

UNIVERSITY OF EDUCATION, WINNEBA

**THE AUDIT SERVICE AND FIGHTING CORRUPTION IN PUBLIC
INSTITUTIONS IN THE ASHANTI REGION OF GHANA**



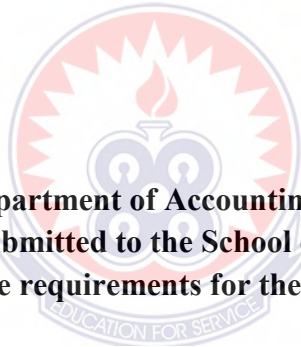
MASTER OF BUSINESS ADMINISTRATION

2016

UNIVERSITY OF EDUCATION, WINNEBA

**THE AUDIT SERVICE AND FIGHTING CORRUPTION IN PUBLIC
INSTITUTIONS IN THE ASHANTI REGION OF GHANA**

PRISCILLA AWUNI

The logo of the University of Education, Winneba, is a circular emblem. It features a central lamp with a flame, set against a background of radiating lines. The lamp is flanked by two stylized figures. Below the lamp, the motto "EDUCATION FOR SERVICE" is inscribed in a banner. The entire emblem is surrounded by a decorative border.

**A Dissertation in the Department of Accounting Studies Education, Faculty of
Business Education, submitted to the School of Graduate Studies in partial
fulfillment of the requirements for the award of the degree of**

Master of Business Administration,

(Accounting)

in the University of Education, Winneba

August, 2016

DECLARATION

STUDENT'S DECLARATION

I PRISCILLA AWUNI, declare that this Dissertation, with the exception of quotations and references contained in published works which have all been identified and duly acknowledged, is entirely my own original work, and it has not been submitted, either in part or whole, for another degree elsewhere.

SIGNATURE:

NAME: PRISCILLA AWUNI



SUPERVISOR'S DECLARATION

I, hereby declare that the preparation and presentation of this work was supervised in accordance with guidelines for supervision of dissertation as laid down by the University of Education, Winneba.

SUPERVISOR'S NAME: DR. JOSEPH YENSU

SIGNATURE:

DATE:

DEDICATION

This work is dedicated to my lovely parents, Dr. and Mrs. James Azure Awuni and my siblings Salome Awuni, Elisha Awuni and Othniel Awuni.



ACKNOWLEDGEMENTS

Many thanks and praises to the Almighty God for His amazing grace, strength, knowledge, wisdom and fountain of love which made it possible for this project to see the light of the day. In the preparation of this dissertation, valuable information was obtained from journals, articles, books and the internet. I am highly indebted to the authors of these works.

Equally important to mention is my supervisor Dr. Joseph Yensu who read through this work over and over, gave constructive criticisms, and painstakingly directed me the way forward in spite of his busy schedules. Dr. Yensu, I am highly grateful to you for your time and efforts.

I wish to also express my heart-felt thanks to my beloved husband (Samuel Poatob) for the moral, spiritual and academic support he offered me throughout this programme. Not forgetting my loving parents, Dr. and Mrs James Awuni Azure, who have nurtured and supported me to reach this height of academic ladder.

My special thanks also goes to Dr Joseph Mbawuni for his fatherly support and care for me during this programme. Daddy, may God richly bless you and replenish all you have spent on me.

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Glossary

STX Corporation: is a South Korean holding company engaged in a housing agreement with the government of Ghana services

Ameri contract: was a contract signed between the government of Ghana and the Ameri Energy to supply 10 TM2500+ power turbines to produce 250MW of electricity to Ghana

SADA: Savannah Accelerated Development Authority

NDC: National Democratic Congress—the currently ruling political party under President John Dramani Mahama

NPP: National Patriotic Party—the major opposition political party currently under the leadership of Nana Danquah Akuffu Addo



Abstract

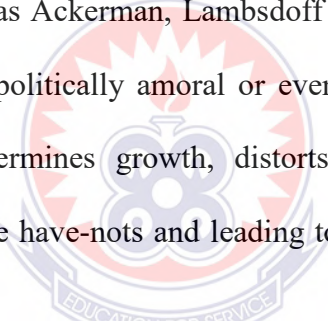
This study examined the role of the audit service in fighting corruption in public institutions in the Ashanti Region. The population for the study encompassed all audit workers in the audit department in the Kumasi Metropolis in the Ashanti Region. A sample of twenty auditors was selected for the study through convenience sampling technique. The findings from the study indicated that there was high level of corruption in public institutions in the Ashanti Region and that the role of the audit service in fighting corruption in public institutions was very minimal and had little impact on curbing corruption. In addition, the findings showed that the audit service was beset with a lot of challenges such as inadequate office accommodation, interference from politicians and lack of motivation among others which impeded the effectiveness of the service in fighting corruption in public institutions in the region. It was therefore recommended that the audit service be well-resourced, equipped, motivated and made more independent to put in place best practices to curb the menace of corruption in public institutions the Ashanti Region.

CHAPTER ONE

INTRODUCTION

1.0 Overview

Corruption is a complex phenomenon that has bedeviled various nations all over the world. Its roots lie deep in administrative and political organisations and its effects on growth and development differs according to the situations in the country. It is a malignant disease that has a wide range of devastating effects on societies. It undermines democracy and the rule of law, distorts markets and damages the quality of life (Assakaf, 2013). The moralists such as Ackerman, Lambsdoff and Mauro argue that corruption is economically harmful and politically amoral or even immoral (Montinola & Jackman, 2002:148) because it undermines growth, distorts allocation of economic benefits favouring the haves over the have-nots and leading to less equitable income distribution (Ackerman, 1997).

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This evil phenomenon is found in all countries regardless of their size and its effects in the developing world are almost destructive. Corruption hurts the poor strangely by diverting funds intended for development, undermining a government's ability to provide basic services, promoting inequality and injustice and discourages foreign aid and investment. Corruption is a key element in underperformance and a major obstacle to poverty alleviation and development (United Nation Convention Against Corruption, 2004). Corruption represents a threat to the stability and security of societies,

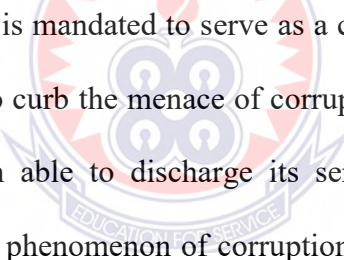
undermining the institutions of democracy, ethical values and justice and jeopardizing sustainable development, and the rule of law and no country can develop steadily if the issue of corruption is not tackled. This chapter marks the beginning of the study and therefore, highlights the background to the study, statement of the problem, research objectives and questions, purpose of the study and the significance of the study among others.

1.1 Background of the Study

The existence of widespread corruption, especially in societies beset by mass poverty, and high level of unemployment, has led to high level of mistrust in government, and contributes to crime and political disorder. In political realm, corruption undermines democracy and good governance by flouting or even subverting formal processes. Corruption in legislative bodies reduces accountability and distorts representation in policymaking; corruption in the judiciary compromises the rule of law; and corruption in public administration results in the unequal distribution of services. More generally, corruption erodes the institutional capacity of government as procedures are disregarded, resources are siphoned off, and public offices are bought and sold (Cartier-Bresson, 2004, in Atuobi, 2007).

Currently, we live in a society where nobody seems to care about how people come by what they have or how they acquire their wealth. Yet corruption could be the source of

such wealth. Vote-buying, election rigging, abuse of incumbency and corrupt electoral practices are common practices of many developing countries of which Ghana is not an exception. For instance, during the 2008 elections some people gladly received monies and other benefits from politicians without questioning their source of funding, whether they pay taxes on their incomes, why they are giving them these monies and why they waited until the time of elections (Azeem, 2009). This practice is corruption; using money to induce people to vote for oneself to win an election to a position that will give access to public office you do not deserve. Corruption has been a major problem for West African states since they gained political independence.

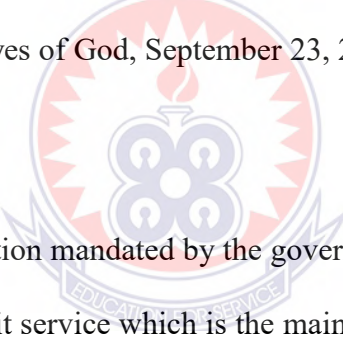


In Ghana, the audit service is mandated to serve as a check on public institutions in their way of spending in order to curb the menace of corruption in such places. As to whether the audit service has been able to discharge its services adequately, effectively and efficiently to minimize this phenomenon of corruption in public institutions or not, there seems to be no conclusive evidence based document on that. It is against this background that the researcher is prompted to investigate into the effectiveness of the audit service in fighting corruption in public institutions in the Ashanti Region of Ghana and to ascertain the challenges faced by this institution in its quest to discharge its duties effectively.

1.2 Statement of the Problem

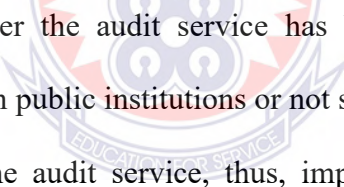
In recent times, several press conferences have been held by the opposition in government to highlight various government appointees involved in fraud or corrupt practices. For instance, issues on Hotel Kuffour and the 50th Anniversary celebration were raised by NDC when they were in opposition whereas the STX deal, SADA and Guinea Fowl project raised by NPP. Counter press conferences are equally organised to show case how opposition parties condoned corruption when they were in government, for example the Mabey and Johnson 2009-2010 bribery scandal and Ghana at 50 anniversary celebration. Opposition in parliament often holds tense arguments over some contracts entered into by the government which they think some level of corruption was involved. The case of Ameri contract on energy is still fresh. In Ghana it has become a norm to grease the palms of headmasters, telephone service providers, ministry employees, and others simply to get public servants to do their jobs (Haruna, 2003 in Aubrey, 2006). The case of the dismissed corrupt judges is a landmark case of corruption in Ghana. Whilst the public, civil society groups, opposition and the media continue to accuse governments and their officials of engaging in corrupt practices and condoning in corruption, the same interest groups, including governments do not see anything wrong with their policies and the institutions that are responsible for the implementation of these policies; and there is a growing perception in Ghana that government-related corruption is on the rise (Ghana Profile Corruption, 2015). It has attained levels of gross and egregious theft, for which no possible moral or historical justification can be advanced. Though, Ghana is not a signatory to the OECD Convention on Combating Bribery, the 1992 Constitution provided for the establishment of a Commission on Human Rights and

Administrative Justice (CHRAJ). Among other things, the commission is charged with investigating all instances alleged and suspected corruption and the misappropriation of public funds by officials. The Commission is also authorized to take appropriate steps, including providing reports to the Attorney General and Auditor- General, in response to such investigations. The Commission has a mandate to prosecute alleged offenders when there is sufficient evidence to initiate legal actions. The Commission is, however, under resourced and few prosecutions have been made since its inception (Ghana Investment Climate, 2009). The worst case for Ghana is that the Judiciary that is entrusted with all powers to check individuals, groups of people, organisations, political parties and the government from corruptive practices are themselves engulfed in the network of corruption (Ghana In the Eyes of God, September 23, 2015).



One other important institution mandated by the government to check corrupt practices in public institution is the audit service which is the main focus of this study. To proactively ensure efficiency, accountability, and transparency in the management of public sector resources, Government in 2004 brought into force the Internal Audit Agency Act. The promulgation of this Act mandated public institutions to establish internal audit units which are expected to report to the Auditor-General on the efficient and judicious utilisation of public resources (Internal Audit Agency, 2008 cited in Etse & Asenso-Boakye, 2014).

The basic reason for conducting audits is to ascertain whether performance measures up to pre-determined standards within defined parameters so that changes could be implemented to improve standards (Hart, Northmore and Gerhardt, 2009). Some specific reasons for public audits are; to prevent fraud, to provide assurance with regards to effective and efficient operations, to ensure reliable financial reporting, to comply with laws and regulations, to address corruption, and to prevent future mistakes (Wayne State University, 2014; Krivinsh and Vilks, 2013). Moreover, public procurement is audited to verify whether there was an actual need for a given procurement; whether the procurement procedure achieved value for money, and whether public procurement regulations were adhered to (Pelzer, n.d. cited in Etse & Asenso-Boakye, 2014).

The logo of the University of Education, Winneba, is a circular emblem. It features a central sunburst or starburst design in white and red. Below the sunburst is a stylized blue and white symbol that resembles a traditional Ghanaian symbol. The emblem is surrounded by a red border. The text 'UNIVERSITY OF EDUCATION' is written in a semi-circle above the emblem, and 'EDUCATION FOR SERVICE' is written in a semi-circle below it.

The question as to whether the audit service has been able to discharge its duties effectively and efficiently in public institutions or not seems not to be known. In addition, the challenges besetting the audit service, thus, impeding its effective functioning in combating corruption in public institutions in the Ashanti Region are also not ascertained. These form the basis of this study. The study therefore aims at providing empirical data on the role of the audit service in fighting corruption in the Ashanti Region and the challenges that impede the effective functioning of the institution.

1.3 Purpose of the Study

The purpose of this study was to examine the role of the audit service in fighting corruption in public institutions in the Ashanti Region of Ghana and the challenges that impede its effectiveness in combating the menace.

1.4 Objectives of the study

In other to conduct this study, the following objectives guided the researcher in setting research questions and subsequently gathering data for the study.

1. To ascertain the role played by the audit service in fighting corruption in public institutions in the Ashanti Region.
2. To discuss the challenges faced by the audit service in their quest to discharge their duties.
3. To describe ways by which the audit service can be made more effective in combating corruption in public institutions in Ghana.

1.4 Research Questions

The following were the research questions that guided the researcher in the conduct of the study:

1. What are the roles of the audit service in fighting corruption in public institutions in the Ashanti Region?
2. What challenges impede the effective functioning of the audit service in combating corruption in public institutions in the Ashanti Region?
3. What measure could be taken to make the audit service more effective in combating corruption in public institutions in Ghana?

1.6 Significance of the Study

The study has added more knowledge on the level of corruption in Ghana by providing and updating available information on corruption in Ghana. The findings of the study serve as an invaluable reference material to other researchers who are interested in researching into a similar area. It has made proactive suggestions to deal with corruption and reduce its negative effect on the economy using the audit service which could be useful to policy-makers and anti-corruption agencies.

1.7 Delimitation of the Study

Though, there are several audit departments dotted all over the various regions in the country, this study was concerned with the audit service department in the Ashanti Region of Ghana.

1.8 Organization of the study

The study was organized in five chapters. Chapter one dealt with the background to the study, statement of the problem, research questions and objectives among others. Chapter two dealt with the review of related literature, chapter three focused on the methodology, chapter four dealt with research findings and discussion and the last chapter focused on the summary of findings, conclusions and recommendations.



CHAPTER TWO

LITERATURE REVIEW

2.0 Overview:

This chapter discusses the various forms of corruption and economic crimes and the role of audit in mitigating corruption in Ghana.

2.1 Definition of the Concept “Corruption”

There is no universally agreed definition for corruption (Atuobi, 2007). The difficulty in coming up with a universally accepted definition is due to the fact that what constitutes an act of corruption differs from state to state and culture to culture. The lack of consensus on a common definition of corruption as a social, political, security and development issue has resulted in several definitions of the concept. The United Nations (UN) cited in Atuobi (2007:5) defines corruption as:

An abuse of public power for private gain that hampers the public interest. This gain may be direct or indirect.... Corruption entails a confusion of the private with the public sphere or an illicit exchange between the two spheres. In essence, corrupt practices involve public officials acting in the best interest of private concerns (their own or those of others) regardless of, or against, the public interest.

The above definition seems to fall short in several respects. One, it does not capture private sector corruption which is equally distractive to investment and economic growth. Secondly, it refrains from naming what constitute an act of corruption. Thirdly, the definition does not mention who the holders of “public power” are. The Transparency

International however, improved upon the UN definition by making reference to ~~politicians~~” and ~~civil servants~~” as ~~public power~~” holders. According to Transparency International cited in Atuobi (2007:6), corruption is

Behaviour on the part of officials in public sector, whether politicians or civil servants, in which they improperly and unlawfully enrich themselves, or those close to them by abuse of public power entrusted to them. This would include embezzlement of funds, theft of corporate or public property, as well as corrupt practices such as bribery, extortion or influence peddling.

The World Bank cited in Atuobi (2007:6) introduces the private sector into its definition. By capturing the private sector in its definition, the World Bank refocuses attention on corruption on a much larger scale. The World Bank in its definition states that

Corruption involves behaviour on the part of officials in the public and private sectors in which they [public and private officials] improperly and unlawfully enrich themselves and/or those close to them, or induce others to do so, by misusing the position in which they are placed.

Transparency International (2009) defines corruption as ~~the~~ “abuse of entrusted power for private gain” The World Bank (1997) corruption as the abuse of public office for private gains through rent seeking activities when an official accepts, solicits, or extorts a bribe. Public office is also abused when private agents actively offer bribes to circumvent public policies and processes for competitive advantage and profit or even if no bribery occurs, through patronage and nepotism, the theft of state assets or the diversion of state resources. According to Kaufmann (2005), the traditional definition of corruption as the ~~abuse of public office for private gain~~” is very narrow as it places too much emphasis on

public office, and on the ostensible legality of the act. He viewed corruption as a broader phenomenon where private agents also share responsibility, and where many acts which are not ethical (and thus may be regarded as corrupt) may not necessarily be illegal and presented empirical evidence of the extent to which many powerful private firms engage in undue influence, to shape state policies, laws and regulations, for their own benefit. He further highlighted the extent to which they make campaign contributions, which may, in fact, be legal, but which unduly influences the rules of the game, for their benefit. Tanzi (1995) gave a more neutral definition of corruption as “the intentional noncompliance with arm's length relationship aimed at deriving some advantage from this behaviour for oneself or for related individuals”. Corruption is a situation where private persons or public officials abuse their position by, for example, paying or accepting bribes from a firm or by embezzling funds, to make personal gain (FSA, 2010).

Some researchers conceptualized corruption in two approaches—the principal-agent approach and collective action approach. Principal-agent theory defines corruption as a series of interactions and relationships that exist within and outside public bodies (U K aid, 2015). It also emphasises the rational choices that take place in individual incidents of corrupt behavior. A principal-agent problem exists when one party to a relationship (the principal) requires a service of another party (the agent) but the principal lacks the necessary information to monitor the agent's performance in an effective way. The “information asymmetry” that arises because the agent has more or better information than the principal creates a power imbalance between the two and makes it difficult for the principal to ensure the agent's compliance (Booth, 2012). According to this theory,

conflict exists between principals on the one hand (who are typically assumed to embody the public interest) and agents on the other (who are assumed to have a preference for corrupt transactions insofar as the benefits of such transactions outweigh the costs). Corruption thus occurs when a principal is unable to monitor an agent effectively and the agent betrays the principal's interest in the pursuit of his or her own self-interest (Persson et al., 2013). Thus, principal-agent theory sees corruption exclusively as an agent problem, with the principal unable to play an effective monitoring or oversight role, mostly as a result of a lack of information (Andvig, et al, 2001).

Collective action approaches to corruption are still an emerging body of work, in both conceptual and empirical terms. From a collective action perspective, all stakeholders – including rulers, bureaucrats and citizens alike – are self-maximisers, and the way they behave to maximise their interests is highly dependent on shared expectations about the behaviour of others (Ostrom, 1998 cited in U K aid, 2015). In a study conducted by Persson et al (2013) analysing incentives for corruption in Kenya and Uganda, they argued that the rewards and costs of corruption depends on how many other individuals in the same society are expected to be corrupt. If corruption is the expected behaviour, individuals will opt to behave in corrupt ways because the costs of acting in a more principled manner far outweigh the benefits, at least at the individual level. According to Mungiu-Pippidi (2011), the problem of corruption is thus rooted in the fact that, where corruption is pervasive, principals are also corrupt and they do not necessarily act in the interest of society as a whole but rather pursue particularistic interests.

2.2 Forms of Corruption in a State

Corruption comes in different forms. These may include among others smuggling, illegal payments, money laundering, drug trafficking, falsification of documents and records, false declaration, underpayment, deceit, forgery, evasion, concealment, aiding and abetting of any kind to the detriment of another person, community, society or nation (Ojaide, 2000). Corruption also includes bribery, extortion and other acts of misconduct, including fraud and embezzlement.

Broadly, Atuobi (2007) identified the following as acts of corruption: bribery, embezzlement, fraud, intimidation, extortions, and abuse of power. The rest are: conflict of interest, insider trading, receiving an unlawful gratuity, favouritism, nepotism, illegal contributions, money laundering, identity theft and white-collar crime. Other types of corruption as identified by Aslani, Lotfaliyan, Shafieipour, & Ghasemi, (2011) include:

2.2.0 Tax evasion

Remaining outside the tax net, non-disclosure of actual income, non-payment of income tax, underhand agreement with the tax authority, gross abuse of the tax holiday provisions may be classified under this category. The provision of payment of a low rates of tax that legalizes any income without a need to declare source has been considered and criticized as a crime-friendly environment. Purchase of property and investments in the capital market may also be done without declaring the source of income. Under-invoicing of dutiable imports also deprives the government from the due revenues (Rashid, 2007).

2.2.1 Capital flight

Use of over invoicing and black market money exchange to transfer money, front companies to retain portions of export proceeds, overseas accounts to get commissions/ kickbacks/ bribes (Rashid, 2007). Although there is no generally accepted definition of capital flight, the literature has postulated three major reasons for its existence: (a) investments, (b) money laundering, and/or (c) tax evasion.

2.2.2 Smuggling

Organic Law 12/1995 of 12 December 1995 on the Repression of Smuggling define Smuggling as import or export of legally tradable goods without submission for customs clearance at the offices or locations envisaged by the custom Administration and also the undertaking of trade transactions, possession or circulation of legally tradable non-Community goods without complying with legally established requirements to accredit their legal import (Aslani, Lotfaliyan, Shafieipour, & Ghasemi, 2011)

2.2.3 Bank fraud

According to Connell University Law School (UCLS), bank fraud is defined as ~~whoever~~ knowingly executes, or attempts to execute, a scheme or artifice (1) to defraud a financial institution; or (2) to obtain any of the moneys, funds, credits, assets, securities, or other

property owned by, or under the custody or control of, a financial institution, by means of false or fraudulent pretenses, representations, or promises” (Rashid, 2007).

2.2.4 Insurance fraud

Insurance fraud can occur at many points in the insurance process (e.g., application, eligibility, rating, billing, and claims), and can be committed by consumers, agents and brokers, insurance company employees, healthcare providers, and others (Ngai et al, 2011).

2.2.5 Organized Crime

The traditional understanding is that organized crime or criminal organizations are entities controlled and operated by criminals for the common purpose of generating positive cash flows from illegal acts. Drug trafficking is a specific example of an organized criminal organization. The primary difference is that these organizations specialize in trafficking narcotics for illegal sale in countries all over the world. Organizational crimes occur when public and private companies, nonprofits and government entities, otherwise legitimate and law-abiding organizations are involved in a pattern of criminal activity. Corporate violations include administrative violations that involve noncompliance with agency, regulatory, and legal requirements (Kranacher, 2010 cited in Aslani, Lotfaliyan, Shafieipour, & Ghasemi, 2011)

2.2.6 Terrorism Financing

Because terror organizations need funds to operate and purchase guns, explosives and other supplies; require training; and often function loosely or efficiently as organizations; fraud professionals and forensic accountants are integral to following and tracing their funding sources. The goal of fraud examiners and financial professionals is to deny terrorist groups access to the international banking system. This has the effect of impairing their ability to raise funds, thus exposing, isolating and incapacitating their financial networks (Kranacher, 2010 cited in Aslani, Lotfaliyan, Shafieipour, & Ghasemi, 2011).

2.2.7 Pyramid Schemes

In a pyramid scheme, fees or dues are paid by new members to join the organization. The new member, upon joining, is expected to attract and sign up new members and collect their membership fees on behalf of the organization. The organization generates cash flow, not by selling goods and services to clientele but by the collection of membership fees from new members. The membership fees are then distributed in part to the old members as a form of return on investment (e.g., dividend) to keep the old members attracting new members and to keep the scheme from collapsing (Kranacher, 2010).

2.2.8 Financial statement fraud

The most common species of financial statement fraud involves overstatements of revenues and earnings, and/or understatement of cost and expenses – so as to inflate the profitability (or minimize the losses) of an entity (Dooley, 2002). Also accounting fraud involves concocting books of accounts, making different books for different constituencies (tax authority, banks, shareholders, etc), amalgamating personal and company/business financials (Rashid, 2007).

2.3 Levels of corruption

Although corruption can occur at a variety of levels, attention has usually been directed at only two namely, the high and the low and these are believed to reinforce each other (Agbodohu & Churchill, 2014). High level corruption refers to misconduct at the top and by leading politicians. Since these people are generally well-off and have a lot of privileges associated with their high office, their corrupt behaviour is not attributable to low pay and out of necessity to meet the living expenses of their families (Agbodohu & Churchill, 2014). Instead, greed is considered a main motivating factor. But there are other compulsions. To remain in office, for example, can also be an overriding motivating force. With election campaigns becoming expensive, corruption related to campaign financing is a big political issue in some countries. The need to dispense favours among political allies, colleagues and subordinates to keep them happy, cooperative and loyal is another factor. Moreover, in some societies there are traditions and customs whereby elected officials are expected to make substantive contributions to

the welfare of the people in constituencies that elect them. For instance, in some countries a politician is required by tradition to present an expensive gift at a wedding involving a supporter in his electoral district. When such a community has a large number of wedding receptions, birthday parties, anniversaries, celebrations, rituals, festivals, and fund raising ceremonies for all sorts of worthy causes, the financial burden of these festivities can fall heavily on elected officials. And the higher up you are in the pecking order, the larger is the contribution you are expected to make by custom and long held traditions of the land. Hence, there are economic, political, social and cultural imperatives that motivate higher level bureaucrats to engage in rent seeking activities.

At the other end, low level corruption – such as the underhand payment that has to be made to a clerk to expedite the issue of a driving license – has its own set of problems (Agbodohu & Churchill, 2014). In this case the general perception is that civil servants with insufficient salaries to meet the living expenses of their families are driven by necessity to engage in corrupt practices. Raising their pay, it is argued, will mean less need to depend on illegal activities to earn a living while they have more to lose if they get caught. This sounds reasonable and there are cases where countries that pay their civil servants well, tend to have less public sector corruption than in those where pay scales are low. But there is no hard evidence to suggest that low level public employees are less greedy than their superiors. The line between “need driven” and “greed driven” corruption is hard to draw and it is difficult to determine where one ends and the other begins. Thus, there are those who believe that increasing pay without other complementary measures is not likely to have a significant impact on reducing

corruption. On the contrary, the cost to the government budget of paying employees more, may be much larger than the benefit that may result from reduced corruption.

2.4 Causes of corruption in public institutions

Agbodohu and Churchill (2014) assert that a fertile ground for growth of a thoroughly corrupt system will emerge in a country if it satisfies the following three conditions:

- (i) It has a large number of laws, rules, regulations, and administrative orders to restrict business and economic activities and thereby creates huge opportunities for generating economic rent, and especially if these restrictive measures are complex and opaque and applied in a selective, secretive, inconsistent and non-transparent way;
- (ii) Administrators are granted large discretionary powers with respect to interpreting rules, are given a lot of freedom to decide on how rules are to be applied, to whom and in what manner they are to be applied, are vested with powers to amend, alter, and rescind the rules, and even to supplement the rules by invoking new restrictive administrative measures and procedures; and
- (iii) Where there are no effective mechanisms and institutional arrangements in the country to hold administrators accountable for their actions.

Moreover, when no serious efforts are made to control inflationary pressures in a country, traders will take an increase in civil servant salaries as a sign for them to raise prices. Higher pay leading to higher prices and higher costs of living mean there is no increase in the “real” wage of government employees and no improvement in their welfare. But raising civil servants’ pay, by causing a general increase in prices, will lead to a

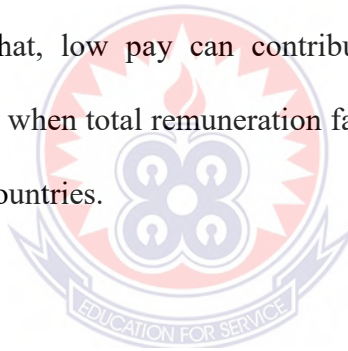
deterioration of economic conditions for everybody which can serve as a breeding ground for corruption. This illustrates the point that there is a need to control inflation, restore macroeconomic stability, address the underlying causes for destabilizing speculative behaviour, and to build confidence in the economy for the success of any reform measure.

In addition, low pay has other detrimental effects on the attitudes and performance of public employees. It contributes to reducing incentives, low morale, increased inefficiency, moonlighting and absenteeism and loss of self-respect and dignity (Agbodohu and Churchill, 2014). As a result, some of these employees become nasty, rude and indifferent in their dealings with the general public. They can be exasperating and create a lot of nuisance value to ordinary citizens. Under these circumstances, it is also hard to recruit and retain good workers as they will seek employment or leave to take up more challenging and higher paying jobs in the private sector or abroad. Hence, rather than considering the matter only from the corruption point of view, a more wide-ranging civil service reform programme, including adjusting salaries to cover the living expenses of an average family when inflationary expectations have been brought under control, would need to be given careful and serious attention where such conditions prevail in a country.

Furthermore, weak governance is one of the fundamental causes of corruption in many African States. According to Johnston (2005), the political and economic opportunities

available in different political systems, as well as the strength and effectiveness of state, social and economic institutions shape the conditions in which corruption can thrive. In particular, the centralisation of power in the executive and in accountability mechanisms that are deficient gives actors (especially elites) too much discretion.

Some researchers have found that the compensation and wage levels in the public sector could be a fallow ground for corruption. The evidence on this remains mixed. Van Rijckeghem and Weder (2001), for example, find an association between wage levels and corruption. This issue is reflected in a World Bank strategy on governance (World Bank, 2007) which concluded that, low pay can contribute to corruption within a public administration, particularly when total remuneration fails to pay a living wage, as is often the case in many African countries.



2.5 The Role of the Auditors in Fighting Corruption

According to Institute of Internal Auditors (2012), an effective public sector audit activity strengthens governance by significantly increasing citizens' ability to hold their public sector entity accountable. Auditors perform an important function in those aspects of governance that are crucial for promoting credibility, equity, and appropriate behavior of public sector officials, while reducing the risk of public corruption. Therefore, it is crucial that audit activities are configured appropriately and have a broad mandate to achieve these objectives. The audit activity must be empowered to act with integrity and produce reliable services, although the specific means by which auditors achieve these goals vary.

Audit reports make the citizens of a country informed of the financial activities of the government. According to Ijeoma and Nwifo (2015), it is the role of auditors in an economy to give assurance of transparency and accountability and that audit ensures proper and effective use of public funds and the development of sound financial management. Ijeoma and Nwifo pointed out that it is the mandate of Auditor – General to promote accountability through the provision of sound financial management and the encouragement of sound internal control mechanism.

Also Izedonmi (2009) explains that an audit in itself is an indispensable part of a regulatory system whose main aim is to expose deviations from accepted standards and violations of “the principle of legality, efficiency, effectiveness and economy of financial management as far as auditing is concerned”. Millichamp (1996) maintains that the primary aim of an audit is to enable the auditor to say that these accounts show a true and fair view or of course to say that they do not. In line with this, Oshisami (1994) opines that auditing attempts to assure discipline in the entire financial management process by confirming the accuracy and reliability of the financial information while also attesting to the probity or otherwise of the various custodians and users of public resources.

The Institute of Internal Auditors (2012:5) admits that “Auditing is a cornerstone of good public sector governance”. This is attained through the provision of unbiased, objective assessments of whether public resources are managed responsibly and effectively to achieve intended results, auditors help public sector organizations achieve accountability

and integrity, improve operations, and instill confidence among citizens and stakeholders. The public sector auditor's role supports the governance responsibilities of oversight, insight, and foresight. Oversight addresses whether public sector entities are doing what they are supposed to do and serves to detect and deter public corruption. Insight assists decision-makers by providing an independent assessment of public sector programs, policies, operations, and results. Foresight identifies trends and emerging challenges. Auditors use tools such as financial audits, performance audits, investigations, and advisory services to fulfill each of these roles.

Auditing therefore, promotes integrity and accountability in the financial system of a nation. Thus Salawu and Agbeja (2007) highlight that effective public service audit requires competent, highly qualified, skilled and well motivated manpower. The functions of the Auditor – General of the state are very important ones with regards to upholding accountability in the management of the resources of the government and the commonwealth of the citizens. Audit is one of the pillars upon which rests the strength of a country's integrity. In view of this, Dowdall (2008) asserted that public sector audit has experienced considerable expansion throughout the world. The reason for this is closely related to changes in the structure of government and concern for more accountable and transparent governance, which has resulted in a large increase in the number of accounts and sophistication of financial reporting. The expansion has brought with it an added demand for accountability. Consequently Oshisami (1994) asserts that the large scale malfeasance in public institutions can be attributed to the failure of the financial control system in general and to the failure of auditing in particular.

It is imperative to note that auditors can succeed only if the enabling environment exists for fighting corruption. Effective corruption control requires commitment and involvement of all agencies, employees, customers, external service providers, in brief, all citizens of the society.

Khan (2006:10) opines that –as a starting point for corruption auditing, the auditors should hold on to the traditional assumptions about the behaviour of the staff with respect to organization’s business and should not commence audit planning with the suspicion of corruption”. He posited that the auditor should remain alert to the opportunities for corruption at the stage of familiarization of the organization and its operations and therefore, proceed cautiously. In the process of normal audit planning, they should try to determine the possibilities of corruption through review of departmental laws, regulations, rules and procedures. Besides, in the process of interviews of key personnel, they should identify any opportunities for corruption.

The auditor’s tool kit for fighting against corruption includes: compliance audit, financial audit, and performance audit. While compliance audit involves assessing compliance with environmental legislation or organizational policies, financial audit addresses the possibility of misstatements in financial statements which can stem from errors or fraud. Auditors are concerned with fraud that causes a material misstatement. Such a misstatement can result from fraudulent financial reporting or from misappropriation of assets, and examples of both can be found in international audit guidelines, such as ISSAI

1240. Thorough and detailed risk analysis is essential for auditors to detect indications of financial malfeasance, for example in public procurement. The greater the risk, the more thorough the audit must be. Performance audits can be an especially powerful instrument to help prevent corruption. Auditors can usefully analyse the quality of internal controls in public administration. They can for example identify weaknesses in segregation of duties, controls over access to resources, records management, or the ‘tone at the top’, including whether top officials lead by example.

2.6 Using Performance Audit as a Tool of Corruption Auditing

It is generally understood that performance auditing can help detect corruption (Dye & Stapenhurst, 1998). A properly planned and executed performance audit would highlight areas of diseconomy, inefficiency and failure to achieve results and impact. The argument is that if a project or program has been planned properly, it should be possible to implement it with due regard for economy and efficiency and it should achieve its results. If it exceeds its planned costs significantly or takes much longer than envisaged or does not achieve what was intended, then there is a possibility that the people involved in its management may have indulged in corruption.

Although the above argument is plausible, yet the existence of diseconomy, inefficiency or ineffectiveness is not a conclusive proof of corruption. There could be genuine reasons of human failings, or complex and difficult environmental factors which inhibited the achievement of objectives. There could, simply, be a case of unintentional human negligence, not taking into account all the risks and costs. Thus, performance auditing

carried out in a routine manner may not indicate a concrete evidence of corruption. Performance auditing can, however, provide some clue to corruption if it exists. For this purpose, the performance auditors need to go a step deeper into the issues identified during the audit planning stage (Khan, 2006:19).

According to Khan (2006), if the findings of the performance audit are of the following nature, the suspicion that corruption had taken place in these projects or programs would be quite high:

(a) Corruption indicated by lack of economy: Cost overruns have taken place as a result of subsequent increase in the scope of work which has not been approved by the competent authority; The accountability mechanism for exceeding the budget is weak suggesting that if a program manager exceeds his or her budget, he or she can get away with it, without much accountability; The unit cost of some components of the total procurement is exorbitant, while the overall bid price is the lowest, the components with higher prices are subject of repeat orders; Bids for competitive procurement may be cancelled frequently to help a specific vendor get the award of the contract; After competitive bidding, the prices are increased by adding some small segments of goods and services not originally conceived; Procurement is rushed at the year-end to consume the budget; In case of privatization, the friends, relations or front men of persons making the decision of privatization purchase the public asset indicating that obvious conflict of interest exists; The options analysis for justifying the project or program was based on fake data or false assumptions; Based on bogus assumptions, the decision to provide in-house services as compared to outsourcing through competitive bidding may be with the

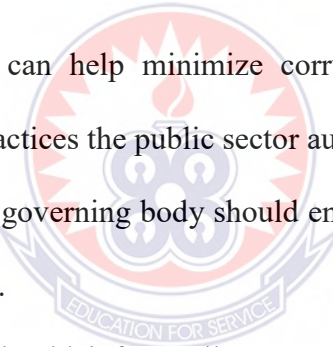
intention of having access to a greater chunk of the budget and thus creating opportunity for the staff to indulge in corruption and misappropriation; Large known dealers in certain line of products systematically avoid participating in the open bidding process of the organization. Usually, they do not like to get into the ‘_hassle’ of getting their invoices paid in a corrupt environment.

(b) Corruption indicated by lack of efficiency. This consists of: Huge idle capacity or unnecessary equipment purchased without significant possibilities of use even over time; disproportionately high expenditure on maintenance soon after the completion of the project; neglect of regular maintenance thus allowing infrastructure to deteriorate while new projects are being planned. (The intention of neglecting routine maintenance is to divert funds toward new projects); Poor quality of construction, shoddy materials, choked gutters, clogged drains, piling of waste material and rubbish around construction sites are indicators of corruption; Abnormal time-over run (over and above a reasonable figure adopted as audit criteria) accepted and regularized by the management as ‘_beyond control’; Repeated extensions are given to the contractors; Repeated change orders are issued leading to changes in the scope of work and prices to be paid or changes made in the quality of the goods and services to be delivered. Repeated transfers of the project staff are made to ensure complete absence of institutional memory or continuity of oversight within the organization; Liquidated damages clause in the contract defined in such a manner that it does not have a bite; An over-load of controls, or existence of complicated procedures leading to delay in delivery of service and inducing the clients to offer bribes; Absence of any service delivery benchmarks and excessive time taken for

issuing licenses and permits, encouraging payment of speed money (Rose-Ackerman, 1999).

(c) Corruption indicated by lack of effectiveness takes the form of: Well-articulated, measurable or quantified performance indicators do not exist; Actual internal rate of return (IRR) is significantly lower than anticipated; Perceived clients' dissatisfaction with the delivery of services. Surveys have revealed that outputs and services are not delivered as planned or quality is seriously undermined, there are barriers to reach the senior management for protesting against poor quality of service and there is no other complaint handling mechanism to address the complaints of the unsatisfied users of services.

The performance auditing can help minimize corruption by creating deterrent. The following are some good practices the public sector auditor can adopt:

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- (a) The top management or governing body should encourage performance auditing over routine compliance auditing.
- (b) The top management should inform all program managers that their performance would be audited. All programs and projects should be subjected to performance audit periodically.
- (c) The top management should support the performance auditors in developing mutually acceptable performance audit criteria and all managers should be aware of the criteria.
- (d) The top management should also prescribe in detail the mechanism for accumulating data and other information on performance of the program at the levels of individual manager, unit or section. The performance auditors should take these data as assertions of

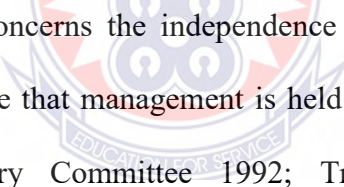
the management about their performance and verify these assertions during their audit work.

2.7 Factors Inhibiting the Effectiveness of the Audit Service in Fighting Corruption

In terms of the factors that inhibit the effectiveness of the audit service in fighting corruption in public sector administration, Hameed (1995) found that the most important factors that affect auditing quality are auditor's experience, honesty, and the knowledge in accounting and auditing standards. In line with this, Ali et al (2007) admitted that inadequate number of staff, and skills and training shortages to premeditated obstruction by auditees, amongst others, inhibit the auditors' ability to perform their duties. The auditors should have an understanding of integrated reporting, internal financial controls, the external and internal audit process, corporate law, risk management, sustainability issues, information technology governance and the governance processes in the organization. In addition, auditors' specific knowledge required about matters such as performance management, risk management and compliance with laws and regulations are very crucial in making auditors very effective in fighting corruption in public sector administration. The difficulty in attracting a pool of suitable persons to serve on the public sector audit committees is another challenge in the public sector.

The Committee maintains that one other issue that impedes auditors' effectiveness in fighting public sector corruption centres on role clarity. Accountability, role clarity and

reporting lines are not always clear in the public sector with regard to the shareholder, the “directors” and management as applicable in the private sector. The manner in which some public sector entities are structured makes this a specific challenge. For example, in the case of public entities, the accounting authority is seen as the board; however, the minister is involved in the appointment of the audit committee with the board. This appointment process may create some uncertainty as to direct reporting lines; however, there should be reporting to both parties. The roles of the audit committees and other committees, such as the finance committee, risk committee (where separate), municipal public accounts committee and performance committee, should be clarified to minimise overlap and promote the effective use of these structures.



Another issue discussed concerns the independence of the auditors. It is an essential factor for auditors to ensure that management is held accountable to shareholders (Blue Committee 1999; Cadbury Committee 1992; Treadway Commission 1987). The independence of the auditors ensures that they are free from management influence which promotes the presentation of accurate information that will be devoid of falsification. This means that when auditors are influenced by the institutions they audit, it goes a long way to reduce the credibility of their reports. Ayoti (2012) adds that unethical practices, such as tribalism, favoritism and political influence, affect work at the public sector.

2.8 Effective Ways of Curbing Corruption in Ghana

According to Gyimah-Boadi (2002), confronting corruption in a sustained manner would require comprehensive and integrative approaches that combine preventive, public education and punitive elements. Gyimah-Boadi (2002) outlined several ways by which corruption can be checked. These include:

First, she argues that we must move away from mere exhortations and sloganeering to concrete preventive actions and system-based solutions. Gyimah-Boadi asserts that the persisting corruption in the public services is as a result of the cumbersome or ambiguous administrative procedures and certain government policies which the public consider irksome, unjust or discriminatory. Reform of administrative procedures and policies and elaboration of administrative law must feature prominently in efforts to control corruption. She adds that there is the need to deepen administrative and political decentralization, simplify rules, streamline procedures, make them fully transparent, reduce official discretion, develop equitable and meaningful wage policies, reform public procurement processes and regulations, award public contracts strictly on the basis of open tender, and recruit for public service jobs strictly on the basis of open advertisement and merit.

Secondly, she posits that African parastatal leaders, in particular chief executive officers and directors, must take their fiduciary responsibilities seriously, elaborate and rigidly enforce credible rules of corporate governance, including avoidance of conflict of interest rules. The King Report of South Africa offers a best practice model in corporate governance for other African countries. In the case of Ghana, a useful starting point

would be to elaborate and actively enforce article 284 of the Constitution, which provides that ~~-(a)~~ public officer shall not put himself in a position where his personal interest conflicts or is likely to conflict with the performance of the functions of his office.” Corporate governance in Ghana’s public sector might also benefit significantly from a directors’ liability law as recommended recently by Dr. Prempeh. The Commission of Human Rights and Administrative Justice (CHRAJ) may take this up as a natural extension of its original constitutional mandate to fight corruption and abuse of office.

Comprehensive anti-corruption legislation encompassing a ~~reasonable~~ comprehensive and unambiguous definition of bribery and corruption,” credible access to information and whistle-blower encouragement and protection laws, and clear guidelines on conflict of interest are also crucial in preventing corruption (Gyimah-Boadi, 2002). She adds that a country like Ghana can use a less ambiguous law for ensuring public official accountability than Section 179 A of the criminal code, which criminalizes ~~willfully~~ causing financial losses to the state.” For a start, Gyimah-Boadi suggested that the practice in Ghana whereby ministers, judges, and MPs serve on the boards of state-owned-enterprises, including enterprises they are supposed to oversee, must cease. It would also require that legal and constitutional limits are placed on how long leaders of oversight agencies such as the Serious Fraud Office and the Audit Service could serve in those positions in an ~~acting~~” capacity and without confirmation. Insecurity of tenure surely undermines self-confidence and independence.

African and Ghanaian Parliaments would also have to play a more proactive role in combating corruption. They would have to take their oversight responsibilities seriously and initiate credible and comprehensive anti-corruption legislative reforms (Gyimah-Boadi, 2002). Parliament has a special role to play in helping to empower, protect and resource public accountability agencies such as anti-corruption commissions and audit services. However, Parliament can only perform its oversight functions effectively where it is not politically compromised, adopts and abides by a sound code of ethics, boasts of strong and proactive oversight committees (such as public accounts and government assurances) and asserts its independence from other branches of the state. In this context, the partial fusion of the executive and legislative branches of the state in the constitutional and governance arrangements of the 4th Republic must be seriously reviewed because it hinders the exercise of inter-branch oversight.

It is also important to establish equitable party financing arrangements in order to strengthen multi-party competition, enhance the prospects of vibrant opposition parties, and reduce the rampant corruption associated with multi-party elections. It is equally important to enforce party finance regulations and penalize parties that flout such regulations. In the case of Ghana, this would require a more effective and consequential auditing of political party accounts by the Electoral Commission (EC). In short, the auditing of political parties by the EC must lead to sanctions where violations are detected.

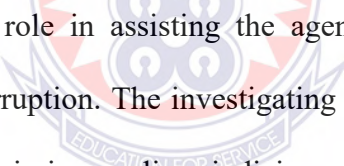
If corruption is to be controlled then offenders must be frequently exposed and severely punished. To do so would require the strengthening of law enforcement mechanisms, which in turn requires strengthening the independence and credibility of the judiciary. It requires insulating judicial and quasi-judicial bodies and processes from the executive. For this reason, serious consideration must be given to the idea of separating the Attorney-General's position from the politically partisan position of Minister of Justice, or at least insulating the prosecutorial function from political manipulation, so that decisions to prosecute cases of corruption involving members of government are not subjected to a strict partisan political test.

International cooperation and collaboration is also crucial. Donors must continue to insist on meaningful corruption control as a condition for grants and assistance (Gyimah-Boadi, 2002). External donors can make a better contribution to sustained African development if they apply a code that says ~~no~~ "no accountability, no aid." In addition, corruption fighting African governments and in particular the efforts to retrieve stolen wealth from abroad could use technical, legal, and political support from the developed world. For instance, relaxing banking secrecy regulations, enforcing local and international conventions against bribery, protecting whistle-blowers and investigative journalists (who provide leads on looted assets hidden in developed countries), providing investigative and forensic, as well as, legal services towards asset recovery would be extremely helpful to African countries trying to recover stolen wealth from developed countries.

Finally, Gyimah-Boadi (2002) concluded by pointing out that confronting corruption requires a demonstration of political will, beyond mere rhetoric. Political will to fight corruption is best demonstrated through leadership by example, enforcement of a leadership code of conduct/ ethics, and whenever the occasion presents itself, the willingness to prosecute and punish corrupt and or proactively protect and empower those who blow the whistle on corrupt insiders and key political allies. A great deal of credibility is lost when the public believes that prosecution for corruption is reserved exclusively for ex-leaders and leaders who are out of favor.

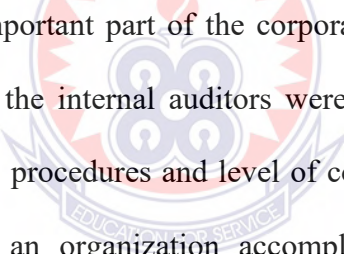
Apart from the above, there are other ways by which other bodies and organizations can help fight corruption in our society in general and public institutions in particular. The first to begin with is the responsibilities of management of institutions in curbing corruption in Ghana. It is management's responsibility to ensure that the entity's operations are conducted in accordance with laws and regulations (SAP 19, 2006). The responsibility for the prevention and detection of money laundering and terrorism financing activities rests with management through the implementation and continued operation of adequate accounting and internal control systems. Such control systems reduce but do not eliminate the possibility of money laundering and terrorism financing activities (SAP 19, 2006). New auditing standards (for example ISA 240/SAS 99), require auditors to take an approach to assessing whether management has in place appropriate systems and controls to manage the risk of fraud.

In addition, Audit Committee has the responsibility of ensuring that corruption is minimized. According to the Public Oversight Board (1993), corporate governance includes those oversight activities undertaken by the directors and audit committee to ensure the integrity of the financing reporting process. Three monitoring mechanisms have been identified in the corporate governance literature as external auditing, internal auditing, and directorships (Anderson et al. 1993, Blue Ribbon Committee, 1999) as well as the audit committee (Institute of Internal Auditors [IIA], 2003). An audit committee should take an active role in the prevention and deterrence of fraud, as well as an effective ethics and compliance program. The audit committees also need to obtain information about all violations of the law and the organization's policies.



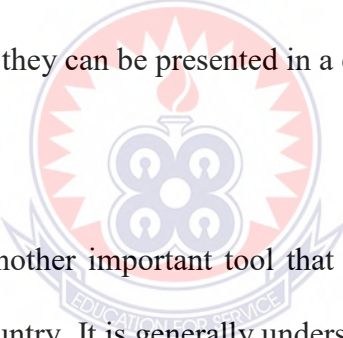
Auditors can play a vital role in assisting the agencies responsible for investigation against alleged cases of corruption. The investigating agency could be an internal entity, some anti-corruption commission, police, judiciary or a specialized body for a mega corruption case. The auditors will need to come out of the cocoon of 'internal documentary evidence'. They would need to collect information from outside sources such as users of a public facility, client organizations, or even general public. Internal auditors and external auditors can serve a vital role in aiding in fraud prevention and deterrence. Fraud can be discovered through many sources, namely, internal or external auditors, forensic accounting consultants, employees, vendors, and others (AICPA, 2005).

The use of independent auditors is seen as another potent way of fighting corruption in Ghana. Clearly, external auditing serves as a monitoring mechanism to check on the accuracy of financial information, and to prevent and to discourage financial misappropriation (Kimbrow, 2002). Specifically, external auditing can be used to detect financial irregularities (de Paula & Attwood, 1976). For example, a finance director falsifying corporate financial statements can do so either to steal corporate cash-flow for his or her own pockets (individual crime), or to manipulate the tax bill in order to reduce corporate tax payments (organizational crime). External auditors may be able to detect and report on such issues.



Internal audit is also an important part of the corporate governance structure within an organization. Traditionally the internal auditors were acting as ‘policemen’ that check and monitor the company’s procedures and level of compliances with the rules (Skinner & Spira, 2003). It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to in (Shamki, 2009). Several standards outline the role of the internal auditor in detecting, preventing, and monitoring fraud risk and addressing those risks in audits and investigations (Burnaby et al, 2009). Internal audit departments should form key lines relationships, as well as checks to ensure appropriate approval is sought to establish and maintain relationships and that there are good business cases for making third party payments (FSA, 2010).

Forensic audit is one other way that could be used to combat corruption in the country. Forensic accounting is a new branch in accounting/auditing which has the sole aim of unearthing fraudulent activities within and outside an organization so far as the third party's action is in any way reflective on the activities of that organization. Manning (2007) as cited in Shamki (2009) defines forensic accounting as the application of financial accounting and investigate skills to a standard acceptable by the courts to address issues in dispute in the context of civil and criminal litigation. Forensic audits are conducted by expert in the field to verify information determine valuations, investigate fraud, verify compliance with government regulations, verify compliance with contracts, and investigate and report on issues. Forensic are done for the benefit of the third parties and are documented so that they can be presented in a court of law (Minniti, 2008).

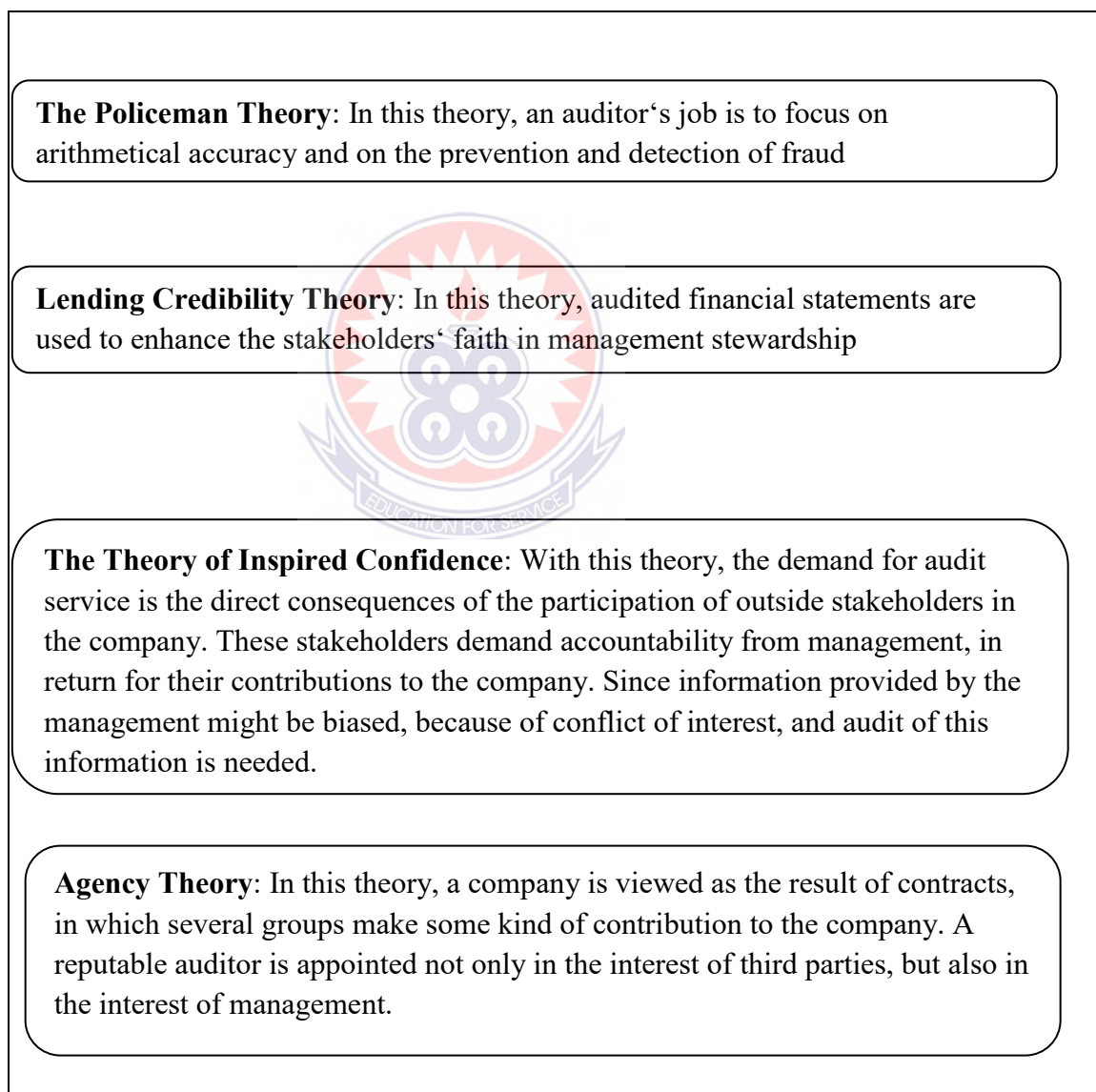
The logo of the University of Education, Winneba, is a circular emblem. It features a central four-lobed flower-like symbol in blue and white, set against a red and white sunburst background. Below the emblem is a banner with the motto "EDUCATION FOR SERVICE".

Performance audit is yet another important tool that can be used to fight corruption in public institutions in the country. It is generally understood that performance auditing can help detect corruption. A properly planned and executed performance audit would highlight areas of diseconomy, inefficiency and corruption if it exists. For this purpose, the performance auditors need to go a step deeper into the issues identified during the audit planning stage (Khan, 2006). It is believed that when all these measures are put in place, corruption in Ghana, especially in public institutions will be reduced if not eliminated.

2.9 Theoretical framework for the study

According to Ittonen, (2010), there are different theories that explain the demand for audit services. Whereas some of them are well known in research, others are more based on perceptions. The following figure illustrates four audit theories that guided the study as identified by Hayes et al (2005) cited in Ittonen (2010).

Fig 1: The four theories that guided the study



The policeman theory asserts that auditors are responsible for searching, discovering and preventing fraud. This was what auditors did in the early 20th century. This study explains the role of auditors in contemporary times in the Kumasi Metropolis.

The lending credibility theory suggests that the primary function of the audit is to add credibility to the financial statements. In this view the service that the auditors are selling to the clients is credibility. Audited financial statements are seen to have elements that increase the financial statement users' confidence in the figures presented by the management (in the financial statement). The users' are perceived to gain benefits from the increased credibility.

The theory of inspired confidence addresses both the demand and the supply for audit services (Limperg, 1932 cited in Ittonen, 2010). The demand for audit services is the direct consequence of the participation of third parties (interested parties of a company) in the company. These parties demand accountability from the management, in return for their investments in the company. Accountability is realized through the issuance of periodic financial reports. Nonetheless, since this information provided by the management may be biased, and outside parties have no direct means of monitoring, an audit is required to assure the reliability of this information. With regard to the supply of audit assurance, Limperg suggests that the auditor should always strive to meet the public expectations.

Agency theory suggests that the auditor is appointed in the interests of both the third parties as well as the management. A company is viewed as a web of contracts. Several groups (suppliers, bankers, customers, employees etc.) make some kind of contribution to the company for a given price. The task of the management is to coordinate these groups and contracts and try to optimize them: low price for purchased supplies, high price for sold goods, low interest rates for loans, high share prices and low wages for employees. In these relationships, management is the agent, which tries to gain contributions from principals (bankers, shareholders, employees etc). The most prominent and widely used audit theory is the agency theory. This study explains the role of auditors in Kumasi Metropolis in view of the above theories. It tries to explain whether this theories are still functional in the modern practices of auditing in the Ghanaian society.

2.10 Chapter summary

The chapter dealt with the review of related literature. Issues relating to the concept of corruption and auditing, forms of corruption, levels of corruption, causes of corruption, the role of the audit service in fighting corruption, challenges of the audit service and measure to make the audit service more effective were reviewed. The chapter concluded with the theories that guided the study.

CHAPTER THREE

METHODOLOGY

3.0 Overview

This chapter discusses the design of the study, population, sampling procedure, samples sizes, instrumentation and methods of data collection.

3.1 Research Design

In a wider approach, a mixed method which philosophically situates itself in the pragmatists' ideologies was used for the study. Mixed method research according to Creswell (2014) is an approach to inquiry involving collecting both quantitative and qualitative data, integrating the two forms of data, and using distinct designs that may involve philosophical assumptions and theoretical frameworks. The core assumption of this form of inquiry is that the combination of qualitative and quantitative approaches provides a more complete understanding of a research problem than either approach alone.

Specifically, the convergent parallel mixed method design was used for the study. Convergent parallel mixed method is a form of mixed method design in which the researcher converges or merges quantitative and qualitative data in order to provide a comprehensive analysis of the research problem (Creswell, 2014). In using this design,

the researcher typically collected both forms of data at the same time and then integrated the information in the interpretation of the overall results where incongruent findings were explained.

3.2 Setting

The study was conducted at the audit service department in Kumasi Metropolis in the Ashanti Region of Ghana. Kumasi was chosen because the researcher was pursuing her education there and for the sake of convenience in terms of her ability to access data needed for the work.

3.3 Population of the Study

Population in research refers to a set of individuals that have similar characteristics in which the researcher is interested at studying. The targeted population for this study included all the audit staff of the audit service department in the Kumasi Metropolis in the Ashanti Region of Ghana.

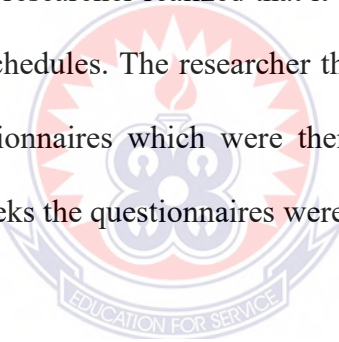
3.4 The Sample and Sampling Procedure

The researcher intended to use all auditors in the auditing department in Kumasi Metropolis for the study. However, those who were willing and able were 20 auditors in the auditing department among which three (3) were junior staff and seventeen (17) were

senior staff. The sampling strategy was therefore based on convenience. This is a sampling strategy that allows the researcher to use members of the population who are readily available and willing to participate in the research process.

3.5 Instruments used for Collecting Data for the Study

A questionnaire was used to collect data from the respondents. The questionnaire took the form of open-ended and close-ended questions. The researcher initially designed an interview guide to meet the auditors in order to have a face-to-face interview with them. After visiting the place, the researcher realized that it was not possible to meet them one-on-one due to their work schedules. The researcher then came back and transformed the interview guide into questionnaires which were then sent to them to answer at their leisure time. After three weeks the questionnaires were retrieved for analysis.



3.6 Reliability and validity of instruments

The questionnaire was piloted on a sample of 10 auditors in the Central Region on two different occasions to ensure reliability. The consistency of results indicated the reliability of the instruments. It was this that the instrument was used for the actual data collection for the study. On the other hand, validity in this context refers to the degree to which the broader research design is scientifically sound or satisfactorily conducted (Struwig & Stead, 2001:136). To ensure validity of the study, the researcher used triangulation and peer debriefing. With triangulation, evidence from different data

sources was examined and used to build a coherent justification for themes. In this case, data from the close-ended questions (quantitative data) and those from open-ended questions (qualitative data) were closely examined and themes were established based on converging these two sources of data from participants which indeed added to the validity of the study. With peer debriefing, the researcher located a qualitative research expert (peer defriever) from the Faculty of Social Sciences in the University of Education, Winneba, who reviewed and asked questions about the qualitative aspect of the study to see if the account resonate with the respondents other than the researcher. This strategy involved an interpretation beyond the researcher which added to the validity account of the study (Creswell, 2014). My supervisor also helped to rephrase items that were not very clear on the close-ended question. These procedures helped in validating the study.

3.7 Procedure for Data Analysis

The data that was collected through close-ended questions was entered into SPSS to generate descriptive statistics of frequencies and percentages which were organized in tables and explained. The data collected from open-ended questions were typed out and analysed under the various themes generated from the research questions.

3.8 Ethical Issues

Most authors who discuss qualitative research design address the importance of ethical considerations ((Locke et al., 2013; Marshall & Rossman, 2011; Merriam, 1998;

Spradley, 1980). First and foremost, the researcher has an obligation to respect the rights, needs, values, and desires of the respondents. The following safeguards as proposed by Creswell (2014) were employed to protect the informant's rights:

- the research objectives and how the data was to be used were articulated in simple and clear language to the understanding of the respondents by the informant.
- written permission to proceed with the study as articulated was received from the informant,
- the respondents were informed of all data collection devices and activities,
- verbatim transcriptions and written interpretations and reports were made available to the respondents,
- the informant's rights, interests and wishes were considered first when choices were made regarding reporting the data, and
- the final decision regarding informant anonymity rested with the informant.

3.9 Chapter Summary

This chapter examined the methodology for the study. It specifically considered the research design, setting, population, sample and sampling procedures, validity and reliability, method of data analysis and concluded with ethical consideration. After these issues were adequately addressed, the researcher proceeded to the subsequent chapter.

CHAPTER FOUR

FINDINGS AND DISCUSSION

4.0 Introduction

This chapter deals with the presentation and analysis of data collected. Data was presented chronologically under the various themes generated from the research questions.

4.1 The Demographic Characteristics of Respondents

The data collection process begun with the demographic characteristics of the respondents to show the composition respondents the researcher dealt with. The table below shows the sex and age composition of the respondents.

Table 1: Demographic characteristics of respondents

Variable	Frequency	Percentage
Male	15	75
Female	5	25
Total	20	100
Ages		
Below 20	-	-
20-25	3	15
26-30	3	15
31-35	4	20
36-40	6	30
41 and above	4	20
Total	20	100

From the table above, male respondents constituted fifteen (15) representing 75% of the respondents whereas five (5) of the respondents representing 25% were females. In all, twenty (20) respondents representing 100% constituted the entire sample for the study.

In terms of their ages, three (3) respondents representing 15% fell within the age range of 20-25, three respondents representing 15% fell within 26-30 years, four (4) respondents representing 20% fell within 31-35 years, six (6) respondents were within the age range of 36-40 and four (4) respondents representing 20% were within 41 and above.

4.2 The Role of the Audit Service in Fighting Corruption in Public Institutions in Kumasi Metropolis

One of the cardinal issues the researcher investigated was on the role of the audit service in combating corruption in public institutions in the Ashanti Region of Ghana. In view of this several related questions were asked respondents (auditors) in relation to their roles in fighting corruption in the Ashanti Region. The researcher therefore started by soliciting the views of respondents on the level of corruption in the Region and the number of times they visit public institutions in a year. The first and second tables below show the responses of the respondents.

Table 2: The Views of Auditors on the Level of Corruption in Public Institutions in Ashanti Region.

Responses with frequencies and percentages					
Items	Not at all	Very little	somehow	Very much	Certainly much
How much do you think there is high level of corruption in public institutions in the Ashanti Region?	-	-	6 (30%)	10 (50%)	4 (20%)

Source: field data, 2016

From the table 2 above, it is very clear that there is high level of corruption in public institutions in the Ashanti Region. The item in the above table solicited the opinion of respondents on the level of corruption in the public institutions in the Ashanti Region. Six (6) respondents representing 30% chose somehow indicating that there is some level of corruption in the region. Ten (10) respondents representing 50% of the entire respondents chose very much indicating a higher degree of corruption in the public institutions in the region. Four (4) of the respondents representing 20% of the total respondents chose certainly much portraying the certainty of higher level of corruption the public institutions in the region. From the data gathered, there is a unanimous agreement among the respondents that there is corruption in the public institutions in the Ashanti Region. Their agreement however, differed in relation to the level of corruption in the area. Majority of the respondents are however of the view that there is high level of corruption in the public institution of the Ashanti Region. The third table deals with the number of times auditors visit public institutions for auditing purposes.

Table 3: The Number of Times Auditors Visit Public Institutions in a Year

Responses with frequencies and percentages					
Items	Not at all	Once a year	Twice in a year	Only when there seems to be corruption	Any other, specify
How much do you think there is high level of corruption in public institutions in the Ashanti Region?	-	17 (85%)	3 (15%)	-	-

Having solicited the views of the respondents on the level of corruption in the public institutions of the region, the researcher went further to ascertain the number of times the auditors visit those institutions for auditing purposes within a year. From table 3 above, seventeen of the respondents representing 85% of the entire respondents admitted that they do visit such institutions once a year. While three (3) respondents representing 15% said they visit twice in a year. From these responses, it is clear that majority of the respondents asserted that they visit those institutions once in a year. This seems to be woefully inadequate to fight corruption as expected. This is because in a year, so many things would have happened including transfer of administrators, payments and other transaction. This would make the whole audit process cumbersome and inefficient. However, the researcher is of the view that if auditors could visit such institutions four times (quarterly) in a year, it would be more efficient thus, serving the intended purpose of limiting the level of corruption in the public institutions.

The next issue the researcher dealt with was on what exactly the auditors do whenever they visited the public institutions in the region. This was an open ended question with the view of gathering a plethora of information regarding the roles they played on their visits. The following are excerpts of what they said. One said –We audit their internally

generated funds and procurements procedures”. Another said, “We audit assets of the institution, finances, pay slips, staff or workers punctuality to work and time reporting to work and how they perform at work”. One other said they examined the “Day to day activities like payment vouchers, cash books, ledgers, payroll etc.” In addition, one of the respondents said, “We audit everything which belongs to the state including human resource, PVs, receipts, cashbooks, cheques etc.” The respondents were all talking about similar issues. From that data, functions the auditors in the Ashanti Region played on their visits to the public institutions included auditing of:

1. Transactions relating to income and expenditure
2. Payment vouchers, cash books, cheques, payroll, vehicle log books
3. Punctuality of workers
4. Assets of government in the institutions
5. Internally generated funds and procurement procedures, and
6. The performance of the public institutions

These were the sum total of the responses of the respondents regarding what exactly they do on their visit to public institutions in the region. Looking at all these activities undertaken by auditors on their visit, it suggests that to ensure effectiveness of the work in other to curb corruption, auditors need to make frequent visits to ascertain what is going on in those institutions.

Again, the researcher solicited from the respondents the measures the audit service department have put in place to prevent corruption in public institutions in the Ashanti Region. Their responses implied that it is not the responsibility of the audit service to put in place measures to curb corruption but rather the management of those institutions. For instance, one of the respondents said, “Measures are put in place by organisation management to prevent corruption but auditors detect and report on it”. In like manner,

another said, “Prevention is not our duty but auditing records”. In a similar way, one other said, “It is management’s duty to make necessary arrangement backed by regulations to be followed and not audit”. Another said, “Audit service only reveal work done by accountants and management and report to the parliament and hence the Public Accounts Committee of the Parliament of Ghana”. These claims raised by the respondents confirms the argument made by SAP 19 (2006) when it claimed that it is management’s responsibility to ensure that the entity’s operations are conducted in accordance with laws and regulations.

The respondents however, gave some suggestions that could be taken by management of public institutions to prevent corrupt practices. For instance, one of the respondents said, “Internal control systems such as pre-auditing of payment vouchers and verifying stores, Service Received Advice (SRA) before signing” is very crucial in preventing corruption. Another said, “Internal control measures set up by management, complying rules and regulations that governs the institutions” are measures that could be taken to prevent corruption. One of the respondents also said the management of the public institutions should ensure that they are “Strictly observing the laid down procedures and follow them to the latter”. One other said, “There should be regular auditing at various offices, effective punishment to fraudsters, for instance, dismissal from the office”. In like manner, one said, “Audit must be done frequently and corrupt institutions must be punished by court of competent jurisdiction”.

From the above, it has been made clear that it is not the duty of the audit service to put in place measures to fight corruption in public institutions. Their duty is to engage in auditing of those institutions in order to detect corrupt issues and to forward them to the appropriate authorities for further investigations and action. They however believe that the suggestions given above are prudent measures that could be put in place by the public institutions and government to curb the menace of corruption in such institutions.

To understand how effective they discharge their duties in the region, the researcher asked whether they have ever detected issues of corruption in public institutions in the Ashanti Region. And if yes, what was done to perpetrators? Except one of the respondents who said “Not yet”, all the other respondents admitted that they have detected issues of corruption in the public institutions in the process of discharging their duties as auditors. For instance, one of the respondents said, “Yes, some ended up in the Public Accounts Committee (PAC)”. Another said, “Yes, there has been some detection of corruption. The matter was forwarded to the Public Accounts Committee to deal with”. In like manner, another said, “Why not, cash are entrusted into the hand of human being and corruption is possible.”

Apart from the one respondent who said “Not yet” indicating that he/she had never detected issues of corruption, the rest of the respondents agreed that they have detected such issues and reported to the appropriate authorities for redress. It means that the audit service has no power to give any punitive measure to perpetrators. Theirs is to detect and report the issues to the appropriate authorities for further actions.

To bring the issues on the role of the audit service in fighting corruption to a close, the researcher then asked the respondents to state their main functions in fighting corruption. Their responses confirmed the earlier ones which suggest that they do not have a direct role in fighting corruption or dictating to the public institutions what they should do but rather they detect and report issues of corruption to the appropriate authorities for action to be taken. For instance, in response to the above issue regarding the role of the audit service in fighting corruption, one of the respondents said, “Our role in fighting corruption happens after the occurrence of the corruption, we report on it”. Another said, “Detecting and prevention of fraud (pre-auditing as well as post auditing). Hence, going through the account books.” Another said they fight corruption “Only by report writing on irregularities”. This seems to be in conformity with Izedonmi (2009) when he

explained that an audit in itself is an indispensable part of a regulatory system whose main aim is to expose deviations from accepted standards and violations of ~~the~~ principle of legality, efficiency, effectiveness and economy of financial management as far as auditing is concerned. All the respondents were of the same view that they only do their work as auditors and report to the appropriate authorities. Their role therefore is not to prevent corruption directly, but to see if any corrupt practice has occurred or not. This also conform with Millichamp (1996) when he asserts that that the primary aim of an audit is to enable the auditor to say that these accounts show a true and fair view or of course to say that they do not. This to the researcher is a way of fighting corruption indirectly. Since public institutions are aware that their transactions will be audited, it informs them to do diligent work that will limit the level of corruption unless otherwise, the auditors compromise the standards and those institutions are aware that the auditors can be influenced to condone with the malpractices. In sum, auditing attempts to assure discipline in the entire financial management process by confirming the accuracy and reliability of the financial information while also attesting to the probity or otherwise of the various custodians and users of public resources (Oshisami, 1994).

The researcher went further to solicit the views of auditors on the effectiveness of the functions of the audit service in curbing corruption in the public institutions in the Ashanti Region. The subsequent paragraphs are used to discuss the views of the respondents on the effectiveness of the service in fighting corruption.

4.3 The Effectiveness of the Audit Service in Fighting Corruption in Public Institutions in Kumasi Metropolis

The presence of the audit service as a watch dog to the management of public institutions should serve as a measure to check corruption in those institutions. However, the case is different as the respondents confirmed that there is high level of corruption in those institutions. The issue now is about how effective the audit service is in serving as a

watch dog to detect and report issues of corruption for perpetrators to be dealt with to curb the menace of corruption. In view of this, several questions were asked to ascertain the effectiveness of the audit service in fighting corruption in the public institutions. The table below shows the items and responses that were given by the respondents in relation to the effectiveness of the audit service.

Table 4: The Effectiveness of the Audit Service in Fighting Corruption in Public Institutions

Responses with frequencies and percentages					
Items	Not at all	Very little	somehow	Very much	Certainly much
How effective do you think the audit service is in fighting corruption in public institutions?	-	4(20%)	7(35%)	9(45%)	-
How much do you think the audit service in the Ashanti Region is equipped to fighting corruption in public institutions?	-	5(25%)	4(20%)	9(45%)	2(10%)
How much do you think the functions of the audit service has played in reducing corruption in public institutions in the Ashanti Region?	1(5%)	3(15%)	5(25%)	11(55%)	-
How much do you think you are well resourced to combat corruption in public institutions in the Ashanti Region?	-	7(35%)	7(35%)	5(25%)	1(5%)

Source: field data, 2016

The first item on the table solicited for the effectiveness of the audit service in fighting corruption in public institutions in the Ashanti Region. Four (4) respondents representing 20% chose very little, seven (7) respondents representing 35% chose somehow and nine respondents representing 45% chose very much. From the various responses, it could be said that the level of impact of the audit service in fighting corruption in the public institutions was not so strongly felt as expected. Nonetheless, the audit service to some extent plays a crucial role in fighting corruption in public institutions. Some of the responses were quite skeptic possibly due to the fact that they are not mandated to directly fight corruption. They only detect and report issues of corruption but do not have the power to address such issues. The current role of the auditor is therefore, not congruent with the policeman theory where auditors were responsible for searching, discovering and preventing fraud (Ittonen, 2010). The policeman theory played a vital role in the 20th century where auditors had the powers to search, discover and prevent issues of corruption. Their role seem to have changed as they now seem to primary play the function of adding credibility to the financial statements as in the case of lending credibility theory. The policeman theory seem to have a more direct control over management in what they do than the lending credibility theory and therefore could possibly have more influence in fighting corruption in public institution than the rest.

The next issue in relation to the effectiveness of the audit service in fighting corruption was on how well equipped the audit service is in order to discharge its functions effectively. This is clearly illustrated in the second item on table 4 above. From the table, five (5) respondents representing 25% of the entire respondents chose ‘_very little’ indicating that the audit service is not well equipped to fight corruption in public institution in the Ashanti Region. Four (4) of the respondents representing 20% chose ‘_somehow’ indicating that the audit service is somehow equipped but not to their expectation to adequately fight corruption in public institutions in the Ashanti Region. Nine (9) of the respondents representing 45% chose ‘_very much’ signifying that the audit institution is to a greater extent well equipped to discharge their duties effectively and to

fight corruption in the public institutions. Lastly, two (2) respondents representing 10% chose ‘_certainly much’ indicating that the service is equipped to the fullest to deal with issues of corruption in public institutions in the Ashanti Region.

From the discourse, a total of nine (9) respondents representing 45% were of the view that the institution was not well equipped to fight corruption as against a total of eleven (11) respondents representing 55% who admitted that the institution was well equipped to discharge their duties which could result in curbing corruption. The differences in their argument could be as a result of the angles from which they were looking at the issue. Probably, some were looking at the means of transport, remunerations attached to the work, staff capacity, and cash to enhance their movement among other things. If all these are to be taken into consideration, one is likely to say the institutions is not well equipped. However, those who said the institution was well equipped probably looked at it from the skills of the personnel in fighting corruption.

Another question the researcher posed to the respondents was on how much they think the functions of the audit service has played in reducing corruption in public institutions in the Ashanti Region. One (1) of the respondents representing 5% chose ‘_not at all’ indicating that the functions of the audit service has not in any way reduced corruption in public institutions in the Ashanti Region. Three (3) respondents representing 15% chose ‘_very little’ indicating that the functions of the audit service had a negligible effect in curbing corruption in public institutions in the Ashanti Region. Five (5) respondents representing 25% of the total respondents chose ‘_somehow’ indicating that the functions of the audit service had to some extent reduce the incidence of corruption in the Region. Eleven (11) respondents representing 55% of the entire respondents chose ‘_very much’ signifying that the functions of the audit service in the Ashanti Region has to a larger extent reduced corruption in public institutions in the Ashanti Region.

From the data, majority of the respondents admit that the functions of the audit service has helped to reduce the menace of corruption in public institutions in the Ashanti Region. This probably might be due the awareness of administrators in public institutions that auditors will come at least once a year to audit their accounts. This makes them to comply with principles that will not put them in a total mess when auditors visit those institutions.

The last question on the effectiveness bothered on how much the audit service in the Ashanti Region was well resourced to combat corruption in public institutions. With this the researcher wanted data on the extent to which the audit service is furnished with the right tools and equipment to discharge their duties effectively. The responses can be seen beside item four on table 4 above. From table, seven (7) respondents representing 35% chose very little signifying that the level of resources put in place for effective functioning of the audit service were woefully inadequate to make them function effectively. Seven (7) respondents representing 35% chose somewhat indicating that the service is to some extent equipped but not enough to make them discharge their duties effectively. Five (5) respondents representing 25% chose very much showing that the service is to a large extent is well resourced to function effectively. Only one (1) respondent representing 5% chose certainly much indicating that the service is highly equipped to function effectively.

In all, majority of the respondents were of the view that the audit service is not well resourced to effectively discharge their duties. This means that for the service to work effectively, tools, equipment and other accessories that are very important for the service to be able to function effectively should be provided to make the service perform their duties effectively and efficiently.

4.4 Challenges Confronting the Audit Service in their quest to Curb Corruption in Public Institutions in Kumasi Metropolis

The next vital issue the researcher looked at was the challenges confronting the audit service in the Ashanti Region in their quest to discharge their duties to curb corruption in public institutions. The table below shows the questions the researcher asked the respondents and the responses that were given by them.



Table 5: Challenges Facing the Audit Service in Fighting Corruption in Public Institutions

Responses with frequencies and percentages					
Items	Not at all	Very little	somehow	Very much	Certainly much
How much do you think familiarity can serve as an impediment to effective auditing in public institutions?	1(5%)	3(15%)	7(35%)	5(25%)	4(20%)
How much do you think interference of politicians is serving as a challenge to the effective functioning of the audit service in public institutions in the Ashanti Region?	-	-	4(20%)	8(40%)	8(40%)
How much do you think bribery of auditors by public sector administrators serve as a challenge to effective functioning of the Audit Service in the Ashanti Region?	-	6(30%)	6(30%)	5(25%)	3(15%)
How much do you think tribalism impedes the effectiveness of the audit service in fighting corruption in public institutions in the Ashanti Region?	4(20%)	4(20%)	7(35%)	3(15%)	2(10%)
How much do you think inadequate resources, facilities and other logistics serve as impediments to the effectiveness of the audit service in fighting corruption in the public institutions in the Ashanti Region?	1(5%)	4(20%)	3(15%)	8(40%)	4(20%)

Source: field data, 2016

Source: field data, 2016

From table 5 above, the first item solicited the views of the respondents on how much familiarity can serve as an impediment to effective auditing in public institutions. It can be clearly seen that one (1) respondent representing 5% chose *'not at all'* indicating that familiarity cannot in any way be an impediment to the effectiveness of the audit service in the discharge of their duties. Three (3) respondent representing 15% chose *'very little'* showing that familiarity has insignificant effects on the effectiveness of the audit service. Seven (7) respondents representing 35% chose *'somehow'* signifying that familiarity to some extent serves as an impediment to the effectiveness of the audit service. Five (5) respondents representing 25% of the respondents chose *'very much'* showing that familiarity to a higher extent serves as an impediment to the effectiveness of the audit service. Four (4) respondents representing 20% chose *'certainly much'* which indicated the certainty of familiarity being an impediment to the effectiveness of the audit service in the discharge of its duties.

From the above, it is very conspicuous that majority of the respondents admit that familiarity serves as a challenge to the effectiveness of the audit service in discharging their duties. This implies that workers in the audit service be transferred more often to reduce familiarity. This probably could enhance their effectiveness as familiarity is reduced.

Another issue on the challenge was on how much the interference of politicians serves as a challenge to the effective functioning of the audit service in the Ashanti Region. From table 5 above, four (4) respondents representing 20% chose *'somehow'* indicating that the interference of the politicians to some extent serves as an impediment to effective functioning of the audit service in the Ashanti Region. Eight (8) respondents representing 40% chose *'very much'* indicating that the interference of politicians to a higher extent

impede the effectiveness of the audit service in the Ashanti Region. Eight (8) respondents representing 40% chose ‘certainly much’ signifying the certainty of the interference of politicians serving as an impediment to the effective functioning of the audit service.

From the above, it is clear that all the respondents admitted that interference of politicians serves as an impediment to the effectiveness of the audit service. This means that for the audit service to work effectively, politicians must not interfere in the discharge of their duties. However, the continuous interference of politicians weakens the potency of the audit service to discharge their duties effectively.

The next issue the researcher focused her attention was on how much bribing of auditors by public sector administrators serves as a challenge to the effective functioning of the audit service in the Ashanti Region. From the table above, six (6) respondents representing 30% chose ‘very little’ indicating that bribing of auditors serves as a challenge but in an insignificant manner. Six (6) respondents representing 30% chose ‘somehow’ indicating that bribing of auditors by public sector administrators to some extent serves as a challenge to the effective functioning of the audit service. Five (5) respondents representing 25% chose ‘very much’ indicating that bribing of auditors by public sector administrators serves as a challenge to the effective functioning of the audit service in the Ashanti Region. Three (3) respondents representing 15% chose ‘certainly much’ indicating the certainty of bribing serving as a challenge to the effective functioning of the audit service in the Ashanti Region.

From the responses, bribing of auditors by public sector administrators serves as a challenge to the effective functioning of the audit service. However, the interference of politicians serves as a higher challenge to the effective functioning of the audit service than bribing of the Auditors.

One other issue the researcher tackled regarding the challenges confronting the audit service was on how much tribalism serves as a challenge to the effective functioning of the audit service. From table 5 above, four (4) respondents representing 20% chose ‘not at all’ indicating that tribalism does not serve as a challenge to the effective functioning of the audit service at all. Four (4) respondents representing 20% chose ‘very little’ indicating that the extent to which tribalism serves as a challenge to the audit service in the Ashanti Region is minimal. Seven (7) respondents representing 35% chose ‘somehow’ signifying that tribalism to some extent serves as a challenge to the effective functioning of the audit service in the Ashanti Region. Three (3) respondents representing 15% chose ‘very much’ indicating that to a very large extent, tribalism serves as a challenge to the effective functioning of the audit service. Two (2) respondents representing 10% chose ‘certainly much’ indicating the certainty with which tribalism serves as a challenge to the effective functioning of the audit service.

From the above discussion on the issue of tribalism serving as a challenge to the effective functioning of the audit service in the Ashanti Region, the responses ranged from ‘not at all’ to ‘certainly much’. These responses could be as a result of the experiences of each individual respondent. It is possible some of them were confronted with these issues of which they had to compromise due to tribalism. There are others who probably insisted that the right things must be done and have not compromise because they come from the same tribe with those involved. To such, tribalism does not serve as a challenge to the discharge of their duties in any way. These assertions confirm Ayoti (2012) assertion that unethical practices, such as tribalism, favoritism and political influence, affect work at the public sector.

The next issue under the challenges facing the audit service which the researcher looked at was on how much inadequate resources, facilities and other logistics serve as a challenge to the effective functioning of the audit service. From table 5 above, one (1) respondent representing 5% chose ‘not at all’ meaning that inadequate resources, facilities and other logistics do not affect the effectiveness of the audit service in the discharge of their duties in the Ashanti Region. Four (4) of the respondents representing 20% chose ‘very little’ indicating that inadequate resources, facilities and other logistics have just a little impact on the effectiveness of the audit service in the Ashanti Region. Three (3) respondents representing 15% chose ‘somehow’ indicating that to some extent, inadequate resources, facilities and other logistics serve as an impediment to the effectiveness in the audit service in fighting corruption in public institutions in the Ashanti Region. Eight (8) respondents representing 40% chose ‘very much’ indicating that inadequate resources, facilities and other logistics to a greater extent serves as an impediment to the effective functioning of the audit service in the Ashanti Region. Four (4) respondents representing 20% chose ‘certainly much’ signifying that certainly, inadequate resources, facilities and other logistics to a large extent serve as an impediment to the effectiveness of the audit service in fighting corruption in public institutions in the Ashanti Region.

From the discussion, it very clear that inadequate resources, facilities and other logistics serve as impediments to the effectiveness of the audit service in fighting corruption in the public institutions in the Ashanti Region. It is therefore imperative that the audit service be given the needed attention and should be provided with the needed resources, facilities and other logistics to make the service more effective in discharging its duties.

Finally, on the issue regarding the challenges serving as impediments to the effectiveness of the audit service in fighting corruption in the public institutions in the Ashanti Region, the researcher asked an open-ended question that requested the respondents to tell other

challenges they think affect the quality of delivery of the audit service in fighting corruption in the public institutions in the Ashanti Region. This was to allow respondents think beyond what was provided and talk about issues that affect the quality of their delivery in the Ashanti Region. Several responses were give as can be seen in the paragraphs below.

One of the respondents in responding to other challenges faced by the audit service in their quest to discharge their duties said, “Lack of training, lack of office accommodation and lack of motivation” were the challenges that impede the quality of delivery of the audit service. Thus Salawu and Agbeja (2007) highlight that effective public service audit requires competent, highly qualified, skilled and well-motivated manpower. This boost their morale to work hard and efficiently. In line with this, one mentioned “Lack of staff at the various districts, on the job training, motivation” as the challenges that impeded the effectiveness of the audit service in discharging their duties effectively. One other talked about the “Lack of swift implementation of audit findings” from the audit service as the challenge impeding quality work.

Another said, “Lack of logistics like stationeries, Auditors take papers from clients to print their report and that causes familiarity.” One other respondent said, “Motivation to employees and funds to run the Regional office.” Another said, “Logistics and other tools to work with like computers, laptops and access to internet” were the challenges they faced. One of the respondents also said, “Lack of practical independence of the auditors and conflict of interest” were the challenges they faced that affected the quality of their work. Another said, “Technical know-how and expertise, training and funds to manage the service” were among other challenges the service was confronted with. These assertions confirm Ali et al (2007) when they asserted that the audit service was faced with staff shortages, and lack of competence which makes majority of them to operate in outdated audit modes. Auditors need to have sufficient knowledge, skills and experiences in a number of fields in order to be able to discharge their duties effectively.

Furthermore, one of the respondents said, “Infringing on work by high authorities and politicians and inadequate logistics are the factors militating against the effectiveness of the service”. In line with this, one other respondents said, “Authority and political interference” were some of the challenges impeding the effectiveness of the service. One other said, “The risk involved is too much and lack of independence at the work environment.” To these respondents, the audit service is not operating as independently as it ought to be. For the audit service to work effectively and efficiently in fighting corruption in public institutions in the Ashanti Region, it must have total independence without interference. It is an essential factor for auditors to ensure that management is held accountable to shareholders (Blue Committee 1999; Cadbury Committee 1992; Treadway Commission 1987). The independence of the auditors ensures that they are free from management influence which promotes the presentation of accurate information that will be devoid of falsification.

4.5 Measures to Make the Audit Service Effective in Fighting Corruption in Public Institutions in Kumasi Metropolis

The next topical issue the researcher dealt with was on the measures that could be put in place to make the audit service to work effectively in discharging its duties. To get a plethora of ideas from the respondents on what they think could be done to make the audit service more functional and vibrant in fighting corruption in public institutions in the Ashanti Region, an open-ended question, “what in your view could be done to make the audit service more effective in fighting corruption in public institutions in the Ashanti Region” was asked.

In response to this question, one of the respondents said, “Regular training, sufficient office accommodation should be made available to staff, staff should be motivated and rewarded for efficiency, there should be a functional tribunal to prosecute wrong doers in

the public institutions”. To him, that is what could be done to make the audit service function effectively in fighting corruption in the public institutions in the Ashanti Region. This seems to confirm Gyimah-Boadi (2002) when she said if corruption is to be controlled then offenders must be frequently exposed and severely punished. To do so would require the strengthening of law enforcement mechanisms, which in turn requires strengthening the independence and credibility of the judiciary which requires insulating judicial and quasi-judicial bodies and processes from the executive.

One other respondent said, –Audit must be done at least four times a year and those institutions that engage in corrupt activities must be punished to serve as a deterrent to others”. In the same vein, one also said, –There should be enough provision of resources to work and regular auditing” to make the service more effective in fighting corruption. In relation to this was the view of another respondent who said for the audit service to work effectively, there should be –Enforcement of laws relating to corruption.”

Another group of respondents were much concerned with the independence of the audit service. One of the respondents in this group said, –As stipulated in the 1992 constitution and the Service Act 2000, Act 2003, the independence of the Auditor should not be interfered with at all.” Another said for the audit service to work effectively in fighting corruption, –The services should be entirely independent and fully resourced by the state.” One other respondent said, –Its findings should be holistically implemented and absolute independence.” In addition, another respondent said, –Motivation of staff and the independence of Auditors” is the way forward in making the service effective.

The next group which forms the largest talked about the need for the audit service to be well resourced to effectively discharge its duties without compromise. One of the respondents in this category said, –Adequate logistics should be provided to prevent Auditors from asking for logistics like stationary from clients.” Another said, –Providing

adequate logistics, employing more hands and financial motivation to staff.” Adding to this, another respondent said, “The government should resource the service with all the needed resources and create a good condition of service environment.” This group believes that when all the resources and logistic needed by the service are provided, it will lead to its effectiveness.

4.6 Chapter Summary

The chapter dealt with the presentation and analysis of data. It commenced with the demographic characteristics of respondents and continued with the role of audit service in fighting corruption in public institutions, the effectiveness of the audit service, the challenges confronting the service and concluded with the measures to make the service more effective in combating corruption in public institutions in the Ashanti Region.



CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter deals with the summary of findings, conclusions and recommendations. The subsequent paragraphs are therefore devoted to discussing issues under these broad headings.

5.1 Summary of Findings

This research work was designed to find answers to three major research objectives which were to:

1. Ascertain the role played by the audit service in fighting corruption in public institutions in the Ashanti Region.
2. Discuss the challenges faced the audit service in their quest to discharge their duties.
3. Describe ways by which the audit service can be made more effective in combating corruption in public institutions in Ghana.

From the study, one of the major findings was that there is high level of corruption in public institutions in the Ashanti Region. From the study, majority of the respondents did indicate that there was high level of corruption in the public institutions in the Ashanti Region.

Secondly, the study revealed that auditing in the public institutions was done mostly once in a year. About 85% of the respondents attested to this fact. This could be one of the reasons why the impact of the audit service in fighting corruption was not so much felt.

Moreover, the study also revealed that the major work done during the visit of the auditors to the public institutions in the Ashanti Region included among other things auditing of transactions relating to income and expenditure, payment vouchers, cash books, cheques, payroll, vehicle log books, punctuality of workers and the asset of government in those institutions.

Also, the study revealed that it is not the responsibility of the audit service to put in place measures in public institutions to curb corruption but rather the responsibility of management to do so. The auditors are only to detect and report issues of corruption to the appropriate authority for redress. In addition, it was revealed that the role of the audit in fighting corruption in the public institutions in the Ashanti Region was not so much felt. Nonetheless, it has reduced the level of corruption in public institutions in the region to some extent. Besides, there was agreement among respondents that the audit service was not well resourced to fight corruption in the public institutions in the region.

In terms of the challenges, though, there were mixed feelings, majority of the respondents admitted that familiarity, interference by politicians, bribery by public sector administrators and tribalism were some of the challenges that impeded the effectiveness of the audit service in the discharge of their duties. Other challenges that were mentioned include lack of on the job training, office accommodation, motivation and lack of independence of the service.

With regard to measures to be taken to make the service more effective in fighting corruption in the public institutions in the Ashanti Region, respondents mentioned among other things regular training, sufficient office accommodation, motivation for staff, functional tribunal to prosecute wrong doers, regular auditing, enforcement of laws relating to corruption, independence of the audit service, provision of adequate logistics and employment of more audit personnel.

5.2 Conclusions

From the study, the following conclusions were drawn. In the first place, the audit service is not an institution that is put in place to directly fight corruption. It is put in place to audit income and expenditure in the public institutions, government assets, and other documents they are mandated to look at in those institutions in order to detect and report issues of corruption to the appropriate authority.

Furthermore, in spite of the presence of the audit service to serve as a watch dog over the public institutions in the Ashanti Region, there is still high level of corruption in those institutions. It means that the case may not be different in other regions.

Also, the independence of the audit service is not absolute as there are political interferences serving as an impediment to the effectiveness of the service in discharging its duties in the public institutions in the region. This presupposes that the decisions taken by the auditors after an audit of a public institution can be altered by a higher authority which can bring to naught the whole audit report where the perpetrators of corruption will be set free.

In addition, familiarity, interference of politicians, tribalism and bribery are great impediments to the effectiveness of the audit service in the discharge of its duties in the public institutions. These are powerful elements that exert some sort of influence on the auditors to give a human face to very pertinent issues that need the attention of higher authority for punitive measures to be taken. This can in no small way defeat the essence of the constitutional mandate of the audit service.

5.3 Recommendations

Based on the findings of this study, the following recommendations were made. In the first place, auditing should be done thrice or four times in public institutions within the year. When this is done, it will make the management of public institutions to engage in practices that will make them more accountable. It will also make corrupt practices to be exposed at their earlier stages rather than at its pick where a lot of resources would have gone waste.

Furthermore, auditors should not be sent to their home towns or regions to serve since that could breed familiarity and compromise. Rather, personnel from various regions and districts should be sent to other regions/districts other than their own regions/districts to avoid familiarity and compromise. In addition, auditors in the audit service should not stay at a particular jurisdiction for more than three years as that could be a fallow ground for familiarity. Within two to three year, they should be transferred to other areas to serve.

The audit service in the Ashanti Region should be well resourced with the materials and logistics needed to make the service more functional in the discharge of their duties. Begging for stationary at the institutes where they go to discharge their duties can ferment familiarity and compromise.

Audit reports and recommendations that are submitted to higher authorities should be looked at and put into practice to avoid recurrences of the incidents that led to those recommendation. The lethargic and nonchalant attitude that are given to such reports weaken the zeal of the audit institutions in doing their work as expected since they are aware that no action will be taken after their reports.

Perpetrators of corruption should be severely dealt with when detected by the audit service. This will serve as a deterrent to other administrative staff to be more cautious of what they do. This to a large extent can curb the menace of corruption in public institutions in the Ashanti Region.

Besides, there should be regular in-service training for staff and sufficient office accommodation for staff to make them concentrate and work efficiently. In-service training is very vital for skill development of workers and acquainting them with contemporary practices. This has the potency of enhancing productivity of workers in the service as they engage in more rigorous auditing related activities. Also, staff should be motivated and rewarded for efficiency. This will trigger others to do same which will culminate in the efficiency and effectiveness of the service in discharging their mandate.

5.4 Areas for Further Research

This study was only confined to the audit service in the Kumasi Metropolis in the Ashanti Region. The researcher therefore proposes that further studies in a form of a survey be conducted throughout the country to explain the challenges faced by the audit service and how it could be addressed to make the service more effective in discharging its duties to curb corruption in public institutions in the country. In addition, public institutions should be incorporated in subsequent studies in order to solicit their view regarding the

effectiveness of the audit institution and what they think could be done to make the service more effective.

5.5 Summary of Chapter

This chapter specifically dealt with the summary of findings, conclusions and recommendations. The chapter commenced with the summary of findings, made conclusions based on the study, gave recommendations and came to a close by suggesting areas for further research.



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APPENDIX

Questionnaire

This questionnaire is meant to solicit views from audit service workers regarding their role, effectiveness and challenges they face in their quest to combating corruption in public institutions. Information given will be used for only academic purpose and will be treated with confidentiality. Read the questions carefully and provide the appropriate responses by writing or ticking [] the response that best describes your feelings as may be demanded. Thanks very much for your time and efforts.

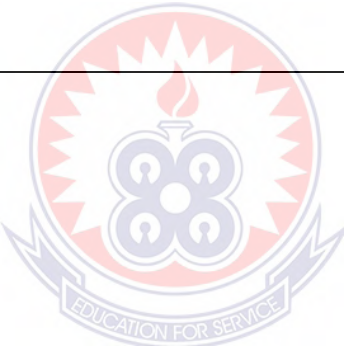
Background information

Gender: Male [] Female []

Age: Below 20 [] 20-25 [] 26-30 [] 31-35 [] 36-40 [] 41 and above []

Years of working experience: 1-5 [] 6-10 [] 11-15 [] 16-20 [] 21- 25 [] above 25 []

How much do you think there is high level of corruption in public institutions?	Not at all [<input type="checkbox"/>]	very little [<input type="checkbox"/>]	somehow [<input type="checkbox"/>]	very much [<input type="checkbox"/>]	certainly much [<input type="checkbox"/>]
How many times in a year do you conduct audit in public institutions in the Ashanti Region?	Not at all [<input type="checkbox"/>]	Once a year [<input type="checkbox"/>]	Twice a year [<input type="checkbox"/>]	Only when there seems to be corruption [<input type="checkbox"/>]	Any other, specify
What exactly do you audit on your visit to public institutions in the Ashanti Region?					
What measures are put in place by the audit service to prevent corruption in public institutions					

	in the Ashanti Region?					
	Are the measures above effective or deterring enough to prevent corruption in public institutions?					
	Has the audit institution ever detected issues of corruption in some public institutions in the Ashanti Region? If yes, what was done					
	What are your main functions as far as fighting corruption is concern?					
THE EFFECTIVENESS OF THE AUDIT SERVICE IN FIGHTING CORRUPTION						
	How effective do you think the audit service is in fighting corruption in public institutions?	Not at all []	very little []	somehow []	very much []	certainly much []
	How much do you think the audit service in the Ashanti Region is equipped to fighting corruption in public	Not at all []	very little []	somehow []	very much []	certainly much []

	institutions?					
	How much do you think the function of the audit service has is played in reducing corruption in public institutions in the Ashanti Region?	Not at all []	very little []	somehow []	very much []	certainly much []
	How much do you think you are well resourced to combat corruption in public institutions in the Ashanti Region?	Not at all []	very little []	somehow []	very much []	certainly much []
CHALLENGES OF THE AUDIT SERVICE IN FIGHTING CORRUPTION						
	How much do you think familiarity can serve as an impediment to effective auditing in public institution?	Not at all []	very little []	somehow []	very much []	certainly much []
	How much do you think interference of politicians is serving as a challenge to the effective functioning of the audit service in public institutions in the Ashanti Region?	Not at all []	very little []	somehow []	very much []	certainly much []
	How much do you	Not at all	very little	somehow	very much	certainly

<p>think bribery of auditors by public sector administrators serves as a challenge to effective functioning of the audit service in the Ashanti Region?</p>	[]	[]	[]	[]	much []
<p>How much do you think tribalism impedes the effectiveness of the audit service in fighting of corruption in public institutions in the Ashanti Region?</p>	Not at all []	very little []	somehow []	very much []	certainly much []
<p>How much do you think inadequate resources, facilities and other logistics serves as impediments to the effectiveness of the audit service in curbing corruption in public institutions in the Ashanti Region?</p>	Not at all []	very little []	somehow []	very much []	certainly much []
<p>What other challenge do you think is affecting quality delivery of the audit service in the public</p>					

	institutions in the Ashanti Region?	
	What in your view could be done to make the audit service more effective in fighting corruption in public institutions in the Ashanti Region?	

