Cavendish University Zambia
School of Business, Information and Technology

AN INVESTIGATIVE STUDY ON FACTORS AFFECTING INTERNAL AUDITING IN THE PUBLIC SECTOR IN ZAMBIA: A CASE STUDY OF LUSAKA CITY COUNCIL AND PUBLIC SERVICE PENSIONS FUND

By
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005 524

A Dissertation Report Submitted in Partial Fulfillment of the Requirements for the Award of Bachelor of Accountancy Degree of Cavendish University Zambia.

August, 2020
DECLARATION

I, Ntanzi Nachula, declare that the work in this thesis was carried out in accordance with the regulations of the Cavendish University Zambia and is original except where indicated by specific reference in the text. No part of the thesis has been submitted as part of any other academic award. The thesis has not been presented to any other education institution. Any views expressed in the thesis are those of the author and in no way represent those of the School.

Signature………………………………………………

Date……………………………………
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DEDICATION

I dedicate this work to my dear mother Jelita Miyambo, your teachings had found in me a fertile mind. Thank you. To the class of 2020 and academic staff for Cavendish University, thank you for impacting this journey for the quest of knowledge. Mr. J. C. Phiri, your insight, understanding and supervision has helped me understand the finer points of research. I would like to sincerely thank my family, especially my father and mother for instilling the zeal for learning and acquiring knowledge. My all siblings, you know that the sky is the limit.
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<tr>
<td>SPSS</td>
<td>Statistical Package for Social Science</td>
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<tr>
<td>PFM</td>
<td>Public Financial Management</td>
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<td>IA</td>
<td>Internal Audit</td>
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<td>AG</td>
<td>Auditor General</td>
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<td>IIA</td>
<td>Institute of Internal Auditors</td>
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<td>ISPPIA</td>
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ABSTRACT

In the past, there has been an increasing interest in internal auditing. This study investigated factors affecting internal auditing in the public sector in Zambia. The six research questions were formulated based on a comprehensive review of past literature. The study used primary sources of data through questionnaires. A cross-sectional survey design was employed, purposive sampling method was used and data were collected using structured questionnaires, with total of 35 Accountants and accountant assistants was selected from the entire sampling frame of 350 from selected Public institutions in Lusaka, Zambia. The data were run with SPSS version 20 and standard regression analyses were carried out to examine the attributes of internal audit effectiveness. All of these five independent variables are making 33% explained internal audit effectiveness. The study found that there existed no significant positive relationships between the factors (ACIAS: My office/sector has sufficient skilled internal auditors. Most of them have certification in auditing, MSCAI: I receive full cooperation, access to records and information from my office, OIINTERF: I perform the auditing activities without any interference from anybody and without any influence from the office/sector, AIACAV: Internal audit charter is maintained (available) in my office /sector.) And internal audit effectiveness. However, Organizational Setting and Management support have no significant effect on internal audit effectiveness. But, The Public Sector should understand that the contributions of these variables were collectively significant to identify any noncompliance activities in their office and to add values for the internal audit effectiveness. This study provides useful information to practitioners and academics who are interested in identifying the determinants of internal auditing effectiveness.
CHAPTER ONE
INTRODUCTION

1.0 Overview
This chapter of the research comprises of the background to the study, statement of the problem, main and specific objectives of the research, research questions, and the significance of the research and the scope of the research.

Effective and efficient management of public sector institutions is an issue of concern in many countries. Public sector institutions are increasingly being held more accountable for their performance and are therefore expected to operate efficiently and effectively. The need to focus on improving corporate governance has increased in many developed and developing countries during the past few decades, especially in the wake of economic collapses and financial scandals (Caylor, 2006). Internal auditing in public institutions has been necessitated by the rise of business risks, the economic instability and the important increase of financial fraud scandals.

In order to ensure the effectiveness and efficiency of public resources for the benefit of the citizens, the republic of Zambia introduced the Public Audit Act Chapter 378 in the Constitution of Zambia in 1980 (Government, 1980). This Act empowers the office of the auditor general to review any public and parastatal records at any time for efficiency and effectiveness. Despite existence of internal auditors in public institution, several auditors general reports in the past years have discovered an increasingly misappropriation of public resources. It is in this quest that this study was a research on the factors that affect the effectiveness of internal auditing in the public sectors in Lusaka (Kunda, 2016).

1.1 Background
There is general concern among the Zambian public over the effective and transparent of Public Financial Management (PFM) regarding the use of public money. Every year government has involved in collecting and spending hundreds of billions of kwachas of public money through the various ministries and agencies for government programs and activities. This revenue and expenditure may constitute the main factor for economic growth stimulation of the country. Due to this huge money involved, government need efficient and effective financial management
mechanism to ensure accountability and due diligent conforming to the stipulated rules and regulation and other instruction pertaining financial management (Mupeta, 2017).

With this regard, all government ministries, departments and agencies are supposed to maintain the accuracy and reliability accounting record for the purpose of auditing and future use. All transactions should be properly authorized, executed and recorded. Funds are spent for legitimate purposes in appropriate ways, financial record reflect true and fair organisation’s financial condition. In addition, the sound financial management control should be in place which includes allocation of the fund according to stipulated objectives, clear rules of responsibilities, ensuring the expenditure according to the set budget and procedures.

The government of Zambia is aware that high quality of financial management will lead to the success of government programs and activities. Therefore, to further enhance the credibility of PFM, the government has established the Internal Audit (IA) Unit in many government departments. The Act of 1980 indicates the requirement of the establishment of IA unit and governing the tasks and responsibilities of internal auditing in the public sector and as an internal control mechanism in government agencies to look into the financial management integrity and value for money expenditure to the government program and activities. Irregularities in spending public money have been highlighted by the Auditor General (AG) in several annual reports. These irregularities include violation of established financial management guidelines and procedures such as poor planning of procurement, equipments supplied, work done and services rendered not in accordance with the original specification, cost overrun due to delays in project completion, improper payment made for equipments not supplied, work not done and services not rendered, equipment and goods procured at a much higher cost than market value, procurement not done according to established regulations (Mwamba, 2017).

Thus the role of IA unit is to determine that internal control is in place by reviewing policies and practices in the organization in order to avoid loss of financial resources, noncompliance and also to provide reasonable assurance that public money has been spent in an efficient and effective manner. Audit services also help organization for the success of better financial
management in public service by playing the effective and efficient roles to promote better governance in managing public money (Kunda, 2016).

1.2 Statement of the problem
Internal auditors should not be viewed as enemies or spies to the institutional management board but as core workers striving to serve the various needs of the public through efficient and effective management of public resources. Therefore, in order to help spending agencies, the government of Zambia established internal auditing units in the departments with the sole purpose of reviewing policies and practices in the organization in order to avoid loss of financial resources, noncompliance and provide reasonable assurance that public money has been spent in an efficient and effective manner. However, despite having internal auditors in various institutions, annual Auditors General reports have been finding irregularities which include violation of established financial management guidelines and procedures, services rendered not in accordance with the original specification, improper payment made for equipment not supplied, work not done and services not rendered, equipment and goods procured at a much higher cost than market value, procurement not done according to established regulations (Syakalima, 2017). These irregularities despite the existence of internal auditing units in various public institutions necessitated the undertaking of this research study.

1.3.1 Main objective
To investigate the factors that affect internal auditing performance in the public sector

1.3.2 Specific Objective
1. To identify factors that affect internal auditing performance in the public sector
2. To examine the objectivity of internal auditors and management support to internal auditing unit
3. To assess the influence of the management on internal auditing
4. To find out the extent of negative effect of line of command on internal auditing

1.3.3 Research questions
1. What are the factors that affect internal auditing performance in the public sector?
2. What is the objectivity of internal auditors and management support to internal auditing unit
3. Are the public internal auditors subjected to the views of the directors for the institutions?
4. Does the overall institutional management board have a negative perception on internal auditing?
5. Does the line of command have a negative effect on the performance of internal auditors?
6. Does the management staff give support to the internal auditors?

1.4 Justification of the study
The establishment of internal auditing function is important as an essential internal assurance mechanism in public financial controls and as a tool for monitoring and evaluating financial management activities in government agencies. It also assists government organizations to achieve accountability and integrity, improve the implementation of government programs and develop confidence among citizens and stakeholders as well as to cater any risk of mismanagement of public fund. However, the internal auditors face a lot of challenges in executing their duties. Since internal public auditor’s report to the directors of the these institutions, whenever the auditors discover that there is misallocation, misappropriation of public funds or abuse of office by the directors, they do not boldly confront them for the fear of losing their jobs or being transferred to remote places. These challenges have consequently negatively affected the delivery of public resources in Zambia evident by poor working culture in public institutions, over pricing of goods and contracts outlined in auditor’s general report. This has led to ineffectiveness of many governments’ institutions and programs in meeting people’s needs and expectations. Therefore, it was imperative to carry out this study in order to scientifically ascertain the factors affecting internal auditing in public sectors for better delivery of government programs.

1.5 Scope of the study
The study, focus on the factors of internal audit effectiveness would more successful if it is conducted in all public sector offices, and also on all privately owned organizations. But due to time and financial constraints it is out of the touch of the individual researcher, and due to this the public sector offices which are cover under this research work are limited to Lusaka City Council and Public Service Pensions Fund purposely selected public sectors which are expected to show the effects of all the rest untouched offices. In addition the intent of this study is to investigate the selected factors of the IA effectiveness; such as management perception,
management support, organizational independence, adequate competent internal audit staff and presence of internal audit charter in the selected public sector offices.

1.6 Assumptions of the Study

H₀: The objectivity of internal auditors, support from the management, and influence from the management and negative effects from the line of command have effects on internal auditing of public sectors.

H₁: The objectivity of internal auditors, support from the management, and influence from the management and negative effects from the line of command have no effects on internal auditing of public sectors.

1.7 The Outline of the Study

1.7.1: Chapter One: Introductory Chapter
The first chapter of the study, provided introductory remarks and a detailed background to the study of factors affecting internal auditing in the public sector in Zambia. The chapter also contained the study’s statement of the problem, it described the research objectives which mirrored the research questions. In addition, the chapter gave a justification to as why the study must be undertaken. Furthermore, the research hypothesis, the scope of the study and outline of the study were also highlighted.

1.7.2 Chapter Two: Literature Review
Chapter two of the study explained both theoretical and empirical evidence of the study. It gave different opinions from different authors pertaining to the study of factors affecting internal auditing in the public sector in Zambia.

1.7.3 Chapter Three: Research Methodology
The research methodology which is a blue print of this study was provided for in chapter three of the study. Among the pertinent issues covered in this chapter included: research philosophy, research settings, research design, research methods, and sampling techniques, study population, study sample size, data collection methods, data analysis, models, tests and tools. The chapter also describes the research design matrix and finally a chapter summary was equally presented.

1.7.4 Chapter Four: Presentation of Research Findings
Chapter four of the study presented the findings of the study from the data that was collected. The findings of the study in this chapter were presented in a form of tables, figures and charts. The results were then interpreted to give brief description and meaning to the statistics given in the data analysis and finally the chapter was summarised by pointing out the pertinent issues that were covered under this chapter.

1.7.5 Chapter Five: Discussion of Research Findings
The finding of the study presented in chapter four, were further discussed in detail in chapter five. In discussing the findings of the study, reference was made to the literature reviewed, thereby drawing differences and similarities.

1.7.6 Chapter Six: Conclusion and Recommendation
Chapter six of the study gave a summary of the study. Not only that, but also conclusions were drawn based on the findings of the study. In addition, recommendations aimed at the study of factors affecting internal auditing in the public sector in Zambia were equally provided in this study chapter.
CHAPTER TWO
LITERATURE REVIEW

2.0. Overview

This chapter builds on the aspects of the study established in the preceding chapter. The information presented in this chapter was obtained from published books and journal articles encompassing global, regional and local perspectives. Online sources used were mainly from Google Scholar, EBSCO and JSTOR.

In the past, internal auditing was perceived as being limited to merely ensuring that the accounting and underlying records to an organization’s transactions were properly maintained, that the assets management system was in place in order to safeguard the assets and also to see whether policies and procedures were in place and duly complied with. Until the mid-20th century internal auditors were primarily concerned with checking accounting records and detection of financial errors and regularities. Internal auditing emerged as a profession in 1941 when the IIA was founded in New York by a group of practicing Internal Auditors. The first Certified Internal Auditor examinations were written in 1974 to test the knowledge of individuals against a recognized body of knowledge before they become Internal Auditors (Greaves, 2017).

In 1978, the Institute of Internal Auditors (IIA) defined internal auditing as “An independent appraisal activity established within an organization as a service to the organization, it is a control, which functions by examining and evaluating the adequacy and effectiveness of other controls, the objective of Internal Auditing is to assist members of the organization in the effective discharge of their responsibilities. To this end, internal auditing furnishes them analysis, appraisals, recommendations, counsel and information concerning the activities reviewed.”

The new era of internal auditing are reflected in the current definition that was formally adopted by the IIA in 1999. Institute of Internal Audit (2004) defined internal audit as “an independent, objective assurance and consulting activity designed to add value and improve an organization’s..."
operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.” This definition shows the fundamental purpose, nature, and scope of internal auditing and also shows how internal auditing shift from traditional to contemporary definition. IIA also explains what perspectives the new definition of internal auditing hold its assurance and consulting activity should proactive, customer and key area focused including risk management, control and governance process. The new definition perceives internal auditing mandate much more broadly, charging it with helping the organization accomplish overall objectives (Hella and Mohamed, 2016).

Extending the scope of internal audit from the strictly financial function to the assurance and advisory function which plays an important role in managing the company has also resulted in the need to increase the efficiency of audit services (Olga, 2017). Internal auditing is a profession and activity involved in advising organizations regarding how better to achieve their objectives through managing risks and improving internal control. Internal auditing involves the utilization of systematic methodology for analyzing business processes or organization problems and recommending solutions. The scope of internal auditing within an organization is broad and may include various internal control activities such as the review of the effectiveness and efficiency of operations, the reliability of financial reporting, investigations of fraud, risk assessment, safeguarding of assets and compliance with laws and regulations (Greaves, 2017).

Lan (2018), conducted a research study entitled factors influencing internal audit effectiveness in Vietnam. Data was collected from responses to a questionnaire addressed to chief audit executives and internal auditors of the Vietnam companies. Results reveal that the effectiveness of internal audit is influenced by the independence of internal audit, competence of internal audit, management support for internal audit, and the quality of internal audit. Unlike Lan (2018), in this study questionnaires will be administered on one-on-one basis to internal auditors in two only two public institutions.

In addition, Dellail (2016) undertook a research study entitled factors affecting the internal audit effectiveness in Tunisian. 148 companies were interviewed with an aid of a questionnaire in
Tunisia. The findings of this study showed that the effectiveness of internal audit is positively influenced by the independence of internal audit, the objectivity of internal auditors, the management support for internal audit, the use of internal audit function and the sector of organization. Unlike the target respondents of Dellail (2016), this study will focus on the factors affecting internal audit in public sector.

Zulkifli Baharud-din et al (2014) also conducted a study entitled factors that contribute to the effectiveness of internal audit in public sector. 191 internal auditors in public sectors were conveniently interviewed by the interview. The results of this study portrayed that lack of qualified, skill and experience of the auditors in internal audit department negatively affect internal auditing work. Unlike the study conducted by Zulkifli Baharud-din et al (2014), in this study auditors will be randomly selected from two public institutions in Lusaka.

Moreover, Njoroge (2012) in his study entitled factors that contribute to the effectiveness of the internal audit function as a corporate governance mechanism in public universities in Kenya he interviewed all the 40 internal auditors at the university of Nairobi. The findings of the study showed that professional proficiency of internal auditors, quality of audit work, organizational independence, career and advancement and top management support have positive relationship with the effectiveness of internal audit function in public universities. Unlike the methodology of Njoroge (2012), this study will interview internal auditors from two public institutions.

Arena and Azzone (2009) carried out a study on identifying organizational drivers of internal audit effectiveness. The study attempted to understand the organizational drivers of internal audit effectiveness in the light of recent changes in the mission of internal auditing and its central role in corporate governance. The data collection was based on a survey of the largest companies in Italy. The survey design was based on questions that could be easily answered by the target-respondents (the Chief Audit Executives) and which would limit possible framing effects. On the basis of data from the Italian companies, the survey indicated that the effectiveness of internal auditing is influenced by: the characteristics of the internal audit team, audit processes and activities and organizational links. Internal audit effectiveness increases in particular when the ratio between the number of internal auditors and employees increases. Unlike the approach of
Arena and Azzone (2009) this study will only focus on the effectiveness of internal auditing in public sectors.

Greaves Mupeta (2017) conducted a study entitled the factors that determine the Internal Audit effectiveness in the selected Public sector and Parastatal 2 organizations in Zambia. 5 public sector offices both for profit and not for profit sectors including those under the Parastatal umbrella in Zambia comprised the sample. The results of the study unveiled four areas such as management support, management perception of internal audit function, Proficiency of internal audit staff and an approved internal audit charter to be the factors affecting the effectiveness of internal audit.

2.1. Conceptual Framework

Figure 2.1. Factors Affecting Internal Auditing in the Public Sector in Zambia

Figure 2.2.is an illustration of the Factors Affecting Internal Auditing in the Public Sector in Zambia.

Source: Author’s Own

Figure 2.2.is an illustration of the Factors Affecting Internal Auditing in the Public Sector in Zambia.
2.2. Theoretical Framework

Gill and Johnson (2002) defined theory as a formulation regarding the cause and effect relationships between two or more variables, which may or may not have been tested. A number of studies exist which had been relating to internal auditing theories. The approach which is adopted from Endaya and Hanefah (2013) is a combination of three theories: agency, institutional, and communication. In this study the argument is that agency theory, institutional theory and communication theory could serve as an approach to build a theoretical framework of Public Sector Internal Auditing and its effectiveness.

2.2.1. Agency Theory

Agency theory means the relationship between agent and principal, where agent is management and principal is the shareholder. In decision making process of an organization, agents have the authority to make decisions. Managers work with the organization as agents to perform some service on behalf of owners who delegate some decision making authorities to managers. These authorities could be misused by managers to meet their own personal interests. Therefore, the existence of the audit committees and the external and internal auditors will help the organization in enhancing their performance, and also will ensure that the management carries out its plans according to procedures (Adams, 1994). Internal auditors as agents must perform audit processes at the professional level requiring education and professional certifications, experience, and other competencies needed to perform their responsibilities perfectly. Internal auditors, as agents of the organization members, need their support. The existence of an effective audit committee in the organization enhances internal audit independence and also, reduces senior management interferences either in internal audit scope or its performance (Endaya and Hanefah, 2013). For this reason this study should consider Agency theory for independent variable selection.

2.2.2 Institutional Theory

Institutional theory explains how organizational structures and practices are shaped through changes induced by normative pressures, including both external and internal sources such as laws and regulations or by the professions (Mihret et al., 2010). Internal auditors’ roles
have now become much more essential as a control within organizations and a key to effective risk management. Internal auditors’ roles are considered crucial in financial management strategies and increasingly used a dependable way of enhancing performance. Institutional theorists consider organizations as members of an organizational field, which comprises several organizations or industries that are interrelated in some way. This interrelation leads organizations to influence others (Mihret, James and Mula, 2010).

The researchers suggest a need for future research to address the internal audit effectiveness by using institutional theory. Mihret, et al. (2010) argue that there is a positive relationship between compliance with International Standards for Professional Practice of Internal Auditing (ISPPIA) and organizational goal achievement, and this relationship could evaluate internal audit effectiveness (Endaya and Hanefah, 2013). For this reason this study should consider Institutional theory for independent variable selection.

2.2.3. Communication Theory
According to communication theory, inability to communicate effectively can be related to inappropriate information or communication complexity (Endaya and Hanefah, 2013). Both IIA Standards and previous studies, the study of effective communication in internal auditing is necessary. The existence of effective communication between internal auditors themselves, internal auditors and auditees, internal auditors and organization members, without any doubt, is needed to strengthen the internal audit effectiveness. However, there are several factors, which could contribute to the weakness of this relationship such as, accusatory style from internal auditors or just looking for the auditees weaknesses. Such environment leads to lack of trust among internal auditors and auditees. Thus, to prevent such threats, it is necessary to improve auditee’s collaboration with internal auditors (Endaya and Hanefah, 2013). For this reason this study should consider communication theory for independent variable selection.
2.3. Operational definitions

2.3.1 Audit
Audit is derived from the Latin term Audire which means to hear.

2.3.2. Internal auditor
An internal auditor (IA) is a trained professional tasked with providing independent and objective evaluations of company financial and operational business activities.

2.3.3. Compliance Audit
Compliance Audit evaluates an area’s adherence to established laws, standards, regulations, policies, and procedures. Compliance audits are done because of a policy or statutory requirement. While the audit is done for regulatory reasons, the objectives are still to ensure adequate control over an important internal process (Arens et al., 2005; Olga, 2017).

2.3.4. Operational Audit
Operational audit evaluates performance of a particular function or department to assess its efficiency and effectiveness. Financial data may be used, but the primary sources of evidence are the operational policies and achievements related to organizational objectives. Internal controls and efficiencies may be evaluated during this type of audit. Some areas of operational audits include: organizational structure, processes and procedures, accuracy of data, management and security of assets, staffing, and productivity (Arens, Best, Shailer and Fiedler, 2005; Olga, 2017).

2.3.5. Financial Audit
Financial Audit is a historically oriented, independent evaluation performed for the purpose of attesting to the fairness, accuracy and reliability of financial data. The central objective is to ensure that the financial activity of the department, unit or area is completely and accurately reflected in the appropriate financial reports (Arens et al., 2005; Olga, 2017).

2.3.6. Investigative Audit
Investigative Audit is an audit that takes place as a result of a report of unusual or suspicious activity on the part of an individual or a department. Fraud and financial irregularity audits are designed to verify the existence and magnitude of suspected fraud and financial irregularities. It is usually focused on specific aspects of the work of a department or individual.
Investigations are conducted to determine the extent of loss, assess weaknesses in controls, and make recommendations for corrective actions conducted at the request of the Audit Committee of the Board of Trustees, the President, or other senior members of organization management as a result of a tip from the organization’s hotline; or at the discretion of the Director (Arens et al., 2005; Olga, 2017).

2.3.7. Information Technology Audit
Information technology (IT) Audit is evaluates controls related to the institution’s automated information processing systems. The information technology audit function develops audit programs to assess, evaluate and make recommendations to management regarding the adequacy of internal controls and security inherent in an organization’s information systems, and the effectiveness of the associated risk management. The goal is to ascertain that IT systems are safeguarding assets, maintaining data integrity and efficiently operating to achieve business objectives (Olga, 2017).

2.3.7. Follow up Audit
Follow up Audit is audits conducted approximately six months after an internal or external audit report has been issued. They are designed to evaluate corrective action that has been taken on the audit issues reported in the original report. The purpose of a follow-up audit is to revisit a past audit’s recommendations and management’s action plans to determine if corrective actions were taken and are working, or if situations have changed to warrant different actions (Arens et al., 2005; Olga, 2017).

2.3.8. Management Audit
Management Audit also called performance audit, are internal consulting projects. Because an internal audit is an activity independent of management, it is often an excellent resource to provide independent and objective insight on the efficiency of business processes. Management can request internal auditors to review a business process, organization, or strategy and the auditors do not have to worry about backlash from management. A common management audit is a review of organizational structure, such as having internal audit look at how administrative work is divided among divisions and if there are opportunities to be more efficient (Olga, 2017).


2.4. Public Sector Internal Auditing and its effectiveness

Public and private Sectors have established internal audit department with the mind of enjoying the benefit behind the internal audit service (Mu’azu and Siti, 2013). The effectiveness of internal audit function has become a subject of interest in the internal auditing literature. The word effectiveness has been defined by different researchers, for instance Dittenhofer (2001) view effectiveness as the ability toward the achievement of the objectives and goals. Mihret and Yismaw (2007) defined internal audit effectiveness as “the extent to which an internal audit office meets its supposed objective or the extent to which it meets the intended outcome.” Arena and Azzone (2009) defined effectiveness “as the capacity to obtain results that are consistent with targets objective.” In addition, IIA (2010) defined internal audit effectiveness “as the degree (including quality) to which established objectives are achieved.” This means internal audit effectiveness is the ability of internal auditor to achieve established objectives within the organization (Greaves, 2017). Previous studies have used different approaches to investigate internal audit effectiveness, as effective internal audit is influenced by series of factors.

The other issue that has emerged, relative to internal audit effectiveness, is what are proper and sound measures of the department’s effectiveness. In establishing the measurement for internal audit effectiveness, Arena and Azzone (2009) reveal that the percentage of recommendations implemented by the auditee is the most appropriate measure for internal audit effectiveness. Similarly, Mihret and Yismaw (2007) asserted that audit findings and recommendations would not serve much purpose unless management is committed to implement them. While, Mizrahi and Ness Weisman (2007) give their own definition which is in line with the ability of the internal auditor intervention in prevention and correction of deficiencies and they finally defined internal audit effectiveness as “the number and scope of deficiencies corrected following the auditing process.”

In the IIA Practice Guide ‘Measuring Internal Audit Effectiveness and Efficiency’ issued in December 2010, Effectiveness and efficiency measurements can be quantitative and qualitative. In addition to compliance with the IIA’s International Standards for the Professional Practice of Internal Auditing (Standards), audit activity performance measures may include: Level of contribution to the improvement of risk management, control, and governance processes;
Achievement of key goals and objectives; Evaluation of progress against audit activity plan; Improvement in staff productivity; Increase in efficiency of the audit process; Increase in number of action plans for process improvements; Adequacy of engagement planning and supervision; Effectiveness in meeting stakeholders’ needs; Results of quality assurance assessments and internal audit activity’s quality improvement programs; Effectiveness in conducting the audit; Clarity of communications with the audit client (auditee) and the board.

2.5. Research variables arising from theoretical framework

The main aim of this research is to investigate the factors that affect internal auditing in the public sector in Zambia. Specifically, Lusaka City Council And Public Service Pensions Fund, in this topic different authors and researcher’s idea and recommendations regarding the related topic of internal audit are analyzed and presented. There are a lot of factors affecting the internal auditing and its effectiveness in Zambia.

Hawa (2016) the study found that independence, management support, competence and organization setting do have an impact on the effectives of internal audit. Medanit (2016) the study found that organizational Independence and Organizational settings positively affect the internal audit effectiveness.

On the other hand, Shewamene (2014) has investigated factors which have an effect on internal audit effectiveness in the selected Ethiopian public sector offices; found that the management support, the existence of adequate and competent internal audit staff, the availability of approved IA charter contributed for the internal audit effectiveness. The other two variables the management perception and organizational independence of internal auditors were positively related with internal audit effectiveness but not significant. Tadiwos (2016) the study found that independence of internal audit, competence of internal audit team, and management supports were strong and have statistically significant effect on the effectiveness of internal audit.

The study conducted by Mihret and Yismaw (2007) investigated that internal audit service of a large public sector higher educational institution, by identify factors influencing internal
audit effectiveness by considering four interrelated factors: internal audit quality, management support, the organizational setting and attributes of the auditee. They concluded that internal audit quality and management support have strong influence. However, organizational setting and auditee attributes do not have a strong impact influence on internal audit effectiveness. In their study, Arena and Azone (2009) argued that factors affecting the internal audit effectiveness are characteristic of the audit team, activity and audit process, and the organization relationship.

2.5.1. Objectivity and independence of internal auditors
Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. ISPPIA and the IIA suggest that such independence can be gained by means of reporting to levels within the organization that allow the internal audit department to perform its responsibilities free from interference; avoiding conflict of interests; having direct contact with the board and senior management; having unrestricted access to records, employees and departments; the appointment and removal of the head of internal audit not being under the direct control of executive management and not performing non-audit work. The International Standards for the Professional Practice of Internal Auditing (ISPPIA) Standard 1100 requires that the internal audit department must be independent and internal auditors must be objective in achieving their work to add value to the organization. Standard setters have emphasized the importance of independence and objectivity of internal auditors. ISPPIA defined Independence and Objectivity as: “The internal audit activity must be independent, and internal auditors must be objective in performing their work.” They interpret objectivity as: unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made.

2.5.2. Management Support
The management support is almost crucial to the operation and internal audit; because all other determinants of IA effectiveness derive from the support of top management, given that hiring proficient IA staff, developing career channels for IA staff, and providing organizational independence for IA work are the results of decisions made by top
management (Cohen and Sayag, 2010). The commitment by management to use audit recommendations and its support in strengthening internal audit is key to internal audit effectiveness (Greaves, 2017).

2.5.3. Proficiency of Internal Auditors
Auditors’ Proficiency determines the effective auditing in the organization (Zulkifli, et.al. 2014). Proficiency can be relate to the ability of an individual to perform a job or task properly based on the educational level, professional experience and the effort of the staffs for continuing professional development.

If internal audit lack knowledge, skills, or other capabilities and competencies needed to perform all or part of their assurance services, the head of the internal audit department should make use of powerful and competent consultants to compensate for such deficiencies of the department (Tabandeh, 2016). In order to achieve Proficiency, various types of training and development should be provided to internal auditors. A competent internal auditor will have all the skill necessary to produce a good audit report (Amanuddin, 2014).

2.5.4. Audit Synods
Audit Synods in the organization enhances internal audit independence and also, reduces senior management interferences either in internal audit scope or its performance (Endaya and Hanefah, 2013). The internal auditor’s risk-driven efforts provide critical inputs to other governance participants, including the audit synods and management. In developed countries, the audit synod has the role of a mediator between the management and internal audit. This makes the role of management support less important than in developing countries, where audit synods are new. This issue is controversial even in developed countries, the executive management is directly in a position, or indirectly through the audit synod, and it affects to a certain degree the nature of work of the internal audit. When the management considers the internal audit function as positive, then the function is likely to be more effective (Alzeban and Gwilliam, 2014).
2.6. Research Gap
Despite having internal auditors in various institutions, annual Auditors General reports have been finding irregularities which include violation of established financial management guidelines and procedures, services rendered not in accordance with the original specification, improper payment made for equipment’s not supplied, work not done and services not rendered, equipment and good procured at a much higher cost than market value, procurement not done according to established regulations (Syakalima, 2017). These irregularities despite the existence of internal auditing units in various public institutions necessitate the undertaking of this research study
Thus, this study required to fill the existing research gap in the public sectors, our study provides an important evidence regarding the influence of mentioned factors affecting internal auditing in the public sector. Our results present the role of these factor in improving and enhancing the internal audit effectiveness.

2.7. Comparative Studies
Arena and Azzone (2009) carried out a study on “Identifying Organizational Drivers of Internal Audit Effectiveness”. The study attempted to understand the organizational drivers of internal audit effectiveness in the light of recent changes in the mission of internal auditing and its central role in corporate governance. The data collection was based on a survey of the largest companies in Italy. The survey design was based on questions that could be easily answered by the target respondents (the Chief Audit Executives) and which would limit possible framing effects. On the basis of data from the Italian companies, the survey indicated that the effectiveness of internal auditing is influenced by: (1) the characteristics of the internal audit team, (2) the audit processes and activities, and (3) the organizational links. Internal audit effectiveness increases in particular when the ratio between the number of internal auditors and employees grows, the CAE is affiliated to the IIAs, the company adopts control risk self-assessment techniques, and the audit committee is involved in the activities of the IAs.

The Institute of Internal Auditors, on their position paper on the ‘’Role of Auditing in Public Sector Governance (2006), presented the IIA’s position on the importance of the public sector audit function to effective governance. It defined the key elements needed to maximize the value the public sector audit function provides to all levels of government. The principles they
discussed are relevant to national, regional and local governments, as well as quasi-governmental organizations and international government organizations. They may also apply to other publicly funded entities. The objective of the paper was to encourage readers to reflect on the government audit functions how they can be supported to most effectively fulfill their role in the governance of public sector institutions.

Sarens and Abdolmohammadi (2010) carried out a study on “Monitoring Effects of the Internal Audit Function: Agency Theory versus other Explanatory Variables”. This study investigated (1) whether agency variables are associated with the relative size of the internal audit function; (2) whether the Internal Audit Function is complementary to other monitoring mechanisms such as dependent board members and an active audit committee; and (3) the impact of the control environment on the relative size of the Internal Audit Function. They use data from a sample of Belgian firms. They found evidence of a monitoring role for the Internal Audit Function in corporate governance. They also found that, a supportive control environment has a positive impact on the relative size of the Internal Audit Function.

2.8. Conclusion

In all the literature reviewed, taken together, it is evident that there have been mixed findings on the factors affecting the Public sector internal auditing around the globe. Focusing on Zambia as a developing country, there is evidence for a need to clarify the impact of the theoretically established; the empirically evidenced findings and the emerging impacts of the factors that affect internal auditing in the public sector in Zambia. In the case of Lusaka City Council and Public Service Pensions Fund, no significant results exist in the area of study which indicates a need for continuous study.

Literature review helped to understand the prominence given to Public Sector Internal Auditing the world over, exact nature of problem faced by Internal Auditors across the world, and more particularly Public Sector internal Auditing in Zambia. This chapter helped the researcher to fine tune the research objective in the light of what had been covered above.
CHAPTER THREE
METHODOLOGY AND DESIGN

3.0. Overview
This chapter indicates the procedures that were used by the researcher in conducting the research study and it contains the research design, population and sampling procedure, instrument for data collection (validity & reliability of instrument), ethical consideration and data collection procedure and method of data analysis.

3.1. Research Design
This study utilized a cross-sectional descriptive design. A cross-sectional study involves looking at people who differ on key characteristics at one specific point in time. The study adopted this research design because the data is collected at the same time from people who are similar in other characteristics but different in a key factor interest such as age, income levels or geographic location (Cherry, 2019).

To guide the researcher in the collection, analysis and interpretation of observed facts, the quantitative approach was adopted as a framework for the study. This was used as a guide in collecting and analysing of the data (Bless and Achola, 1988). The quantitative approach was applied in terms of explaining the precision, the relationship between the factors that affect internal auditing in the public sector in Zambia. Quantitative techniques were used to determine the levels of impact (that is how much and how often). This approach required gathering statistical data that would be used to test the variables developed for this study.

3.2. Sample Design
A sample design refers to the technique or the procedure the researcher would adopt in selecting items for the sample. There are many sample designs from which a researcher can choose. Some designs are relatively more precise and easier to apply than others. Researcher must select/prepare a sample design, which should be reliable and appropriate for his research study (Kothari, 2004). In this study, the researcher will use random sampling design.
3.2.1 Population of the study

The population for the study was all the accountants and accountant assistants from two public institutions in Lusaka district which are; Lusaka city council and Public Service Pension Fund. The accountants were chosen for this study because they are the primary individuals that are responsible for taking care of the internal auditing from the two institution.

3.2.2 Sampling Frame

A sampling frame was determined at 350. The researcher created the sampling frame from a wide range of accountants and accountant assistants from Lusaka City Council and Public Service Pensions Fund in Lusaka district.

3.2.3 Research Sample

For the purposes of this study, a 10 percent sample of 35 Accountants and accountant assistants was selected from the entire sampling frame of 350 from selected Public institutions in Lusaka, Zambia. Kothari and Garg (2014) indicate that a sample size of 10 percent of a target population is considered large enough so long as it allows for reliable data analysis and allows testing for significance of differences between estimates. To select the sample, the researcher collected a list of the employed accountants and accountants’ assistants that Lusaka City Council and Public Service Pensions Fund could give, together with contact details and email addresses. Basing on a list of 25 from Public Service Pensions Fund and 10 from Lusaka City Council, a total of 35 were invited to respond to the questionnaire out of which 33 responded, representing a 94.3 percent response rate.

3.2.4 Research Selection

Researcher must select/prepare a sample design, which should be reliable and appropriate for his research study (Kothari, 2004). In this study, the researcher will use Probability sampling design.

3.3. Data Collection Methods

A self-developed questionnaire was designed as the ultimate data collection instrument. Permission has been granted by the Cavendish University Zambia to collect the data for this study from the participants. The entire data collection process took three months.
Based on the population size of individual public institution determined in the sampling frame, the two institution were Public sector, i.e. Lusaka City Council and Public Service Pensions Fund were, first of all, identified. The contact number, e-mail address, postal addresses of the respondents were collected from respective managements. They were then contacted through telephone calls and e-mails for explaining them the whole issue, purpose and the importance of undertaking the survey.

Subsequently each one of them was sent a brief note and a copy of the questionnaire through e-mail in order to enable them to have an idea about the kind of inputs required by the researcher. In the next stage, an appointment along with the date, time and venue was sought from the respondents. Due to the covid-19 pandemic, the researcher and the respondents were obliged to observe the health guidelines by the ministry of health in Zambia by maintaining a social distance of 2 meters apart and wearing of surgical masks.

3.3.1 Instrument for Data Collection
This research makes use of one instrument: a survey questionnaire. The questionnaire has three sections, Section A is based on the Respondents Profile, Section B: Factors That Affect the Effectiveness of Internal Auditors Functions. Section C: The Effectiveness of Internal Auditors’ In Identifying Noncompliance Activities. Questions are prepared in Likert-scale form with five (5) point scales. The values of scales are 5= strongly agree, 4= Agree, 3= Neutral, 2= Disagree, 1= strongly disagree.

3.3.2 Instrument validity and reliability
For validity, in order to test content validity each variable will include a set of adequate and representative items. A panel of experts will be asked to attest of whether the instrument is actually measuring what it is said to measure. For the reliability, an inter-item consistency reliability test will be used through the Cronbach coefficient alpha. The reliabilities should be more than 0.60 to be considered as a good measure of inter-item consistency reliability.

3.4. Method of Data Analysis
During the analysis, the researcher will edit the data by eliminating the potentially invalid and inaccurate questionnaires. Percentages and descriptive statistics such as the mean and standard
deviations were used for Research Questions 1 and 2. For questions 3 and 4 Pearson Correlation and both t-test and ANOVA tests will be used.

3.5. Ethical Consideration
To ensure that this study does no harm in any way to the participants, the following measures were taken:

The purpose of the study was presented to and has been approved by two public institution managements respectively. The participants were contacted and the purpose of the study was explained to them clearly, assuring them that the information obtained will be for academic purpose only, and no other end. The participants were informed that the exercise is not mandatory and that no punitive measure will be taken against those who do not wish to participate. The participants were asked to sign a statement stating their willingness to participate, prior to the data collection. The participants were told not to write their names anywhere on the questionnaire, and they were informed that, should a participant wish to withdraw from answering the paper, once he/she has started, he/she was allowed to do so. The data used would be destroyed once the paper is written and submitted to the University.

3.6 Limitations of the Study
Lack of readily available materials was a constraint. Due to that the research focused only on the few literature available and the information provided by the respondents than desired, thus leaving out a huge chunk of areas that would have yield more insight into the problem under study. Other constraints include time, and inadequate funding. Nonetheless, the methodologies employed were so designed to ensure that the research yields the best possible results despite the limitations.
4.0 CHAPTER FOUR
DATA ANALYSIS

4.1 Overview

As indicating in the previous chapter, the main attempt of this study is to investigate the factors affecting internal auditing in the public sector in Zambia. This chapter presents the research results obtained from the questionnaire, and offers an interpretation of the results. The findings will be presented through pie charts, graphs and comments. The presentation of the data will allow users to have a greater understanding of the research study conducted. The results of the explanatory analysis also reported.

4.2. Descriptive Statistics

4.2.1 Respondents Profile

Table 4.1: Demographics summary Statistics

<table>
<thead>
<tr>
<th>Variables</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>35</td>
<td>1.00</td>
<td>2.00</td>
<td>1.2857</td>
<td>0.45835</td>
</tr>
<tr>
<td>Age</td>
<td>35</td>
<td>1.00</td>
<td>4.00</td>
<td>2.2000</td>
<td>0.96406</td>
</tr>
<tr>
<td>Field of Study</td>
<td>35</td>
<td>1.00</td>
<td>3.00</td>
<td>1.6286</td>
<td>0.80753</td>
</tr>
<tr>
<td>Education</td>
<td>35</td>
<td>1.00</td>
<td>4.00</td>
<td>2.0857</td>
<td>0.88688</td>
</tr>
<tr>
<td>Positions</td>
<td>35</td>
<td>1.00</td>
<td>2.00</td>
<td>1.2857</td>
<td>0.45835</td>
</tr>
</tbody>
</table>

Source: Fieldwork 2020

Table 4.1 shows the respondents profile comprised of Gender with mean 1.2857 and standard deviation 0.45835. Respondents Age having the mean 2.2000 and standard deviations of 0.96406. Field of Study category comprising of mean 1.6286 and standard deviations of 0.80753.
Further, Education and Positions having the mean of 2.0857 and 1.2857 respectively. Standard deviation of 0.88688 and 0.45835 respectively.

4.2.2 Gender

Table 4.2. Respondents Gender frequency distribution

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>Male</td>
<td>25</td>
<td>71.4</td>
<td>71.4</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>10</td>
<td>28.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>35</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Fieldwork 2020
Figure 4.1 shows that from the respondents twenty five (25) were male and ten (10) were females. The gender distribution shows that seventy-one point four (71.4%) were male and twenty-eight point six percent were female (28.6%).

Source: Table: 4.2
4.2.2 Age

Table 4.3. Respondents Age frequency distribution

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 to 29</td>
<td>9</td>
<td>25.7</td>
<td>25.7</td>
<td>25.7</td>
</tr>
<tr>
<td>30 to 39 yrs</td>
<td>14</td>
<td>40.0</td>
<td>40.0</td>
<td>65.7</td>
</tr>
<tr>
<td>40 to 49 yrs</td>
<td>8</td>
<td>22.9</td>
<td>22.9</td>
<td>88.6</td>
</tr>
<tr>
<td>50 to 59 yrs</td>
<td>4</td>
<td>11.4</td>
<td>11.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>35</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Fieldwork 2020

Figure 4.2. Respondents Age Histogram

![Age Histogram](image)

Source: Table: 4.3

Figure 4.2 indicates the age of the respondents. Majority of the respondents were between the age of 30 and 39 years, making a percentage of forty (40.0%). Respondents aged between 18 and 29 also made twenty-five point seven percent (25.7%) of the sample. The lowest category had respondents aged between 50 and 59 with eleven point four percent (11.4%).
4.2.3 Field of study

Table 4.4. Respondents Field of study frequency distribution

<table>
<thead>
<tr>
<th>Field of Study</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>20</td>
<td>57.1</td>
<td>57.1</td>
<td>57.1</td>
</tr>
<tr>
<td>Management</td>
<td>8</td>
<td>22.9</td>
<td>22.9</td>
<td>80.0</td>
</tr>
<tr>
<td>Economics</td>
<td>7</td>
<td>20.0</td>
<td>20.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>35</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Fieldwork 2020

Figure 4.3. Respondents Field of Study Pie Chart

Table: 4.3

The frequency distribution table above shows the Field of Study of respondents who participated. The Accounting had the most respondents at fifty-seven point one percent (57.1%). Management
had twenty-two point nine percent (22.9%) of respondents and Economics held twenty percent (20.0%) of 7 respondents.

4.2.4 Level of Education

Table 4.5. Respondents Level of Education frequency distribution

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate</td>
<td>9</td>
<td>25.7</td>
<td>25.7</td>
<td>25.7</td>
</tr>
<tr>
<td>Diploma</td>
<td>17</td>
<td>48.6</td>
<td>48.6</td>
<td>74.3</td>
</tr>
<tr>
<td>Bachelor’s Degree</td>
<td>6</td>
<td>17.1</td>
<td>17.1</td>
<td>91.4</td>
</tr>
<tr>
<td>Master’s Degree</td>
<td>3</td>
<td>8.6</td>
<td>8.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>35</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Fieldwork 2020

Table 4.5. Shows the Level of Education of the respondents, majority of the respondents were Diploma holders, they made up a percentage of forty-eight percent point six (48.6%) and lowest category Master’s Degree held the percentage of eighty point six (8.6%).

4.2.4 Current Position in the Office

Table 4.6. Respondents Current Position in the Office frequency distribution

<table>
<thead>
<tr>
<th>Position</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Accountant</td>
<td>25</td>
<td>71.4</td>
<td>71.4</td>
<td>71.4</td>
</tr>
<tr>
<td>Accountant Assistant</td>
<td>10</td>
<td>28.6</td>
<td>28.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>35</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Fieldwork 2020
Figure 4.4. Respondents Current Position in the Office Histogram

Table 4.6. Shows the Current Position in the Office of the respondents, majority of the respondents were Accountants, they made up a percentage of seventy-one percent point four (71.4%) and lowest category Accountant Assistant held the percentage of twenty-eight point six (28.6%).

Source: Table 4.4
4.3 Descriptive Statistics of Variables

4.3.1 Reliability Analysis

Table 4.7: Reliability Analysis

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.653</td>
<td>24</td>
</tr>
</tbody>
</table>

Source: Fieldwork 2020

To measure the consistency of the questionnaire particularly the Likert-type scale the reliability analysis is essential in reflecting the overall reliability of constructs that it is measuring. To carry out the reliability analysis, Cronbach’s Alpha (α) is the most common measure of scale reliability and a value greater than 0.700 is very acceptable (Field, 2009; Cohen and Sayag, 2010) and according to Cronbach’s (1951), a reliability value (α) greater than 0.600 is also acceptable.

From table 4.7 above, the value for Cronbach’s Alpha (α) was 0.684 for all variables. When these calculated reliability values are above 0.7000, and compared with the minimum value of alpha 0.600 advocated by Cronbach’s (1951), then the responses generated for all of the variables’ used in this research were reliable enough for data analysis.
<table>
<thead>
<tr>
<th>Variables</th>
<th>Total</th>
<th>Min Score</th>
<th>Max Score</th>
<th>Mean Score</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACIAS: My office/sector has sufficient skilled internal auditors. Most of them have certification in auditing</td>
<td>35</td>
<td>1.00</td>
<td>5.00</td>
<td>4.1429</td>
<td>1.14128</td>
</tr>
<tr>
<td>ARAT: It is possible to audit and review each activity on time, and cover the planned scope of auditing activities.</td>
<td>35</td>
<td>1.00</td>
<td>5.00</td>
<td>3.5429</td>
<td>1.33599</td>
</tr>
<tr>
<td>APECT: The audit procedures and evidence collections are completed on time, since enough and skilled internal auditors are available or employed</td>
<td>35</td>
<td>2.00</td>
<td>5.00</td>
<td>4.2286</td>
<td>.91026</td>
</tr>
<tr>
<td>IASNSM: The internal audit staff number &amp; their skill matches the scope of office's/sector’s internal operations.</td>
<td>35</td>
<td>2.00</td>
<td>5.00</td>
<td>4.1429</td>
<td>.87927</td>
</tr>
<tr>
<td>IAMTECH: The work of internal audit is performed with modern technology that uses computerized data tools and specific IA software</td>
<td>35</td>
<td>2.00</td>
<td>5.00</td>
<td>4.1429</td>
<td>1.03307</td>
</tr>
<tr>
<td>MSCAI: I receive full cooperation, access to records and information from my office</td>
<td>35</td>
<td>1.00</td>
<td>5.00</td>
<td>2.9143</td>
<td>1.17251</td>
</tr>
<tr>
<td>MSRES: I can get the necessary resources (facilities) that help me to perform auditing activities as needed.</td>
<td>35</td>
<td>2.00</td>
<td>5.00</td>
<td>3.8571</td>
<td>1.14128</td>
</tr>
<tr>
<td>MSTRAN: The office/sector supports me by providing training in order to improve my skill and update with the field.</td>
<td>35</td>
<td>2.00</td>
<td>5.00</td>
<td>3.6000</td>
<td>1.09006</td>
</tr>
<tr>
<td>MSIT: The office/sector supports me to introduce myself with new technology, policy or procedures when it is necessary.</td>
<td>35</td>
<td>1.00</td>
<td>5.00</td>
<td>3.5143</td>
<td>1.22165</td>
</tr>
<tr>
<td>MSCERTIF: The office/sector supports Internal Auditing staffs by budgeting funds for certification to have relevant education in auditing that allows them to audit all of the organization's/sector’s systems.</td>
<td>35</td>
<td>1.00</td>
<td>5.00</td>
<td>3.6286</td>
<td>1.21476</td>
</tr>
<tr>
<td>OIINTERF: I perform the auditing activities without any interference from anybody and without any influence from the office/sector.</td>
<td>35</td>
<td>1.00</td>
<td>5.00</td>
<td>3.5714</td>
<td>1.09237</td>
</tr>
<tr>
<td>OIFRE: I freely decide the scope, time and extent of auditing procedures based on auditing standards and the office's/sector's policy.</td>
<td>35</td>
<td>1.00</td>
<td>5.00</td>
<td>3.8000</td>
<td>1.13241</td>
</tr>
<tr>
<td>OIREV:</td>
<td>I objectively examine auditing issues only meeting on reliable audit evidence and no management interest is involved for adjustment beyond auditing standards &amp; values.</td>
<td>35</td>
<td>1.00</td>
<td>5.00</td>
<td>3.1143</td>
</tr>
<tr>
<td>-------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----</td>
<td>------</td>
<td>------</td>
<td>--------</td>
</tr>
<tr>
<td>OIFREE:</td>
<td>I feel free to include any audit finding in my audit work and report directly to responsible body.</td>
<td>35</td>
<td>2.00</td>
<td>5.00</td>
<td>4.1429</td>
</tr>
<tr>
<td>OIFREDOC:</td>
<td>I can freely access necessary documents, information and data about the organization/sector for my audit work.</td>
<td>35</td>
<td>1.00</td>
<td>5.00</td>
<td>4.1429</td>
</tr>
<tr>
<td>AIACAV:</td>
<td>Internal audit charter is maintained (available) in my office/sector.</td>
<td>35</td>
<td>1.00</td>
<td>5.00</td>
<td>3.6857</td>
</tr>
<tr>
<td>AIACPA:</td>
<td>The purpose and authority of internal audit is clearly defined in charter.</td>
<td>35</td>
<td>1.00</td>
<td>5.00</td>
<td>3.8000</td>
</tr>
<tr>
<td>AIACSPRO:</td>
<td>The purpose and authority of internal audit charter is in line with “Standards for the Professional Practice” formulated by the Institute of Internal Auditors.</td>
<td>35</td>
<td>1.00</td>
<td>4.00</td>
<td>2.8286</td>
</tr>
<tr>
<td>AIACSPEC:</td>
<td>The IA charter specifies the internal audit activity’s position within the office; authorized access to records, personnel, and physical properties relevant to the performance of engagements, and the defined scope of IA activities.</td>
<td>35</td>
<td>1.00</td>
<td>5.00</td>
<td>3.4857</td>
</tr>
<tr>
<td>NONCR:</td>
<td>Internal auditors can effectively identify and report any noncompliance activities with my office’s/sector's policies and procedures.</td>
<td>35</td>
<td>1.00</td>
<td>5.00</td>
<td>3.6000</td>
</tr>
<tr>
<td>NONCRECOM:</td>
<td>Internal Auditors provide useful recommendations and constructive criticisms on non-compliances activities or control systems of the office/sector.</td>
<td>35</td>
<td>1.00</td>
<td>4.00</td>
<td>2.5429</td>
</tr>
<tr>
<td>NONCCONF:</td>
<td>I use the recommendations, criticisms and information provided by internal auditor for decision making.</td>
<td>35</td>
<td>1.00</td>
<td>5.00</td>
<td>2.9143</td>
</tr>
<tr>
<td>NONCDM:</td>
<td>My office/sector has put its confidence on internal audit staffs, because they may face any problems (non-compliance activities)</td>
<td>35</td>
<td>1.00</td>
<td>5.00</td>
<td>3.0857</td>
</tr>
<tr>
<td>NONCEE:</td>
<td>The non-compliance reports provided by internal auditors are reliable and significant to my organization/sector.</td>
<td>35</td>
<td>1.00</td>
<td>5.00</td>
<td>2.7714</td>
</tr>
</tbody>
</table>

Responses collected on a five point Likert scale (1=strongly agree, 2=agree, 3=Neutral, 4=disagree, 5=strongly disagree). Scores on negatively framed statements were not considered
From Table 4.8 it can be observed that the minimum score among the variables was 1 whereas the maximum was 5. However, the highest score on all the variables was 5. These scores indicate that the respondents used the entire 5-point survey scale, implying adequate variability amongst the responses.

The highest mean score was 4.2286(APECT: The audit procedures and evidence collections are completed on time, since enough and skilled internal auditors are available or employed) while the lowest was 2.5429(NONCRECOM: Internal Auditors provide useful recommendations and constructive criticisms on non-compliances activities or control systems of the office/sector). This indicates that all the variables were important as evidenced by high mean scores (4.2286) for majority of the variables. More than half of the values of standard deviations were found to be above 1 and the other half less 1. These values are relatively close to 1 and hence they varied considerably amongst the respondents.

### 4.4. t-Test Hypothesis Testing

Test to determine (at $\alpha=0.05$) whether the mean of each factor reported in Table 4.8 to see whether it is statistically higher than 3 (or lower to 3 if the mean is lower than 3).

**Table 4. 9: ACIAS: My office/sector has sufficient skilled internal auditors. Most of them have certification in auditing**

<table>
<thead>
<tr>
<th>Hypothesis Testing Data</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>4.143</td>
</tr>
<tr>
<td>Variance</td>
<td>1.303</td>
</tr>
<tr>
<td>Observations</td>
<td>35.000</td>
</tr>
<tr>
<td>Hypothesized Mean Difference</td>
<td>3.000</td>
</tr>
<tr>
<td>Df</td>
<td>34.000</td>
</tr>
<tr>
<td>t Stat</td>
<td>5.924</td>
</tr>
<tr>
<td>P(T&lt;=t) one-tail</td>
<td>0.000</td>
</tr>
<tr>
<td>t Critical one-tail</td>
<td>1.691</td>
</tr>
</tbody>
</table>

Source: Fieldwork 2020
Hypotheses: \( H_0: \mu \leq 3, H_1: \mu > 3 \); Rejection Region: Reject \( H_0 \) if \( t > 1.691 \); Test Statistic \( t = 5.924 \); p-value: 0.000; Decision: Because \( t = 5.924 > 1.691 \) reject the \( H_0 \); Conclusion: There is enough evidence to infer that the mean is statistically significantly higher than 3.

Table 4. 10: MSCAI: I receive full cooperation, access to records and information from my office

<table>
<thead>
<tr>
<th>t-Test: One-Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hypothesis Testing Data</strong></td>
</tr>
<tr>
<td>Mean</td>
</tr>
<tr>
<td>Variance</td>
</tr>
<tr>
<td>Observations</td>
</tr>
<tr>
<td>Hypothesized Mean Difference</td>
</tr>
<tr>
<td>df</td>
</tr>
<tr>
<td>t Stat</td>
</tr>
<tr>
<td>( P(T \leq t) ) one-tail</td>
</tr>
<tr>
<td>t Critical one-tail</td>
</tr>
<tr>
<td>( P(T \leq t) ) two-tail</td>
</tr>
<tr>
<td>t Critical two-tail</td>
</tr>
</tbody>
</table>

Source: Fieldwork 2020

Hypotheses: \( H_0: \mu \geq 3, H_1: \mu < 3 \); Rejection Region: Reject \( H_0 \) if \( t > 1.691 \); Test Statistic=-0.432; p-value: 0.334; Decision: Because \( t = | -0.432 | < 1.658 \) reject the \( H_0 \); Conclusion: There is enough proof to conclude that the mean is statistically significantly less than 3.
Table 4. 11: OIINTERF: I perform the auditing activities without any interference from anybody and without any influence from the office/sector.

<table>
<thead>
<tr>
<th>Hypothesis Testing Data</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>t-Test: One-Sample</strong></td>
</tr>
<tr>
<td>Mean</td>
</tr>
<tr>
<td>Variance</td>
</tr>
<tr>
<td>Observations</td>
</tr>
<tr>
<td>Hypothesized Mean Difference</td>
</tr>
<tr>
<td>df</td>
</tr>
<tr>
<td>t Stat</td>
</tr>
<tr>
<td>P(T&lt;=t) one-tail</td>
</tr>
<tr>
<td>t Critical one-tail</td>
</tr>
<tr>
<td>P(T&lt;=t) two-tail</td>
</tr>
<tr>
<td>t Critical two-tail</td>
</tr>
</tbody>
</table>

Source: Fieldwork 2020

Hypotheses: H₀: µ ≤ 3, H₁: µ > 3; Rejection Region: Reject H₀ if t > 1.691; Test Statistic t = 3.095; p-value: 0.00196; Decision: Because t = 3.095 > 1.691 reject the H₀; Conclusion: There is enough evidence to infer that the mean is statistically significantly higher than 3.
Table 4. 12: AIACAV: Internal audit charter is maintained (available) in my office /sector.

<table>
<thead>
<tr>
<th>Hypothesis Testing Data</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>3.685714286</td>
</tr>
<tr>
<td>Variance</td>
<td>1.398319328</td>
</tr>
<tr>
<td>Observations</td>
<td>35</td>
</tr>
<tr>
<td>Hypothesized Mean Difference</td>
<td>3</td>
</tr>
<tr>
<td>df</td>
<td>34</td>
</tr>
<tr>
<td>t Stat</td>
<td>3.430631249</td>
</tr>
<tr>
<td>P(T&lt;=t) one-tail</td>
<td>0.000798714</td>
</tr>
<tr>
<td>t Critical one-tail</td>
<td>1.690924255</td>
</tr>
<tr>
<td>P(T&lt;=t) two-tail</td>
<td>0.001597427</td>
</tr>
<tr>
<td>t Critical two-tail</td>
<td>2.032244509</td>
</tr>
</tbody>
</table>

Source: Fieldwork 2020

Hypotheses: H₀: µ<=3, H₁: µ >3; Rejection Region: Reject H₀ if t>1.691; Test Statistic t=3.431; p-value: 0.0007987; Decision: Because t=3.431>1.691 reject the H₀; Conclusion: There is enough evidence to infer that the mean is statistically significantly higher than 3.

Table 4. 13: NONCR: Internal auditors can effectively identify and report any noncompliance activities with my office’s/sector's policies and procedures.

<table>
<thead>
<tr>
<th>Hypothesis Testing Data</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>3.600</td>
</tr>
<tr>
<td>Variance</td>
<td>1.071</td>
</tr>
<tr>
<td>Observations</td>
<td>35.000</td>
</tr>
<tr>
<td>Hypothesized Mean Difference</td>
<td>3.000</td>
</tr>
<tr>
<td>df</td>
<td>34.000</td>
</tr>
<tr>
<td>t Stat</td>
<td>3.431</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------</td>
<td>----------</td>
</tr>
<tr>
<td><strong>P(T&lt;=t) one-tail</strong></td>
<td>0.001</td>
</tr>
<tr>
<td><strong>t Critical one-tail</strong></td>
<td>1.691</td>
</tr>
<tr>
<td><strong>P(T&lt;=t) two-tail</strong></td>
<td>0.002</td>
</tr>
<tr>
<td><strong>t Critical two-tail</strong></td>
<td>2.032</td>
</tr>
</tbody>
</table>

Source: Fieldwork 2020

Hypotheses: H₀: µ ≤3, H₁: µ >3; Rejection Region: Reject H₀ if t > 1.691; Test Statistic t = 3.431; p-value: 0.001; Decision: Because t = 3.431 > 1.691 reject the H₀; Conclusion: There is enough evidence to infer that the mean is statistically significantly higher than 3.

### 4.5 Regression Analysis: Association and relationship Between Factors

These statistical tests were conducted using **Linear Regression** analysis. The aim of undertaking these tests is to quantify the strength of association and relationship between internal related factors. In the cases where one criterion is affected by numbers of predictors, **Multiple Linear Regression** was used.

### 4.5.1 The Effectiveness of Internal Auditors’ In Identifying Noncompliance Activities and Factors That Affect the Effectiveness of Internal Auditors Functions

These tests aimed to identify the association between Effectiveness Internal Auditing and Factors That Affect the Effectiveness.

The null hypothesis for this test is:

\[ H₀: \text{Internal Auditing Effectiveness was not affected by Internal Auditing related factors.} \]

Table 4.14 presents the results of the **Linear Regression** test. The result suggests that there was significance (F=0.919, p<0.05) and with relatively weak (R²=0.330) relationship between corruption and the tax related factors. Only 33.0 percent of the total variation was affected Internal Auditing related factor.
Table 4.14: Regression: predictors of Internal Auditing Effectiveness and Internal Auditing related factors

<table>
<thead>
<tr>
<th>Regression Analysis</th>
<th>Df</th>
<th>Sum of Square</th>
<th>Mean of Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>4</td>
<td>3.974</td>
<td>0.993</td>
<td>0.919</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>30</td>
<td>32.426</td>
<td>1.081</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>36.400</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Regression Coefficients</th>
<th>Coefficients</th>
<th>Standard Error</th>
<th>t Stat</th>
<th>P-value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>1.840</td>
<td>1.095</td>
<td>1.680</td>
<td>0.103</td>
<td>^</td>
</tr>
<tr>
<td>ACIAS</td>
<td>0.082</td>
<td>0.169</td>
<td>0.484</td>
<td>0.632</td>
<td>^</td>
</tr>
<tr>
<td>MSCAI</td>
<td>0.252</td>
<td>0.156</td>
<td>1.612</td>
<td>0.117</td>
<td>^</td>
</tr>
<tr>
<td>OIINTERF</td>
<td>0.103</td>
<td>0.188</td>
<td>0.546</td>
<td>0.589</td>
<td>^</td>
</tr>
<tr>
<td>AIACAV</td>
<td>0.087</td>
<td>0.172</td>
<td>0.505</td>
<td>0.617</td>
<td>^</td>
</tr>
</tbody>
</table>

R²=0.330

*** p<0.05; ^ not significant

Based on linear regression model as in table 4.14 this regression can be explained by this equation:

\[
\text{Internal Auditing Effectiveness} = 1.840 + 0.082\text{ACIAS} + 0.252\text{MSCAI} + 0.103\text{OIINTERF} + 0.087\text{AIACAV}
\]

Examining this model, it can be calculated that the value of Internal Auditing Effectiveness will increase by 0.082 if the value of (ACIAS: My office/sector has sufficient skilled internal auditors. Most of them have certification in auditing) is increased by 1, when all other predictors are held constant.
CHAPTER FIVE
DISCUSSION OF FINDINGS

5.1 Overview
This chapter is the discussion of findings related to the identified factors affecting internal auditing in the public sector in Zambia. The study was conceived within the framework that there were significant factors which affected internal auditing in the public sector in Zambia. Basing on reviewed literature and what obtains in practice, there were various areas that were considered in order to build a case for the study. In this discussion, the major factors arising from the findings are discussed to show their implications to the research; implications to management of internal auditors; implications to government and policy; and relationship with other similar studies.

5.2 The Institutional Management Board’s Perception of Internal Auditors
The research found that the management of the Lusaka City Council and Public Service Pensions Fund facilitated employees to participate in training and development so as to maintain their skills and keep up to date in the field. They further indicated that they possessed appropriate and relevant education in auditing that allowed them to audit all of the organizations systems. This implies that the management of the institution valued professional proficiency of internal auditors to a great extent in enhancing the effectiveness of the internal audit function as corporate governance in public institutions.

5.3 The Effectiveness of Internal Auditing Unit in Public Sector
Majority of the respondents agreed that the internal auditor determined the annual audit plan in the institution hence controlling its effectiveness. The areas audited and reviewed were important to the organization. However, a majority of the respondents were of the opinion that IA was able to cover all organizational issues and areas whereas some of them indicated otherwise. The responses of auditees on issues raised during audit reviews were submitted in writing and were relevant and comprehensive. Further respondents indicated that there was regular follow-up by the IA staff to examine actions taken to correct the problems found hence effectiveness in enhancing corporate governance. Finally they agreed that the internal auditors also performed
other activities such as developing procedures and conducting economic and financial audits which contribute to effective corporate governance.

Auditors are expected to operate independently of other parties for their contribution to corporate governance to be effective and as such a majority of the respondents indicated that they did not have regular and direct working relations with senior management hence independent. It was clear from the research findings that the termination of auditors work required approval of the IA synod hence no third party interference. Majority of them further indicated that they did have free access to data and information about the organizations. The IA operated totally independently, could audit any issue it considers in need of auditing, and could access any necessary information even if it was classified. Arena and Azzone (2009) identified three major factors that contribute to the effectiveness of the IAF. These are the characteristics of the internal audit team; the audit processes and activities; and the organizational links. Cohen and Sayag (2010) identified that the effectiveness of internal auditing is determined by the fit between the audit and six characteristics of the Internal Audit Function, which are: the sector of the Organization, whether private or public; the professional proficiency; the quality of the audit work; the organizational independence; career advancement and top management support.

The last hypothesis which is proposed to support the effectiveness of internal audit is the existence of approved internal audit charter in the public sector office. A well drafted IA charter is a crucial ingredient for the successful internal auditing functions. The hypothesis test result doesn’t supports this hypothesis with (Decision: Because $t=3.431>1.691$ reject the H0; Conclusion: There is enough evidence to infer that the mean is statistically significantly higher than 3(disagree)) contributes for the internal audit effectiveness. This indicates the insignificant impacts of AIAC to increase the ability of internal auditors to identify the noncompliance activities and the more contribution to the public sector. In addition, the result of this hypothesis was inconsistent with the prior audit researches conducted by (Peursem, 2005; O’Regan, 2002).

According to the authors a well drafted IA charter helps the internal audit function to perform its roles of management influence objectively and used as a way of getting access to the information (documents, records, systems, and personnel) that are necessary to perform and reach conclusions on the work. Therefore, the existence of approved internal audit charter in the public sector office doesn’t necessary contribute to the effectiveness of internal audit works.
5.4 The Effect of Line of Command on the Performance of Internal Auditors and Support from Management

The management support in terms of providing resources, giving trainings, introducing with new technologies, providing enough facilities and encourages the internal audit process with commitments to promote and communicate their added value for the effectiveness of internal audit work in their office contributes for the IAE.

The result were consistent with the previous auditing research works of (Mihret and Yismaw, 2007; Cohen and Sayag, 2010) they find that the top management support was the critical determinants of internal audit effectiveness in audit finding and the commitment to strength internal audit through hiring proficient internal audit staff, developing career channels for internal audit staff, and providing internal audit work independence. Similarly, in this research finding the managements support in terms of trainings, resources and through other necessary facilities to the internal auditors the top management can contribute to the effectiveness of internal audit works for their office.

Therefore, the management can contribute for the effective result of the internal auditors through their support in terms of continuous training for their IA staff, fulfilling the necessary materials and facilities that the IA staff needs; and this in turn strongly supports the first proposed hypothesis.

5.5 The Public Internal Auditors Make Objective Reports or Not

The hypothesis findings in this survey are inconsistent with the previous studies conducted by (Cohen, & Sayag, 2010; Van Peursem, 2005) they find that, the more organizational independence to the internal auditors plays the vital role in assurance of internal audit effectiveness by freely access of necessary documents, information and data about the organization for audit work, and can provide audit finding/report/freely and directly to the responsible body, and this all supports the IA effectiveness in their sector. This may be occurred due to the organizations support to the IA effectiveness and accordingly, the level of independence, reporting level, direct contact to the board and senior management, conflict of interest, interference, the unrestricted access to all departments and employees, appointment and removal of the head of internal audit, and performing non-audit activity may not be equally perceived. But, without the relevant senior management support simply the independence of the
organization to the internal auditors may not be enough to add value and to identify the noncompliance activities performed in their office.

CHAPTER SIX
CONCLUSIONS AND RECOMMENDATIONS

6.1 Overview
This chapter outlines the conclusions and recommendations of the study. The study investigated on factors affecting internal auditing in the public sector in Zambia. The study utilized percentage tables and correlation models in trying to analyze the data obtained.

6.2 Conclusions
This study focused on factors affecting internal audit effectiveness. The research provide evidence that competence, independence of internal auditors, the quality of IA and level of management’s support for internal audit performance all contribute to the effectiveness of internal audit department. Internal audit with commitment to integrity and accountability as an independent consulting resource creates value for governors and senior management of companies. The Researcher findings also emphasize on the management support to Internal Auditors for internal audit performance, as the key driver of internal audit effectiveness.

Overall, the study adds to the extant literature on internal audit by examining the factors of internal audit effectiveness. The study also provides practical insights for regulators and internal audit practitioners, suggesting that internal audit effectiveness is of major importance for Lusaka City Council and Public Service Pensions Fund. Despite findings important, the results should be considered in light of a number of limitations. The data collected by survey was necessarily limited in order to restrict the length of the questionnaire and to maximize response rates.

Due to its important role it plays for the overall management system internal audit is the major mechanism to ensure sound corporate governance. The existences of effective internal audit in the office links with internal control risk management system, improves organizational efficiency and effectiveness, reduce information asymmetry during decision making, and ensures internal reliability of financial reporting process. By taking this aspect into consideration, this study has identified factors that determine the IA effectiveness in the public sector offices and then
analyzed the organizational dimensions in which the public sector office should carry out to enhance the IA effectiveness. The management’s perception of IA value and the organizational independence of internal auditors were not significantly correlated with internal audit effectiveness to the public sector offices. This conclusion requires future research should consider the impact of these determinants on internal audit effectiveness.

6.3 Recommendation

a) The internal auditors of the Lusaka City Council and Public Service Pensions Fund should be recommended to maintain and improve their effective contribution for the IAE in their office, by using the supports from their offices management team appropriately, by improving their professional certification in line with the institute of internal audit standards and organizational guidelines and by introducing themselves with modern technologies that improve their IA function for their office.

b) With due regard to the ever increasing desire to have better corporate governance structures in public sector office, there is need to invest in the internal audit function of the organizations so as to meet these expectations. This should be done in a manner in which all the stakeholders are happy.

c) The public sector office should support more for the internal audit functions by facilitating the IA works, should recruited more adequate and competent IA staff and give sufficient training and professional certification for the existing IA staffs, and should maintain the approved IA charter and workable manuals for their office because it directs the overall activities of the internal auditors in line with IIA standards and the office policies and guidelines

d) The study indicates a significant positive relationship between Existence of audit synods and internal audit effectiveness. The public sector office management should emphasize on the role of audit committees because of a key safeguard mechanism for internal auditors in managing their professional objectivity (Riham, 2013)

e) Future studies are called to extend this study by examining the influence of other factors on the internal audit effectiveness. This may provide new insights of the possible factors that could influence this effectiveness such as Size of Internal Audit Department; Internal Auditors Experience; Relationship between Internal and External Auditors.
f) Finally, further alternative methods such as interviews may help to further explain factors affecting internal audit effectiveness.

REFERENCES


Cohen A. & Sayag, G. (2010), “*the Effectiveness of Internal Auditing: An Empirical Examination of its Determinants in Israeli Organizations*”: Australian Accounting Review

APPENDIX I: QUESTIONNAIRE

AN INVESTIGATIVE STUDY ON FACTORS AFFECTING INTERNAL AUDITING IN THE PUBLIC SECTOR IN ZAMBIA: A CASE STUDY OF LUSAKA CITY COUNCIL AND PUBLIC SERVICE PENSIONS FUND

QUESTIONNAIRE

My name is Ntanzi Nachula, am conducting a Research on the above topic with authority of Cavendish University Zambia where am a bonafide student in Bachelor of Accountancy programme.

The purpose of this survey is to assess and identify factors that affect the effectiveness of internal audit which will be measured in terms of internal auditors’ ability in identifying non-compliance activities and the added contribution by internal audit to the sector in different public business enterprises.

All information provided will be kept in utmost confidentiality and will be used purely for academic purposes.

INSTRUCTIONS: The questionnaire has three sections. Kindly respond to all questions in the section. Please in the appropriate box and where explanation is requested, please be concise.

* Required

1. Email address *

SECTION A: RESPONDENTS PROFILE

2. Gender
   *Mark only one oval.*
   - Male
   - Female

3. Age (in years)
   *Mark only one oval.*
   - 18 to 29
   - 30 to 39
   - 40 to 49
   - 50 to 59
4. Your field of study
   Mark only one oval.
   ○ Accounting
   ○ Management
   ○ Economics
   ○ Other: ______________________________________________________

5. Level of Education
   Mark only one oval.
   ○ Certificate
   ○ Diploma
   ○ Bachelor’s Degree
   ○ Master’s Degree
   ○ Others

   Mark only one oval.
   ○ Accountant
   ○ Accountant Assistant

SECTION B: FACTORS THAT AFFECT THE EFFECTIVENESS OF INTERNAL AUDITORS FUNCTIONS

Questions are prepared in Likert-scale form with five (5) point scales. The values of scales are 5 = strongly agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = strongly disagree.

1. The adequate competent internal audit staff
   a) My office/sector has sufficient skilled internal auditors. Most of them have certification in auditing. Mark only one oval.
      ○ Strongly Agree
      ○ Agree
      ○ Neutral
      ○ Disagree
      ○ Strongly Disagree
b) It is possible to audit and review each activity on time, and cover the planned scope of auditing activities.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

c) The audit procedures and evidence collections are completed on time, since enough and skilled internal auditors are available or employed.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

d) The internal audit staff number & their skill matches the scope of office's/sector’s internal operations.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

e) The work of internal audit is performed with modern technology that uses computerized data tools and specific IA software

- Strongly Agree
- Agree
- Neutral
- Disagree
2. The Management Support

a) I receive full cooperation, access to records and information from my office.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

b) I can get the necessary resources (facilities) that help me to perform auditing activities as needed.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

c) The office/sector supports me by providing training in order to improve my skill and update with the field.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

d) The office/sector supports me to introduce myself with new technology, policy or procedures when it is necessary.

- Strongly Agree
- Agree
- Neutral
e) The office/sector supports Internal Auditing staffs by budgeting funds for certification to have relevant education in auditing that allows them to audit all of the organization's/sector’s systems.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

3. Organizational independence

a) I perform the auditing activities without any interference from anybody and without any influence from the office/sector.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

b) I freely decide the scope, time and extent of auditing procedures based on auditing standards and the office's/sector's policy.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

c) I objectively examine auditing issues only meeting on reliable audit evidence and no management interest is involved for adjustment beyond auditing standards & values.

- Strongly Agree
- Agree
d) I feel free to include any audit finding in my audit work and report directly to responsible body.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

e) I can freely access necessary documents, information and data about the organization/sector for my audit work.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

4. The approved internal audit charter

a) Internal audit charter is maintained (available) in my office /sector.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

b) The purpose and authority of internal audit is clearly defined in charter.

- Strongly Agree
- Agree
c) The purpose and authority of internal audit charter is in line with “Standards for the Professional Practice” formulated by the Institute of Internal Auditors

Strongly Agree
Agree
Neutral
Disagree
Strongly Disagree

d) The IA charter specifies the internal audit activity’s position within the office; authorized access to records, personnel, and physical properties relevant to the performance of engagements, and the defined scope of IA activities.

Strongly Agree
Agree
Neutral
Disagree
Strongly Disagree

SECTION C: THE EFFECTIVENESS OF INTERNAL AUDITORS’ IN IDENTIFYING NONCOMPLIANCE ACTIVITIES

Questions are prepared in Likert-scale form with five (5) point scales. The values of scales are 5= strongly agree, 4= Agree, 3= Neutral, 2= Disagree, 1= strongly disagree.

1. Internal auditors can effectively identify and report any noncompliance activities with my office’s/sector's policies and procedures. Mark only one oval.

Strongly Disagree
Disagree
Neutral
2. Internal Auditors provide useful recommendations and constructive criticisms on non-compliances activities or control systems of the office/sector.
   - Strongly Agree
   - Agree
   - Neutral
   - Disagree
   - Strongly Disagree

3. I use the recommendations, criticisms and information provided by internal auditor for decision making.
   - Strongly Agree
   - Agree
   - Neutral
   - Disagree
   - Strongly Disagree

4. My office/sector has put its confidence on internal audit staffs, because they may face any problems (non-compliance activities)
   - Strongly Agree
   - Agree
   - Neutral
   - Disagree
   - Strongly Disagree

5. The non-compliance reports provided by internal auditors are reliable and significant to my organization/sector.
   - Strongly Agree
   - Agree
   - Neutral
6. The number of complaints (doubts) about the internal auditors’ finding (report) is very low because their report is correct and reasonable.

   - Strongly Agree
   - Agree
   - Neutral
   - Disagree
   - Strongly Disagree

7. The internal auditor reports are highly considered for decision making and internal controls by the management.

   - Strongly Agree
   - Agree
   - Neutral
   - Disagree
   - Strongly Disagree

8. Internal auditors have the experience and expertise to address corporate risk management problems within the organization

   - Strongly Agree
   - Agree
   - Neutral
   - Disagree
   - Strongly Disagree