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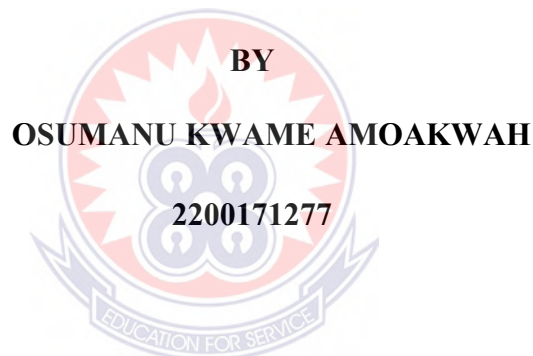
**THE EFFECT OF INTERNAL AUDIT ON ORGANISATIONAL
PERFORMANCE: A CASE OF SELECTED MMDA's IN THE CENTRAL
REGION OF GHANA**



2023

UNIVERSITY OF EDUCATION, WINNEBA

**THE EFFECT OF INTERNAL AUDIT ON ORGANISATIONAL
PERFORMANCE: A CASE OF SELECTED MMDA's IN THE CENTRAL
REGION OF GHANA**



**A dissertation presented to the Department of Accounting, School of Business
University of Education, Winneba, in partial fulfilment of the requirements for
the award of Master of Business Administration Degree
in Accounting**

NOVEMBER, 2023

DECLARATION

Candidate's Declaration

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

Student's Signature.....

Date.....

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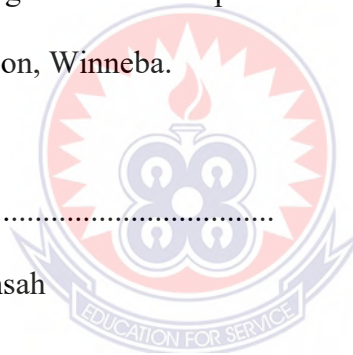
Supervisor's Declaration

I hereby declare that the preparation and presentation of this dissertation were supervised following the guidelines on supervision of thesis/dissertation laid down by the University of Education, Winneba.

Supervisor's Signature.....

Date.....

Name: Mr. Edward Quansah



DEDICATION

To my lovely wife, Cynthia Mensah and my children, Rashid Odanful Amoakwah,
Rashidatu Odanful Amoakwah, Khadijatu Odanful Amoakwah and Nasira Essawa
Odanful Amoakwah



ACKNOWLEDGEMENT

My first and foremost, I am very grateful to my supervisor, Mr. Edward Quansah, for his priceless guidance in the successful completion of this study. You have not only been a lecturer and a supervisor but also a true brother. Your encouragement and direction throughout my degree programme and your humble nature will forever influence my life.

I want to express my heartfelt gratitude to not only my beloved family members but also my esteemed colleagues for their unwavering patience, heartfelt prayers, and profound understanding throughout the entire duration of this extensive research project. Their steadfast support and unwavering commitment have played an invaluable role in its success.

I would like to extend my sincere appreciation and express my deep gratitude to each and every member comprising the entire staff of the Metropolitan, Municipal, and District Assemblies (MMDAs). Their invaluable assistance, unwavering support, and significant contributions have played an instrumental role in ensuring the successful completion and accomplishment of this dissertation.

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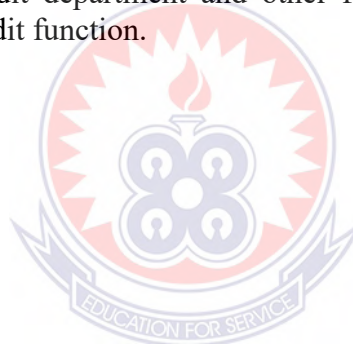
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ABSTRACT

The purpose of the study is to examine the effect of internal audit on organizational performance. The objectives of the study are as follows; To investigate the effect of internal audit quality on performance, to examine the contribution of the internal audit function to Organizational performance, and to assess the contribution of qualified and professional auditor's effect on organizational performance. The research adopted census techniques. A population size of 60 was selected from the various departments (Accounts and Internal Audit). All of the 60 questionnaires that were distributed have been successfully answered, indicating a high level of engagement and cooperation from the participants. Instrument used for the study was a questionnaire. The study revealed that, the correlation coefficient between Assemblies' performance and internal audit quality is 0.97. The positive correlation suggests that there is a strong relationship between the quality of the internal audit and the Assemblies' performance. The findings of the study also revealed that, the coefficient for qualified and professional auditors is 0.103 with a standard error of 0.125. Qualified and Professional Auditors does not have a statistically significant relationship with the dependent variable, as evidenced by its higher p-value of 0.412. Based on these findings, it is recommended that adequate resources should be allocated to the internal audit department to ensure its effectiveness. MMDAs should encourage collaboration between the internal audit department and other functional areas to maximize the impact of the internal audit function.



CHAPTER ONE

INTRODUCTION

1.0 Overview

The study sought to find out the effect of internal audit on organizational performance. Thus, there is a need for effective internal audit to identify the needs of auditors to harness their total contribution to the overall objective of an organisation.

1.1 Background of the Study

Internal auditing (IA) serves as an important link in the business and financial reporting processes of corporations and non-profit organization (Reynolds 2000 cited in Cohen & Sayag 2010). Internal auditors play a key role in monitoring a company's risk profile and identifying areas to improve risk management (Goodwin-Stewart & Kent 2006 cited in Cohen & Sayag 2010). The aim of internal auditing is to improve organizational efficiency and effectiveness. IA has four main components: (1) verification of written records; (2) analysis of policy; (3) evaluation of the logic and completeness of procedures, internal services and staffing to assure they are efficient and appropriate for the organization's policies; and (4) reporting recommendations for improvements to management (Eden & Moriah 1996 cited in Cohen & Sayag 2010).

Numerous studies have been conducted to investigate the impact of internal audit on organizational performance. According to a study by Al-Tarawneh and Al-Hrootat (2017), internal audit has a positive effect on organizational performance, including financial performance, operational performance, and risk management. Similarly, a study by Alzeban et al. (2019) found that the presence of an internal audit function improves organizational performance by enhancing accountability, transparency, and control. In recent years, there has been a growing interest in the role of internal audit

in promoting sustainability and corporate social responsibility. According to a study by Larrinaga-González et al. (2022), internal audit can play a crucial role in promoting sustainable practices and ensuring compliance with environmental and social standards. Despite the growing body of literature on the impact of internal audit on organizational performance, there is still a need for further research to explore the mechanisms through which internal audit affects performance. As noted by Aldehayyat et al. (2021), future research should focus on identifying the specific factors that mediate the relationship between internal audit and organizational performance.

One study by Pizzini et al. (2014) examined the impact of internal audit function quality and contribution on audit delay. The researchers found that audit delay, which refers to the number of days required to complete financial statement audits, decreased with higher quality internal audit functions. Internal auditors, as in-house experts on internal control, can help management maintain strong internal controls and assist external auditors with financial statement audits (Pizzini et al., 2014). The study also found that audit delay was shorter when internal audit functions independently performed relevant work for external audits (Pizzini et al., 2014). Another study by Ma'Ayan and Carmeli (2015) focused on the role of internal audits in facilitating learning and driving perceived performance improvement in organizational units. The researchers argued that support from top management for the internal audit function, as well as the capacity of the auditors, can facilitate learning from audits and help improve ethicality, efficiency, and effectiveness in organizations (Ma'ayan & Carmeli, 2015). The study found that top management support sends a clear message to the entire organization about the importance of the internal audit function (Ma'ayan & Carmeli, 2015). The results also indicated that

auditor capacity, auditor-auditee relational exchanges, and learning from audits were indirectly related to perceived performance measures such as ethical behavior, efficiency, and effectiveness (Ma'ayan & Carmeli, 2015).

In conclusion, internal audit is a critical function that can significantly impact an organization's performance. The existing literature suggests that internal audit has a positive effect on financial and operational performance, risk management, accountability, transparency, and sustainability. However, further research is needed to understand the underlying mechanisms of this relationship and to identify the specific factors that mediate the impact of internal audit on organizational performance.

1.2 Statement of the Problems

The effectiveness of internal audit in improving organizational performance is a critical issue in the Ghanaian context. Despite the implementation of the Internal Audit Agency Act (IAAA) in 2003, which mandated the establishment of internal audit functions in organizations, there is limited empirical evidence on the impact of internal audit on organizational performance in Ghana (Asiedu & Deffor, 2017). This lack of evidence raises concerns about the effectiveness of internal audit practices and their ability to contribute to the overall performance of organizations in the country. One of the key problems is the prevalence of corruption in the Ghanaian public sector. Corruption undermines organizational performance by diverting resources, distorting decision-making processes, and eroding public trust (Asiedu & Deffor, 2017). While anecdotal evidence suggests that internal audit has played a critical role in maintaining financial discipline and accountability in the public sector, there is a need for empirical evidence to support these claims (Asiedu & Deffor, 2017). The effectiveness of internal audit in combating corruption and promoting transparency

and accountability needs to be examined in the Ghanaian context. Another problem is the implementation and adherence to regulations and laws governing internal audit practices. The study by Asiedu & Deffor (2017) emphasizes the importance of strict adherence to regulations and the independence of the internal audit function in fighting administrative corruption in Ghana (Asiedu & Deffor, 2017). However, it is unclear to what extent organizations in Ghana are complying with these regulations and whether they have established effective internal audit systems. The lack of established performance metrics for internal audit processes further complicates the evaluation of their effectiveness (Asiedu & Deffor, 2017).

Furthermore, the factors influencing the effectiveness of internal audit in Ghanaian organizations need to be explored. The study by Mihret and Yismaw (2007) conducted in Ethiopia highlights the importance of internal audit quality and management support in determining the effectiveness of internal audit services. However, it is unclear whether these factors have similar impacts in the Ghanaian context. Understanding the specific factors that impact the effectiveness of internal audit in Ghanaian organizations is crucial for developing strategies to enhance organizational performance. Despite numerous studies (Asiedu & Deffor, 2017; Mihret & Yismaw, 2007), there is insufficient empirical studies on the effects of internal audit on the organizational performance of selected Metropolitan, Municipal District Assemblies (MMDAs) in the Central Region of Ghana. Therefore, this study aims to address this gap by systematically examining the effects of internal audit practice on the organizational performance of selected MMDAs in the Central Region of Ghana.

1.3 Purpose of the Study

The purpose of the study is to examine the effect of internal audit on organizational performance.

1.4 Objectives of the Study

The Specific objectives of the study are to:

1. Investigate the effect of internal audit quality on organizational performance.
2. Examine the contribution of the internal audit function to organizational performance.
3. Assess the contribution of qualified and professional auditor's effect on organizational performance

1.5 Research Hypotheses

A genuine desire to understand the effect of internal audit on organizational performance requires honest answers to these Hypotheses and positive action will be taken to address the areas;

1. H0: There is no significant effect of internal audit quality on organizational performance
H1: There is a significant effect of internal audit quality on organizational performance
2. H0: The internal audit function does not significantly contribute to organizational performance.
H1: The internal audit function significantly contributes to organizational performance.
3. H0: Qualified and professional auditors do not significantly affect organizational performance.

H1: Qualified and professional auditors significantly affect organizational performance.

1.6 Significance of the Study

The aim of this project was to identify and address the challenges faced by the internal audit department within the local government service using selected MMDAs in the Central Region of Ghana as a case study. The research conducted was crucial in shedding light on the obstacles impeding the effectiveness of internal audits, and provided possible solutions to overcome them.

The study would provide practical implications for the selected MMDAs in the Central Region of Ghana in terms of improving organizational performance. Internal audit plays a crucial role in identifying and mitigating risks, ensuring compliance with regulations, and enhancing operational efficiency. By examining the relationship between internal audit practices and organizational performance, the study can identify areas where the selected MMDAs in the Central Region of Ghana can enhance its internal audit processes to achieve better performance outcomes. By focusing on improving the quality of internal audit practices, the selected MMDAs in the Central Region of Ghana can potentially enhance its overall performance.

The study would also shed light on the role of leadership effectiveness and organizational culture in influencing the effectiveness of internal audit and risk management practices. By examining the interplay between internal audit, leadership effectiveness, and organizational culture, the study will provide insights into how the selected MMDAs in the Central Region of Ghana can foster a culture of risk management and strengthen leadership support for internal audit practices.

The findings of this study will contribute to the existing body of knowledge on internal audit effectiveness. Internal audit is a critical component of organizational governance and risk management. Understanding the factors that impact the effectiveness of internal audit services can help organizations enhance their internal control systems, identify areas for improvement, and optimize resource allocation. By building upon this research, the study on the selected MMDAs in the Central Region of Ghana can provide specific insights into the factors that influence internal audit effectiveness in the context of a public sector organization.

1.7 Scope of the Study

The purpose of this study was to evaluate the effect of internal audit practices, as measured against IIA standards, on the performance of selected MMDAs in the Central Region. This was achieved by examining the effects of internal audit on the organization's risk management, internal control system, and overall performance. The study was conducted among employees of the Local Government Service, including Directors, Heads of department, staff, and internal auditors, with a focus on selected MMDAs in the Central Region as a case study. The selection of specific MMDAs in the Central Region is justified by the region's strategic location, economic potential, population density, infrastructure development, and administrative capacity.

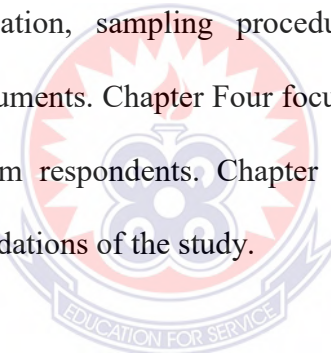
1.8 Limitations

During the course of the study, several limitations were encountered. One of the main challenges was the reluctance of some respondents to provide information freely due to the sensitive nature of the information. However, the researcher made every effort to assure respondents that any information provided would be kept confidential. Another limitation was the degree of accuracy of the data obtained from the respective respondents at selected MMDAs in the Central Region. To mitigate this

issue, the researcher advised the respondents to provide accurate information to the best of their knowledge. Despite these limitations, the study was conducted with utmost care and professionalism, and the results obtained were still deemed valuable in providing insights into the subject matter.

1.9 Organization of the Study

This study will be organized into Five (5) main chapters. Chapter One deals with the general background information about performance appraisal, statement of the problem, the objective of the study, research questions, scope, significance, limitation and organization of the studies. Chapter Two focuses on the literature review. The literature review deals with impact of internal audit on financial institutions. Chapter Three entails the population, sampling procedure, instruments used, and the administration of the instruments. Chapter Four focuses on the results and discussions of the data collected from respondents. Chapter Five presents the summary, the conclusion and recommendations of the study.



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter aimed at exploring the various definitions and concepts given by some authors with regards to what is meant by internal auditing and its effect on organizational performance.

2.1 Theoretical Framework

Theoretical frameworks play a crucial role in research and academic disciplines as they provide a conceptual framework for understanding and analyzing complex phenomena. These frameworks are based on established theories and concepts that guide researchers in their investigations and help them make sense of their findings.

In this study, the researcher will employ Agency and governmentality theories.

2.1.1 Agency Theory

Agency theory is a theoretical framework that examines the relationship between principal's owners) and agents (managers) in an organization (Khalid & Sarea, 2020).

It focuses on the potential conflicts of interest that arise when the goals of the principals and agents are not aligned. The theory suggests that agents may act in their own self-interest rather than in the best interest of the principals, leading to agency costs. Internal audit plays a crucial role in mitigating agency problems within an organization. Internal auditors act as independent intermediaries between the principals and agents, providing assurance to the principals that the agents are acting in accordance with their interests (Khalid & Sarea, 2020). By conducting regular audits and assessments, internal auditors help to identify and address any deviations from the principals' objectives, ensuring that the agents are held accountable for their actions. The independence of internal audit is essential for its effectiveness in

addressing agency problems. Internal auditors should have the autonomy to perform their duties without undue influence from management or other stakeholders (Khalid & Sarea, 2020). This independence allows them to objectively evaluate the actions of the agents and provide unbiased information to the principals. Internal audit helps to improve corporate governance, which is closely related to agency theory. Effective corporate governance mechanisms, such as the presence of an audit committee, can help align the interests of the principals and agents and reduce agency costs (Matari & Mgammal, 2019). Internal audit plays a crucial role in supporting the audit committee by providing them with timely and accurate information about the organization's operations and controls (Matari & Mgammal, 2019). This information enables the audit committee to fulfill its oversight responsibilities and ensure that the agents are acting in the best interest of the principals. Agency theory provides a framework for understanding the potential conflicts of interest between principals and agents in an organization. Internal audit, with its independence and role in corporate governance, helps to mitigate these conflicts and ensure that agents act in the best interest of the principals.

2.1.2 Governmentality Theory

Governmentality theory is a concept that originated from the work of Michel Foucault and refers to the ways in which power operates and is exercised in modern societies (Goodwin-Stewart & Kent, 2006). It focuses on the techniques and strategies used by governments to govern and control individuals and populations. Governmentality theory emphasizes the role of knowledge, discourse, and technologies of power in shaping and regulating behavior. When linking governmentality theory to internal audit, several connections can be made. Internal audit is a function within organizations that aims to provide independent and objective assurance and consulting

services to improve the effectiveness of risk management, control, and governance processes (Goodwin-Stewart & Kent, 2006). It plays a crucial role in monitoring and evaluating the internal control systems and processes within an organization. One way to link governmentality theory to internal audit is through the concept of power and control. Governmentality theory highlights the ways in which power operates through various techniques and technologies. Similarly, internal audit functions as a mechanism of control within organizations, ensuring compliance with policies, procedures, and regulations. It helps to identify and mitigate risks, ensuring that the organization operates in a controlled and accountable manner.

Furthermore, governmentality theory emphasizes the role of knowledge and discourse in shaping behavior. Internal audit relies on the knowledge and expertise of auditors to assess and evaluate the effectiveness of internal controls. It involves the analysis of financial statements, processes, and procedures to provide insights and recommendations for improvement (Mihret & Grant, 2019). This knowledge and expertise contribute to the governance and control of the organization. This theory views internal audit as a disciplinary mechanism within the corporate governance setting. Internal audit functions as both an ex post assurance mechanism and an ex ante advisory service to enhance the rationality of economic activities and controls (Mihret & Grant, 2019). Research has also explored the factors that influence the voluntary use of internal audit by organizations. A study conducted in Australia found that internal audit use is associated with factors related to risk management, strong internal controls, and strong corporate governance (Goodwin-Stewart & Kent, 20018). Size and commitment to risk management were identified as significant drivers of internal audit adoption. However, the association between internal audit and strong corporate governance was found to be weak.

The effectiveness of internal audit has also been examined in relation to earnings quality. A study conducted in Malaysia found that investment in internal audit function and the independence of the audit committee were associated with greater earnings quality (Al-Rassas & Kamardin, 2018). The study also found that ownership concentration was associated with lower earnings quality.

2.2 Conceptual Review

Internal audit plays a crucial role in organizational performance. The quality and contribution of the internal audit function have been found to impact audit delay, financial reporting processes, and corporate governance (Pizzini et al., 2014; Abdullah et al., 2018)

2.2.1 Internal Audit Quality

Internal audit quality refers to the effectiveness and competence of the internal audit function within an organization. Several factors contribute to internal audit quality, including the characteristics of the internal audit function, such as competence, quality control assurance level, and follow-up processes (Oussii & Taktak, 2018). The involvement of the audit committee in reviewing the internal audit program and results also positively impacts internal audit quality (Oussii & Taktak, 2018). Additionally, the independence of the internal audit unit and its compliance with professional standards are important aspects of internal audit quality (Nalukenge et al., 2021; Yusof et al., 2019). Internal audit quality has been found to have a positive impact on the quality of corporate governance (Sarens, 2009; Abdullah et al., 2018). It contributes to the appropriateness of procedures and operations within the auditee organization, thereby enhancing overall effectiveness (Mihret & Yismaw, 2007). The competency and objectivity of internal auditors are key factors that influence the quality of audit results (Hermawan & Bustomi, 2022). Furthermore, the effectiveness

of the internal audit function is influenced by the support of senior management (Novranggi & Sunardi, 2019). Studies have also examined the relationship between internal and external audits. Cooperation between internal and external auditors can enhance audit quality (Azzam et al., 2020). The effectiveness of the internal audit function is positively influenced by the competence and independence of internal auditors (Yusup & Juhara, 2020). An effective internal audit system is considered a mechanism to improve the quality of financial statements (Inayattulloh & Siswantoro, 2020).

To ensure internal audit quality, organizations should focus on maintaining a competent and independent internal audit function. This can be achieved through ongoing training and professional development for internal auditors (Nurdiono & Gamayuni, 2018). Compliance with professional standards and the involvement of the audit committee in reviewing internal audit activities are also important (Oussii & Taktak, 2018; Nalukenge et al., 2021). Cooperation and coordination between internal and external auditors can further enhance audit quality (Azzam et al., 2020). Internal audit quality is crucial for organizations to ensure effective internal controls and enhance overall governance. It is influenced by factors such as the competence and independence of internal auditors, compliance with professional standards, and the involvement of the audit committee. Cooperation between internal and external auditors can also contribute to audit quality. Organizations should prioritize the development and maintenance of a competent and independent internal audit function to achieve high-quality internal audits. One study found that when the internal audit department is of high quality, there is a positive perception of cooperation between internal and external audits (Al-Twajjry et al., 2004). This suggests that internal audit quality can enhance the effectiveness of the overall audit process, which can

contribute to improved organizational performance. Another study conducted in the Ethiopian public sector found that maintaining internal audit quality contributes to the appropriateness of procedures and operations within the organization, leading to improved effectiveness of the auditee and the organization as a whole (Mihret & Yismaw, 2007). This highlights the importance of internal audit quality in ensuring that organizational processes are efficient and effective, ultimately leading to better performance. Internal audit quality has also been linked to corporate governance. A study established a link between internal audit quality and the number and nature of recommendations made by internal audit teams to improve various dimensions of corporate governance (Abdullah et al., 2018). This suggests that internal audit quality can contribute to the overall governance framework of an organization, which in turn can positively impact organizational performance.

Furthermore, internal audit quality has been found to have a potential impact on the quality of financial reporting and the performance of companies (Krichene & Baklouti, 2020). This indicates that organizations with high-quality internal audit functions are more likely to have accurate and reliable financial reporting, which can enhance decision-making and overall performance. Internal audit quality is also associated with the effectiveness of internal audit services. A study conducted in Tanzania found that the attributes of the internal audit function, including its effectiveness, contribute to improving the productivity of labor, increasing the return on capital employed, and ultimately improving organizational performance (Mahyoro & Kasoga, 2021).

2.2.2 Internal Audit Function

The internal audit function is an essential component of an organization's system of internal control. It serves as a review and monitoring mechanism to ensure the

effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with laws and regulations (Goodwin-Stewart & Kent, 2006). The internal audit function plays a crucial role in supporting senior management in the monitoring and improvement of risk management and internal control (Sarens & Beelde, 2006). It provides valuable advice to management regarding business objectives and helps in identifying organizational strengths and weaknesses (Christopher et al., 2009; Mpocholwa & Kagoro, 2021). The independence of the internal audit function is critical to its effectiveness. It is important for the internal audit function to maintain independence from management to ensure objectivity and impartiality in its assessments (Christopher et al., 2009). The audit committee, as part of corporate governance, plays a role in evaluating the independence and objectivity of the internal audit function (Tušek, 2015). The relationship between the audit committee and the internal audit function is crucial, with a strong relationship leading to greater interaction and collaboration (Goodwin & Yeo, 2001). The internal audit function also contributes to the overall control and operating environment of an organization. It works in a complementary way with external audit to strengthen the monitoring and control environment (Singh & Newby, 2010). The internal audit function assesses the fairness of financial statements, compliance with standards and rules, and provides creative advice for the effectiveness and operational efficiency of the company (Saputra & Yusuf, 2019). It assists in reducing external audit effort and fees (Ho & Hutchinson, 2010).

Studies have shown that the effectiveness of the internal audit function is influenced by various factors such as internal audit quality, management support, and organizational setting (Mihret & Yismaw, 2007; Zureigat & Al-Moshaigeh, 2014). Additionally, the involvement of audit committees in evaluating the independence of

the internal audit function and discussing significant findings further emphasizes the importance of internal audit in corporate governance (Tušek, 2015). Furthermore, the internal audit function is essential for improving efficiency, optimizing performance, and evaluating the quality of business processes (Abdullah et al., 2018; Fachrurozy et al., 2022; Mpocholwa & Kagoro, 2021). It also contributes to the evaluation of sustainable performance and the quality of financial reports, thereby enhancing good corporate governance practices (Alajeli & Wahhab, 2022; Ke & Rb, 2018).

To enhance the effectiveness of the internal audit function, it is important to consider the expectations and perceptions of key stakeholders. The internal audit function should take into account the different perceptions of stakeholders on the drivers of internal audit effectiveness (Erasmus & Coetzee, 2018). The audit committee values compliance and assurance focus, while management may want the internal audit function to consult on operational matters and business improvement (Botha & Wilkinson, 2019).

In recent years, the internal audit function has evolved to adapt to the changing business environment. It has expanded its scope to include risk management, internal control, and corporate governance (Ma, 2021). Internal audit can make use of new technologies, such as big data analytics, to improve its effectiveness in evaluating and improving risk management, control, and governance processes (Kaya et al., 2018).

2.2.3 Organizational Performance

Organizational performance refers to the overall effectiveness and efficiency of an organization in achieving its goals and objectives. In the context of internal audit, organizational performance is closely linked to the effectiveness of the internal audit function in contributing to the improvement of the organization. Several studies have examined the relationship between internal audit and organizational performance. For

example, Cohen and Sayag (2010) conducted a study in Israeli organizations and found that internal auditing had a positive effect on organizational performance. They assigned bank branches to experimental conditions (audited or not audited) and monitored their performance for a year. The results showed that the audited branches performed better than the non-audited branches. Similarly, Arena and Azzone (2009) distinguished between traditional internal audit, focused on compliance and monitoring, and new internal audit, which is focused on improving corporate performance. They argued that the new internal audit approach can contribute to enhancing organizational performance. Internal audit is seen as an important part of an organization because it is an independent managerial function that aims to improve efficiency and optimize performance (Fachrurozy et al., 2022). It provides information that is useful for managerial decision-making, identification of organizational strengths and weaknesses, and ensuring the best management of resources (Mpocholwa & Kagoro, 2021). The effectiveness of internal audit is also influenced by factors such as the quality of audit work, organizational independence, career advancement, and top management support (Demeke et al., 2020). Sarens and Beelde (2006) found that internal audit is able to meet management expectations, which leads to the support they need.

Furthermore, the role of internal audit, leadership effectiveness, and organizational culture can influence the effectiveness of risk management, which in turn affects organizational performance (Praise & Rapina, 2022). Internal audit plays a crucial role in enhancing good corporate governance practices in an organization, which can contribute to improved efficiency and effectiveness (Ke & Rb, 2018). It is important to note that the effectiveness of internal audit in improving organizational performance is influenced by various factors, including the organizational culture, the

quality of internal audit, and the support of top management (Alawaqleh, 2020). The independence of the internal audit function is also crucial for its effectiveness (Mwanza & Kaira, 2022). Organizational performance in relation to internal audit refers to the impact of the internal audit function on the overall effectiveness and efficiency of an organization. Internal audit can contribute to improving organizational performance by providing independent and objective assessments, identifying areas for improvement, and enhancing corporate governance practices. Factors such as the quality of audit work, organizational culture, and top management support play a significant role in determining the effectiveness of internal audit and its impact on organizational performance.

2.2.4 The Scope of Internal Auditing

Internal auditing plays a crucial role in organizations by providing assurance and consulting services that improve the effectiveness of risk management, control, and governance processes (Davidson et al., 2018). The internal audit function also facilitates the operation and effective functioning of the audit committee, as their goals are closely aligned with financial reporting oversight responsibilities (Davidson et al., 2018). The establishment of an internal audit function is endorsed by governance reports and prior literature as a means of improving internal governance processes (Davidson et al., 2018). The scope of internal auditing has expanded beyond financial reporting to encompass ongoing corporate governance, operations, risk assessment, and compliance (Jung & Cho, 2022). Professional governance bodies, such as the Committee of Sponsoring Organizations (COSO) and the Institute of Internal Auditors (IIA), provide guidelines and standards for the extended purview of internal auditing (Jung & Cho, 2022). The IIA emphasizes the inclusion of assurance and consulting activities in risk management, control, and governance

within the scope of internal auditing (Johari et al., 2022). The effectiveness of internal auditing is influenced by various factors. Independence, management support, and external auditors' cooperation have been identified as major factors that impact the effectiveness of internal audit (Shah et al., 2023). Studies have shown a positive relationship between independence and external auditors' cooperation with internal controls (Shah et al., 2023). However, the relationship between management support and internal audit effectiveness is inconclusive (Shah et al., 2023). The scope of audit has been found to have a significant positive effect on the effectiveness of internal audit (Noor et al., 2023). This finding is consistent with earlier studies that highlight the importance of involving all stakeholders in performance audits (Noor et al., 2023). Additionally, the implementation of internal audit procedures, such as professional competence and adherence to internal audit professional standards, contributes to the effectiveness of internal audit (Harijanto et al., 2022).

Professional skepticism plays a moderating role in the relationship between auditors' knowledge, obedience pressure, auditors' experience, and audit judgment (Sumartono, 2022). It enhances the auditors' ability to critically evaluate evidence and make objective judgments (Sumartono, 2022). Therefore, the improvement of internal auditors' professional responsibility, including the cultivation of professional skepticism, is essential for enhancing audit judgment (Sumartono, 2022). Internal auditing has a broad scope that encompasses risk management, control, governance, and compliance. The establishment of an internal audit function is endorsed as a means of improving internal governance processes. The effectiveness of internal auditing is influenced by factors such as independence, management support, external auditors' cooperation, and the scope of audit. Professional skepticism plays a moderating role in the relationship between auditors' knowledge, obedience pressure,

auditors' experience, and audit judgment. Overall, internal auditing plays a vital role in enhancing organizational performance and ensuring effective risk management and control processes.

2.2.5 Determinants of Internal Audit Effectiveness

Determinants of internal audit effectiveness can be influenced by various organizational factors. Several studies have examined these determinants and identified key factors that impact the effectiveness of internal audit. One important determinant is the characteristics of the internal audit team. The ratio between the number of internal auditors and employees has been found to positively influence internal audit effectiveness (Arena & Azzone, 2019). Additionally, the competence and quality control assurance level of the internal audit function are positively associated with internal control quality (Oussii & Taktak, 2018). The audit processes and activities also play a crucial role in determining internal audit effectiveness. The use of control risk self-assessment techniques has been found to increase internal audit effectiveness (Arena & Azzone, 2019). Furthermore, the follow-up process and the involvement of the audit committee in reviewing the internal audit program and results are positively associated with internal control quality (Oussii & Taktak, 2018).

Organizational links, such as the affiliation of the Chief Audit Executive to professional organizations like the Institute of Internal Auditors, can also impact internal audit effectiveness (Arena & Azzone, 2019). The study by Goodwin-Stewart and Kent (2018) found a strong association between internal audit and the size of the firm, suggesting that smaller firms may not regard internal audit as cost-effective.

Independence is another important determinant of internal audit effectiveness. Studies have shown that the independence of the internal audit function positively affects

internal audit effectiveness (George et al., 2018). Threats to independence include using the internal audit function as a stepping stone to other positions, lack of functional reporting to the audit committee, and not having all audit committee members qualified in accounting (Christopher et al., 2019).

Other factors that have been identified as determinants of internal audit effectiveness include the relationship between internal and external auditors, management support, organizational commitment, and time pressure (George et al., 2018; Samagaio, 2023). The study by Bananuka et al. (2018) emphasizes the role of the audit committee in ensuring accountability and effective communication between the internal and external auditors. The determinants of internal audit effectiveness include the characteristics of the internal audit team, the audit processes and activities, organizational links, independence, and various other organizational and individual factors. These determinants can impact the quality of internal audit, internal control, financial performance, and overall accountability within an organization.

2.2.6 Problems Caused by Poor Internal Auditing System

A poor internal auditing system can lead to several problems and negative consequences. One of the main issues is the increased risk of fraud and corruption. Research has shown that weak internal controls and poor internal audit practices contribute to the spread of corruption (Hazaea et al., 2022; Rizvi, 2021). When there are deficiencies in the internal control system, it becomes easier for individuals to engage in fraudulent activities and manipulate financial records (Rizvi, 2021). This can result in financial losses for the organization and damage its reputation.

Another problem caused by a poor internal auditing system is higher audit fees. Studies have found that the quality of internal controls is an important determinant of

audit fees (Bhabra et al., 2020). When there are weaknesses in the internal control system, auditors need to exert more effort to ensure the accuracy and reliability of financial statements. This increased audit in effort leads to higher audit fees (Bhabra et al., 2020). Therefore, organizations with poor internal auditing systems may incur higher costs for external audits.

In addition, a poor internal auditing system can lead to inefficiencies and wastage of resources. Without effective internal controls and regular audits, organizations may experience mismanagement of funds and assets (Mwape, 2022). This can result in financial losses and hinder the achievement of organizational objectives (Mwape, 2022). Furthermore, inadequate training and lack of competence among internal auditors can lead to poor risk judgment performance, which exposes external auditors to setbacks such as litigation risks (Razali et al., 2022).

Moreover, a weak internal auditing system can undermine corporate governance practices. Research has shown that poor corporate governance practices affect the efficiency and effectiveness of operations, including the internal audit function (Mwape, 2022). When there are circumvention, distortion, and manipulation of governance structures and mechanisms, the internal audit function may not be able to effectively identify and address risks and control deficiencies (Mwape, 2022). This can lead to a lack of accountability, transparency, and financial discipline within the organization. Poor internal auditing system can have significant negative consequences for an organization. It increases the risk of fraud and corruption, leads to higher audit fees, results in inefficiencies and wastage of resources, undermines corporate governance practices, and hinders the achievement of organizational objectives. Therefore, it is crucial for organizations to prioritize the establishment and

maintenance of a robust internal auditing system to mitigate these problems and ensure effective risk management and control.

2.2.7 Impact of Internal Audit on Organizational Performance

Internal audit plays a crucial role in enhancing organizational performance. The presence of an audit committee, which is responsible for monitoring the integrity of financial statements and overseeing internal control and risk management systems, has been found to have a positive impact on firm value and corporate social responsibility (CSR) disclosures (Shaukat et al., 2018). However, it is important to ensure the independence of the internal audit function to maintain its effectiveness. Threats to independence include individuals using their internal auditor role to advance their careers and top management approving the internal audit budget instead of the audit committee (Roussy & Brivot, 2019).

The staffing of the internal audit function also affects its effectiveness. If internal audit is considered a "tour of duty" function or a training ground for future managers, it may compromise the independence of the function, especially when senior personnel are involved (Goodwin, 2019). On the other hand, internal audit quality and management support have been found to strongly influence the effectiveness of internal audit services (Mihret & Yismaw, 2019). Professional proficiency, organizational independence, and career advancement have also been identified as determinants of internal audit effectiveness (Tackie et al., 2020).

Internal audit not only protects organizations from potential risks and damage but also contributes to improving business performance. Internal auditors provide an objective and independent perspective throughout the organization, making them valuable to management and the board of directors. By identifying problem areas and providing

evidence for risk reduction and elimination, internal audit adds organizational value and aligns its objectives with the organization's strategic goals (Yudianto et al., 2021). Furthermore, the quality of internal audit has a significant effect on company performance (Yudianto et al., 2021).

In terms of corporate governance, internal audit quality has been linked to the number and nature of recommendations made by internal audit teams to improve various dimensions of corporate governance (Abdullah et al., 2018). High performance in internal auditing is associated with more recommendations to enhance corporate governance dimensions (Abdullah et al., 2018). The influence of the audit committee on company performance is uncertain, with some studies finding a positive effect on performance measured by return on assets (ROA) or Tobin's Q (Neves et al., 2022).

In conclusion, internal audit has a significant impact on organizational performance. The presence of an audit committee and appropriately staffed internal audit committees contribute to better oversight and enhance firm value and CSR disclosures. However, maintaining the independence of the internal audit function is crucial. Factors such as internal audit quality, management support, professional proficiency, organizational independence, and career advancement influence the effectiveness of internal audit services. Internal audit also plays a vital role in protecting organizations from risks and improving business performance.

2.2.8 Challenges of Internal Auditing

Internal auditing faces several challenges in today's business environment. One challenge is the relationship between internal audit and external audit fees. Previous studies have found mixed results regarding this relationship. For example, Hay et al. (2018) found no relationship between assistance provided by the internal audit

function and external audit fees, while other studies have found a positive relationship between external audit fees and the presence of an internal audit department (Hay et al., 2018).

The implementation of integrated reporting (IR) also presents challenges for internal auditing. While independent external assurance provisions are considered more credible, there are practical challenges associated with them. Haji and Anifowose (2019) propose internal assurance provisions provided by internal organizational units, such as the internal audit and audit committee functions, as an alternative to external assurance provisions.

The digitization of all activities in companies is another challenge for internal auditing. This challenge requires internal audit to adopt data-driven processes and increasingly use artificial intelligence (AI) methods, such as neural networks, to overcome these challenges. AI can provide benefits such as time savings, faster data analysis, greater accuracy, and deeper insights into business processes (Haji & Anifowose, 2019).

Continuous auditing (CA) systems also pose implementation challenges for internal audit departments in public sector organizations and central banks. These challenges include organizational complexity, institutional rigidity, threats to internal auditors' independence, and the perception of CA systems as "real-time error correction" mechanisms. Countermeasures proposed include a business process-focused audit approach and the use of CA systems to support each phase of the audit process (Polizzi & Scannella, 2022).

Furthermore, internal audit experience can influence earnings management. Firms with managers who have prior internal audit experience are less likely to engage in

real earnings management (REM). This finding is important because the internal audit function is uniquely positioned to influence future managerial behavior and limit the negative repercussions of earnings management (Seidel et al., 2022). Internal auditing faces various challenges, including the relationship between internal and external audit fees, the implementation of integrated reporting, the digitization of activities, the implementation of continuous auditing systems, and the influence of internal audit experience on earnings management. These challenges require internal audit to adapt and develop strategies to effectively address them.

2.3 Empirical Review

The empirical literature on internal audit covers various aspects of internal audit effectiveness, conformance with standards, characteristics of internal auditors, and the role of audit committees in corporate governance. Internal audit quality is a crucial component of organizational governance and performance. Several studies have highlighted the factors influencing internal audit quality and its impact. The impact of internal audit quality on financial performance has been explored by (Hazaea et al., 2020), who found that quality internal audit plays a crucial role in ensuring accountability, transparency, and the preservation of public properties. Additionally, Novranggi and Sunardi (2019) demonstrated the positive influence of competence, objectivity, and internal audit quality on audit effectiveness, with senior management support moderating this relationship.

Furthermore, the application of internal auditing standards has been a subject of interest, as evidenced by (Marais et al., 2009), who highlighted the successful addressing of challenges faced by the internal audit profession through changes to the standards. Additionally, Sarens and Abdolmohammadi (2011) emphasized the

importance of the IIA Standards in encouraging uniformity of internal auditing practices worldwide.

Cohen and Sayag (2010), in a study sponsored by the Institute of Internal Auditors (IIA), identified 15 criteria used by 13 large private organizations to evaluate the effectiveness of internal auditing. They concluded that effectiveness is determined mainly by the fit between the auditing work and the goals set by managers, the qualifications of the internal auditor, management support for the internal auditing staff, and several characteristics of the internal auditing department. Cohen and Sayag (2010) identified 15 factors that contribute to an effective audit and categorized them into three stages of the auditing process: planning, fieldwork, and reporting and review. They suggested measurements they considered valid and reliable for these factors. More recently, Cohen and Sayag (2010) developed a questionnaire that includes 84 criteria for effectiveness categorized into four main areas: the environment of the internal audit, input into the audit, the auditing process and the output of the audit.

One study by DeFond and Zhang (2014) examined the relationship between auditor quality and financial reporting quality. The researchers found that the presence of a high-quality auditor was associated with improved financial reporting quality, which in turn positively impacted organizational performance. This suggests that the expertise and professionalism of auditors can enhance the accuracy and reliability of financial information, leading to better decision-making and ultimately improved organizational performance.

In addition, a meta-analysis conducted by Krishnan (2005) synthesized the findings of multiple studies on the relationship between auditor quality and organizational

performance. The meta-analysis revealed a positive and significant association between auditor quality and various measures of organizational performance, including profitability, stock returns, and market valuation. These findings further support the notion that qualified and professional auditors can contribute to the overall success of an organization.

Another study by Mihret and Yismaw (2007) focused on the effectiveness of internal audit in a public sector higher educational institution in Ethiopia. The study found that internal audit effectiveness was strongly influenced by internal audit quality and management support. However, organizational setting and auditee attributes did not have a strong impact on audit effectiveness. Pizzini et al. (2014) examined the impact of internal audit function quality and contribution on audit delay. The study found that internal audit function quality significantly affected financial reporting processes and audit delay.

Furthermore, the relationship between internal audit and organizational performance is influenced by various organizational factors. Moradi and Nia (2020) investigated the impact of organizational factors on the practical levels and characteristics of audit analysis and internal audit performance. The study found that audit analysis had a specific effect on internal audit performance.

In addition, the effectiveness of internal audit is influenced by factors such as organizational independence, management support, and career advancement prospects. Gökoğlan (2022) conducted a study on the determinants of internal audit effectiveness in businesses and found that the competency of internal auditors, the quality of audit work, organizational independence, and career advancement prospects significantly influenced the efficacy of audit units.

Also, George et al. (2018) examined factors associated with internal audit effectiveness in Greece and found that independence of internal audit, competence and size of the internal audit department, relationship between internal and external auditors, and management support were positively associated with internal audit effectiveness.

Last but not the least, Zain et al. (2020) investigated the relationship between audit committee characteristics, internal audit function characteristics, and internal auditors' assessment of their contribution to financial statement audits. The study found that more effective audit committees and well-resourced internal audit units were positively associated with internal auditors' assessment of their contribution to the external audit. Roussy and Perron (2018) conducted a structured literature review on internal audit research, identifying three main themes: the multiple roles of internal audit, internal audit quality, and the practice of internal audit. The review highlighted gaps in the literature, such as the need for a clearer understanding of the actual roles of internal audit and the perspectives of actors other than external auditors.

Finally, Abdullah et al. (2018) investigated the involvement of audit committees in the internal audit process and its impact on internal audit performance quality. The study found that high performance in internal auditing was associated with more recommendations to improve corporate governance dimensions, and specific reviews by audit committees on internal audit activities affected audit quality. Khalid and Sarea (2020) focused on internal Shariah auditing in Islamic financial institutions and examined the bases of effectiveness in internal Shariah audit. The study applied Islamic agency theory to identify attributes of internal Shariah audit effectiveness, with a focus on independence (Khalid & Sarea, 2020).

Overall, the empirical literature on internal audit provides insights into various factors that influence internal audit effectiveness, including audit committee characteristics, internal audit conformance with standards, internal auditor characteristics, and the role of internal audit in corporate governance. These studies contribute to the understanding of internal audit practices and provide recommendations for improving internal audit effectiveness.

2.4 Conceptual Framework

The figure illustrates a conceptual framework for internal audit quality, internal audit function, qualified and professional auditors and organizational performance.



Source: Author's construct (2023)

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter describes the methods, techniques, and/or procedures used to achieve the objectives of the study.

3.1 Research Design

Polit (2017) defines research design as the researchers overall answering of the research question or testing the research hypothesis. There are three key approaches (qualitative, quantitative and mixed) to every research (Leavy, 2017). Quantitative research is the collection and analysis of numerical data to describe, explain, predict, or control phenomena of interest. The analysis of numerical data is complex and must be addressed systemically. Quantitative research uses deductive reasoning. Qualitative research is the collection, analysis, and interpretation of comprehensive narrative and visual data to gain insights into a particular phenomenon of interest. Qualitative research can be characterized as the simultaneous study of many aspects of a phenomenon and the attempt to study things as they exist naturally. This approach uses inductive reasoning. Mixed methods research combines quantitative and qualitative approaches by including both kinds of data in a single study. Mixed methods research allows the researcher to build on the relationship and strength that exists between quantitative and qualitative research approaches. This allows for the phenomenon that is being researched to be better understood (Leavy, 2017). Quantitative model can also be called outmoded, positivist, experimental, or empiricist. On the other hand, the qualitative research can be referred as constructivist, naturalistic, interpretative, post positivist, or post-modern standpoints (Smith, 2020). To achieve the objectives of this study, the researcher adopted

quantitative method. This study adopts the Positivism philosophy which employs the quantitative approach to research which is much more numbers-driven. And the approach to this study is quantitative. This is because the researcher wants to collect and analyze numerical data to describe, explain, predict, or control.

3.2 Study Area

The study area includes the Assin South District, Twifo Hemang Lower Denkyira District, Abura Asebu Kwamankese District, and Asikuma Odoben Brakwa District in Ghana. These districts are located in the Central Region of Ghana. The selection of these districts in the Central Region allows for a diverse range of research contexts, taking into account the region's economic activities, population characteristics, and administrative capacities. By studying the effect of internal audit quality on organizational performance in these districts, valuable insights can be gained to inform policies and practices aimed at improving internal audit effectiveness and overall organizational performance in similar settings.

3.3 Population

It is important to define the research population clearly in order to ensure that the findings and conclusions of the study are applicable and relevant to the intended group. Defining the research population is crucial for ensuring the validity and generalizability of the study findings. By clearly defining the population of interest, researchers can ensure that their findings are applicable to the intended group and can be used to inform decision-making and interventions that target that population (Hill et al., 2020). The population of the study includes sixty (60) employees from the internal audit unit and the accounting department in the various District Assemblies. This was obtained from the human resource department of the District Assemblies.

Table 1 Population of the Study

Assembly	Number of Employees
Assin South District	16
Twifo Hemang Lower Denkyira District	13
Abura Asebu Kwamankese District,	19
Asikuma Odoben Brakwa District	12
Total	60

Source: Field Data, 2023

3.4 Sampling Technique

The study adopted Census technique. Census is a method used in research and data collection where data is collected from every member of a population or a complete enumeration of a population (Fielding, 1993). This approach is in contrast to sampling methods where only a subset of the population is selected for data collection. The main advantage of census method is that it provides a comprehensive and accurate representation of the entire population, allowing for precise estimates and analysis (Hyson & Zawacki, 2008). By collecting data from every member of the population, census technique eliminates the potential for sampling error and ensures that the findings are applicable to the entire population (Fielding, 1993). Census also allows for the analysis of subgroups within the population with a high level of precision (Pruitt et al., 2009). Researchers can examine characteristics and patterns within specific demographic groups or geographic areas, providing valuable insights for policy-making and decision-making processes (Pruitt et al., 2009). Additionally, census technique can provide a baseline for future comparisons and longitudinal studies, as the data collected represents the entire population at a specific point in time (Kumar & Rice, 2021). Census technique is that it allows for the identification of rare or hard-to-reach populations (Marshall et al., 2022). By including every member of

the population, census ensures that even small or marginalized groups are represented in the data, providing a more comprehensive understanding of the population as a whole (Marshall et al., 2022).

3.5 Sample Size Determination

A population of sixty (60) employees of the various Assemblies in the region were selected. In this study employees were categorized according to the departments. Each assembly that was selected represented a stratum. Respondents were purposefully recruited from within strata, that is, from the Account and the internal Audit departments of the assembly, to ensure that samples appropriately depict the relevant strata. The 60-sample size were selected as follows;

Table 2: Sample Size Determination

Assembly	Number of Audit and Accounts Staff	Sample Size per Assembly
Assin South District	16	16
Twifo Hemang Lower Denkyira District	13	13
Abura Asebu Kwamankese District,	19	19
Asikuma Odoben Brakwa District	12	12
Total	60	60

Source: Field Data, 2023

3.6 Source of Research Data

Data will be gathered from two major sources. These are the primary and secondary sources. It is however important to note that using any particular approach of data collection will depend on the problem of the study, the purpose of the study, the skills of the researcher and resources available. Therefore, in this study the researcher will actually make use of the two sources of data collection; secondary and primary sources of data. The primary data will be sourced from the surveys. The secondary

source on the other side will have to scrutinize the extant scientific-proven literature from different dimensions. The literature assessment will deal with concepts and theories relating to internal audit on organizational performance.

3.7 Data Collection Procedures

The researcher used a questionnaire as the research instrument to gather the relevant information need for the study. Questionnaire is a tool for collecting and recording information about a particular issue of interest. A questionnaire consists of several questions that respondents have to answer in a set format (McLeod, 2014). The researcher used questionnaires because they were cheap as compared to other surveys. They don't require as much effort as verbal or telephone surveys and often had standardized answers that make it simple to answer. Through the use of questionnaires, a large amount of information can be collected from a large number of people in a short time. The questionnaires consist of closed-ended questions as these provided more diverse detail. Closed ended question had options which were determined by the researcher (Burns & Grove, 2016). Closed-ended questions were also included because they are easier to administer and to analyze. They are also more efficient in the sense that a respondent would be able to complete more closed-ended items in a given period of time (Polit & Hungler, 2017). Self-administered questionnaires were used to gather the data for the study. Section A asked for demographic information of the respondents. Section B elicited information on the impact of internal audit function quality on organizational performance. Section C focused on the internal audit function to financial performance. Section D concentrated on the contribution of qualified and professional auditors to internal audit effectiveness. It took about 3 days for the researcher to get approval by the Human resource manager before administering the questionnaires to be answered by

the respondents. The researcher distributed the questionnaires to selected respondents in order to obtain the required data for analysis. The whole exercise took about a week to complete.

3.8 Data Processing and Analysis

Data processing is the process of data editing, data coding and data entry. The process of data editing is primarily concerned with checking of illegible, incomplete, illogical or inconsistent responses. The raw data may often contain respondent error as well as non-respondent error. These non-sampling errors affect the reliability of the study; thus, it is important to carry out data editing (Timira, 2018). Data coding is a systematic way of condensing massive data sets into mutually exclusive and collectively exhaustive categories to make it amenable for analysis. The process by which verbal data are converted into variables and categories of variables using number system or alphabets or alphanumeric symbols, so that the data can be entered into MS-Excel files or spread sheets for further interpretation (Bourque, 2004). After data editing and coding the data are entered in the MS-Excel file or spread sheet. Data from the survey were presented and analyzed for easy understanding.

3.8.1 Estimation Technique

The data was processed and analysed using SPSS. To investigate the effect of internal audit on organizational performance, a regression model can be formulated as follows:

$$OP = \beta_0 + \beta_1(IAQ) + \beta_2(IAF) + \beta_3(QPA) + \epsilon$$

Where:

- Organizational Performance is the dependent variable, which can be measured using various indicators such as financial performance, customer satisfaction and employee productivity.

- Internal Audit Quality is an independent variable that can be measured using dimensions such as independence, objectivity, competence, and effectiveness of the internal audit process.
- Internal Audit Function is another independent variable that represents the contribution of the internal audit function to organizational performance, measured by assessing its impact on aspects such as the effectiveness of internal controls, risk identification and mitigation, and operational efficiency improvement.
- Qualified and Professional Auditors is the third independent variable, which can be measured by assessing the qualifications, certifications, and professional memberships of auditors.
- β_0 , β_1 , β_2 , and β_3 are the regression coefficients that represent the relationship between the independent variables and the dependent variable.
- ϵ is the error term, representing the unexplained variation in organizational performance.

3.8.2 Data Analysis Techniques

Descriptive and inferential statistics were employed in this study. Descriptive statistics such as frequency, percentages, were used to analyse the respondents' demographic information. Further, Regression Statistics Model was employed to analyze the research question, thus to the contribution of qualified and professional auditor's effect on organizational performance (Objective 3). Additional, The Spearman Rank Correlation Coefficient was used to measure the linear relationship between the effect of internal audit quality on organizational performance (Objective 1) and the relationship between the contribution of the internal audit function to organizational performance (Objective 2)

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.0 Introduction

This chapter presents research findings by analyzing data collected from responses of internal audit departments and account department. The purpose is to present, interpret, discuss and analyze data in order to reach the results through analytical methods. The purpose of the study is to examine the effect of internal audit on organizational performance. The objectives of the study are as follows; to investigate the effect of internal audit quality on performance, to examine the contribution of the internal audit function to Organizational performance, and to assess the contribution of qualified and professional auditors' effect on Organizational performance. The research adopted census techniques. Census is a method used in research where data is collected from every member of a population or a complete enumeration of a population. A population size of 60 was selected from the various departments. All the 60 questionnaires were responded to.

4.1 Background Information of Respondents

The study inquired about the background of the respondents to help understand if affected their responses in any way. Information such as age, gender, educational level, number of years of service, title and the department where they are working were asked.

Table 3 Background Information of Respondents

<i>Question</i>	<i>Response</i>	<i>Frequency</i>	<i>Percentage</i>
Gender of respondents	Male	36	60
	Female	24	40
	Total	60	100
Age group	Below 25 years	0	0
	25 - 34 years	12	20
	35 - 44 years	28	47
	45 and Above years	20	33
	Total	60	100
Highest educational level attained	Diploma level	2	3
	Bachelor's Degree Level	37	62
	Masters Level	21	35
	Total	60	100
Years of service	Below 2 years	5	8.3
	2 – 5 years	23	38.3
	6-10 years	20	33.3
	Above 10 years	12	20
	Total	60	100
Job Title	Chief Accountant	4	6.7
	Accountant	16	27
	Director Of Internal Audit	4	6.7
	Principal Internal Audit	11	18.3
	Internal Auditor	25	41.7
	Total	60	100
Department	Internal Audit	40	66.7
	Account	20	33.3
	Total	60	100

Source: Field Data, 2023

Table 3 provides background information on the respondents of a study. The table includes data on the gender, age group, highest educational level attained, and years of service of the participants. This information is crucial for understanding the

characteristics of the population and can help in interpreting the findings of the study. The table shows that out of the total respondents, 60% were male and 40% were female. This distribution indicates that the population was relatively balanced in terms of gender representation. This is important as it ensures that the findings of the study are not biased towards one gender. Researchers should consider the gender distribution when interpreting the results and generalizing them to the larger population. The respondents were categorized into four age groups: below 25 years, 25-34 years, 35-44 years, and 45 and above years. The data reveals that the majority of the respondents (47%) belonged to the 35-44 years' age group, followed by 45 and above years (33%), 25-34 years (20%), and below 25 years (0%). This distribution suggests that the population was skewed towards older individuals. Researchers should be cautious when generalizing the findings to younger populations, as the population may not be representative of their characteristics and experiences. The table presents data on the highest educational level attained by the respondents. The majority of the participants (62%) had a Bachelor's degree, followed by 35% with a Master's degree, 3% with a Diploma level education, and 0% with a Secondary Certificate. This distribution indicates that the population consisted of individuals with relatively high levels of education. Researchers should consider the educational background of the participants when interpreting the findings, as it may influence their knowledge, perspectives, and behaviors. The respondents were also categorized based on their years of service. The data shows that 20% of the participants had more than 10 years of service, followed by 6-10 years (33%), 2-5 years (38%), and below 2 years (3%). This distribution suggests that the population included individuals with varying levels of experience in their respective fields. The breakdown of the job titles, 4 respondents (6.7% of the total) were chief accountants, 16 respondents (26.7% of

the total) were accountants, 4 respondents (6.7% of the total) were directors of internal audit, 11 respondents (18.3% of the total) were principal internal auditors, and 25 respondents (41.7% of the total) were internal auditors. The majority of respondents, 40 in total (66.7% of the total), were from the internal audit department, while 20 respondents (33.3% of the total) were from the account department. The analysis of Table 3 provides valuable insights into the background characteristics of the respondents in the study. The data on gender, age group, highest educational level attained, and years of service helps researchers understand the composition of the population and its potential implications for the findings. By considering these factors, researchers can ensure that their interpretations and generalizations are grounded in the characteristics of the participants.

4.2 Test for Reliability

To verify whether the research instrument adequately addresses the research objectives outlined in chapter one, the study conducted a reliability test using the Cronbach alpha specified in Cronbach (1951) as a measure of internal consistency of the instrument.

Table 4 Test for Reliability of Research Instrument

<i>Concept</i>	<i>Variables</i>	<i>Number of Items</i>	<i>Cronbach's Alpha</i>
	Internal Audit Quality	4	0.724
Independent Variables	Internal Audit Function	3	0.812
	Qualified and Professional Auditors	2	0.645
Dependent Variable	Organizational Performance	3	0.912

Source: Field Survey, 2023

Table 4 showed an alpha value of more than 0.7 percent for all the independent variables specified in the study (Internal Audit Quality, Internal Audit Function, Qualified and Professional Auditors). Finally, the dependent variable also showed an internal consistency. The reliability analysis indicates that the research instrument used in the study has good internal consistency, with acceptable to high Cronbach's alpha values for most variables. This suggests that the measurements are reliable and consistent in assessing the constructs under investigation.

4.3 Descriptive Statistics

This section presents the summary statistics on all the variables used in the study. This includes the mean, standard deviation, and the number of observations for each variable. Respondents were asked to indicate on a scale of 1-5 (with 1 being Strongly disagreed and 5 being Strongly agreed) the extent to which they agree or disagree with a set of statements.

Table 5 Organizational Performance

<i>Statement</i>	<i>Strongly disagree</i>		<i>Disagree</i>		<i>Neutral</i>		<i>Agree</i>		<i>Strongly agree</i>	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
The Assembly has good financial performance	4	6.7	7	11.7	3	5	27	45	19	31.7
Customers are satisfied with the services provided by the Assembly	6	10	8	13.3	6	10	29	48.3	11	18.3
The employees are productive	2	3.3	5	8.3	3	5	25	41.7	25	41.7

Source: Field Data, 2023

Table 5 indicates that 6.7% of the respondents strongly disagree that the Assemblies have good financial performance, 11.7% disagree, 5% are neutral, 45% agree, and

31.7% strongly agree. This suggests that a majority of respondents (76.7%) either agree or strongly agree that the Assemblies have good financial performance.

Also the data shows that 10% of the respondent strongly disagree that Customers are satisfied with the services provided by the Assemblies, 13.3% disagree, 10% are neutral, 48.3% agree, and 18.3% strongly agree. Similar to the previous statement, a majority of respondents (66.6%) either agree or strongly agree with the statement, indicating a positive perception of customer satisfaction with the Assemblies' services.

The data reveals that 3.3% of the respondents strongly disagree that The employees are productive, 8.3% disagree, 5% are neutral, 41.7% agree, and 41.7% strongly agree. Once again, a majority of respondents (83.4%) either agree or strongly agree with the statement, indicating a positive perception of employee productivity.

Table 6 Internal Audit Quality

<i>Statement</i>	<i>Strongly disagree</i>		<i>Disagree</i>		<i>Neutral</i>		<i>Agree</i>		<i>Strongly agree</i>	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
The internal audit process is independent	2	3.3	7	11.7	1	1.7	31	51.7	19	31.7
There are laid down objectives of internal audit process in the Assembly	5	8.3	5	8.3	2	3.3	28	46.7	20	33.3
The internal auditors are competent	3	5.0	7	11.7	5	8.3	30	50.0	15	25.0
The internal audit process is effective in the Assembly	8	13.3	2	3.3	0	0	34	56.7	16	26.7

Source: Field Data, 2023

Table 6 show the responses to the statement "The internal audit process is independent" indicate that 3.3% strongly disagree, 11.7% disagree, 1.7% are neutral, 51.7% agree, and 31.7% strongly agree. This suggests that a majority (83.4%) either

agree or strongly agree that the internal audit process is independent, while a minority (15%) either disagree or strongly disagree.

Similarly, in response to the statement "There are laid down objectives of internal audit process in the Assembly," 8.3% strongly disagree, 8.3% disagree, 3.3% are neutral, 46.7% agree, and 33.3% strongly agree. This indicates that a majority (80%) either agree or strongly agree that there are laid down objectives of the internal audit process, while a minority (16.6%) either disagree or strongly disagree.

Regarding the statement "The internal auditors are competent," 5% strongly disagree, 11.7% disagree, 8.3% are neutral, 50% agree, and 25% strongly agree. This shows that a majority (75%) either agree or strongly agree that the internal auditors are competent, while a minority (16.7%) either disagree or strongly disagree.

Finally, in response to the statement "The internal audit process is effective in the Assembly," 13.3% strongly disagree, 3.3% disagree, 56.7% agree, and 26.7% strongly agree. This indicates that a majority (83.4%) either agree or strongly agree that the internal audit process is effective, while a minority (16.6%) either disagree or strongly disagree.

Table 7 Internal Audit Function

<i>Statement</i>	<i>Strongly disagree</i>		<i>Disagree</i>		<i>Neutral</i>		<i>Agree</i>		<i>Strongly agree</i>	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
The internal audit function contributes to the effectiveness of internal controls in the Assembly	2	3.3	6	10.0	2	3.3	29	48.3	21	35.0
The internal audit functions identify and mitigate risks in the Assembly	3	5.0	3	5.0	1	1.7	31	51.7	22	36.7
There is improvement in operational efficiency through the internal audit function in the Assembly	5	8.3	5	8.3	2	3.3	27	45.0	21	35.0

Source: Field Data, 2023

Table 7 shows that 3.33% of the respondents strongly disagree that, the internal audit function contributes to the effectiveness of internal controls in the Assemblies, 10.0% disagree, 3.33% are neutral, 48.3% agree, and 35.0% strongly agree. This indicates that a majority of respondents (48.3%) agree that the internal audit function contributes to the effectiveness of internal controls, while a smaller percentage disagree or are neutral.

Regarding the statement "The internal audit functions identify and mitigate risks in the Assembly," the data reveals that 5% strongly disagree, 5% disagree, 1.666% are neutral, 51.7% agree, and 36.7% strongly agree. This suggests that a significant proportion of respondents (51.7%) agree that the internal audit functions identify and mitigate risks, with a smaller percentage in disagreement or neutral.

In relation to the statement "There is improvement in operational efficiency through the internal audit function in the Assembly," the data indicates that 5% strongly disagree, 8.3% disagree, 3.333% are neutral, 45% agree, and 35% strongly agree. This demonstrates that a considerable percentage of respondents (45%) agree that there is improvement in operational efficiency through the internal audit function, while a smaller percentage disagree or are neutral.

Table 8 Qualified and Professional Auditors

<i>Question</i>	<i>Response</i>	<i>Frequency</i>	<i>Percentage</i>
Are the auditors in your Assembly qualified with relevant certifications?	Yes	43	71.7
	No	17	28.3
Do the auditors in your Assembly hold professional memberships?	Total	60	100.0
	Yes	39	65.0
	No	21	35.0
	Total	60	100.0

Source: Field Data, 2023

In analyzing the data, it is evident that a majority of the auditors in the Assembly are qualified with relevant certifications. Specifically, table 7 reveals that, 71.7% of the respondents chose YES, indicated that the auditors are indeed qualified, while 28.3% of the respondents chose NO. This suggests that the majority of auditors possess the necessary certifications to perform their duties effectively.

Furthermore, the data also reveals that a substantial proportion of auditors hold professional memberships. Specifically, 65.0% of the respondents chose YES indicated that the auditors hold professional memberships, while 35.0% of the respondents chose NO. This indicates that a majority of auditors in the Assembly are affiliated with professional organizations, which may indicate a commitment to ongoing professional development and adherence to industry standard.

Objective one: To investigate the effect of internal audit quality on organizational performance

The first objective of the study sought to investigate the effect of internal audit quality on organizational performance, the study employed correlation techniques to find the relationship and the results obtained are presented in table 9.

Table 9 Correlation

In this case, all the variables, including Organizational Performance, Internal Audit Quality, Internal Audit Function, and Qualified and Professional Auditors, should be included in the equation. This is justified by the fact that each of these variables has a significant impact on the overall performance and effectiveness of the audit process and organizational performance

	Organizational Performance	Internal Audit Quality	Internal Audit Function	Qualified and Professional Auditors
Organizational Performance	1			
Internal Audit Quality	0.97	1		
Internal Audit Function	0.71	0.52	1	
Qualified and Professional Auditors	1	1	1	1

Source: Field Data, 2023

Table 9 revealed that, the correlation coefficient between Organizational performance and internal audit quality is 0.97. The positive correlation suggests that there is a strong relationship between the quality of the internal audit and the Assemblies' performance. This relationship is crucial for organizations as it highlights the importance of maintaining high-quality internal audit processes to enhance overall performance.

Objective Two: To examine the contribution of the internal audit function to organizational performance

The second objective of the study was to examine the contribution of the internal audit function to organizational performance. In order to achieve this objective, the study also employed correlation technique to find the relationship and the results is presented in Table 9 above.

Table 9 reveals that, the correlation coefficient between Assemblies' performance and the internal audit function is 0.71. This moderate positive correlation indicates that there is a positive relationship between the overall internal audit function and Assemblies' performance. This suggests that a well-functioning internal audit department has the potential to enhance Assemblies' performance through its activities such as providing reliable financial information, identifying inefficiencies, and recommending process improvements.

Objective 3: To assess the contribution of qualified and professional auditor's affect organizational performance

The third objective of the study is to assess the contribution of qualified and professional auditor's affect organizational performance. In order to achieve this objective, the study employed Regression Statistics to find the relationship and the results are presented in Table 10.

Table 10 Regression Statistics

The use of multiple imputation by chained equations provide a practical approach to handling missing data, which is essential for ensuring the robustness of the regression analysis. Missing data can introduce bias and reduce the precision of estimates, thereby affecting the stability of the multiple regression model. By addressing missing data through multiple imputation, the reliability and validity of the regression results

can be enhanced, contributing to the justification for including all variables in the equation.

<i>Regression Statistics</i>					
Multiple R					0.765
R Square					0.585
Adjusted R Square					0.563
Standard Error					0.470
Observations					60
<i>ANOVA</i>					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	3	17.47	5.82	26.34	0.00
Residual	56	12.38	0.22		
Total	59	29.86			
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	
Intercept	0.092	0.567	0.162	0.872	
Internal Audit Quality	0.394	0.128	3.076	0.003	
Internal Audit Function	0.464	0.145	3.204	0.002	
Qualified and Professional Auditors	0.103	0.125	0.827	0.412	

Source: Field Data, 2023

Table 10 shows a multiple R value of 0.765 suggests a strong positive correlation between the independent variables (internal audit quality, internal audit function, and qualified and professional auditors) and Assemblies' performance. This indicates that these variables collectively explain about 58.5% of the variation in organizational performance. The adjusted R square value of 0.563 indicates that approximately 56.3% of the variation in organizational performance can be attributed to the independent variables, while the remaining variability is likely due to other factors not included in the analysis.

The ANOVA table showcases the results of the analysis of variance. The F-statistic of 26.34 and the associated significance F value of 0.00 indicate that the regression

model is statistically significant at a 95% confidence level. This implies that at least one of the independent variables significantly contributes to explaining the variation in Assemblies' performance.

Table 10 shows that, the coefficient for qualified and professional auditors is 0.103 with a standard error of 0.125. Qualified and Professional Auditors does not have a statistically significant relationship with the dependent variable, as evidenced by its higher p-value of 0.412.

4.4 Discussion of Results

Objective one: To investigate the effect of internal audit quality on organizational performance

The findings in Table 9 revealed that, the correlation coefficient between organizational performance and internal audit quality is 0.97. The positive correlation suggests that there is a strong relationship between the quality of the internal audit and the Assemblies' performance. The quality internal audit function is likely to contribute positively to Assemblies' performance by ensuring effective risk management, strong internal controls, and compliance with regulations and policies. The findings are consistent with Hazaea et al., (2020), explored the impact of internal audit quality on financial performance, who found that quality internal audit plays a crucial role in ensuring accountability, transparency, and the preservation of public properties. Additionally, Novranggi and Sunardi (2019) demonstrated the positive influence of competence, objectivity, and internal audit quality on audit effectiveness, with senior management support moderating this relationship. It also supports a study conducted by Mihret and Yismaw (2007) that focused on the effectiveness of internal audit in a public sector higher educational institution in Ethiopia. The study found that

internal audit effectiveness was strongly influenced by internal audit quality and management support.

Objective Two: To examine the contribution of the internal audit function to organizational performance

Table 9 reveals that, the correlation coefficient between Organizational performance and the internal audit function is 0.71. The positive correlation indicates that there is a positive relationship between the overall internal audit function and Assemblies' performance. This suggests that a well-functioning internal audit department has the potential to enhance Assemblies' performance through its activities such as providing reliable financial information, identifying inefficiencies, and recommending process improvements. The findings of the study in the selected Assemblies are consistent with the findings of Singh and Newby (2010), who found that the internal audit function also contributes to the overall control and operating environment of an organization. It works in a complementary way with external audit to strengthen the monitoring and control environment of the Assemblies. Studies have also shown that, the effectiveness of the internal audit function is influenced by various factors such as internal audit quality, management support, and organizational setting (Mihret & Yismaw, 2007; Zureigat & Al-Moshaigeh, 2014). Additionally, the involvement of audit committees in evaluating the independence of the internal audit function and discussing significant findings further emphasizes the importance of internal audit in corporate governance (Tušek, 2015). Furthermore, the internal audit function is essential for improving efficiency, optimizing performance, and evaluating the quality of business processes (Abdullah et al., 2018; Fachrurrozy et al., 2022; Mpocholwa & Kagoro, 2021). It also contributes to the evaluation of sustainable performance and

the quality of financial reports, thereby enhancing good corporate governance practices (Alajeli & Wahhab, 2022; Ke & Rb, 2018).

Objective 3: To assess the contribution of qualified and professional auditor's affect organizational performance

The results of the study showed that, the coefficient for qualified and professional auditors is 0.103 with a standard error of 0.125. Qualified and Professional Auditors does not have a statistically significant relationship with the dependent variable, as evidenced by its higher p-value of 0.412. This finding is contrary to DeFond and Zhang (2014) who examined the relationship between auditor quality and financial reporting quality. The researchers found that the presence of a high-quality auditor was associated with improved financial reporting quality, which in turn positively impacted organizational performance. This suggests that the expertise and professionalism of auditors can enhance the accuracy and reliability of financial information, leading to better decision-making and ultimately improved Assemblies performance. It also conflicts a meta-analysis conducted by Krishnan (2005) synthesized the findings of multiple studies on the relationship between auditor quality and organizational performance. The meta-analysis revealed a positive and significant association between auditor quality and various measures of organizational performance, including profitability, stock returns, and market valuation. These findings further contradict the notion that qualified and professional auditors can contribute to the overall success of an organization.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.0 Introduction

This chapter deals with summary of the entire research conducted. The study was embarked on the effect of internal audit on organizational performance. The research adopted census techniques. A population size of 60 was selected from the various departments (Accounts and Internal Audit). All the 60 questionnaires were responded to. Instrument used for the study was a questionnaire. The data was presented in tables. The questionnaires were administered and the main results of the study are as follows;

5.1 Summary

The first objective of the study investigated the effect of internal audit quality on organizational performance. The results of the study revealed that, the correlation coefficient between Assemblies' performance and internal audit quality is 0.97. The positive correlation suggests that there is a strong relationship between the quality of the internal audit and the Assemblies' performance. This relationship is crucial for assemblies as it highlights the importance of maintaining high-quality internal audit processes to enhance overall performance.

The second objective of the study sought to examine the contribution of the internal audit function to organizational performance. The findings of the study revealed that, the correlation coefficient between Assemblies' performance and the internal audit function is 0.71. This moderate positive correlation indicates that there is a positive relationship between the overall internal audit function and Assemblies' performance. This suggests

that a well-functioning internal audit department has the potential to enhance Assemblies' performance through its activities such as providing reliable financial information, identifying inefficiencies, and recommending process improvements.

The third objective of the study assessed the contribution of qualified and professional auditor's effect on organizational performance. The findings of the study revealed that, the coefficient for qualified and professional auditors is 0.103 with a standard error of 0.125. Qualified and Professional Auditors does not have a statistically significant relationship with the dependent variable, as evidenced by its higher p-value of 0.412.

5.2 Conclusion

Based on the findings, it is evident that there is a strong positive correlation between internal audit quality and assembly's performance, as indicated by a correlation coefficient of 0.97. This suggests that maintaining high-quality internal audit processes is crucial for enhancing overall assemblies' performance. Furthermore, the study also revealed a moderate positive correlation (correlation coefficient of 0.71) between the internal audit function and Assembly's performance, indicating that a well-functioning internal audit department has the potential to enhance assemblies' performance through activities such as providing reliable financial information, identifying inefficiencies, and recommending process improvements.

Moreover, the multiple R value of 0.765 suggests a strong positive correlation between the independent variables (internal audit quality, internal audit function, and qualified and professional auditors) and Assemblies' performance, collectively explaining about 58.5% of the variation in organizational performance. The adjusted R square value of 0.563

indicates that approximately 56.3% of the variation in Assemblies' performance can be attributed to the independent variables, while the remaining variability is likely due to other factors not included in the analysis.

5.3 Recommendations

Based on the findings of the study, the study recommends the following for MMDAs:

1. MMDAs should prioritize maintaining high-quality internal audit processes, as this positively impacts organizational performance. Efforts should be made to continuously improve the internal audit function by implementing best practices and ensuring the team is equipped with the necessary skills and knowledge.
2. Adequate resources should be allocated to the internal audit department to ensure its effectiveness. This includes hiring qualified and professional auditors and providing them with ongoing training and development opportunities.
3. MMDAs should encourage collaboration between the internal audit department and other functional areas to maximize the impact of the internal audit function. This can involve actively involving auditors in strategic decision-making processes and promoting cross-functional communication.
4. Regular monitoring and evaluation of the internal audit function's performance should be conducted to identify areas for improvement and ensure its alignment with the assemblies' goals and objectives.

5.4 Recommendation for Further Research

Further research should explore additional factors that may contribute to organizational performance and further investigate the specific mechanisms through which internal audit quality and function impact organizational performance

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APPENDIX

QUESTIONNAIRE

UNIVERSITY OF EDUCATION, WINNEBA

This questionnaire aims to gather data on **THE EFFECT OF INTERNAL AUDIT ON ASSEMBLY AL PERFORMANCE**. The data collected will be used solely for academic purposes and will be treated with the utmost confidentiality. Respondents are strongly encouraged to provide truthful and objective responses to the statements in this questionnaire. Your participation in this study is greatly appreciated. Please read each statement carefully and indicate your response by ticking the appropriate box or providing the required information where specified. If further elaboration is needed, please feel free to provide additional comments or explanations. Your honest and objective responses will greatly contribute to the validity and reliability of this study. I understand that your time is valuable. Therefore, I estimate that completing this questionnaire will take less than five minutes. I appreciate your willingness to participate and contribute to this research endeavor.

Thank you for your time and valuable input.

Section A: Demographic information

1. Gender

- a) Female
- b) Male

2. Indicate where you fall among the following age brackets (years)

- a) Below 25
- b) 25-34
- c) 35-44
- d) 45-50
- e) Above 51

3. Level of education

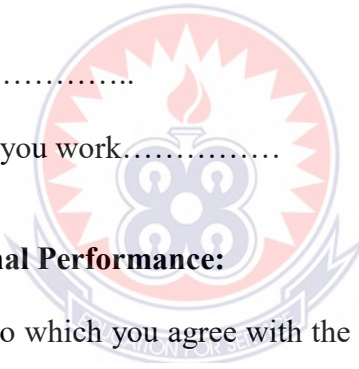
- a) Secondary Certificate
- b) Diploma level
- c) Bachelor's Degree Level
- d) Masters Level

4. How long have you worked in the Assembly?

- a) Less than 2 years
- b) 2-5 years
- c) 6-10 years
- d) More than 10 years

5. What is your job title.....

6. In which department do you work.....



Section B A Organizational Performance:

Please indicate the extent to which you agree with the statement on a scale of 1-5 with **1- Strongly Disagree (SDA), 2- Disagree (D), 3- neutral (N) 4 - Agree (A), 5- Strongly Agree (SA)**

	1	2	3	4	5
7. The Assembly has good financial performance					
8. Customers are satisfied with the services provided by the Assembly					
9. The employees are productive					

Section C Internal Audit Quality:

Please indicate the extent to which you agree with the statement on a scale of 1-5 with **1- Strongly Disagree (SDA)**, **2- Disagree (D)**, **3- neutral (N)** **4 - Agree (A)**, **5- Strongly Agree (SA)**

	1	2	3	4	5
10. The internal audit process is independent					
11. There are laid down objectives of internal audit process in the Assembly					
12. The internal auditors are competent					
13. The internal audit process is effective in the Assembly					

Section D Internal Audit Function:

Please indicate the extent to which you agree with the statement on a scale of 1-5 with **1- Strongly Disagree (SDA)**, **2- Disagree (D)**, **3- neutral (N)** **4 - Agree (A)**, **5- Strongly Agree (SA)**

	1	2	3	4	5
14. The internal audit function contributes to the effectiveness of internal controls in the Assembly					
15. The internal audit functions identify and mitigate risks in the Assembly					
16. There is improvement in operational efficiency through the internal audit function in the Assembly					

Section E Qualified and Professional Auditors:

	Yes	No
17. Are the auditors in your Assembly qualified with relevant certifications?		
18. Do the auditors in your Assembly hold professional memberships?		

