit report of MMDAs as well as the Auditor General's Report on Management and Utilization of District Assemblies' Common Fund and other Statutory Funds, recommendations from previous research and such studies not being found in Ghana. The study therefore examined the influence of competence, independence, work performed, management support and stakeholder perceptions of internal audit staff on internal audit quality. The study employed the quantitative approach to test five hypothesis based on the objectives. The stratified random sampling method was also employed to gather data from one hundred and sixteen internal audit staff and management and others stakeholders of the MMDAs in the central region of Ghana. Both descriptive and multiple regression was employed to analyze the objectives and to test the hypotheses of the study.

The result of the study revealed that competence of the internal audit staff, the independence of the internal audit staff, the management support provided to the internal audit staff, nature of work performed by the internal audit staff and positive stakeholders' perception of internal audit positively

influence the quality of the internal audit work. These findings therefore failed to reject the five hypotheses stated by this study.

Conclusions

Based on the results of the study, the following conclusions were made. Regarding the first objective, the study concluded that the competence of the internal audit staff is a key requirement for enhancing the quality of the internal audit work hence the hypothesis that competence of internal audit staff positively influences internal audit quality was not rejected. On the basis of the second objective, the study concluded that the independence of the internal audit staff contributes to promoting internal audit quality hence the hypothesis that independence of the internal audit staff positively the quality of internal audit was not rejected. The third conclusion made was that the nature of work performed by the internal audit staff adds to the quality of internal audit hence the third hypothesis depicting positive relationship between work of internal audit staff and internal audit quality was not rejected.

The fourth conclusion was in confirmation of the fourth hypothesis which indicated that management support for internal audit staff positively influences quality of internal audit. The study also confirmed the fifth hypothesis and the conclusion was drawn that positive perception of internal audit staff provides the urge for the enhancement of the internal audit quality.

The study further confirmed the inspired confidence, agency and institutional management theories which emphasized that the willingness, dedication and development of parties such as internal audit staff and management form a solid basis for improving the outcome of the auditing function thereby, enhancing the quality of internal audit.

Recommendations

Based on the conclusions of the study, the following recommendations were provided for policy direction.

The MMDAs should enhance the competence of the internal audit staff through professional training to enhance the knowledge and skills and encourage them to obtain professional qualifications so as to enhance quality audit outcome. The MMDAs should work to improve the degree of independence of internal audit staff through giving them maximum autonomy, giving them direct access to management and all departments in the assembly and ensuring that the work of internal audit staff is not interfered.

The study recommends that the work performed by internal audit staff of the MMDAs should be enhanced by way of ensuring that internal audit staff prepares report within the stipulated time, that reports are submitted on time, that audit staff do regular follow-up to enhance the overall quality of the audit work. Management of the MMDAs should constantly provide adequate support to internal audit units by providing them with adequate financial and non-financial resource to enhance the quality of work they produce.

The study also recommends that internal audit staff should engage in corporate policing and improve upon their investigation skills so as to enhance the perception and image of the internal audit work. The positive perception of stakeholders on the work of the internal audit staff can enhance the cooperation and support which stakeholders offer to internal audit unit to increase the quality of the audit function.

Based on the conclusions of the study, the following recommendations were provided for internal audit staff.

Internal audit staff should ensure that they participate in CPD programs to be abreast with current issues regarding the profession and ensure that they perform their duties according to the principle of the profession. Again, IAS should ensure that they keep away from relationships and illegal activities that will distort their activities as well as ensure that they work within the stipulated time and do regular follow-ups and monitoring as recommended by the Auditor General so as to achieve the purpose of their existence, thereby enhancing the quality of their work. With this, they can get the full support of management and other stakeholders as well as positive perception from stakeholders.

Based on the conclusions of the study, the following recommendations were provided for future research.

Future research can look at IAQ in MMDAs or other public institutions at other regions in Ghana using qualitative approach or a different methodology. Future researchers can also look at other ways of measuring IAQ since this study was based on ISA 610.

Contribution to the Study

I have added to literature on IAQ and local governance since no work or similar one was done in Ghana. I also added work performed by IAS and stakeholder perceptions of IAS to my determinants comparing my work to that of others in different countries, and they were both positive predictors of IAQ.

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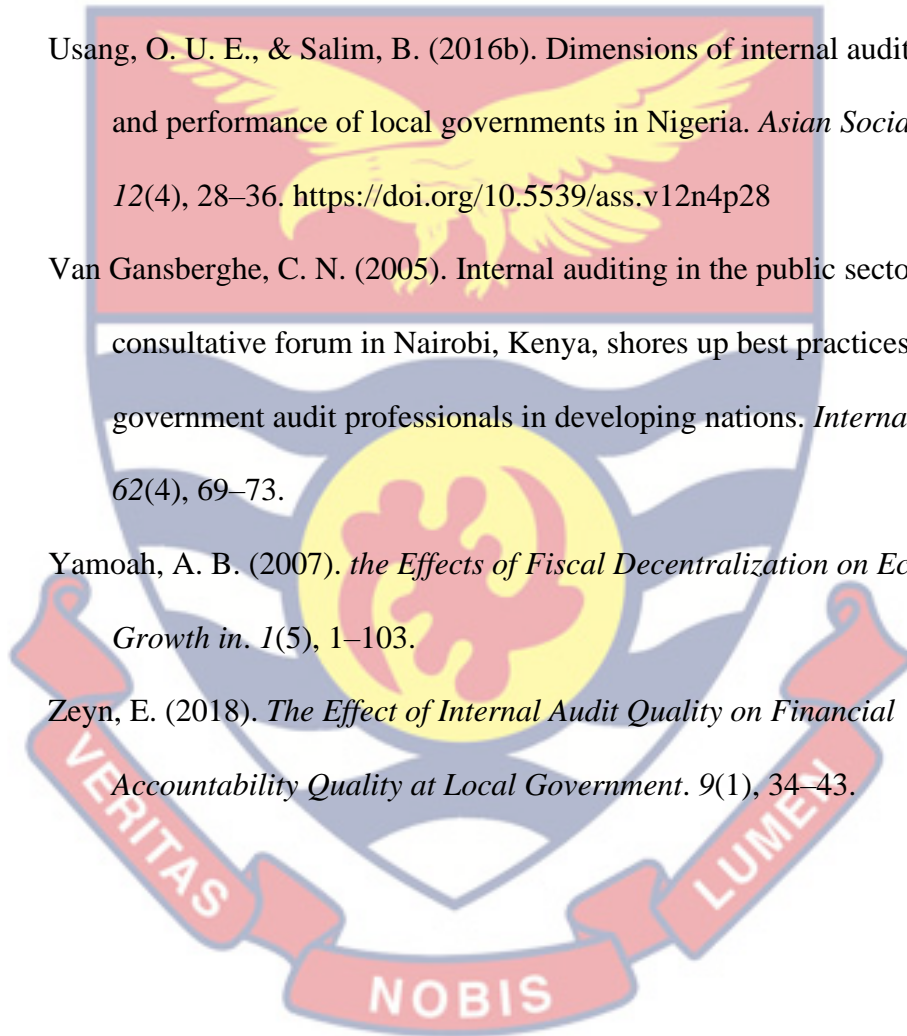
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APPENDICES

APPENDIX A

UNIVERSITY OF CAPE COAST

COLLEGE OF HUMANITIES AND LEGAL STUDIES

SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING

**QUESTIONNAIRE ON DETERMINANTS OF INTERNAL AUDIT
QUALITY IN METROPOLITAN, MUNICIPAL AND DISTRICT
ASSEMBLIES IN THE CENTRAL REGION OF GHANA
QUESTIONNAIRE FOR STAFF OF INTERNAL AUDIT UNIT**

Dear Respondent,

This questionnaire is designed to solicit information on “Determinants of Internal Audit Quality in Metropolitan, Municipal and District Assemblies”.

This is a study in partial fulfilment of the requirements for the Master of Commerce (Accounting) degree in University of Cape Coast. Your opinion is of much importance to the study and your confidentiality is assured as this would be used for only academic purposes. You are kindly requested to complete this questionnaire. Thank you.

Please read each question carefully and choose the appropriate answer by ticking [] in the appropriate box corresponding to the item or write your response in the space provided.

Thank you.

Section I: Socio-Demographic Characteristics of Respondents

1. Status of Assembly (a) Metropolitan [] (b) Municipal []
(c) District []
2. Gender (a) Male [] (b) Female []
3. Rank/Position: (a) Assistant Internal Auditor Trainee [] (b) Assistant Internal Auditor [] (c) Internal Auditor [] (d) Senior Auditor []

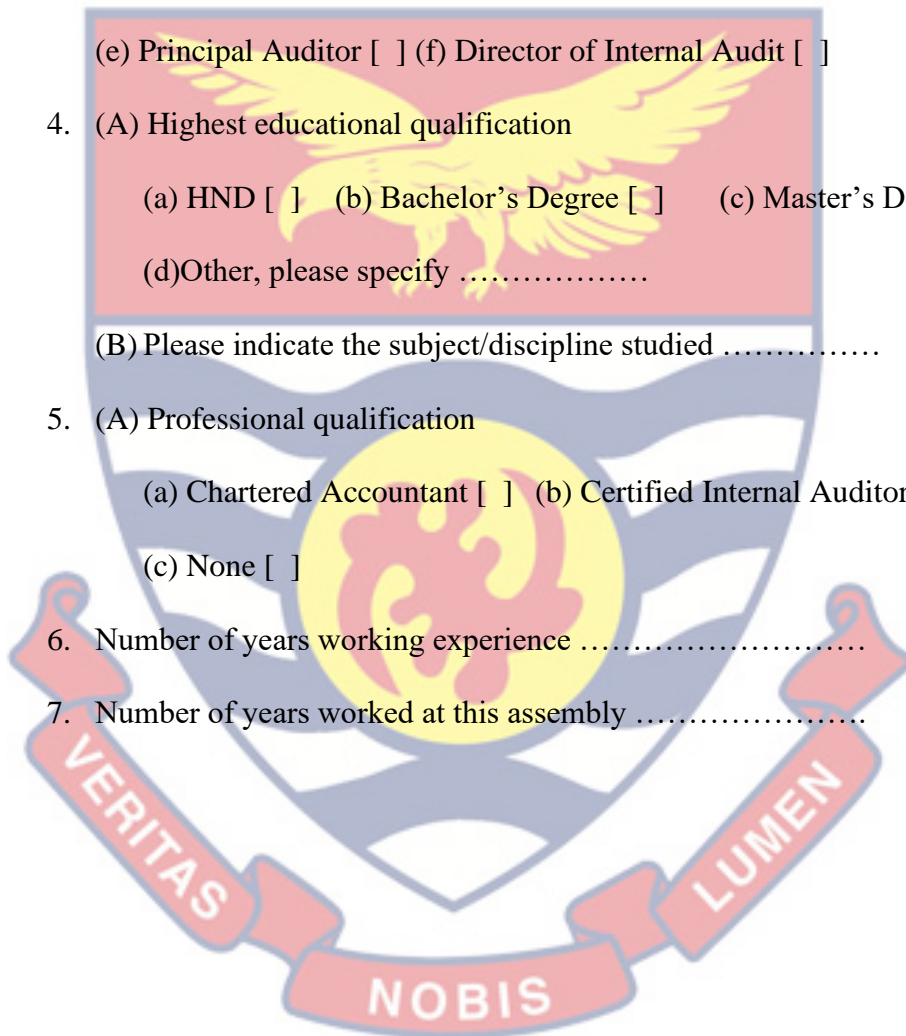
(e) Principal Auditor [] (f) Director of Internal Audit []

4. (A) Highest educational qualification
(a) HND [] (b) Bachelor's Degree [] (c) Master's Degree []
(d) Other, please specify
- (B) Please indicate the subject/discipline studied

5. (A) Professional qualification
(a) Chartered Accountant [] (b) Certified Internal Auditor []
(c) None []

6. Number of years working experience

7. Number of years worked at this assembly



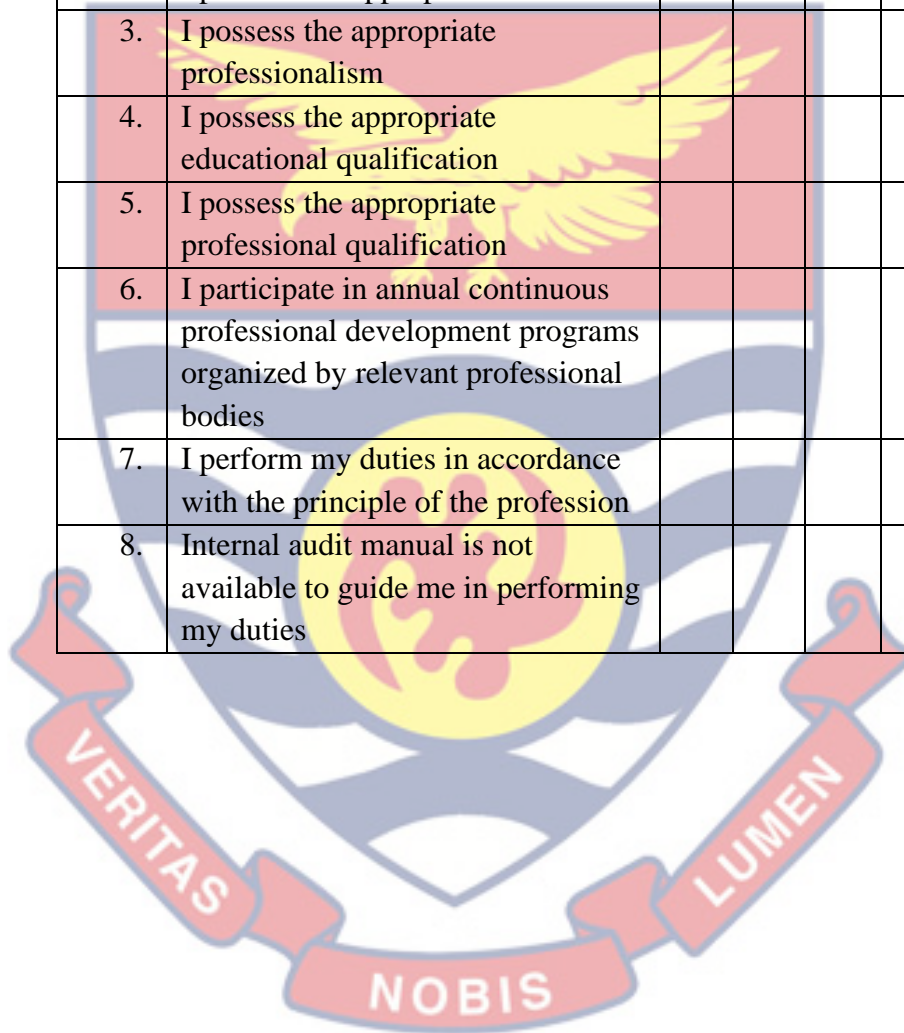
Section II: Competence of Internal Audit Staff

To what extent do you agree with these statements?

1 = Strongly Disagree 2 = Disagree 3 = Uncertain 4 = Agree 5 = Strongly

Agree

No.	Statements	1	2	3	4	5
1.	I possess the appropriate knowledge					
2.	I possess the appropriate skills					
3.	I possess the appropriate professionalism					
4.	I possess the appropriate educational qualification					
5.	I possess the appropriate professional qualification					
6.	I participate in annual continuous professional development programs organized by relevant professional bodies					
7.	I perform my duties in accordance with the principle of the profession					
8.	Internal audit manual is not available to guide me in performing my duties					



Section III: Independence of Internal Audit Staff

To what extent do you agree with these statements?

1 = Strongly Disagree 2 = Disagree 3 = Uncertain 4 = Agree 5 = Strongly

Agree

No.	Statements	1	2	3	4	5
1.	I perform my duties with a degree of autonomy and independence from management					
2.	I am free from interference in discharging my mandate					
3.	I have direct access to the General Assembly					
4.	I perform my duties according to the assigned responsibilities					
5.	My appointment, remuneration and transfer places restriction on my freedom to report freely					
6.	Budget from management do not put restriction on my freedom to report freely					
7.	I have access to all departments in the assembly in performing my duties					
8.	I have access to all workers in the assembly in performing my duties					
9.	I perform my duties with honesty and diligence					
10.	I avoid any illegal activity that discredits the work of the internal audit unit					
11.	I keep away from any relationship that may lead to bias assessment					
12.	I avoid favoritisms that may lead to unprofessionalism of my work					
13.	I disclose material facts to avoid distortion of reporting activity					

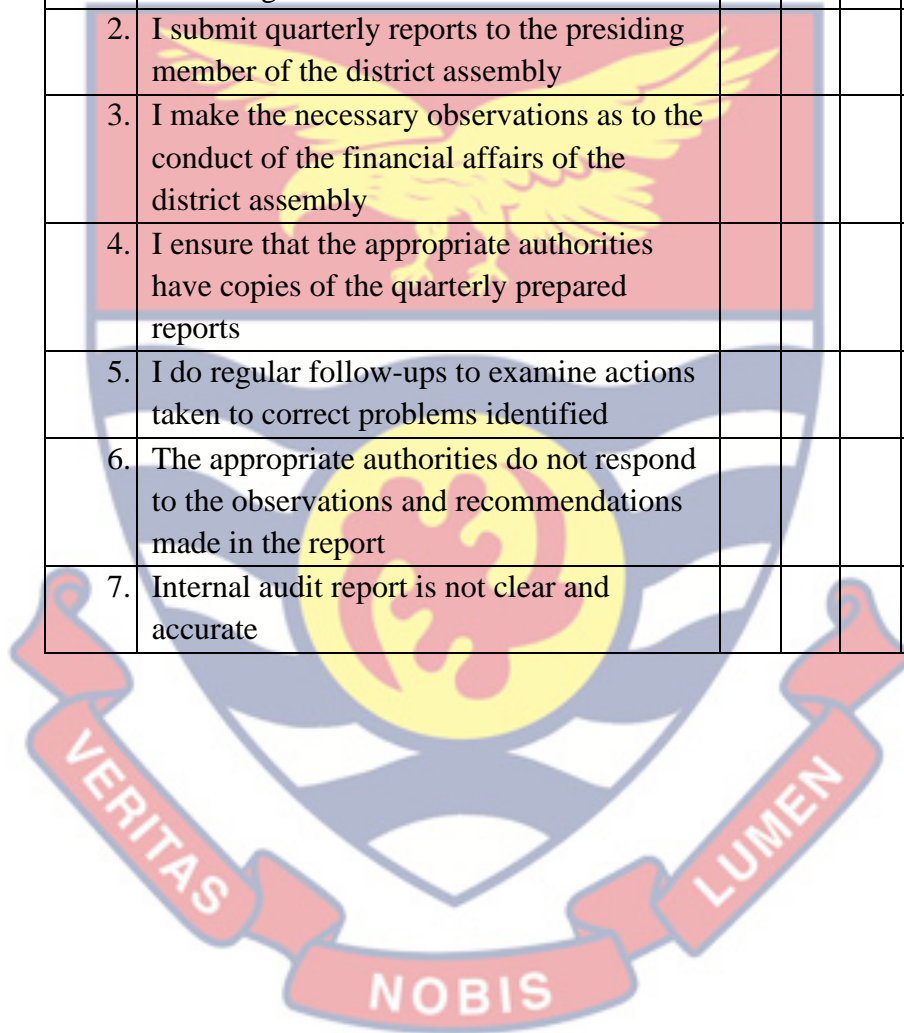
Section IV: Nature of Work Performed by Internal Audit Staff

To what extent do you agree with these statements?

1 = Strongly Disagree 2 = Disagree 3 = Uncertain 4 = Agree 5 = Strongly

Agree

No.	Statements	1	2	3	4	5
1.	I prepare report within the stipulated time according to the act					
2.	I submit quarterly reports to the presiding member of the district assembly					
3.	I make the necessary observations as to the conduct of the financial affairs of the district assembly					
4.	I ensure that the appropriate authorities have copies of the quarterly prepared reports					
5.	I do regular follow-ups to examine actions taken to correct problems identified					
6.	The appropriate authorities do not respond to the observations and recommendations made in the report					
7.	Internal audit report is not clear and accurate					



Section V: Nature of Management Support for Internal Audit Staff

To what extent do you agree with the following statements regarding management support for internal audit staff?

1 = Strongly Disagree 2 = Disagree 3 = Uncertain 4 = Agree 5 = Strongly Agree

No.	Statements	1	2	3	4	5
1.	I get the attention of management regarding issues audited					
2.	Management invests consistently in my training and development					
3.	Management provides the required resources needed to perform my duties					
4.	Management makes valuable contributions during meetings to enhance my work					
5.	Findings and recommendations are easily implemented					
6.	I issue report to management regularly					
7.	Management’s decision-making process is affected by the reports (findings/recommendations).					

Section VI: Stakeholder Perceptions of Internal Audit Staff

To what extent do you agree with the following statements regarding your perceptions about internal audit staff in this assembly?

1 = Strongly Disagree 2 = Disagree 3 = Uncertain 4 = Agree 5 = Strongly Agree

No.	Statements	1	2	3	4	5
1.	I am an accountant by training					
2.	I am a fault finder					
3.	I am spoken to only when I ask a question					
4.	I am a corporate policeman					
5.	Management perceives internal audit unit as expensive to operate from within the organization					

Section VII: Internal Audit Quality

How do you rate the quality of internal audit in this assembly?

1 = Poor 2 = Fair 3 = Good 4 = Very good 5 = Excellent

No.	Statements	1	2	3	4	5
1.	Identification of risks in the assembly					
2.	Control system evaluation in the assembly					
3.	Examination of effectiveness and performance of the assembly					
4.	Evaluation of internal audit reports by management					
5.	Evaluation of internal audit reports by audit committee					
6.	Evaluation of internal audit reports by external auditors					
7.	Source of data and information for the assembly's operations					
8.	Source of data and information for management's decision making					
9.	Assembly's satisfaction with the work of the internal audit unit					
10.	Extent to which findings are based on documents and reliable data					
11.	Extent to which findings are significant to the assembly					
12.	Extent to which recommendations of internal audit unit provide practical cost-benefit solutions for correcting problems that are found					
13.	Extent to which internal audit reports meet the standard specified by the act					

Thanks for your cooperation

APPENDIX B

UNIVERSITY OF CAPE COAST

COLLEGE OF HUMANITIES AND LEGAL STUDIES

SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING

QUESTIONNAIRE ON DETERMINANTS OF INTERNAL AUDIT

QUALITY IN METROPOLITAN, MUNICIPAL AND DISTRICT

ASSEMBLIES IN THE CENTRAL REGION OF GHANA

QUESTIONNAIRE FOR MANAGEMENT AND OTHER

STAKEHOLDERS

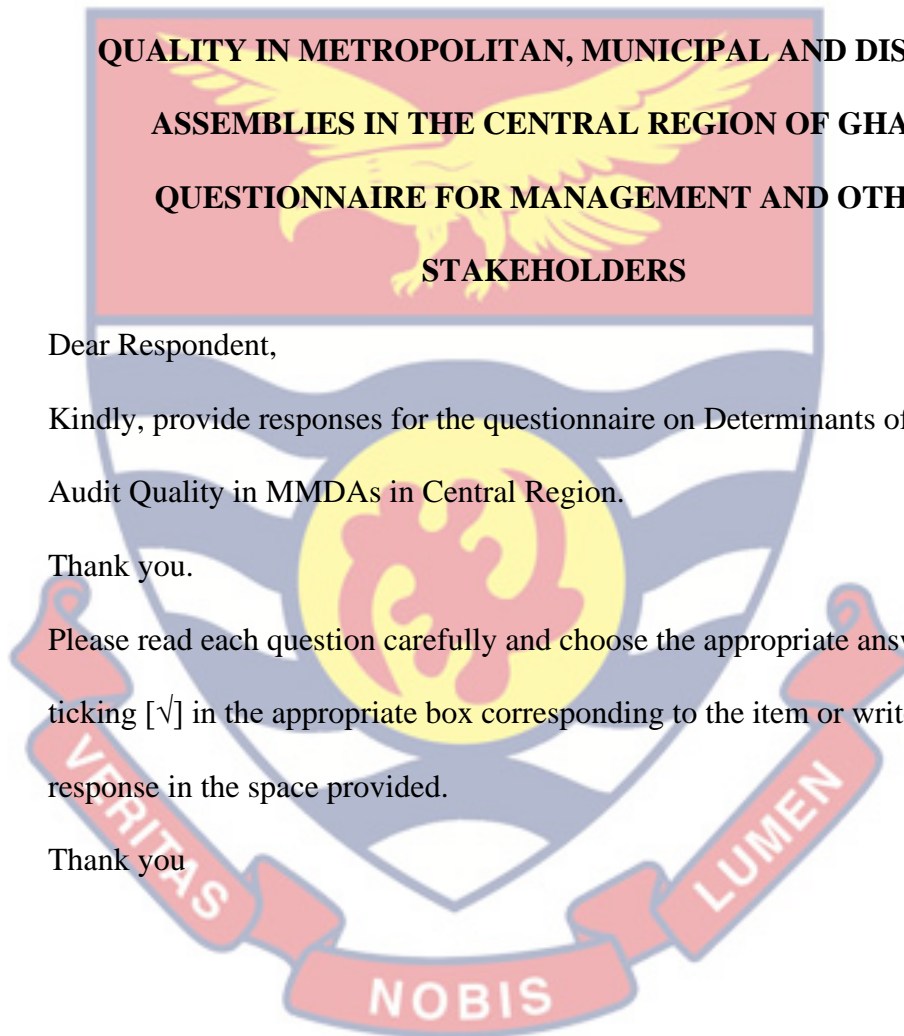
Dear Respondent,

Kindly, provide responses for the questionnaire on Determinants of Internal Audit Quality in MMDAs in Central Region.

Thank you.

Please read each question carefully and choose the appropriate answer by ticking [] in the appropriate box corresponding to the item or write your response in the space provided.

Thank you



Section I: Socio-Demographic Characteristics of respondents

1. Status of Assembly (a) Metropolitan [] (b)Municipal [] (c) District []

2. Gender (a) Male [] (b) Female []

3. Rank/Position (a) DCE [] (b) DCD [] (c) DFO [] (d) DBA [] (e) DPO [] (f) Audit Committee Member [] (g) Social Welfare

[] (h) Agric Department []

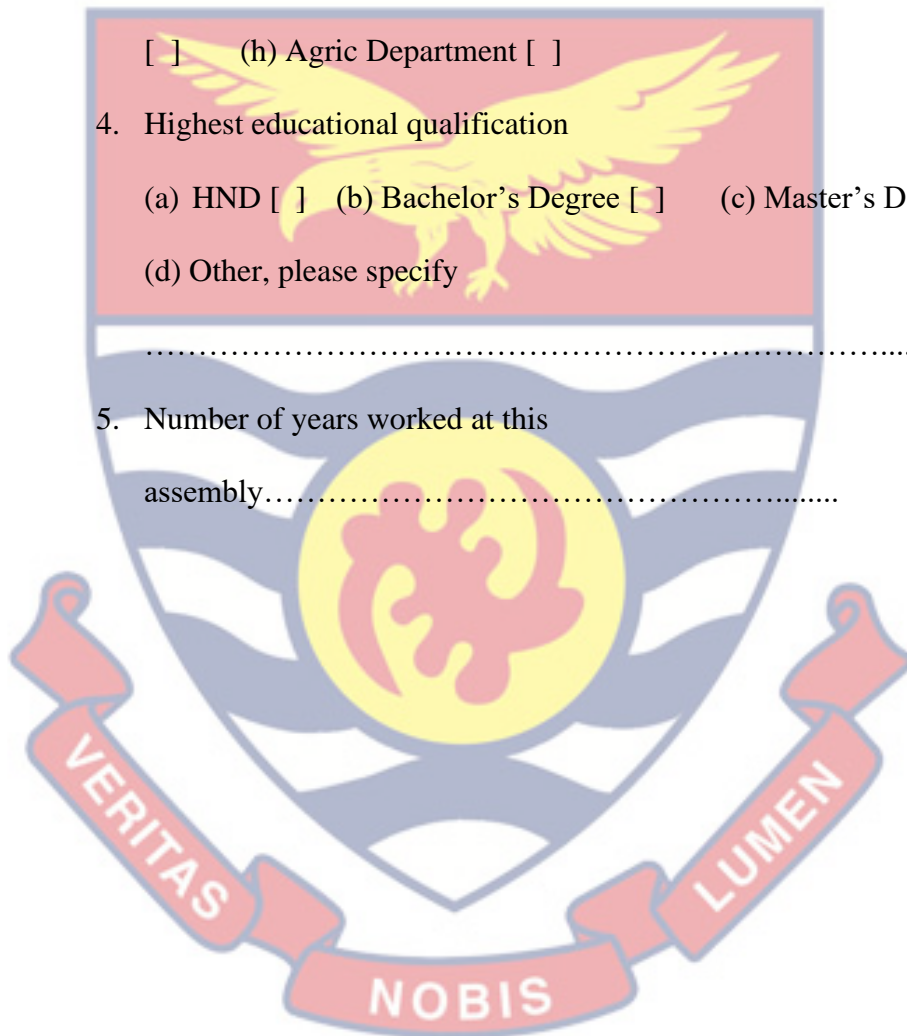
4. Highest educational qualification

(a) HND [] (b) Bachelor's Degree [] (c) Master's Degree []

(d) Other, please specify

5. Number of years worked at this

assembly.....



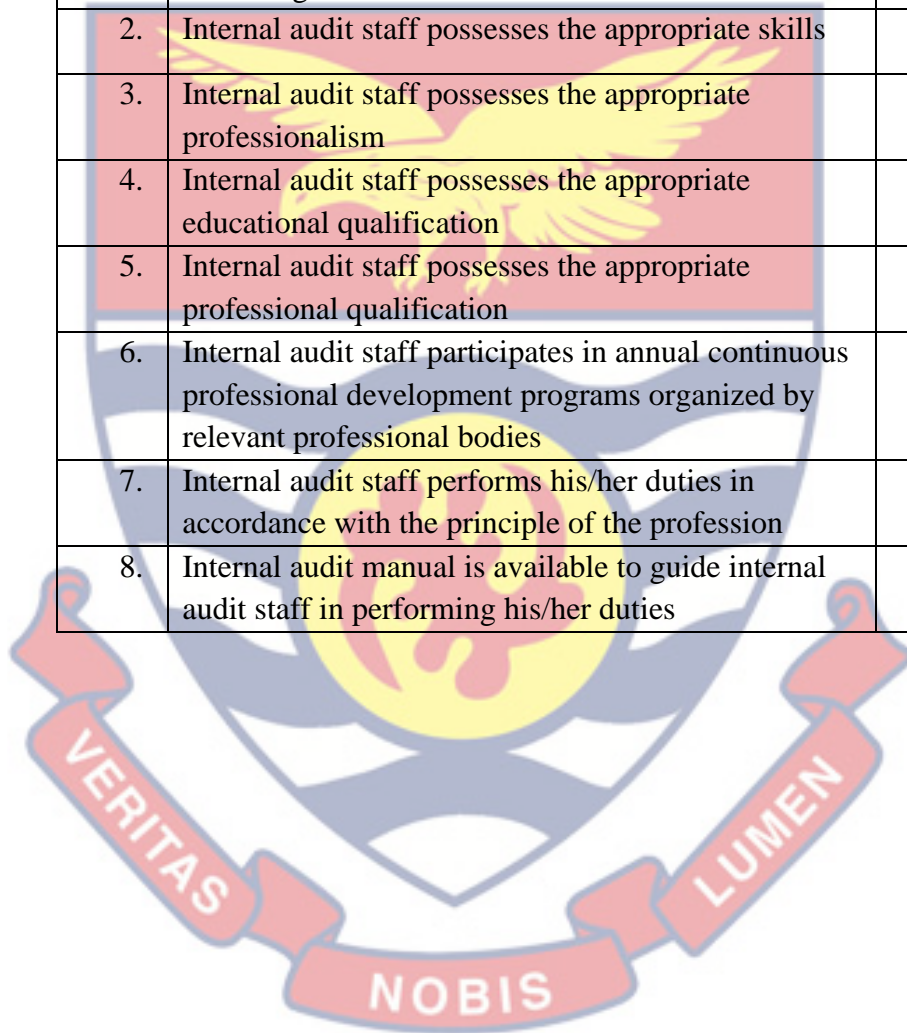
Section II: Competence of Internal Audit Staff

To what extent do you agree with these statements?

1 = Strongly Disagree 2 = Disagree 3 = Uncertain 4 = Agree 5 = Strongly

Agree

No.	Statements	1	2	3	4	5
1.	Internal audit staff possesses the appropriate knowledge					
2.	Internal audit staff possesses the appropriate skills					
3.	Internal audit staff possesses the appropriate professionalism					
4.	Internal audit staff possesses the appropriate educational qualification					
5.	Internal audit staff possesses the appropriate professional qualification					
6.	Internal audit staff participates in annual continuous professional development programs organized by relevant professional bodies					
7.	Internal audit staff performs his/her duties in accordance with the principle of the profession					
8.	Internal audit manual is available to guide internal audit staff in performing his/her duties					



Section III: Independence of Internal Audit Staff

To what extent do you agree with these statements?

1 = Strongly Disagree 2 = Disagree 3 = Uncertain 4 = Agree 5 = Strongly

Agree

No.	Statements	1	2	3	4	5
1.	Internal audit staff performs his/her duties with a degree of autonomy and independence from management					
2.	Internal audit staff is free from interference in discharging his/her mandate					
3.	Internal audit staff have direct access to the General Assembly					
4.	Internal audit staff performs his/her duties according to the assigned responsibilities					
5.	Internal audit staff's appointment, remuneration and transfers has placed restrictions on his/her freedom to report freely					
6.	Budget from management places restrictions on the internal audit staff's freedom to report freely					
7.	Internal audit staff have access to all departments in the assembly in performing his/her duties					
8.	Internal audit staff have access to all workers in the assembly in performing his/her duties					
9.	Internal audit staff performs his/her duties with honesty and diligence					
10.	Internal audit staff avoids illegal activities that discredits the work of the internal audit unit					
11.	Internal audit staff keeps away from any relationship that may lead to bias assessment					
12.	Internal audit staff avoids favoritisms that may lead to unprofessionalism of his/her work					
13.	Internal audit staff discloses material facts to avoid distortion of reporting activity					

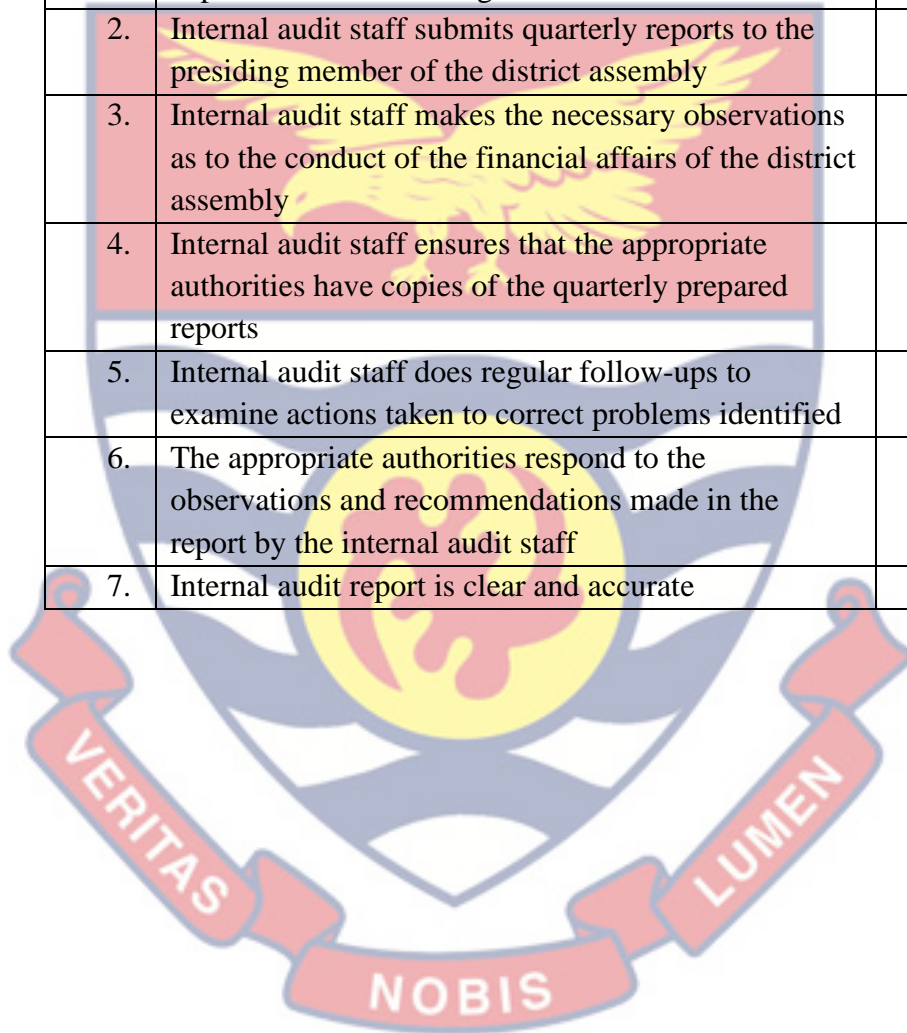
Section IV: Nature of Work Performed by Internal Audit Staff

To what extent do you agree with these statements?

1 = Strongly Disagree 2 = Disagree 3 = Uncertain 4 = Agree 5 = Strongly

Agree

No.	Statements	1	2	3	4	5
1.	Internal audit staff prepares report within the stipulated time according to their act					
2.	Internal audit staff submits quarterly reports to the presiding member of the district assembly					
3.	Internal audit staff makes the necessary observations as to the conduct of the financial affairs of the district assembly					
4.	Internal audit staff ensures that the appropriate authorities have copies of the quarterly prepared reports					
5.	Internal audit staff does regular follow-ups to examine actions taken to correct problems identified					
6.	The appropriate authorities respond to the observations and recommendations made in the report by the internal audit staff					
7.	Internal audit report is clear and accurate					



Section V: Nature of Management Support for Internal Audit Staff

To what extent do you agree with these statements?

1 = Strongly Disagree 2 = Disagree 3 = Uncertain 4 = Agree 5 = Strongly

Agree

No.	Statements	1	2	3	4	5
1.	Internal audit staff gets the attention of management regarding issues audited					
2.	Management invests consistently in the training and development of internal audit staff					
3.	Management provides the required resources needed by internal audit staff to perform his/her duties					
4.	Management makes valuable contributions during meetings to enhance the work of internal audit staff					
5.	Findings and recommendations of the internal audit staff are easily implemented					
6.	Internal audit staff issues report to management regularly					
7.	Management’s decision-making process is affected by the reports (findings/recommendations) of internal audit staff					

Section VI: Stakeholder Perceptions of Internal Audit Staff

To what extent do you agree with these statements?

1 = Strongly Disagree 2 = Disagree 3 = Uncertain 4 = Agree 5 = Strongly

Agree

No.	Statements	1	2	3	4	5
1.	Internal audit staff is an accountant by training					
2.	Internal audit staff is a fault finder					
3.	Internal audit staff is spoken to only when he/she ask a question					
4.	Internal audit staff is a corporate policeman					
5.	Management perceives internal audit unit as expensive to operate from within the organization					

Section VII: Internal Audit Quality

How do you rate the quality of internal audit in this assembly?

1 = Poor 2 = Fair 3 = Good 4 = Very good 5 = Excellent

No.	Statements	1	2	3	4	5
1.	Identification of risks in the assembly					
2.	Control system evaluation in the assembly					
3.	Examination of effectiveness and performance of the assembly					
4.	Evaluation of internal audit reports by management					
5.	Evaluation of internal audit reports by audit committee					
6.	Evaluation of internal audit reports by external auditors					
7.	Source of data and information for the assembly's operations					
8.	Source of data and information for management's decision making					
9.	Assembly's satisfaction with the work of the internal audit unit					
10.	Extent to which findings are based on documents and reliable data					
11.	Extent to which findings are significant to the assembly					
12.	Extent to which recommendations of internal audit unit provide practical cost-benefit solutions for correcting problems that are found					
13.	Extent to which internal audit reports meet the standard specified by the act					

Thank you for your cooperation