

MIDLANDS STATE UNIVERSITY



FACULTY OF SOCIAL SCIENCES

DEPARTMENT OF POLITICS AND PUBLIC MANAGEMENT

**AN ANALYSIS OF THE INDEPENDENCE OF INTERNAL AUDITS IN ZIMBABWEAN
LOCAL AUTHORITIES: A CASE OF MASVINGO CITY COUNCIL FROM 2005-2014**

BY

ALEXANDER TUNGAMIRAI NYASHANU

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NAME OF AUTHOR : ALEXANDER T NYASHANU

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SIGNED.....

PERMANENT ADDRESS : MAHACHI VILLAGE CHIEF GADZINGO, GUTU

EMAIL : alexandertnyashanu@ gmail.com

DATE : OCTOBER 2015

APPROVAL FORM

The undersigned certify that they have read and recommend to Midlands State University for acceptance, a research project entitled: An analysis of the independence of internal audit in Zimbabwean local authorities: A case of Masvingo city council 2005-2014,” submitted by Alexander Tungamirai Nyashanu in partial fulfilment of the requirements of the Bachelor of Science in Politics and Public Management Honours degree.

SUPERVISOR

DATE

CHAIRPERSON

DATE

DECLARATION

I, Alexander Tungamirai Nyashanu do here by declare that this work is my own original work, that it has not been plagiarized nor submitted for similar degree in any other University.

Signed

Date

DEDICATION

To my beloved parents, brothers and sisters, my family has made completion of this project and my degree feasible. I thank you for the support and encouragement. I would like to appreciate both financial and material support that you gave me throughout my schooling era. In conclusion would like to give infinite thanks to God the Almighty for the gift of precious life.

ABSTRACT

This paper has focused much on the independence and performance of internal audit in Zimbabwean Local Authorities. The research objectives of this project are to examine the relationship between internal audit and the management in all council operations, to assess effectiveness of internal audit controls both existing and proposed functions, to examine challenges faced by Masvingo city council in upholding independence of internal audit and accountability including management's behaviour, to determine types of internal audit and their subsequent efficient methods at the council, to investigate how size and resourcing of internal audit affect objectivity and efficiency and to recommend strategies of establishing an effective and independent internal audit. In the literature review methods of measuring the effectiveness of internal audit activity were discussed in detail. This study provides empirical evidence as to the main factors influencing internal audit independence. Internal audit effectiveness can be only enhanced through its independence; there are various factors that contribute to autonomy of internal audit in Zimbabwe's local authorities. These factors are namely competence of internal audit, the size of the internal audit department, the relationship between internal and external auditors, management support for internal audit and the independence of the internal audit department. The results suggested that management should support the internal audit function and promote internal audit autonomy from political interference. This would bring effectiveness of both the internal audit function and management. In this context, literature was also reviewed whereby different views were given towards autonomy of internal audit in public sector. Internal audit was defined, forms of internal audit that internal auditors comply with such as Financial audit, Risk management and system controls, Advisory and investigative service and Performance audit. The researcher used research methodology that was mutually blended with both qualitative and quantitative research designs. The population for this research is 220 people constituting general employees (top management, lower level internal audit employees, councillors and the workers union members. The sample population is 22 and it constitutes 8 from the general lower level employees, 3 from the top management, 5 from councillors, 3 from internal audit employees and 3 from the workers committee. The research tools used were interviews and questionnaires which had both open-ended and closed questions. Sampling techniques used are purposive, stratified and simple random sampling. Data was gathered from this targeted population through the use of face to face interviews and questionnaires. The researcher presented data which reveals different types and forms of internal audit. Moreover, challenges that are faced by Masvingo city council in enhancing independent internal audit were unfolded by respondents. Respondents also cited that independence of internal audit has different benefits such as effectiveness, accountability, transparency and efficiency. It was concluded that internal audit should be established outside the organisation. Internal audit management should be given motivational grades and salaries for them to be committed. In addition, internal audit should report to an outside separate entity and it has been recommended that there should be qualified workforce in internal audit department and they should be given access to every aspect of organizational financial and operational transactions.

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ABBREVIATIONS AND ACRONYMS

AO	:	Accounting Officer
C&A	:	Comptroller and Audit general
MCC	:	Masvingo City Council
CEA	:	Chief Executive Auditor
IA	:	Internal Audit
IAG	:	Internal Audit General
IIA	:	Institute of Internal Auditors
INTOSAI	:	International Organizations of Supreme Audit institutions
MDAS	:	Municipality and District Assemblies
OECD	:	Organization for Economic Co-operation and Development
PEM	:	Public Expenditure Management

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CHAPTER ONE INTRODUCTION

The rationale of this chapter as the opening interval is to envelop the background of the study, thus the dramatic environment where the research is being undertaken, the statement of the problem demonstrating the problems which drove the need for research, other essential aspects such as research objectives, research purpose aim and research questions are sheltered in this chapter. The section has also wrapped the delimitation of the study, limitation definition of terms and a summary. This would be of major importance to various entities such as the general public mainly residents, local authorities mostly Masvingo city council and to Midlands State University.

1.1 Background of the study

Internal auditing has gradually become a crucial profession in good governance especially in public sectors. However, much emphasis has been credited to external auditing which left importance and independence of internal audit a nagging question in the minds of many. Independence is the cornerstone of the internal auditor's profession. Proficient and qualified auditors draw their significance and credibility from the deep-seated postulation of independence of behaviour, mentality, appearance and functionality. Preamble research of auditing and its purpose for many years has been designed for the context of external audit. Apart from this, countless record keeping errors, asset misappropriation and fraud has escalated the need for autonomy and impartiality of internal audit. The inspiration for this study is mainly channelled to the gradually transforming duties, functions and growing responsibilities of internal audit in local authorities. Independence of internal audit is the most distinctive corporate governance's transparent and accountability mechanism .The main functions of internal auditing are financial controlling, management, internal safe guarding of funds and assets, internal consultancy service and risk management .

In this context, Masvingo city council is a local authority and is categorized as a non- profit making organization. According to the Zimbabwe Statistics Agency (2012) the local authority is among some of largest urban areas in all settlements of Zimbabwe in terms of population close to 90 000 (ninety thousand). The city of Masvingo is the oldest settlement in Zimbabwe. It is located in the southern part of the Country in the province of Masvingo. It was established in

1890 as Fort Victoria by Cecil John Rhodes's pioneer column which trekked from South Africa to establish a British colony north of the Limpopo River. The city has gone through a series of upgrading from the sanitary board status in 1894 through town management board 1896, municipal in 1953 to city status in 2002. In 1983 Fort Victoria was renamed Masvingo out of the famous Great Zimbabwe monuments. It is 288 kilometres from Beitbridge border with South Africa and 292 kilometres from Harare Zimbabwe's capital city 280 kilometres from Bulawayo and 297 kilometres from Mutare the countries eastern border city to Mozambique. At the present time Masvingo City council is in the process of re invigorating and improve its service delivery status city although it is still facing a haze of predecessor inconveniences and challenges. The area governed by MCC has 10 wards each of them with an elected councillor, to represent the interest of the public there are also three special interest councillors. The council also has a standing committee and only there are six committees that help in the daily operations of the council.

In this light, misappropriation of council assets and property, fraud and corruption that characterizes several urban councils, rural district councils, municipalities and other parastatals has paved way for the need to research on independence of internal auditing. Internal auditing vocation is said to have originated in America in (1941) the establishment is related to the origin of the Institute of Internal Auditors. According to the Institute of Internal Auditors (IIA) (2002) internal audit has become a pillar of major importance in the context of good governance. The recent financial crisis worldwide has led accountants to query of how independent internal auditors are. The role of internal audit is to reduce record keeping errors, verify payroll frauds (remuneration of ghost workers) and mismanagement of funds for personal aggrandizement. An internal auditor is interested in all council operations and the auditor is mainly concerned with the going concern assumption that is, the future of the organization and its life expectancy is very essential. Therefore, auditor's function is to ensure that there is effective service delivery to the public at an affordable price of user charges that gives the organization a profit for future sustainable operations. This shows that an auditor is a watchdog of all management functions and operations as such; in most cases the critical thinking of an auditor is influenced and driven by the management's manipulation that undermines auditor's independence.

Internal auditors, depend on their particular analysis and recording methods and systematic appraisals these also include different functionalities such as business succession audits, compliance audits, investigating fraud and supplementary indiscretion, evaluating operational efficiency, analysis, measurement and reporting of operational systems and providing preventive mechanisms for risk and forgery. The internal audit plays a consultative role in binding amalgamation of fiscalexamination and evaluation, daytodayreviews and checks known as program based auditing, performanceexamination audits, wide-rangingspection, and administrationassessment .Compliance audit is concerned with evaluating whether the organization is acting in accordance with stipulated procedures and regulations. According to the Urban Councils Act Chapter (UCA) (29:15) section 286 the council shall keep proper books of accounts such as cash book, ledger, receipt books and purchase books only a few to mention so as to ensure that all transactions of the council are taken into account.

In addition, section 97 of the Urban Councils Act (29:15) provides for the establishment of audit committees .Section 98 provides for the functions of the audit committee within the council which shall be discussed later in detail. These factors call for independent internal audit. In previous years much emphasis was channelled towards external auditors and this determined the nature and size of the internal audit department. Internal auditing is a major pillar of good governance in public sector organizations. Internal audit with its functions has the duty of examining whether State or community resources are manipulated effectively and efficiently, internal audit reduces bias and enables organizations to achieve identified results and targeted goals. According to Ackerns (2013) internal audit should have citizen support hence, external auditors from the central government should only examine whether internal audit of governmental institutions is performing its duties in a transparent, accountable and reliable way that would extract confidence from stakeholders. Internal audit is therefore, affected by the macro operations of the state. In this light, external auditors should only assess whether governmental parastatals, institutions and local authorities are adhering and complying with agreed decisions and policies through statutory legislation. Management and employees should understand the concept of auditor's independence and the auditors should fully understand cost and materiality risk reduction, providing effective auditor evidence that limits corruption and undesired behaviour.

Much emphasis has been put on effective components of public good governance relating to internal audit. Effective powers and authority has been mandated to external auditors than internal auditors. Furthermore, according to Stewart and Subramaniam (2009) the main rationale why internal auditors have grown in importance is that they reduce self-review, social pressure, economic interest, personal relationship and familiarity, cultural and cognitive biases. They also produce and identify a variety of safeguards against these threats. The current situation in the world is full of substantial pressures on public finances and resources; this demand requires all national and local authorities to manipulate public resources objectively and efficiently with a developmental vision, ensuring that essential basics have been given brisk attention. The pressures of fraud, corruption and misuse of resources have been evidenced by workshops of Public Internal Control Systems worldwide for instance, the European Union compendium which was initiated by 27 countries in order to refurbish internal audit operations in public sector organizations, according to the compendium of Public Internal Control Systems of European Union members (2012). More over the Southern Africa Development Commission Protocol on Corruption (2001) emphasised much on the improvement of public sector auditing in order to promote economic development among its member states.

1.2 Statement of the problem

There have been many descriptions on operations of internal audit. Internal audit as a department within an organization is responsible for examining all financial and non financial transactions of an organization to ensure that there is adherence and compliance. The establishment of internal audit as an independent department within an organization is to make sure there is efficiency and effectiveness in service delivery because issues of service delivery are at the centre of good governance nowadays especially with the introduction of the Zimbabwe Agenda for Sustainable Socio Economic Transformation (Zim Asset) in Zimbabwe. However, in most African countries which are ruled by revolutionary governments, financial and resource mismanagement are simultaneously becoming the most impenetrable and mystifying problems and particularly in most Zimbabwean municipalities. Interaction of factors such as misuse of council assets, funds and corruption on council tenders and resources have become the central episode of bad governance. Despite the controlling function of the government through legislative stance, municipalities are facing opaque operations which are not translucent to

stakeholders. In most cases local authority's management is even reluctant to initiate internal audit obligations and as a result internal audits are done after one or two years and due to management's influence, internal audit is overridden and inter dependence is characterizing internal audits of various public sectors. In Zimbabwe, public sector internal audit departments are ineffective, partial, and incompetent and more than 75% of stakeholders have been affected.

In future operations, through performance management, politicisation of corporate issues due to co-optation and improper relationships of the management with internal audit should be repaired so that internal audit becomes objective and autonomous. Therefore, this has instigated the rationale for the researcher to investigate on independence of internal audit in public sector organizations as to improve good governance. Autonomy of the internal audit with competent and efficient internal control systems in municipalities is the ideal situation advocated by this research. Hence, this research undertook a posture to close the gaps caused by improper functionality of the internal audit in local authorities, it is going to be helpful in improving the autonomy, size and efficiency of the internal audit structure and it may necessitate establishment of a more structured platform, suggesting solutions to common challenges in local authorities particularly Masvingo city council.

1.3 Research Objectives

- To examine the operational relationship between internal auditors and the management at Masvingo City Council.
- To assess effectiveness of internal audit controls at Masvingo City Council in enhancing fiscal prudence.
- To examine challenges faced by Masvingo City council in upholding independence of internal audit.
- To investigate the effects of internal audit size and resourcing and objectivity and effectiveness of internal auditors in Masvingo City Council.

- To examine the factors that determines the effectiveness of internal auditors in Masvingo City Council.
- To proffer recommendations in enhancing effective internal auditing in Zimbabwean Local Authorities.

1.4 Research Questions

1. What is the operational relationship between management and internal audit towards establishment of independent internal audit?
2. How effective is internal audit in upholding fiscal prudence at Masvingo City Council
3. What are the challenges faced by Masvingo City council in establishing independent internal audit.
4. What factors influence the effectiveness of internal auditors in Masvingo City council?
5. How do the size, resourcing and attitude of management affect achievement of council's goals and functionality interventions can be adopted to strengthen internal auditing?
6. What are the recommendations to establish independent, objective and effective internal audit in Zimbabwean Local Authorities?

1.5 Significance of the Study

The significance of internal auditing has grown to alarming levels in the new millennium. According to Zhou (2012) internal auditing has been coined by the need to safeguard public finances. The study is to help the researcher to acquire more skills in research that enhance future performance and employment in the field of research.

The findings from the study are likely to empower the finance and audit staff to evaluate some of the policies governing financial management and see whether they are generating the intended results. This may provide such users a base on which to modify these policies to suit the demands of the different stakeholders hence improving service delivery.

The study findings is to help the local authority under study and others in Formulating appropriate internal audit function and accountability attitude policies that will help in enhancing better financial performance.

The study findings are an addition to the already existing knowledge especially in the field of internal audit function and accountability of public funds.

The results of the study is to help the future researchers especially those who are researching in a similar area of internal audit function and accountability of public funds of organizations as they will use it as literature review.

The study also add literature review to the already established information about the variables hence acting as a source of literature review to the future academician's who may get interest in researching about the same study variables of internal Audit and the accountability of public funds in local governments.

The study may further help to bring out the weaknesses in internal Auditing mostly found at Masvingo City council regarding to the auditing as well as recommendable strategies to solve established weaknesses at the same organization.

The study further helps the researcher to acquire practical skills that may help in carrying out more researches in some future time. This is because during the process of carrying the study, the researcher may come up with the new inspiring problem in the area.

1.6 Delimitation of Study

The study is conducted at Masvingo city council headquarters located in Masvingo town's central business district. It was based on the responses by respondents from Masvingo City council. The study is to cover the nature of internal audit and financial performance of Masvingo city council, the relationship between internal audit and financial performance of Masvingo City Council, the challenges faced by the internal audit and performance at Masvingo City Council and the solutions to the challenges faced by internal audit for an independent and objective audit in local authorities. The study considers information relating to years of 2005-2014.

1.7 Limitations

- The research was limited due to shortage of resources such as time and funds. The inadequacy of these two resources confined the accuracy and scope of this research. In this context, the researcher ensured that 6 interviews were done in a day and also administration of questionnaires and interviews at some point were done simultaneously in order to be time effective.
- Various executives and representatives have hidden useful information arguing that information about independence of internal audit is crucial, private and confidential. The researcher used communication and education as a panacea to this challenge by explaining to audit officials that the information is for pure academic reasons and shall remain confidential and undisclosed to unauthorized persons.
- The research has been carried out after several Masvingo corruption scandals and after 2013 elections as such respondents viewed the research as a trap and political threat to the new politically elected members of the council. The researcher explained in time the reality that the research was for the improvement of corporate governance of the council and it was not a pro political instrument and it changed some of the incorrect views of respondents and it persuaded them to provide necessary and valid information for the research.

- Much of this study relied on the capability of interviewees to memorize and it is subject to memory drift and accidental misrepresentation. Cross examination of views and ideas has been done and considered only if they concur from different elevations.
- Questionnaires have been given to the targeted audience and they were prone to take longer than the expected time by the researcher. However as a remedy the researcher included the due date for collection of questionnaires in order to uphold convenience.

1.8 Definition of terms

- *Independence* – a virtue whereby one’s judgment is not affected by a circumstance or relationship Mallin (2009).
- *Auditing* – are procedures in which independent third parties systematically examine the evidence of adherence of some practices to set norms and standards of business. Auditing is the accumulation and evaluation of evidence about information and established criteria Zhou and Zinyama (2012).
- *Internal auditor*- an employee who is mandated with the responsibility of examining organization’s position of financial transactions and assets who is permanently employed in auditing as one’s lifetime profession within the same organization earning stipulated salary every month, Brody and Lowe (2000).
- *Corruption*- abusing public resources for non public and personal gain, Networks (2004).
- *Stakeholders*- a corporate fraction that can affect or be affected by the actions of the community or organization as a whole, without whose support the organization would cease to exist. Dankovetal (2014)
- *Risk*- is the potential negative anticipated that is undesirable and leads to loss. Matzenbaum (2002)

1.9 Summary

The first chapter focused on the introduction and outline of the whole dissertation; all research components such as background of the study, statement of the problem, research questions, research objectives, significance of the study, delimitation and limitations were discussed in short. Furthermore, independence of internal audit has been identified as the proposed solution to

competitive, transparent and accountable resource utilisation in public sector institutions. This has created way for the second chapter of the research whereby the researcher employs second data assessing whether independence of internal audit is the omnipotent panacea to the management of human resources, funds and assets in a municipality or not.

CHAPTER TWO LITERATURE REVIEW

2.0 Introduction

The purpose of this chapter is to delineate key elements that have greater influence in achieving internal audit's independence. Due to contemporary economic quagmire in progress, there is too much pressure which has led to the evolution of internal audit. This section has gradually unfolds different forms of internal audit. The chapter also dealt with defining the major role of internal auditors in a public sector and there are seven key elements that anchor internal audit and have been discussed in detail inside the chapter. Furthermore, this section has managed also to disclose forms of internal audit. Examples are drawn from Ghana and South Africa representing developing countries and also United States of America and Belgium representing two developed countries. Lastly, benefits of the independence of internal audit such as, transparency, accountability, risk management and effectiveness are to be reviewed.

2.1 What is internal auditing?

According to the Institute of Internal (Audit IIA 2006) definition of internal auditing is now familiar and well accepted: "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

According to the Internal Audit Annual Report of Anchorage Municipality (2013) internal audit is a term used to describe procedures performed by an internal auditor in examining financial records, reviewing compliance with laws and regulations, assuring the efficiency and economy of operations, and evaluating the effectiveness in achieving program results. The audit process includes an evaluation of internal controls, examination of financial and other data review. Moreover according to the Zimbabwe Internal Audit Charter (2012) internal audit is a control measure which ensures that other internal controls are in place through examining and evaluating adequacy and effectiveness and efficiency of internal controls. It has an appraisal and consultative role within the authority to independently examine and evaluate the activities as a service to the entity and management. The department is functionally responsible to the

stakeholders and administratively to the Chief Executive Officer (CEO). Apart from this, internal audit is examining all financial and non financial transactions of an organization by an internal person or body in order to measure achievement, efficiency and compliance,(Blue Ribbon Committee 1999). To add, according to Zhou and Zinyama (2012) audits are procedures in which independent third parties scientifically examine the evidence of loyalty of some practices to set norms and standards of business auditing is known also as the accumulation and evaluation of evidence about information and established criteria.

2.3 Internal audit department

The department is an important board which deals with interior controls, checks and risk avoidance. Internal audit department especially in public sectors is responsible for examining and evaluating internal control systems, procedures, policies and regulations. This is done through review of financial activities and implementing operational controls through the value for money audits (www.rpaz.co.zw). According to the Beaufort West Internal Audit Charter (2011) supported by (Wilson and Dycus 2010) the department is responsible for preparing flash reports to alert the management about any suspicion of theft and fraud. Furthermore, there should be continuation of interim reporting as strategic up keeping of the final reporting. In final reporting, the internal audit meets with the appropriate levels of management to discuss the contents of the audit report with them and they submit a draft report for confirmation of factual accuracy.

According to the Municipality of Anchorage (2013) the director of Internal Audit prepares an annual audit plan at the beginning of each fiscal year, which is approved by the municipal audit committee. Input is fed from the Municipal legislative body, the Mayor, and administration officials. The audit plan may also be reviewed during the year to accommodate requests from the municipal assembly and the administration. Criteria for scheduling audits include the following:

- Requests by the Municipal legislative body and Administration
- Potential for cost savings through more efficient, effective management
- Potential for increasing revenues

- Areas with a high risk of loss or misappropriation
- Suspected fraud or error
- Areas identified with weak internal controls or known problems
- Safeguarding and management of Municipal assets
- Issues identified by the external auditors

It is said that the core relation of managers with internal auditors put internal audit at risk, in this green light; James (2003) argued that an outsourced delegation may be more objective than an in house audit function because it is a shameful negation of the truth that an employee can be independent from the management. Ahlawat and Lowe (2004) asserts that outsourcing can be more independent than co sourcing internal auditing due to their tested consultancy. However, they also argued that out sourcing can be interdependent and biased like external auditing because of fear of client loss. The internal audit department must secure strong position within an organization and should be underpinned with trust and close relationship with the staff in other business units. The department must strike equilibrium between decentralization and centralization and it must assemble capable, qualified and committed personnel through hiring and outsourcing.

2.3.1 Independence and objectivity of internal audit

Gallegos (2002) internal audit's independence is a critical component in the public sector and is designed to and value to the organisation. In addition, according to Diamond (2002) if auditing is conducted in house their objectivity is compromised due to the fact that some officials will be both involved in pre auditing and post auditing. Officials who approve expenditures in the pre-audit will unsurprisingly be less inclined to question personal judgment when making post audit decisions. The audit information and opinion must be free from any bias or influence if the integrity of the audit process is to be valued and recognized for its contribution to the organization's goals and objectives. Several professional organizations whether they have independence in their assignment or not, should be careful of non independent situations.

Therefore, an independent judgment is very much useful and influential as it deals with key elements that depict risk analysis and it is very important for organizational planning.

According to the Institute of Internal Audit (2004) independence of internal audit, is the freedom from conditions that threaten objectivity or the appearance of objectivity. Such threats to objectivity must be managed at the individual auditor, engagement, functional and organizational levels. Moreover, Objectivity is defined as an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they have an honest belief in their work product and that no significant quality compromises are made. Objectivity requires internal auditors not to subordinate their judgment on audit matters to that of others. Auditor independence has long been seen as a key driver of the audit role. Infinity emphasis historically was on independence and it related to external audit, expert agents postulate that internal audit should be independent. Internal auditors are normally employees of the organization. Their independence is recognized as a distinctive approach to effectiveness, they execute their responsibilities exonerated and liberated from interference, managing and preventing conflict of interests; having undeviating confrontation with the senior management's prerogative. Unrestricted permission and admittance to council records, human resources, various sections and departments should be the attitude of internal audit department. Above all, the hiring, recruitment and firing or retrenchment of the internal audit head should not be under managerial jurisdiction, Smith Committee (2003).

2.3.2 Competence of the internal audit department

According to Internal Audit and Compliance (2013) internal audit workforce or Staff competence is explicitly defined in the professional literature as a key element in effective audit activity. Standards policy makers have consistently highlighted the importance of internal auditors possessing the knowledge, skills and other competencies necessary to undertake internal audit duties and responsibilities. Many intentions and concerns have focused on the need for highly qualified auditing personnel, if a high level of internal audit effectiveness is to be achieved. According to (Gwilliam 2003) the competence of internal audit can be enhanced when the interactions of internal audit department and audit committee are bonded and freed from management's influence, this would promote function's objectivity.

2.3.3 Size of the internal audit department

It is clearly identified that the internal audit department should be fully and sufficiently equipped so that the issue of independence and objectivity remains the theme and major target. The employees should match with numerical flexibility that is adequate number needed to effectively carry out audit activities. Moreover, place flexibility is important whereby employees can engage in multifunction than specialisation in order to be compatible with both manual and computerised accounting thus according to (Cooper et al 2006).

2.4 Audit committee

In the public sector an audit committee is a fundamental body and it should participate in intuitive decision making OF Local authorities. For instance, (Goodwin and Yeo 2001) purported that involvement of the audit committee in the dismissal of the internal audit head is an act of independence. (Goodwin 2003) found that during recruitment and selection of internal auditors and audit committee members. There should be thoroughly underpinned interviews and cross examination of required qualification

The Urban Councils Act (29:15) clearly stipulates the establishment of the audit committee, audit committees are the guardians of the corporations purse and the pivot of the system of councils control over finance. According to (Zhou and Zinyama 2012) Audit Committees they help to institutionalize and nurture a culture of accountability, integrity, legitimacy and value for money in the conduct of public business. This in the long term serves as antidotes against institutional corruption.

2.5 Challenges faced by public sector internal audit in developing countries

There are a variety of challenges that internal auditing is facing all over the world, due to the ever changing political, economic and social environment. The internal audit department should respond to the changing environment it should not focus on transactions only but should play a proactive role raising alert response to information technology and compliance risks. In Zimbabwe there is much political wrangling and bickering as such there is too much political decentralization that has led to recentralisation in many municipalities. According to Kramer (2009) there is much downsizing and lack of strong internal control in place. Furthermore, there

is lack of strategic feedback model to communication between the internal audit and the executive management. Due to changing regulatory pressures in Zimbabwe there is need to keep the executive management and the audit committee aware of what is happening.

Apart from this, internal audit is not located at the core business strategic position that is moving from a compliance role to helping the organization to build proactively strategies that are well controlled. To add, there is lack of sustainability in most municipalities audits are not consistent instead they should be done in a way that has an exemplary level of timely, pertinent output and accountability for risk.

2.6 Internal audit legislative and institutional framework in Zimbabwe

Local authorities are public sector organisations therefore, they are politically influenced and as such they are governed by national legislation. In this context, there are a number of legislative provisions that govern the conduct of internal audit of local authorities in Zimbabwe. These are the Urban councils Act, Public Finance Management Act, among other regulatory and controlling functionalities in all public entities.

Minister Chinamasa commented that pension arrears are a cause of concern in local authorities, there are enormously rising due to high contribution rate, absence of policy framework, poor corporate governance and accountability. This shows exclusion and manipulation of internal audit in unitary states. There is glowing legal framework that controls the operation of internal audit department from the Ministry of Finance through the Public Finance Management Act chapter (22:19). The major role of the internal auditors shall be to assist the Treasury in carrying out duties. Duties of an internal auditor shall be to examine and assess organizational ability to comply with all financial transactions and procedures of the department or office concerned to ensure that, bookkeeping errors are minimized accountability is enhance that all assets are used efficiently. Moreover, the Ministry keeps records of accounting that comply with the Generally Accounting Principles and in this context internal checks and controls are done in an effective ways. Zimbabwe treasury (2014) also mentioned that, “assets under the control of the Ministry or reporting unit are properly accounted for and instructions and directions issued are complied to. Moreover, the internal auditors of public offices shall also assess the cost-effectiveness of any projects undertaken by the Ministry or reporting unit concerned and perform any other function

that may be assigned to him or her by the accounting officer of the ministry or reporting unit concerned”. According to the Zimbabwe treasury (2014) through the Public Finance Management Act chapter (22:19) sub section(3) an internal auditor shall have free access at all reasonable times to any records, books, vouchers, documents and public resources under the control of the Ministry or reporting unit concerned”. In this context, internal audit department shall have direct access to the accounting officer of the ministry and may, without payment of any fee, cause search to be made in and extracts to be taken from any record, book, voucher or document under the control of the ministry. In this context, if the legislature is well implemented internal audit can achieve its independence and objectivity.

In the Urban Council Act Chapter (29:15) there is no actual provision of internal auditors. However, much emphasis has been awarded to external audit appointed by the minister. In support of internal audit the Ministry of Local Government Public Works and National Housing induced the establishment of the audit committee. According to section 97 every council shall have an audit committee According to the Urban Councils Act Chapter (29:15) section 98 and according to (www.kubatana.net) functions of the audit committee shall be to inquire into and report upon the manner in which the finances of the council, its assets and human resources are being used among others encoded therein.

Apart from this, Urban Corporation Act Chapter (29:16) schedule 20 on powers of the corporation sub section 8, the corporation may offer help to any local authority in form of auditing. Hence, this can be taken as co-sourcing rather than taking or hiring auditors from out sources or outside the organizations to perform internal auditing outsourcing. Furthermore, every government and public sector should evaluate its governance structure to determine whether the audit committee is appropriate for any situation, Institute of Internal Audit (IIA) (2006).

2.7 Key elements of independence and objectivity of internal audit

According to (Institute of Internal Audit 2006) effective activities of public sector audit strengthens the ability of stakeholders to hold their local government accountable. There should be a configured mandate to make sure internal audit’s objectivity is adhered to. Internal audit is essential because it controls government officials’ behaviour and it promotes credibility, equity, transparency and fairness. The eight elements affect the effectiveness of internal audit and

auditors as the responsible personnel as noted by (Mihret and Yismaw 2007). In this context, there are eight key elements of both internal and external as concurred by Mulugeta (2008) audit these are

2.7.1 A Formal mandate

For (Mulugeta2008) Public officials are public chambers therefore; the behaviour of both citizens and government officials should be curbed through effective legislation. Formal mandate means that the audit's jurisdiction that is powers, roles, functionalities, obligations and duties should be established and provided for by the national constitution, national audit charter or any legal document. These legal documents should contain measures and obligatory formats such as reporting procedures and audit decision making, judgment or opinion declaration and the obligation of the audited entity to cooperate with internal auditors and work as a team

2.7.2 Unrestricted Access

The (Urban Councils Act chapter 29:15) Internal audit team, department and internal audit committee should have access to employees of the council, it should have access to all assets of the council and it should have access to all council minutes, records and accounting books of the council section 88 on minutes of the council. Accessibility is promoted through easy procedures of auditing given by management order and uncompromised jurisdiction to every property of the concerned entity.

2.7.3 Organizational independence

(Mihret and Yismaw 2007) noted that organizational independence allows internal audit to carry out their duty and functionality without any interfering with the entity under audit that is management or any other employees. This means that if the internal audit department has sufficient independence from those who are required to be audited, there is credibility, reliability and sustainability of unbiased results. Fastened with objectivity, organizational independence provides accuracy of auditors' work and brings confidentiality of the organization to rely much on reports and audited results.

2.7.4 Sufficient funding

According to (Ahmed 2009) the size of internal audit department determines its position and results produced as such internal audit should be given resources and funded in relation with its size and mandated responsibility. The important element of internal audit budget should not be left in the hands and under the control of the organization under audit because they may plan a budget that facades internal audit's capability and capacity to deliver its duties.

2.7.5 Competent Leadership

The IACE should be the public spokesman of the audit activity. Moreover, internal auditing is a distinctive function that seeks to achieve results based strategies and objective based allocation of scarce resources. In this context, the chief auditor should be entrenched with recruitment and selection skills. (Cohen and Sayag2010) noted that an audit employee has to be fully equipped with retraining and staff managing skills. Apart from this, the internal audit leadership should be competent, committed and qualified so as to manage and recruit qualified personnel and should promote ongoing formation human development forums and courses. The more the management's encouragement of cooperation between external and internal auditors the more effective the more effective internal audit become.

2.7.6 Competent staff

According to (Golen 2008) the relationship between internal and external auditors is important and beneficial. The closer the working relationship between internal and external auditors in terms of attitude, frequency of meetings, discussions of mutual interests and audit plan the extent of the external auditor reliance on internal audit work. Internal audit department is a crucial section without whose control the organization would be in a verge of collapse. In this green light, the audit activity needs professional standardized employees that collectively have required qualifications competent enough to execute effectively full range of audits as per mandate. Internal auditors must comply with continuing maximum education needed by their organizations. (Golen 2008) noted there is a paradigm shift from manual accounting to technologically upgraded and computerized accounting systems commonly referred as computer assisted audit techniques, which is in dire need of commitment, competence and compliance of

employees under way. Therefore, the staff should be competent enough to conduct ongoing human development courses to preserve reliable auditing results which are flexible and therefore respond to the changing environment.

2.7.7 Professional audit standards

(Ernest and Young 2006) pointed out that auditing is universal because it conforms to the universal generally accepted accounting principles (GAAP). In the same perception, there should be professional audit standards which support implementation of independent and effective audit function. Moreover, they provide framework for quality internal audit work that is systematic, purposive and evidence based. Since many public sector entities have adopted workable internal controls, auditing should comply with recognised standards.

2.7.8 Stakeholder support

(Baltci and Yilmaz 2006) asserted that, public sector organizations exist to serve people and help them to get services at their locality. In this context, the legitimacy of internal audit activity should be instigated by local citizens. To add, the objective and mission of the internal audit department should be explicitly understood and immensely supported by a cross realm of locally elected and appointed government officials, civil societies such as residents associations and the internal public relations department according to

2.8 Types of internal audit that organizations should comply with

There are several types of audits and these are risk management systems and controls, advisory, assistance and investigative, performance and financial regularity. According to Institute of Internal Audit (2006) internal auditors and their department assess and examine the competence and adequacy of corporate government and effective risk management measures or up takes. They measure the assurance given by various control policies, procedures and operational activities. Internal audit provides checks and controls to the completeness and accuracy of organizational information so that good corporate governance is enhanced.

2.8.1 Performance audit

The audit department assesses systematically the individual performance in relation to allocated duties and responsibilities; this can be taken as a deep rooted function of internal audit beyond mere financial reporting. According to (Brewster 2011) self assessment measures organizational performance. Efficiency – it is described as the great link between inputs and outcomes, it is a cross examination of individuals productivity, unit cost, or backlogs and any punctuality to meet set deadlines. Moreover, there is a cross check of what the organization does to encourage hyper efficiency output. (Brewster 2011) defined effectiveness as the bond between inputs and outputs evaluating programme accomplishments, programme achievement is the main objective. To add, program outcomes or results, both intended and unintended are evaluated in order to measure clean achievement, performance and make recommendations for the next financial year.

2.8.2 Risk management systems and controls

This assesses the ability of the organization to adapt to the flexible changing environment. Expected risks such as fraud, theft and corruption are unfolded and then each of them are juxtaposed accordingly to effective solutions and preventive measures as such, internal audit is not a simple institutional department but a strategic driving force in business section in public administration. Brewster (2011) postulated that there are 4 Rs that are health risk, process risk, business risk and compliance risk.

2.8.3 Advisory and investigative service

According to Okoesai (2009) principal agent relationship is very essential when talking of internal audit in the public sector; internal auditors play a stewardship role looking after the property of the owner that is the public at large. An added important function executed by the internal department as well as the audit committee. It is the role of internal audit to open their book of wisdom and provide advice and assistance in areas where they possess expertise. They may recommend effective risk management control advices, providing guidance on issues of good governance, transparency and accountability, good corporate ethical conduct and improved Information technology suggestions. Therefore, this type of audit is more of a guidance function than a control function.

2.8.4 Financial audit

According to the International Records Management (2013) postulated in most governmental institutions human resourcing is done manually whereby data is entered into the computer system for salary progression . Internal audit ensures that all payroll transactions are transparent and well understood. However, there are problems tracking faulty files because the most of registry systems are becoming inconvenient and congested and obsolete, making information repossession difficult. Therefore, business records are not properly controlled by the internal registry system and plenty of staff time is lost trying to recover files. In this context, financial audit should be up to date so that efficiency is enhanced. Moreover it should be linked with compliance and technological risk audit.

2.8 Case Experiences

2.9.1. Ghana

Ghana there is the establishment of the Internal Audit Agency which is in charge of coordinating, assisting, scrutinize and supervising all internal audit activities within the ministries, departments, agencies and metropolitan, municipal and district assemblies. According to Internal Audit Agency Act number 658 of (2003) section 3 (2) the internal audit agency shall perform different functions. It shall ensure that all national resources are adequately safe guarded and used economically, effectively and efficiently, it shall also examine whether plans, goals and objectives of municipalities and district assemblies have been met and adhered to, checking if risks are adequately managed in metropolitan district assemblies. In addition, the internal audit agency shall evaluate the monetary, administrative and functional information reported from inside (internally) and outside (externally) to measure accuracy, reliability and timely. It is the chief concern of the agency to promote wealth, competence and effectiveness in the governmental management of programmes and functions. All financial activities of municipalities and district assemblies shall be audited by the agency to ensure that there is conformity with procedures, laws, different policies, standards and strategies.

Apart from auditing role, the Internal Audit Agency Act of Ghana shall prepare plans to be approved by the internal audit board for the development and maintenance of an efficient internal

audit for all metropolitan, municipalities and district assemblies. It also facilitates the prevention and detection of fraud. Moreover, it shall monitor, undertake inspections and evaluate internal audit of all municipalities.

According to section 14 of the Internal Audit Agency Act No. 658, the internal audit director general shall be responsible for the day to day management and administration of the agency. Separately, the act also provides for independence and powers of the director general. The director general shall perform his or her duties and functions without the influence and control of any other person or authority except a public body. Section 16 of the Internal audit agency provides for the establishment of internal audit units. The units shall ensure an effective and efficient internal audit in municipalities and they shall submit reports on the internal audit they carry out to the director general of the internal audit agency. A similarity can be extracted because just like the internal audit agency of Ghana, Public Finance Management Act [Chapter 22:19] in Zimbabwe obliges auditors to perform their work with honesty, integrity and diligence section 42 (b). Internal auditors should make disclosures as required by law and procedures and shall not accept anything or any favour that may impair or might be taken to affect their professional judgment. Lastly, section 22 of Internal Audit Agency Act Number 658 of (2003) provides for the funds of the agency given by the parliament so that it executes its duties with independence and objectivity as compared to Zimbabwe which does not treat internal audit as an independent board but it is within the organizational structure.

2.9.2 USA

According to the Institute of Internal Audit, research foundation (IIA 2009), in 2004, the public sector committee recommended that the internal audit capability model (IA-CM) should be developed to reinforce the importance of internal audit in the public sector governance and accountability. It recognized that internal audit vary significantly from country to country because of difference in management practices. Internal auditing is performed by professional within an in-depth understanding of the organization's business culture. Internal auditors are expected to follow institute of internal audit standards (IIA) for the profession practice of internal audit standards and adherence to its code of ethics. (Ashbaugh 2004) in United States of America internal and external auditors should be independent mentally and in their professional attitude.

The operation of internal audit activity is complex and demanding. The (IIA 2009) noted that Chief Executive Auditor (CEA) must maintain both internal and external relationships. To be perceived to add value, the internal audit activity must strategically align the needs and priorities of all its stakeholders. Internal audit activity works collaboratively with the management and the oversight body to provide assurance, ensuring that governance processes adequate to mitigate the organizational risks and meet desired objectives.

2.9.3. Belgium

Auditors must ascertain whether their clients are in compliance with two financial juridical criteria for board of directors on going disclosures according to (Carcello 2009) after the 1999 elections a new government came to power, one of the top priorities was modernizing the federal government. This soon came to be called “Copernicus reforms” according to the Compendium of the Public International Financial Control Systems in the EU Member States 2012). In addition, the reforms ensure that all administration is serving citizens. In Belgium there was the introduction and implementation of the philosophy of corporate governance in the public sector with improvement of state entities’ performance. In order to moulding good governance from evasive governance, a legal statute was produced in 2002 for both internal coordination and extension of internal audit activities. Audit committees were installed in the federal government. However, the operation of these new legal frameworks did not guarantee effectiveness of internal audit since there was inadequate commitment and less support from politicians. In 2007, three new royal decrees were established to replace the revolutionary legal framework. Apart from introduction of new internal control systems, there was a distinct decree which created a single audit committee for the federal government (Auditcomitevoor de Federale overhead) (ACFO).

The existence of the internal audit activities in Belgium are engulfed in the Royal decree of 17 August 2007. The laws and policies gave consent that internal audit activities would be carried out in three different ways. Internal audit was decentralized into different alternatives. For instance, internal audit as an independent body was permitted to attach its devotion to the audit services within the institution or to provide audit tasks or duties to a quantity of federal organizations as a shared functionality and exterior services. Privatisation was also introduced whereby internal audit activities were performed by private associations which may be delivering

the service to a number of organizations. The Royal decree is the root for the setting of all actions done by the internal audit. Internal control is the backbone of communication between auditors in the internal sphere and the executive of the organization. Internal audit in Belgium are also subject to universal institutes of internal audit standards just like Pakistan and Austria. Internal control systems are evaluated once every five years by an independent consultancy or team consisting of individuals who do not work for the institution in question.

The Royal decree provided for the establishment of a distinct audit committee (ACFO). According to the (Public International Financial Control 2011) the committee consists of seven independent members four Dutch speaking and three French speaking. These delegates should have sufficient expertise in the areas of public sector activities, budget cycle, internal control, information communication technology, strategic and risk management. The members are appointed for a period of 12 years. In ensuring their independence, the vacancies and code of conduct were published in the Belgian Official Gazette November 2009.

2.9.4 South Africa

According to (Zhou and Zinyama 2012) review of public audit frameworks in South Africa locates Auditor General South Africa (AGSA) as the supreme auditing institution, constitutionally mandated to table annual reports. AGSA operates in a fairly elaborate institutional framework comprising public accounts committees, internal audit committees, the Institute of Directors in South Africa (IDOSA), institute of internal auditors. In line with universal audit tradition, audit committees play as a primary and fundamental section of the audit system. In order to have an independent internal audit a Public Sector Audit Committee Forum (PSACF) was created in 2011 to reinvigorate the supervision functions of audit committees by through expert and knowledgeable audit committee workforce. (Zhou and Zinyama 2012) noted that, there was a cleanup campaign which was done in 2010 to ensure transparency in all governmental institutions. In 2009-10 there was evidence of pathetic conformity with internal audit laws and government regulations, failure to report on all transactions in the government sector, lack of transparency, lack of combination and lack of political will to enforce audit recommendations. Out of 237 municipalities and 49 municipal entities only seven received clean reports.

2.9.6 Benefits of internal audit independence in public sector

(Rehbin 2006) as cited in (Tsou and Wang 2008), internal audit enhances corporate governance. Key words when discussing corporate governance are accountability, capability, integrity and public satisfaction. According to Organization for Economic Cooperation and development (OECD 2004) corporate governance can be summarized in five terms namely, shareholders rights, equitable treatment of shareholders, role of stakeholders, disclosure and transparency. These outlined factors and principles should be noted when conducting financial regulations. Furthermore, the execution and enforcement authorities should provide standard rules for all parties.

The issue of investigating internal audit outsourcing concept to the internal auditor is for major importance. Those which are non routine and nonrecurring in nature are unlike to lead the economic bonding though it provides significant potential for improvements in audit coverage and scope. Outsourcing routine internal audit tasks is more likely to lead to economic bonding as well as potentially threatening internal auditors' independence. In this sequence, firms or institutions with expert and vibrant audit committees are less and unlikely to outsource routine internal audit activities to external auditors (Parker et al 2007). To add, (Lacker et al 2007) are of the view that empirical research examining the association between typical measures of corporate governance and various accounting and economic outcomes has not produced dependable of results. Therefore, corporate governance is contextualised in 14 dimensions and auditing is one of the prevalent controlling, managing and guidance function.

2.9.6.1 Transparency

According to (Borgia 2005) the corporate governance framework should master accurate disclosure is made on all matters, financial situation, performance, ownership and corporate governance. The pillar of transparency postulate that investors and shareholders need information about financial and operation results as well as knowing corporate objectives and foreseeable risks to rate investment capacity. Therefore, internal audit creates the opportunity of providing financial information with high quality standards of accounting and auditing. Independent internal auditors provide important checks on quality of accounting and financial report (Coombs and Jenkins 2003). This can be argued to be the key factor that drives

transparency home. To add, prescribed accounting standards promote uniform disclosure that would enable comparability and assist investors to determine and compare investment capacity. This enables corporate shareholders and stakeholders to make intuitive decisions through corporate performance assessment as supported by (OECD 2004). Transparency is the main and dominant objective of internal audits because audit reports are disclosed to those who need the information. (Ralvin 1999) argues that non- executive members or employees should be independent of the management and be free from any business and relationship that would interfere with the exercise of their ability to make autonomous judgment. The main focus and responsibility should be given to the audit committee because they raise standards of corporate governance.

2.9.6.2 Accountability

(Harmalin and Weisback (2007) postulate that accountability is the central to the resolution making process. Accountability deals with aligning power and stewardship to the interest of individuals, corporations and community. It promotes just and proficient transparent administration particularly in public local authorities to meet well defined and mandated objectives. Internal audit brings structures of operation that control institutions to achieve their visions satisfying citizens, suppliers and financiers or creditors. Efficiency is a prerogative of both public and individual interests. In this context, accountability promotes efficient and effective use of public resources for the purposive provision of services. Through internal audit honesty, fidelity, integrity and social accountability are upheld as well as the reputation of an organization and its credibility. According to the new vision of local government in Zimbabwe (2003) cited in the Local Government Policy Review of Zimbabwe (2005) through accountability the system is able to provide and maintain high quality service and pro-development infrastructure. According to (Borgia 2005) the principle implies a legal duty on the part of directors and management to the corporation and its stakeholders. Management of local authorities should have a fiduciary obligation to the organization and shareholders, this brings loyalty, reduces self aggrandisement and dysfunctional conflict of interests.

2.9.6.3 Effective risk management

Internal audit must look at the true risks the organization faces. For instance, in the contemporary world, supply capability risk is often underestimated in many organizations. Internal auditors should evaluate the economic viability and business model to make sure they have the ethics infrastructure to remain reliable service providers, for example many local authorities have been trapped into risks such as using sub economic valuation rolls and the result in charging poor sub economic tariffs that may lead to organizational collapse (Kramer 2009). Internal audit and their organizations need to quickly adapt to new regulatory and political paradigm shift. Local authorities should ensure that governance and compliance risks (GGR) is elevated and incorporated within the operating system to make sure it has a visible place with the leader for competence's sake. Therefore internal audit helps the organization to adapt in a flexible stance, information technology and compliance risks which have rapidly change and broaden internal audit activities. This helps the local authority to determine its data base. According to (Gwilliam 2003) the credible overall measure of risk management relates to flexible internal controls and effective information communication technology. Aspects of the internal audit purpose include: ability to organize; productivity increment of the organization, establish reliability and uniformity of the results with established objectives and goals, implementation of internal audit recommendations; evaluating and improving risk management; evaluating internal control systems and making recommendations for improvement.

2.9.6.4 Organizational effectiveness

According to (Shred 2013) effectiveness is enhanced by measuring what has been done against what has been achieved. The most important thing is to realize whether aims are congregated or not. Completing right work effectively at the right time is an evidence of organizational performance. In this context, the responsibility for directing coordinating and implement these activities is positioned on capacity of managers. Team work is important but if the team does not deliver its mandate, it means there is no effectiveness. (Brewster 2010) concurs that creating clear objectives before work starts is very essential so that evaluating whether the objectives have been achieved or not becomes an easy task. On the other hand if e inputs required to generate the outputs meet its target and if the output is a direct end result of inputs, efficiency has

been attained. In municipalities, managers should work hand in glove with the internal auditing management to help improve efficiency. In actual fact, internal audit should ensure that, fewer inputs are used to get maximum production in order to uphold efficiency. Measuring efficiency means that the process followed to complete the work must be defined and then each part of the process studied to see what resources are required. Efficiency and effectiveness are yardsticks that guide roles and responsibilities of internal audit. It is also useful to compare efficiency against other organizations and then adopt the most efficient methods as best practice, ensuring that effectiveness is maintained.

2.10 Chapter Summary

The review of the literature related to independence of internal audit has unfolded much evidence that internal audit is of great concern in the public sector of the contemporary world. This ending chapter provides theoretical background and helpful solutions to improve independence of internal audit in order to achieve goals and objectives and accumulate a competitive advantage especially in public authorities. In this episode, various scholarly definitions on independence and objectivity of the public sector internal audit have been given and discussed in detail, internal audit types and elements were also pin pointed. Various definitions and scholarly opinions have been explored in explaining what independence and objectivity of internal audit entails. Case experiences have also been drawn from USA, Belgium,, Ghana and South Africa to understand the best internal controls

CHAPTER III

RESEARCH METHODOLOGY

3.0 Introduction

The main focus of this chapter is to scrutinize the methodology to be used for this study. The research methodology refers to the research decision taken within the framework of specific determinants unique to the research study. Research methodology directed the study was undertaken. The instruments that were used have been discussed in detail including methods to uphold and maintain validity, accuracy and reliability of the instruments. It also articulates the appropriateness of instruments in order to extract useful information about the independence of the internal audit in Local Authorities. In addition, the chapter enveloped research design and methodologies including sampling, population under study, establishing rigour before, during and after data collection, ethical aptitudes and execution of data reporting and data analysis.

3.1 Research methodology

According to (Williams 2011) research methodology is a way to find out the result of a given problem on a specific matter on problem that is also referred as research problem. In methodology, researcher uses different criteria of solving or searching the given research problem. Methodology is the way of searching or solving the research problem in order to find possible solutions according to (Industrial Research Institute 2010). On another perception (Goddard and Melville 2004) define methodology as answering unanswered questions and exploring current loopholes on the identified problem. (Redmen and Mory2009) define research as a systematized effort to gain new knowledge.

A research methodology defines what the activity of research is, how to proceed and how to measure progress. It is a logical and systematic search for new and useful information on a particular topic. The use of words such as how and what essentially summarizes what research is. It is an investigation of finding solutions to scientific and social problems through objective and systematic analysis. Therefore it shall be explained on how the independence of internal audit is investigated.

3.1.1 Research design

According to (Cresswell 2008) research designs are strategies and procedures for effective study investigation which extracts decisions from assorted hypothesis to detailed methods of data collection and analysis. This strategy has numerous resolutions hence, these resolutions should not make sense to the researcher only but to the audience who are beneficiaries of the research. Informing this resolution should be linked with universal perceptions and assumptions. The researcher has employed strategies and precise forms of data collection, scrutiny and data interpretation. There are different factors that affect choice of a research design, such as problems to be addressed, natural history of the research problem, the researcher's individual knowledge and the spectators of the study.

Research design is also explained as a plan that describes how, when and where data is to be collected and analysed. Research hypothesis is the guidance of research whereby the researcher gathers answers to all research questions and effective response to research objectives (Grooves et al 2004). In this case, this is the examination of the operational relationship between internal auditors and the management at MCC, assessment of internal audit controls in enhancing fiscal prudence among others. According to (Tuckett 2004) research design is a structure to answer mere research questions and close the gaps of previous literature sources. Qualitative approach has been employed in obtaining information about independence of internal audit in order to explore people's feelings. (Kumar 2005) describes a research design as an organized proposal of an exploration that provides effective answers to research questions or problems.

3.1.2 Qualitative research design

(Houser 2008) postulates that understanding the meaning of the phenomena of interest is what qualitative research is all about. Qualitative research is useful when the research context or nature of the problem is poorly understood. (Borrego et al 2009) argues that qualitative research involves the careful planning of research design that encompasses all the aspects of the study. Qualitative research is characterized with the collection and analysis of textual data (surveys, interviews, focus groups, conversational analysis and observation). According to (Lyingberg and Douglas 2008) qualitative research is easier and less rigorous than quantitative. It involves its own set of data collection and analysis methods that ensure the trustworthiness of findings.

Qualitative research set goals that minimize bias and maximising generality remains the same (Koerber and McMichael 2008).

According to (Tewksbury 2009) the numerous advantages of qualitative research provide a depth of understanding a topic under study. For instance this research should provide a depth of the autonomy of internal systems and internal controls of local authorities. Knowledge gained through qualitative investigations is more informative, richer and offers enhanced understandings compared to that which can be obtained via quantitative research. (Creswell 2008) is of the view that qualitative research is a means for exploring and understanding the meaning individuals or groups ascribe to a social perception on internal auditing.

3.1.3 Quantitative research design

According to (Creswell 2008) noted that quantitative research is a way of testing objectives by examining the relationships between study variables, these variables in turn can be measured, typically on instruments so that numbered data can be analysed using statistical procedures. (Phoofolo 2008) argues that quantitative data can be analyzed manually or by a computer. Data analysis entails that the analyst breaks down data into constituent parts to obtain answers to research questions and to test research hypothesis. Quantitative research options have been predetermined and a large number of respondents are involved (Anderson 2006). By definition, objectives must be measurable, quantitative and statistically valid. In simple terms, it is about numbers and hard data.

The sample size for a survey is calculated using formulas to determine how large sample size will be given from a given population in order to achieve findings with an accepted degree of accuracy. Many surveys are designed to produce a smaller margin error. Those who engage in this form of inquiry have assumptions about testing theories deductively, building in protections against biases, controlling for alternative explanations and being able to generalize and replicate findings. (Tewksbury 2009) postulated that quantitative research design is typically considered to be the more scientific approach..

3.2.1 Sampling

Sampling may be defined as the selection of some part of an aggregate or totality on the basis of which a judgment on inference about the aggregate or totality is made. In other words, it is a process of obtaining information about an entire population by examining only part of it. In most of research work and surveys, the usual approach happens to make generalization or to draw inferences based on samples about parameters of population from which population are taken (Muzammil 2011). It involves the selection of a fraction of the population in such a way that it represents the whole population. Kumar (2005) argues that researchers usually draw conclusions about large groups by taking a sample. A sample is described as a segment of population selected to represent the population as whole. The sample should be representative and allow the researcher to make accurate estimates of the thoughts and behaviour of the large population.

3.2.1 Sampling techniques

3.2.2. Stratified sampling

This technique is under the probability method. In case of proportionate random sampling method, the researcher stratifies the population according to known characteristics and subsequently draws the sample randomly in a similar proportion from each stratum of the population according to its proportion. That is, the population is divided into several sub populations depending upon some known characteristics; these sub populations are called strata and they are homogeneous. In some cases, a population may be viewed as comprising different groups where elements in each group are similar to one another in some way. In such cases, we may gain sampling precision and reduces the variance of our estimators as well as reduce the costs of the survey by treating the different groups separately.

For instance, Masvingo City council consists of 220 employees among whom 25% is for employees from internal audit, 15% from management, 60% are from other departments the researcher wants to draw a sample of 20 respondents in the organization as per their proportion. That can be done by multiplying the sample number with their proportion. The sampling will be $22 \times 15\% = 3$ for management, $22 \times 25\% = 6$ for employees from the internal audit department and $22 \times 60\% = 13$. So the investigator collects complete list of Masvingo City Council, randomly selected from each category as calculated above. The researcher used this method because every item has the chance of inclusion in a sample and data presentation error is minimised. In this

context the researcher stratified the population according to their departments and those were strata from each and every department in the council.

3.2.3.2 Purposive sampling

It is under the non probability method. Using this technique, subjects are selected for a good reason in connection to purpose of research. It is most suitable when the nature of research requires a small sample therefore, subjects with appropriate variability in what one is studying. It can be used when it is hard to get populations that cannot be found through general population sampling. Purposive sampling is also known as non random sampling method, here the investigator selects the sample arbitrarily which he considers important for the research and believes it is typical and representative of the population.

For example selecting people in an audit department provide useful information and these people will be the leading persons and their view is relevant for the chance of maximizing relevance of the autonomy of internal audit. The researcher sampled 3 interview respondents from the top management with the population of 22 and 6 respondents from the internal audit with the population of 22 hence; this method targeted 9 respondents out of the target population of 22 respondents. Purposive method has big sampling errors and can be misleading. The researcher used purposive method because some of the interviews were challenging and therefore, required higher expertise and practical knowledge of internal auditing.

3.2.3.3 Simple random sampling

Simple random sampling has a paradoxical meaning it refers to the assortment of respondents in a way that every respondent in a selected population has an equal prospect to be chosen or selected. From the entire target population, each individual is exposed equally to the chance being selected (O'Leary 2004). The researcher have used the 'blind box' in which papers were chosen in this case all employees of Masvingo City Council have a chance of being selected

.

The target population was 22 and only 15 respondents were selected for interviews using simple random sampling. This method ensures that each element has the equal probability to be selected

as a sample. It is bias free. Here an element cannot come twice as a sample. Simple random sampling has been used to select councillors and workers Union committee members. The main reason why random sampling was done to workers union and councillors is that the researcher wanted to find facts from different people so that triangulation could be done and bias of facts based on relationship was reduced.

3.3 METHODS OF DATA COLLECTION

In this study, the researcher focused on primary data collection instruments and secondary data that is, explanations and other existing thesis. To ensure the credibility of data collection the researcher laid and exposed ideas by writing down research opinions. This provides flexibility in data collection (Langen 2009). This section consists of primary data sources and secondary sources

3.3.1 Questionnaires

(Phoofolo 2008) notes that questionnaires are a written down list of questions that can be completed in one or two basic ways. They can be answered in the presence and assistance the researcher or in the absence through writing. Open and close ended questionnaire is constructed and these are self administered where the researcher are allowed the study respondents to fill the questionnaire in the study field. Open ended questionnaires is used to allow free responses from respondents which are enable getting of the in-depth views about the study in question. Closed ended questions which are including alternative answers for selecting are also used to get the required information in as far as the studies are concerned.

Questionnaires will be used to collect data underpinning the independence of internal audit at a low cost per respondent. The study being conducted at MCC headquarters. The researcher gets the required information under one roof since all the respondents are housed at the same place thereby making use of questionnaires at lower cost per respondent.

(According to the Research Consultation Guide 2004) questionnaires are a good and effective way to reach people who are always in transit. In this case, most council management such as the CEOs, Town Clerks, Mayors are always on the board therefore the researcher has to book for an

appointment and leave his or her own questionnaires to be attended to in his absents. This creates room for the respondents to give what they understand concerning internal auditing.

Nonetheless, for (Phoofolo 2008) questionnaires are not flexible especially closed ended questions, respondents do not get any chance to express their opinions regarding internal audit. In trying to mitigate the problem of closed ended questions the research will employ both open and closed ended questionnaires. Given that most workers at MCC are literate.

3.3.2 Interviews

According to (Driscoll 2011) interviews or question and answer sessions with one or more people are an excellent way to learn in depth information from a person in concern with primary research project. One of the key concepts to a successful data gathering is choosing the right person to interview. The researcher should know who should be interview and who should not. It is very important to tell the respondent what the interview is for and how much time it will take (Driscoll 2011). According to Newton (2010) an interview is managing verbal exchange. In this context, the effectiveness of an interview heavily depends on the best communication skills of an interviewer (Clough and Nutbrown 2007). This is also enhanced by the ability to clearly structure questions and to listen attentively (Cohen etal 2007).

An interview can be placed somewhere between structured and unstructured. The unstructured pole is closer to observation while the structured is close to questionnaires. Hence, the researcher used semi structured interview. According to (Banfield 2004) semi structured interviewing is therefore consistent with participatory and liberating models. An effective interview provides an opportunity and through its flexibility can be used to collect large complex amounts of information. In this light, interviews were used to gather information from the top management, , internal audit employees among other workers of the MCC. In which the interviews generated rich data in terms of challenges faced by the Council in internal auditing, the relationship between the management and internal audit, the role of internal auditing in fiscal prudence among other variables. Nevertheless there are some topics that are sensitive, such of the independence of internal auditing, Interviewees were reluctant to respond to some questions as it would results to job losses or attract whistle blowers, nonetheless it was explained to them that the research was purely for academic purpose.

3.9 Summary

The chapter described the research methodology. The main purpose of research design is to maximise valid answers to all research questions. In this context, the researcher was mainly concerned with data collection and data collection instruments. Questionnaires and interviews are used above to gather useful data in order to measure validity and accuracy of data and the researcher shall use descriptive method. The researcher will use qualitative and quantitative observation design. It is the responsibility of this chapter to describe and discuss components of research methodologies such as target population which is 2 and 22 is the sample population, simple random sampling, proportional stratified sampling and purposive sampling are going to be used as sampling techniques. Reliability and validity of the study shall also be examined. In this context, chapter 4 shall present data analysis and interpretation of findings. All the data to be collected shall be transfigured in figures, tables and graphs.

CHAPTER IV

PRESENTATION AND ANALYSIS OF FINDINGS

4.0 Introduction

This chapter contains all the data gathered and extracted using research instruments such as questionnaires and interviews guides to assess the independence of internal audit in Masvingo City Council. This data shall be presented and analysed. The percentage system shall be applied providing a standard measure for effective analysis and interpretation. Data presentation techniques such as graphs, pie charts, tables and bar charts shall be exercised where possible in detail in order to get a vivid conclusion. Data analysis shall be done in this episode to simplify the meaning in order to make the research easy to understand. Therefore, this section is essential for a strengthened research conclusion and it paves way for recommendations in the final summary chapter V.

Table 1.

Sample Group	Questionnaires to Respondents	Returned	Response Rate
Top Management	3	3	100%
Internal Audit	6	5	83%
Other Departments	13	10	76%

Source: Research data (2015)

The researcher issued 22 questionnaires and 18 of them were responded, giving a total percentage rate of 81%. In this light, 81% of the council workers responded to the research. (Mabvuregudo 2013) cited that when the response rate is high there is high probability of

reliability of the data collected. Dependability of the results can be affected by the response rate hence; response rate is a gauge of the quantity of assurance that can be positioned on the research outcomes. Five questionnaires did not return back two from the Engineering Department, one from the Health Department, and the other one from the Administration department the reason being that employees were absent.

Table 2. Response rate from interviews

Sample Group	Interviews Scheduled	Interviews Completed	Response Rate
Top management	3	2	66%
Internal audit	4	2	50%
Other departments	5	3	60%

Source: Research data (2015)

According to the presented data above, out of 12 planned interviews only 8 were successfully implemented. According to National (2010) population is a complete set of people with a specialized set of characteristics, and a sample is a subset of the population hence, sample is any part of the fully defined population. This shows that the research has earned a valid gesture because questionnaires yielded about 81% and interviews had 67%. Hence, the bias of results is reduced since there is a fair response rate. Data gathered shows that most of the auditing standards are now multifaceted and new to meet the global competitive environment. In this context, independence of internal audit is affected by relationships most of the council workers have many years doing the same job and are well known as such this has brought bias and nepotism into play which undermines independence and objectivity of the internal audit department. According to (Zhou and Zinyama 2012) “if auditing is conducted in house their objectivity is compromised due to the fact that some officials will be both involved in pre

auditing and post auditing and due to experience relationships may develop”. Officials who approve expenditures in the pre-audit will unsurprisingly be less inclined to question personal judgment when making post audit decisions.

4.2 How internal audit influences management at Masvingo City Council

According to the (Institute of Internal Auditors 2001) internal auditors or internal audit workforce is explicitly defined in the professional literature as a key element that enhances effective audit activity. (Gwilliam 2003) is of the view that internal audit can be enhanced when the interactions of the internal audit department and the audit committee are bonded and freed from management’s influence. In actual fact internal audit influences the management of an organisation in a positive way however, the management tend to retaliate and resist recommendations. In the case of Masvingo City Council, internal audit influences management in a positive attitude but due to political influence management tend to override the operations of internal audit.

Employees of Masvingo City council know that internal audit is essential and it influences the management in a positive stance since 81% ticked yes and 19% from questionnaires think that internal auditors influences management negatively hence, it meansview internal audit as a threat not an accountability mechanism. Some respondents did not respond whether the internal audit influences the management positively or negatively may be this is due to lack of knowledge or it is simply ignorance. Therefore it is a complex task to effectively carry out independent internal audit at Masvingo City Council. However it very vital to note that internal audit influences management in a positive move.

4.3 Effectiveness of internal audit at Masvingo City Council.

The research revealed that 41% of the respondents cited that internal audit at MCC is not effective. 22% cited that internal audit is partially effective, 31% positively supported that internal audit at MCC. For the purpose of analysis, all the respondents from the workers committee responded that internal audit is not effective when they were interviewed; the response was 2/2 giving a response rate of 100%. In this context, both all respondents who noted that internal auditing is not effective might have been triggered by the fact that employees have gone for 12 months without having their salaries hence they now have a negative attitude towards the management and the internal audit at large.

Contrary to this, the management had a response that the internal audit is very much effective. In this green light, the management responded for effectiveness because they want to protect the name of the organization including reputation and good corporate image. However, it is essential to note that the highest percentage in a nut shell is 34% whereby respondents agreed that internal audit at MCC is not effective. The response that internal audit is partially effective was from councillor interviewees and other general employees who were not sure because they do not know internal audit. (Gwilliam 2003) argues that the credible overall measure of risk management relates to flexible internal controls and effective information communication technology.

Aspects of the internal audit function including: ability to plan; improving the productivity of the organization, ascertaining the consistency of the results with established objectives and goals, and implementation of internal audit recommendations. Hence, according to the response given by one of the members of workers union internal audit is not effective because internal auditors

as employees of the council would want to secure their jobs since sour relations with management and councillors may result in job loss.

4.4. How does the size of internal audit affect its independence?

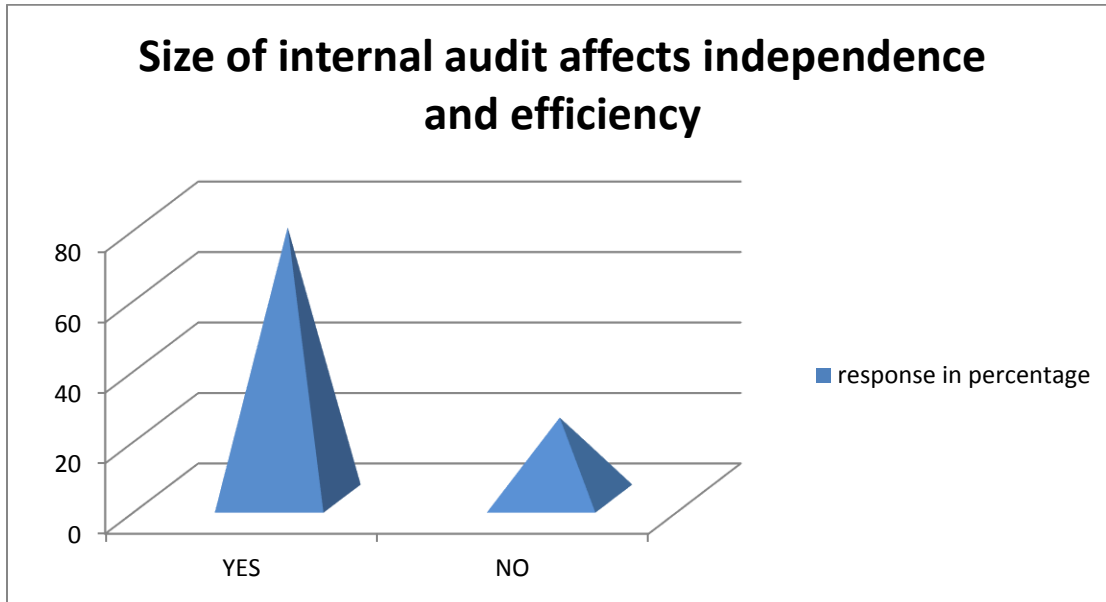


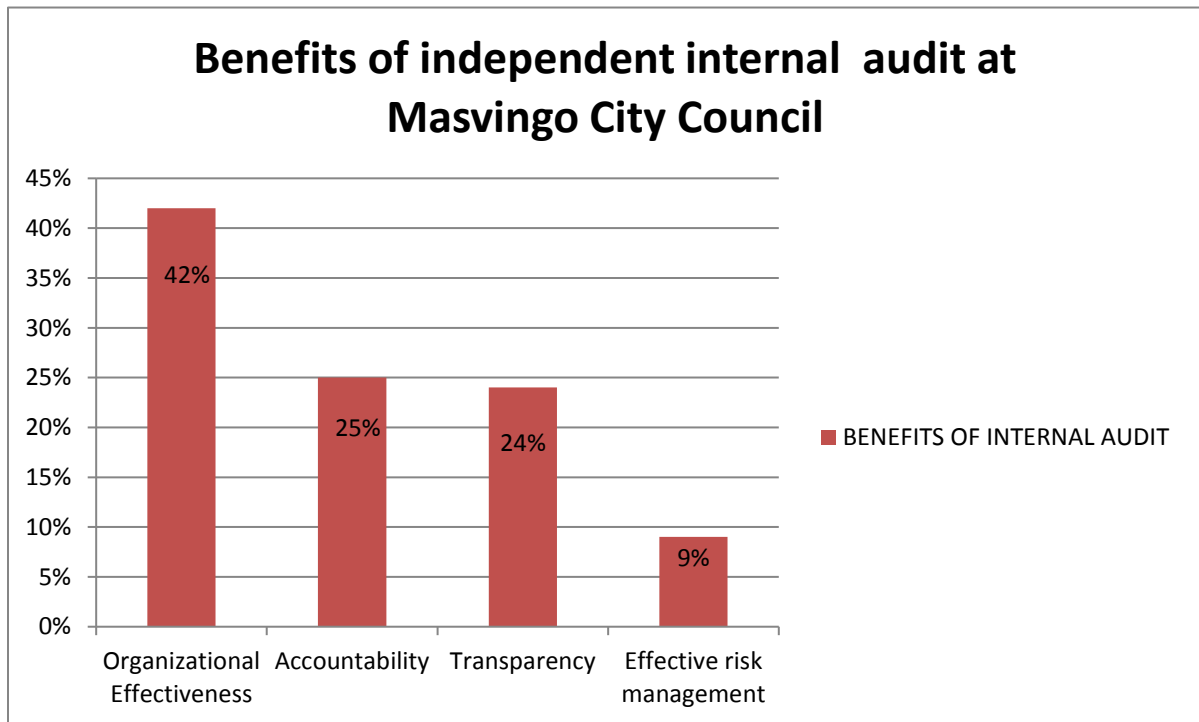
Fig 4.1

According to the response given by one of the management during the interview, the internal audit department should be proportional to the organization because its size defines its capacity to deliver. Moreover it was perpetuated that lack of resources is an impediment to efficiency and independence of internal audit. Internal auditors need resources to conduct observations, spot checks and participate in human development and training activities to ensure effectiveness and consistence in all internal auditing activities. According to Cooper et al (2006) place flexibility is important whereby employees of internal audit department can engage in multifunction than specialization in order to be compatible with both manual and computerised accounting. In this view, internal audit should be fully and sufficiently equipped so that it achieves independence and objectives.

4.5. Audit committee anchors independence of internal audit

In the public sector the audit committee is a fundamental body and it should participate in intuitive decision making. (Godwin and Yeo 2003) purported that the involvement of the audit committee in the recruitment or dismissal of the internal audit head is an independent act. (Griffith University 2010) argue that an audit committee is able to set a tone and nature that allow internal audit to have a certain degree of influence in the organization. In this light, of respondents rejected that internal audit enhances independence pointed out that the audit committee is a committee of politicians with effective influence. (Turely and Zaman 2004) that audit committee enhances independence of internal audit if it executes its roles according to the provisions of the Urban Councils Act (29:15).

4.6 Benefits of independent internal audit at Masvingo City Council



Fig

4.3

(Rehbin 2006) as cited in (Tsou and Wang 2008), internal audit enhances corporate governance. Key words when discussing corporate governance are accountability, capability, integrity and public satisfaction. According to (Borgia 2005) the corporate governance framework should master that accurate disclosure is made on all matters, financial situation, performance, ownership and corporate governance. The pillar of transparency postulate that investors and shareholders need information about financial and operation results as well as knowing corporate objectives and foreseeable risks to rate investment capacity. This enables corporate shareholders and stakeholders to make intuitive decisions through corporate performance assessment as supported by the (OECD 2004).

(Harmalin and Weisback 2007) postulate that, accountability deals with aligning power and stewardship to the interest of individuals and community. Internal audit brings structures of operation that control institutions to achieve their visions satisfying citizens, suppliers and financiers or creditors. Efficiency is a prerogative of both public and individual interests. Therefore internal audit helps the organization to adapt in a flexible stance, information technology and compliance risks which have rapidly change and broaden internal audit activities. This helps the local authority to determine its data base. (2002) argues the credible overall measure of risk management relates to flexible internal controls and effective information communication technology. Aspects of the internal audit function including: ability to plan; improving the productivity of the organization and ascertaining the consistency of the results. According to (Brewer 2010) organizational effectiveness as a benefit of independence of internal audit can be explained in terms of what is achieved. It is about whether targets are met or not. Performing effectively means that the right work is being completed. In short benefits of

independent internal audit are Transparency, Accountability, Organizational effectiveness and Effective risk management.

In this context, 42% of the respondents agreed that if there is effective and independent internal audit organizational effectiveness is enhanced. Furthermore, 25% agreed that accountability is a benefit of internal audit's efficiency and objectivity, 24% cited that transparency is also the end product of internal audit's autonomy and finally 9 % were of the view that risk management will be effective if the internal audit executes its duty honestly and in integrity. Hence, in a nut shell independence of internal audit is not only beneficial to the organization but to all other stakeholders and this induces confidence to the employees and to citizens in as far as service delivery is concerned,

4.7 Challenges faced by Masvingo City Council in promoting independence of internal audit.

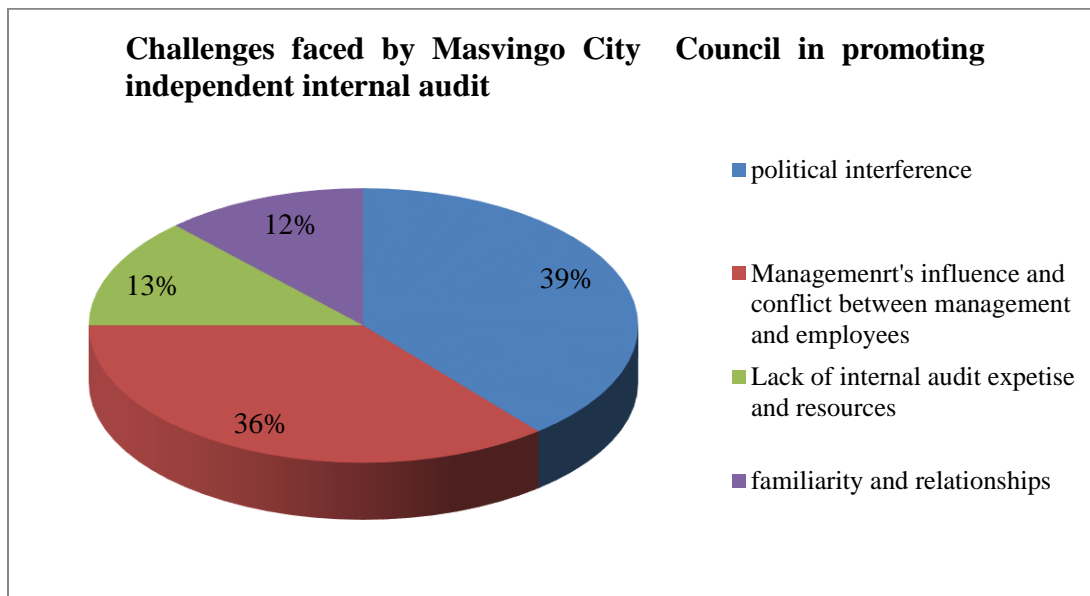


Figure 4.3

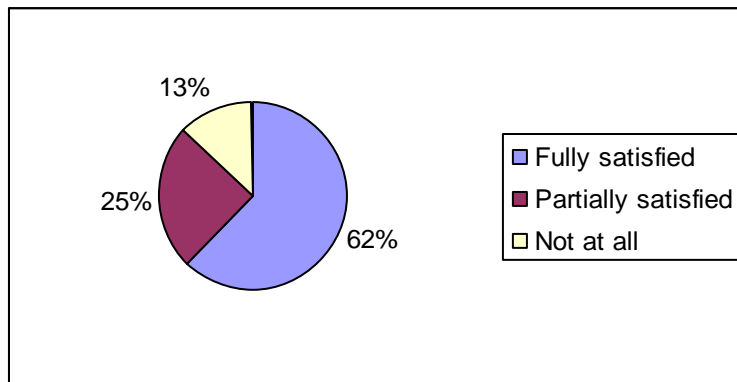
According to research findings, 39% of the respondents agreed that political interference is the major challenge that MCC is facing in promoting independence internal audit in the workplace. “Councillors should execute their roles as policy architects and they should not control and influence any council operations using political power or partisan interests” said one of the employees. 36% responded that management influence and conflict between management and employees affects independence of internal audit. Lack of internal audit expertise and lack of resources have been also identified by 13%. In this context, internal auditors at MCC have no resources to investigate and conduct unknown spot checks. Finally 12% cited that familiarity and relationships as another dysfunctional challenge that has undermined independence of internal audit at MCC.

There are a variety of challenges that internal auditing is facing all over the world, among lack of strong internal controls in place. Furthermore, there is lack of strategic feedback model to communication between the internal audit and the executive management.

Satisfaction of respondents on the way auditing is done at MCC

In a bid to generate meaningful data in this research study, the researcher probed into the minds of respondents on how auditing is being done in Sheema local government. The findings revealed the following as shown in the pie chart 4.1 below.

Figure4.3: Rating of respondents on the way internal auditing is done in Sheema local government



Source: Research data (2015)

The main objective of internal auditors at local government level is; to promote accuracy and reliability in accounting and operating data, to safeguard government resources against waste, fraud, and inefficiency, to measure the extent of the operating departments compliance with government policy, to evaluate the overall efficiency of the operating functions (Adams,2004). (Shehu, 2004) is of the view that internal auditors at local government should ensure that all officers whose duties involve the handling of local government funds are adequately bonded, ensure that the computation and casting have been verified and are arithmetically accurate, ensure that all payments have been entered in the Departmental Vote Book (DVEA)

The implementation guideline on the application of civil service reforms in the local government service (1998) as cited in Shehu (2004) and (Sani, 2009) provided that; there shall be established in each local government, an internal audit unit, headed by a qualified accountant to provide a complete and continuous audit of the accounts, and records of revenue and expenditure. The internal auditor of each local government shall directly be responsible to the accounting officer

and the Auditor General of the local government council, and therefore he shall report monthly to the accounting officer, as well as to the Auditor General of the local government council, on the true progress of the audit. He shall also issue special reports, if necessary, where, in his opinion, the attention of the Auditor General of the local government council should be drawn.

Normanton, as cited in Daniel (1999), emphasizes the importance of internal audit by saying that “without audit, no accountability; without accountability, no control; without audit, no efficiency; without efficiency, no development. The growth of any economy depends to a large extent on the system of control adopted by the government and the success and sustenance of the internal control lies on internal auditing. The above observation underscores the importance of internal audit in every government organization.

4.8 Summary

Presentation and analysis of data was the main focus of this chapter of this chapter. In short, questionnaires and interviews were used to extract data from respondents and the response for questionnaires was 75% and 80% for interviews. MCC is facing challenges and being bedevilled by political interference and political bickering, conflict between management and employees, lack of qualified internal audit employees, lack of fiscal resources, familiarity and improper relationships in internal auditing. Furthermore, it has been noticed that MCC is partly effective in complying with financial audits and not other forms. Nevertheless, subsequently the next chapter is going to sum up the entire study, drawing effective conclusions explored from the research. Recommendations from both the researcher and the respondents shall be given to alleviate the problem in question.

CHAPTER FIVE CONCLUSIONS AND RECOMMENDATIONS

5.0 INTRODUCTION

This chapter summarises the whole research as the final phase of the study. The rationale of this research project was to investigate the autonomy of internal audit in Zimbabwean Local Authorities particularly Masvingo City Council. Therefore this chapter shall give a conclusion of the entire study. There shall be also a conclusion extracted from the research findings and recommendations shall be proffered.

5.1 conclusions

5.1.1 The influence of internal and the behaviour of the management at Masvingo City Council

The research revealed that there are various factors which affected independence of internal audit at Masvingo City Council such as flexibility, exchange of internal auditors of the organisation, size of the internal audit, availability of an effective audit committee. Competence of internal audit leadership and staff is very essential to promote internal audit's autonomy hence these factors organised and directed properly and effectively provided for by local Authorities, independence of internal audits will be enhanced.

The research unveiled that internal audit is not merely the cross assessment of books of accounts, but also encompasses unrestricted access, organisational independence, competent leadership and staff or workforce, and adhere to professional audit standard and congregate stakeholders support. This shows that in the public circles the concept of internal audit is essential stakeholders as contributors should give strong support to the internal audit of local authorities for it to be autonomous and objective. People of the local authority are the main shareholders of Local Authority funds hence it should be transparent on how their funds and monies are used for.

5.1.2 Effectiveness of internal audit size on the effectiveness of internal audit

Masvingo city council should have an independent internal audit structure since internal audit provides merits such as transparency, effective management of risks within and outside the organisation, accountability and the organisational effectiveness of the organisation as a whole. This increases investor

confidence, financial reliability and valuable audits takes the centre stage as a driving force of all internal operations of the organisation. Independence of internal audit maximises profit, competitive revenue is influential and enhance effective service delivery.

Poor legislation is a disadvantage to autonomy of internal audit in Zimbabwean Local Authorities in Zimbabwe. There is no specific legislation that strengthens and mandates independence of internal audits. Furthermore the research unravelled that the independence is bedevilled by political interference, management influence and conflicts between the management and employee, familiarity and offensive relationships and inadequacy of resources that are complex shortcomings which are detrimental to the efficiency, effectiveness and objectivity of internal audit. Effective legislation results in good corporate governance and prohibits internal audit to conduct non audit services.

5.2 RECOMMENDATIONS

5.2.1 Formation of independent internal audit department

Internal audit department of local authorities should be established outside the organisation as a self sustaining body which has separate operational systems to achieve independence, to avoid bias and inappropriate relationships.

5.2.2 Provision of sound legal framework supporting internal audit

There should be effective provision of legislation especially the amendment of the Urban Councils Act Chapter (29:15) and internal audit in the public sector domain should be enshrined in the constitution and other various statutory instruments that talk about finances to enhance its autonomy and making sure that all internal controls adhered to. The central government should build political will and commitment among politicians to ensure that they promote independence of internal audit at Masvingo City Council.

5.2.3 Internal Audit employees remuneration

Internal audit workers and leaders should be paid salaries that are similar to the management of local authorities so that they carry out their duty with competence and they should not be remunerated within

the organisation because this increases bias due to cohesion from management. However, their salaries should come from the ministry of local government board.

5.2.4 Nature and structure of the organisation

Internal audit employees should be exchanged to avoid familiarity and Chief Internal Auditors should be given legislative mandate and grades that are equal to the management so that their powers are not overridden by the management's influence and behaviour. The management also should not have the negative influence towards internal audit but they should cooperate responding accordingly to recommendations given by auditors. In the same vein, internal audit team should not report its findings to the town clerk but to a separate entity such as the Anti-Corruption Commission of Zimbabwe.

5.2.5 Internal audit reporting

Reports of internal audits in local authorities should be disclosed to any interested stakeholder to ensure transparency and internal audits should be done more frequently usually on monthly basis. When there is a suspected misappropriation of funds, internal audit should investigate without any notice. Stakeholders must pledge their support operations of internal audit through accessing audit reports on monthly basis and make recommendations thereof.

5.3 Summary

The major goal of this research was to set on the independence of internal audit in public Zimbabwean Local Authorities. The independence of internal audits is a platform of effective and accountable mechanisms that ensure transparency and enhance good corporate governance. The research has unearthed that most Zimbabwean Local Authorities are not in an autonomous state regarding internal auditing. The result emanating from inadequate resources, the structures of internal audit, political interference, absence of proper supporting legal instruments just to mention but a few. The researcher scrutinised the autonomy of both the audit committee and the internal auditing systems, reporting structures and internal auditors in particular. Taking note on how internal audit exercises and carry out its functions, duties and responsibilities was the preoccupation of this paper.

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	1	2	3
Designed to improve on an organizations operation			
Aimed at improving the efficiency of an organization			
Aims at bringing a systemic design approach to evaluate and improve the effectiveness of risk management.			

Other {Specify}

a).....

b).....

c).....

8. The following are the characteristics of a good internal audit system? please rank the following role of internal audit [Tick where applicable]

	1	2	3
Should be free from political interference			
Should have well trained and competent auditors			
Should have enough resources that is computerized system for proper records keeping			

9 In your own view, has internal audit, made any contribution towards proper accountability of public funds?

(a) Yes b) No

(i) If yes, what could be the roles of internal audit in accountability of public funds?

(a) Ensures management systems of internal control	1	2	3	4	5
(b) Ensures effective and efficient use of public resources					
(c) Ensures compliance with relevant laws and regulations					

(d) Ensures reliability and integrity of information for economics					
(e) Extends councils understanding of risk management beyond traditional areas of public liabilities					
(f) Ensures compliance with financial reporting requirement and accounting standards					

Other {specify}

(a).....

(b).....

(c).....

SECTION C: The challenges faced by the internal audit at Masvingo city council

10. In some scenarios where internal audit has been seen as one of the main concern policies towards improving accountability of public funds at Masvingo city council, the following are the challenges facing the internal auditing system?

	1	2	3	4	5	6
Less developed human capacity i.e. Low skills and knowledge of finance management and control						
Pressure from political leaders						
Limited competence resulting from professionalisation hardships						
Limited human resource reviews						
Inefficient district audit committees.						
Limited communication between auditors and managers						

If any other, specify

(a).....

(b).....

(c).....

11 .The following are the policies used to solve the challenges of internal audit (Tick where appropriate)

	1	2	3	4
Global accounting harmonization policy				
Use of strong internal controls system policy				
Use of strong internal controls				
Following of the actual work plan				

Other (specify)

.....

12. As an individual are you satisfied with the way auditing is done in this area

(a) Fully satisfied (40-80%)

(b) Partially satisfied (80-100%)

(c) Not at all (00-40%)

Thank you very much for your cooperation

APPENDIX II: Respondents Interview Guide

APPENDIX I: Interview Guide

My name is Alexander Tungamirai Nyashanu. I am studying towards the completion of a Bachelor of Science in Politics and Public Management with Midlands State University. I am researching on '**An analysis of the independence of internal auditing in Zimbabwe's local authorities: A case of Masvingo City Council 2005 to 2014.**' I kindly ask for your assistance by answering all the questions included in this interview guide. Your response shall be kept confidential and only used for academic reference.

1. How have the internal auditing improved fiscal prudence and management of local governments?

2. Apart from internal auditing, what do you think can be other factors influencing internal auditing of local governments?

3. What are the benefits of internal auditing to the performance of local governments?

What do you think by the internal auditing?

4. What do you think can be the challenges facing internal auditing and fiscal management of local governments in Zimbabwe?

5. How have the above challenges affected the development of local governments in Zimbabwe?

6. What do you think can be the measures put in place to improve the independence of internal auditing in local governments?

7. Any other comment to say on internal auditing and fiscal prudence in local governments?

Thank you for the responses.