

THESIS ABSTRACT

Master of Business Administration
Accounting Option

Adventist University of Africa

School of Postgraduate Studies

Title: FACTORS AFFECTING THE EFFECTIVENESS OF THE INTERNAL
AUDIT FUNCTION IN VALLEY VIEW UNIVERSITY, GHANA

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Corporate governance has become important in the management of every organization over some time now. The need for sound corporate governance has directed attention to internal auditing in both public and private sector organizations. This study, therefore, seeks to explore these factors and examine the effect of management support and commitment, staff competence and independence of internal auditors on the effectiveness of the internal audit function at Valley View University. The study is a cross-sectional quantitative study that utilized a causal research design. The main instruments for data collection are structured questionnaires and oral interviews to the targeted population. It adopted 250 respondents for the questionnaire and 15 for the interview. Inferential statistics were used throughout the study and analyses of the data obtained.

The results revealed that management support and commitment, the competence of the internal audit function and independence of internal audit staff significantly and positively predict effectiveness of the internal audit function ($r = 0.834^*$, $r^2 = 0.686$, $p < 0.01$). The study concluded competence of internal auditors, their level of independence and corresponding management support and commitment are key predictors of the overall effectiveness of the internal audit function. Therefore, management should ensure that (1) the internal audit work is sufficiently resourced to allow it to fulfil its mandate, (2) the internal audit staff in key positions have a recognized skill set appropriate to their functions, and (3) the auditors receive the training and development they need to deal with the increasing challenges organizations are facing.

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THE INTERNAL AUDIT FUNCTION
IN VALLEY VIEW UNIVERSITY, GHANA

A thesis

presented in partial fulfillment
of the requirements for the degree
Master of Business Administration

by

Ophelia Aboagye Mensah

April 2019

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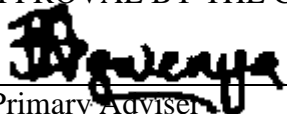
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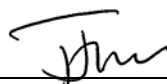
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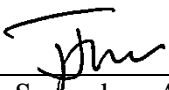
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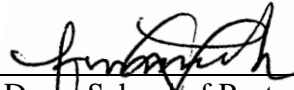
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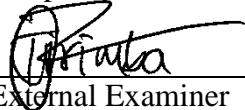
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Dedicated to my family,
most especially my husband, Isaac, for his unwavering love and support;
my children, Nora, Joel and Nhyiraba.
Without you, I could not have reached this success level.

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LIST OF ABBREVIATIONS

CFO	Chief Financial Officer
ERM	Enterprise-Wide Risk Management
IA	Internal Audit
IAF	Internal Audit Function
SDA	Seventh-day Adventist
VVU	Valley View University

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CHAPTER 1

INTRODUCTION

Background of the Study

Corporate governance has become important in the management of every organization over some time now. The need for sound corporate governance has directed attention to internal auditing in both public and private sector organizations. Shareholders need to know whether managers are acting in their best interest by maximizing profit. Management must also assess the set goals of the organization with the actual operations. However, neither management nor shareholders can oversee all these objectives at the same time. Therefore, there is a need for an independent body or unit to provide assurance that an organization's risk management, governance and internal control processes are operating effectively. The repercussions of corporate scandals and global financial crisis have made regulators and the public more attentive to corporate governance. Stakeholders have focused on disclosure requirement which involves corporate governance, and this has also increased awareness and the need for internal assurance on corporate governance, internal control as well as risk management (Soh & Martinov-Bennie, 2015).

The role of internal audit activity is 'to evaluate and contribute to the improvement of governance, risk management, and control processes using a systematic and disciplined approach' (IIA, 2012 :12). Therefore, internal audit function should be

an integral part of every organization in order to provide assurance of corporate governance. This effective nature of internal auditing usually depends on the involvement of management and requirements. Management can demonstrate its support for internal audit by emphasizing the value of independent and objective internal auditing in identifying areas for improving performance quality and by implementing the recommendations of internal audit unit (Al-matari, Al-Swidi, & Faudziah, 2014). Also, internal auditors and the audited activities should be independent of each other, and internal auditors should report directly to highest management. The mandate, scope, methodology, and results should be determined solely by the internal audit charter without seeking consent from top management. The competency of the internal auditor cannot be neglected. Hepworth and Noel (as cited in Al-zeaud, 2012) argued that staffing professional employees increases effectiveness of internal auditing, and that an internal auditor should pursue continual professional development by seeking membership at professional auditor and accountant associations both nationally and internationally and obtain world-class accreditation, All in all, this will help improving effectiveness of the internal auditing process.

Many researchers who have acknowledged the importance of internal audit function found that internal audit can be administered effectively to help the operations of the organization. Since the internal audit function has emerged an important function, most of the organizations—whether public or private—have established the department to enjoy the benefits thereof. Badara and Saidin, (2013) concluded that the effectiveness of internal audit is very essential especially in decision making. However, internal audit function is not an automatic panacea to

mismanagement; a lot of studies have carried out on the factors which can possibly affect the effectiveness of internal audit function in an organization.

Ineffectiveness of internal audit function renders management recommendation with the little value from the decision-makers point of view (Badara & Saidin, 2013). In other words, a poorly organized system which provides loose internal control makes the audit function vulnerable to inefficiency, compromises and corrupt practices. In Ghana, Internal Audit Agency has been instituted to ensure that internal audit function is carried out effectively. The Act 2003 (Act 658, p. 8) states that, “the internal auditors must exhibit the highest level of professionalism, perform internal auditing in accordance with Generally Accepted Principles of Internal Auditing and the standard of the Agency, and must make a ‘balanced assessment of all issues of relevance to the work’ as well as being ‘honest and diligent’”. In the same vein, the church and other institutions as part of the third sector have also realized the importance of internal audit function and have included it in their setups.

Particularly, the Seventh-day Adventist Church and its varied organizations believe in stewardship and accountability of resources as fundamental biblical principles. Consequently, the Church has implemented good principles for internal auditing for effective governance and efficient functioning of its institutions. Thus, adhering to the counsel of White (GW, 1915 p. 452) that “administrative workers ‘to be fair and true’ in their operations in ‘connection with God's cause, and afford to deal on right principles.’”

Statement of the Problem

The role of internal audit is very important in assuring the efficiency and effectiveness of an organization’s operations, as well as compliance with laws, rules, regulations, policies, and procedures (Al-matari et al., 2014). As a result, Valley View

University (VVU) has established internal audit department to guide its overall operations. Nevertheless, a fair number of lapses and flaws persist in the university's operations according to General Conference Audit Service (GCAS) audit reports since 2014, and that has questioned the relevance of the internal audit department and its credibility. The auditor's report of the University from 2014 to 2017 indicates flaws in the internal audit function. This proves that merely establishing internal auditing department does not guarantee operational efficiency and effectiveness, reliability of financial reporting, and compliance. Therefore, the purpose of the study is to explore the effect of management support and commitment, staff competence and independence of internal auditors on the effectiveness of internal audit function at Valley View University.

Research Questions

1. What effect does the level of management support and commitment have on the effectiveness of internal audit function at VVU?
2. What effect does the competence of internal audit staff have on the effectiveness of internal audit function at VVU?
3. What effect does the level of independence of the internal auditors have on the effectiveness of internal audit function at VVU?

Null Hypotheses

Based on the literature reviewed, the following null directional hypotheses will be tested.

1. There is no significant effect of the level of management support and commitment on the effectiveness of internal audit function at VVU.
2. There is no significant effect of competence of internal audit staff on the effectiveness of internal audit function at VVU.

3. There is no significant effect of level of independence of the internal auditors on the effectiveness of internal audit function at VVU.

Conceptual Framework for the Study

The study examined the factors affecting the effectiveness of internal audit unit at Valley View University. The researcher believes that if management provides internal auditing department with an independent position inside an organisation, it will have a positive influence on the effectiveness of internal auditing in the University. Also, the researcher believes that the competence level of the auditors in terms of experience and qualification play an active role in implementing effective governance and controls in the University. More so, top management commitment to ensuring effective internal auditing system has a positive influence on the internal audit unit. Thus, this study sought to assess the relationship between the internal audit function and its role in minimizing and preventing fraud in an organization, avoidance of financial fraud, minimizing qualified reports as well as preventing misappropriation of funds through effective internal controls as stated in the third chapter of the *SDA Accounting Manual* (2011). The conceptual framework of the study is therefore presented in Figure 1.

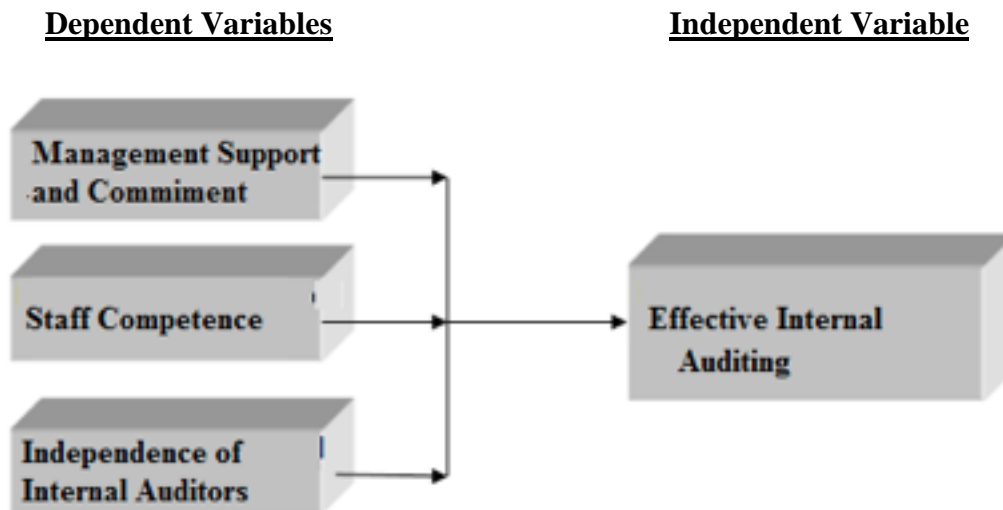


Figure 1: Conceptual framework for the study
(Source: Author, 2017)

Significance of the Study

The findings of this study would help VVU to achieve sound corporate governance in the school and also improve the effectiveness of its internal audit. Management of VVU would be able to assess the current situation of the effectiveness of the internal audit function and improve upon it. Other Seventh-day Adventist institutions which have the internal audit departments but are inactive can also benefit from the study by knowing the importance of the internal audit department and their role to play to revive it, and organizations which do not have might also use this information as a guide in establishing the internal audit unit. Students conducting studies on internal audit function can take it up and do further research on the study or use it as a reference material. It would also help external auditors, investors or shareholders make informed decisions.

Scope and Limitation of the Study

The researcher chose Valley View University, which comprises three campuses (Oyibi, Techiman, and Kumasi), for which this study was conducted. The Oyibi

campus, which is also the main campus, is situated at Oyibi, off- Dodowa road, a suburb of Accra. Techiman campus is also situated at Techiman Municipality in the Brong Ahafo region of Ghana off Sunyani road and Kumasi campus is located at Kwadaso a suburb of Kumasi in the Ashanti region, behind the Central Ghana Conference of Seventh-day Adventist head office.

The major limitation of the study is the sensitivity and confidentiality of management information regarding internal audit and other management review reports and responses which made it difficult getting easy access to the needed data from the case study. Also, constraints such as unwillingness of some participants to enthusiastically participate in study may affect the outcome of this research. In addition, there was a limitation of time in conducting the study. The researcher had a year to complete the entire work; coupled with her work schedules. Geographically, the study was limited Valley View University and hence outcome might not be the same in other Universities in Ghana. Nonetheless, the researcher tried convincing respondents to fully participate and freely express their thoughts. Respondents were assured of confidentiality and were made to understand that none of the information provided will be used against them in any way. In this way respondents freely participated and expressed themselves freely. On the limitation of time, the researcher worked extra hours after closing from work and where the need arises, permission is sought from the school to engage in the work. Also, during administration and collection of questionnaires, the researcher was assisted by a friend so that the process could be faster. For geographical constraints, the study was about internal auditing at Valley View University and hence it was appropriate to used only the institution.

Operational Definition of Terms

Internal Audit Function:	It is the internal audit unit or department established in an organization
Effectiveness:	This is the extent to which the internal audit function has achieved its intended objectives. In other words, is the internal audit function doing the right thing?
Corporate governance:	It is the system of rules, practices, and processes by which an organization is directed and controlled
Competence:	It is the ability of an individual to do a job efficiently
Independence:	It is the freedom from conditions that threaten the ability of a person to carry out a responsibility in an unbiased manner
Internal Controls:	It is the process for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial report and compliance with laws, regulations and policies.

CHAPTER 2

LITERATURE REVIEW

Definition and Overview of Internal Audit

Internal audit is the mechanism through which information about the effectiveness of the quality system is gathered by auditors selected from within the company but, who are the independence of the area, function or procedures being audited. Or the Internal Audit Function (IAF) is the mechanism through which the operation of the quality management system is formally monitored and by the documented quality system is assured (MoFED, 2004).

On the other hand, Aliyi (2016) stated that internal audit is a critical appraisal of the functioning of various operations of an enterprise including the functioning of the system of internal check. Exceptions from the normal functioning of internal check system are exposed in internal audit. Accuracy, completeness, reliability, and timeliness of accounting information are tested and reported for remedial action.

Non-accounting areas with the operational side of an enterprise are critically studied, analyzed, and weakness of the system or practice with inefficiency, wastage, and frauds are brought to the notice of the management (Ionescu, 2008). Suggestions for increasing the effectiveness of the system, for improving the productivity and profitability of business practices are offered. According to Badara and Saidin (2013), an internal audit involves an independent appraisal activity within an organisation for the review of accounting, financial and other business practices as a protective and

constructive arm of management. It is a type of control which functions by measuring and evaluating the effectiveness of other types of control.

Internal audit implies an audit of the accounts by the employees of the business. The work is done by a separate set of staff that may or may not have professional audit qualifications. The function of an internal auditor is practically the same as that of an auditor. In addition to that, an internal audit has to see that there is no wastage and the business is carried on efficiently and effectively. Again, if an internal auditor finds that as a result of the inefficiency of the management, it is his duty to report the fact. The internal auditor (IA) reports to the management on whether the policy and plans of activities prescribed by them have been implemented, whether the internal controls and checks established were adequate, whether the actual results obtained were varying from the estimates, etc. to enable the management to achieve the objective of the company in the planned manner (IIA, 2017).

Saud and Marchand (as cited in Florea and Florea 2013) explained that internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Providing the difference between independence and objectivity. Saud and Marchand (2012) posited that independence is the freedom from acts that threaten objectivity and these threats to objectivity must be managed at the individual auditor, engagement, functional and organisational levels. He defines objectivity as an unbiased mental attitude that allows internal auditors to perform engagements in a way that have an honest belief in their work product and that no

significant quality compromises are made. According to Ramamoorti (2003), an internal auditor is a forward looking individual, who knows and understands business systems and ensures the management that they operate rightly and achieve firm goals. Internal auditors play a key role in the world of business. Internal auditors review organisational goals, processes, and operations and provide professional advice to the management.

Types of Audits Performed by Internal Auditors

Among the various types of audits performed by internal auditors stated by Montclair State University (2012) include:

Operations Audits: These audits examine the use of resources to determine if resources are being used in the most effective and efficient manner to fulfill the organisation's mission and objectives.

Financial Audits: These audits look at accounting and financial transactions to determine if commitments, authorizations, receipt and disbursement of funds are properly and accurately recorded and reported. This type of audit also determines if there are sufficient controls over cash and other assets and that adequate process controls exist over the acquisition and use of existing resources.

Compliance Audits: These audits determine whether entities are complying with applicable laws, regulations, policies, and procedures. Examples include federal and state laws, and Trustee policies and regulations.

Information Systems Audits: These audits also reviewed the internal control environment of automated information processing systems and how people use these systems. These audits usually comprehend system input, output; processing controls; backup and recovery plans; system security; and computer facilities.

Internal Audit Reviews: These audits focus on the components of the major business activities, such as payroll and benefits, cash handling, inventory and equipment, physical security, grants and contracts and financial reporting.

The Internal Auditor's Responsibility and Role

According to IIA (2017), the primary aim of internal auditing is to assist management of firms in achieving the corporate goals, providing the assurance that management has implemented a satisfactory internal control system to prevent risks. Consequently, internal auditing provides internal consulting services to all levels of the organisation regarding training, advice, facilitation, and counsels). The Institute of Internal Auditors (2000) stressed on the section related to objectives in respect of internal auditing responsibilities as the prime aim of internal auditing is to help management within an organisation in the discharge of their duties. The internal auditor includes any stage of business activity within the management process.

The Institute of Internal Auditing (IIA, 2012) explained that internal auditing could be categorised into internal control, corporate governance and risk management. Also, the Institute of Internal Auditors (2009), stressed further that internal auditors play a key role in risk management and providing consultants and assurance services to the executives. In the first place, the Institute maintained that the role of Internal Auditing in Enterprise-Wide Risk Management (ERM) is a direction to Internal Auditors to play a role in the enterprise risk management procedure. Again, concerning consulting services the Institute of Internal Auditing reported that four basic activities for the internal auditor to be accountable, are coordinating Enterprise-Wide Risk Management activities, maintaining and developing the Enterprise-Wide Risk Management framework, facilitating the identification and evaluation of risks, and for the board support developing of risk management strategy.

The Process of Internal Auditing

The following is the internal audit process as contained in the published Internal Audit Manual from the University of Ottawa (as cited in Enofe, Mgbame, & Osa-Erhabor, 2013).

Risk-Based Audit Plan

The process of the internal audit commences with the Risk-Based Audit Plan which consists of the guidelines for conducting audits within an organization. The plan should be approved by the Audit Committee of the Board of Governance and should be subject to annual updates. This Risk-Based Plan should also contain procedures for special audits and consulting work on demand.

Planning Phase

Within the planning phase, all past audit work is reviewed including literature on areas being reviewed. It also makes a preliminary review of the organizational unit budgeted for as well as the actuals and expenses. The auditors also come out with the audit scope and the reasons on which they base their field work. This phase also includes an introductory meeting which targets the timeliness, the objectives of the organization and other necessary information that assists their work. Within this phase, information such as the organizational charts, contact lists, objectives and missions and visions of various departments are studied.

Fieldwork Phase

Within this phase, the audit staff gathers all the various information about their operations to get a fair knowledge of what they might be doing. This gives them the opportunity to identify the strengths and weaknesses of their work and it is usually the lengthiest part of the audit process. Interviews of key personnel within the

organization are carried out, observations of each departmental operations and a periodic review of the audit progress are carried out with the departmental heads and other key personnel. Additionally, the process includes a review of financial activities, administrative tasks and business procedures, departmental functions and other specifics which concerns each department or unit. The main objective of this phase to allow the staffs to identify areas of risks and concerns within their internal controls and procedures.

Reporting Phase

This phase encompasses a compilation of all fieldwork, presentation and discussions with the appropriate personnel or clients. The client needs to provide concrete plans with timeframes on all the recommendations stipulated by the audit staff. A summary report is then prepared and submitted to the Senior Management and the audit committee for critical review.

Follow-up Phase

In this phase, the audit staff makes a periodic follow ups to ensure that all the actions plan and timeframes stated during the reporting phase are adhered to and implemented.

Functions of the Internal Audit

Internal audit makes a large contribution to the achievement of organizational goals, and the implementation of strategies for their achievement (Ljubisavljević & Jovanović, 2011). In addition, the internal audit provides the reliability, reality, and integrity of financial and operational information that comes from different organizational units, on which appropriate business decisions, at all levels of management are based. Successful implementation of internal audit tasks means that

the internal audit should be independent; that is, the company's management should in no way influence its work, information, conclusions, and evaluations (Al-matari et al., 2014). In this way, the internal audit report becomes a means of communication between internal audit and management, and an important guideline for the successful management of the company.

Furthermore, the internal audit function facilitates the operation and effective working of the audit committee as the audit function goals are consistent with the former's financial reporting oversight responsibilities Goodwin & Yeo (as cited in Al-matari et al., 2014). Along this line of argument, Al-Shammari (as cited in Al-matari et al., 2014) stated that the internal audit functions to control the accounting system as well as assessing plans and procedures to determine weaknesses or defects in the systems and procedures used by the company; and to propose modifications and enhancements needed to ensure effective audit work. Taking into consideration the staff commitment to the company's policies and procedures, the internal auditor has to monitor these policies' and procedures' implementations and to clarify them to the employees. Safeguarding established funds as the development and implementation of systems is an attempt to make sure that the facility safeguards assets and funds against manipulation and fraud, to detect fraud and minimize losses stemming from neglect or abuse.

The Institute of Chartered Accountants in England and Wales (as cited in Ljubisavljević and Jovanović, 2011) define internal audit to contain two fundamental roles: assurance services to the administration, audit committee, and management, guidance on assessing the effectiveness of corporate management, risk management, and control processes established by management; and consulting services to the management on risk management and controls. Analyzing this definition, it seems

that the internal audit has evolved from a function of independent evaluation to a function of risk management, which is the primary need of every company because it provides the creation of the added value of companies through independent, objective assurance and consulting activities (Stewart & Subramaniam, 2010).

By assessing the management process, the internal audit provides appropriate recommendations to improve it by fulfilling the following objectives according to the Framework of Professional Activity, Institute of Chartered Accountants in England and Wales (as cited in Saud and Marchand, 2012) : promoting appropriate ethical principles and values within the organization; ensuring effective management of performance and establishing responsibilities in the company; effectively communicating information on risks and control to the relevant parts of the company; And ensuring effective coordination of activities and communication of information to board members, external and internal auditors, and management.

Good corporate governance aims at meeting and achieving corporate mission, goals and objectives. By this, Pickett (as cited in Ali, 2016) suggests that a well-organized internal audit helps management to implement strategy and achieve mission and corporate objectives by providing a systematic and disciplined approach to evaluation and improvement of the efficiency, effectiveness, economy, and equity of company business. The above functions of an internal audit unit suggest that the internal audit unit of an organisation is not just any department: but internal auditing actually holds the key to company accountability and makes sure that waste, as well as bad practices that can cost the organisation a great deal of cedis are reduced to a minimum, if not eliminated entirely. Internal auditing activity as it relates to corporate governance has, in the past, been generally informal, accomplished primarily through participation in meetings and discussions with members of the Board of Directors.

According to COSO's ERM framework, governance is the policies, processes and structures used by the organization's leadership to direct activities, achieve objectives, and protect the interests of diverse stakeholder groups in a manner consistent with ethical standards (IIA, 2009).

The Internal Audit Function should evaluate the design, implementation, and effectiveness of the organization's ethics-related objectives, programs and activities (Institute of Chartered Accountants in England and Wales (as cited in Ljubisavljević & Jovanović, 2011)). Internal auditing has opened new doors for strategic management decisions and the implementation of organizational policies, calling for a good knowledge and understanding of corporate governance principles and requirements. It also raises issues of how far internal auditing can communicate governance issues outside the organization it serves particularly when those issues concern governance requirements and reviews by regulators, external auditors and other stakeholders. The possibility of such communication has to be addressed by an organization's board and the internal auditing responsibilities clearly stated.

Effectiveness of Internal Audit System

Different authors have defined the term "effectiveness" in various ways. For example, Arena and Azzone (as cited in Badara & Saidin, 2013) defined effectiveness as "the capacity to obtain results that are consistent with targets. According to (Dittenhofer, 2001), effectiveness is the achievement of internal auditing goals and objectives using the factor measures provided for determining such factors. In Mihret and Yismaw (2007), internal audit effectiveness is defined as "the extent to which an internal audit office meets its supposed objective or the extent to which it meets the intended outcome."

All the three authors defined effectiveness regarding achieving the IA goals and objectives, though interpreted in different ways. Mihret and Yismaw (2007) described the characteristics of effective internal audit unit from the internal audit point of view. Effective Internal Audit (IA):

- Undertakes an independent evaluation of financial and operating systems and procedures;
- Contributes to the achievement of organisational goals;
- Needs management's commitment to implement recommendations;
- Provides useful recommendations for improvements as necessary;
- Affected negatively by lack of attention from management which in turn adversely affects the auditee attributes; and
- Management support is a natural quid pro quo for effective internal audit.

Sarens and Beelde (as cited in Aliyi, 2016) point out the contribution and roles of internal audit in organisations or corporate governance from the senior management's expectation point of view.

Senior management expects internal audit:

- To compensate for management's loss of control resulting from increased organisational complexity,
- To be the safeguard of corporate culture through personal contacts with people in the field,
- To be a supportive function in the monitoring and improvement of the risk management and internal control system,
- To lay a training ground for future managers, and
- To collaborate actively with the external auditors to increase total audit coverage.

This collaboration indicates that internal audit and management is the interdependent unit that should be worked together to achieve organisational goals. While doing their activities, there is some value that internal audit unit seeks from management (such as management support, commitment, expectation, etc.) and that the management wants from the internal audit like adding value in decision making by providing sufficient information and reducing information asymmetry, monitoring and managing and internal control system.

Factors that may contribute to the effective government audit activities is the need of organisational independence and objectivity which can allow the audit activity to conduct work without interference by any party for the audit task (Quansah, 2015). The independence and objectivity of internal auditing are covering both assurance services and consulting for the organisation. The independency and objectivity are closely related where the freedom from conditions that may threaten objectivity and no significant quality compromises are made during rendering the audit service (Institute of Internal Auditors, 1999). In fact, the audit activity should have sufficient independence from those it is required to audit so that it can both conduct its work without interference and be seen to be able to do so, IIA explained (as cited in Hass, Abdolmohammadi, & Burnaby, 2006). It is a very crucial element in conducting an audit since auditors have the opportunity to access any document which relates to the work of the auditor. This access makes the auditor provide an objective, reliable and professional report to the management as part of the mandate given to them to achieve the integrity in the auditing. Independence of the accounts would not be considered to be impaired if the auditors do not appear to act in a capacity equivalent to a member of client management or as an employee (Caplan & Kirschenheiter, 2000). The role of IA sometimes becomes confusion especially when

the internal auditors acting upon their duties as part of the management team and at the same time to independently evaluate management's activity for effectiveness and efficiency. Recently, there has been a heightened interest issues associated with the independence and objectivity of internal audit. These issues could affect the strength of internal auditing even though internal auditors are given a mandate to upholding the best interests of their employer; they may be reluctant to counter management, regardless of effects, Saren & Beelde (as cited in Aliyi, 2016).

Factors affecting Internal Auditing

Several factors influence the usefulness and effectiveness of internal auditing. Notable ones to be discussed in this literature includes: management support, competence and independence of auditors.

Management Support and Commitment

Management's support is probably the most important factor in company environment (Saud & Marchand, 2012). The effective nature of internal auditing usually depends on the involvement of management and requirements. It also depends on the attitude of a board of directors communicating directly with the head of the internal auditor regularly, at least once a year to enhance the independence of internal auditing. Management can demonstrate its support for internal audit by emphasizing the value of independent and objective internal auditing in identifying areas for improving performance quality and by implementing the recommendations of internal audit unit (Al-matari et al., 2014).

To a large extent, internal audit is as useful as management allows it to be. The study of Alzeban and Sawan (2013) revealed that the Internal Audit Department suffers due to less support from Senior Management. If internal audit issues reports

which are critical of certain part of the organization and management takes no action for political reasons, this would only serve to undermine the internal audit function and reduces its effectiveness, Gray & Manson (2011). According to Mihret and Yismaw (2007) management's failure to implement recommendations of internal audit has far reaching implications on the auditor's attitude towards improving audit quality, their commitment to develop a career as internal auditor. This is also in line with the thinking of Van Gansberghe (as cited in Aikins, 2011), who submits that the implementation of audit recommendation is highly relevant to internal audit effectiveness. Mihret and Yismaw (2007) also added that audit findings and recommendations would not serve much purpose unless management is committed to implement them. The findings of these studies implied that people would not find internal audit profession attractive to them and even those who take internal audit appointment may not demonstrate high professionalism in carrying out their duties if they do not see how they contribute to the overall achievement of organizational objectives.

Independence of Internal Auditors

Internal auditors are independent when they render impartial and unbiased judgment in the conduct of their engagement. If management provides internal auditing department with an independent position inside an organisation, it would have a positive influence on control environment, Goodwin & Yeo (as cited in Alzeban & Sawan, 2013). The degree of autonomy and independence depends on the level internal auditor reports to, and internal auditing department should report both to the audit committee and management to assure its autonomy and independence (KPMG, 2004). Also, internal auditors and the audited activities should be independent of each other, and internal auditors should report directly to highest

management. The mandate, scope, methodology, and results should be determined solely by the internal audit charter without seeking consent from top management. When management defines the scope of the internal audit work, it does not allow the internal auditors to be independent. In areas where management is involved in misappropriation of resources may be excluded from the scope of audit work defined by the same management (John, 2015).

The organizational setting of internal audit function, must be independent as possible (Dawuda, Ataribanam, & Joseph, 2017). Organizational setting includes the status of internal audit in the organizational structure; the probity of internal audit office, budgetary status of the internal audit office; the policies and procedures of the organization; and the existence of sound established criteria to evaluate auditee's practices and organizational independency. It provides the context in which the internal audit operates. Therefore, organizational setting can exert influence on the level of effectiveness that internal audit could achieve (Dawuda, Ataribanam & Joseph, 2017). The organizational setting of every institution should allow the internal auditors to perform their duties without any hindrance. According to Zain et al. (2004) an organizational setting with effective Audit Committee would enhance the work of Internal Audit Department. The audit charter should establish independence of the internal audit activity by the dual reporting relationship to management and the organization's most senior oversight group. The internal auditors should have access to records and personnel as necessary, and be allowed to employ appropriate probing techniques without impediment. Therefore, the internal audit activity should have a mandate through a written audit charter that establishes its purpose, authority, and responsibility to support its independence and objectivity within an organization. The

committee should safeguard the independence by approving the internal audit charter and mandate periodically.

Competence

Internal auditors can use behavioural science concepts, that is, power and situational leadership, to enhance the possibility of audited departments adopting their suggestions. Internal auditors' power is their professional knowledge, and situational leadership is to give suggestions according to the maturity of audited department, that is: use "telling" at low maturity, use "selling", "participating", and "delegating" at mid-low, mid-high, and high maturity, respectively (Jun Lin, Xiao, & Tang, 2008). A timely, efficient report process is very important to make internal auditors reach the highest effectiveness (KPMG, 2004). The way to report should make internal auditors communicate effectively with their customers, including high-rank management, audit committee, operating supervisors, and external auditors.

After the audit activities end, internal auditors should discuss audit findings with audited departments, then write audit reports according to the discussion. The audit report should include audited departments' opinions, positive audited findings, suggestions, and audited departments' responses. Hepworth and Noel (as cited in Al-zeaud, 2012) argued that staffing professional employees increases effectiveness of internal auditing, and that an internal auditor should pursue continual professional development by seeking membership at professional auditor and accountant associations both nationally and internationally and obtain world-class accreditation. All in all, this will help improving effectiveness of the internal auditing process. On the other hand, Shahreri (as cited in Tewodros, 2016) advised recruiting competent and well-qualified staff to support internal auditing activities and departments. To maintain objectivity and competence, internal auditors should have no personal or

professional involvement with or allegiance to the area being audited; and should maintain an un-biased and impartial mindset in regard to all engagements. Internal auditors should not assume any operational responsibility. Objectivity can be presumed to be impaired when internal auditors perform an assurance review of any activity for which they had any authority or responsibility within the past year or a period significant enough to influence their judgment or opinion (Tewodros, 2016). Internal auditors should not accept gifts or favors from others such as employees, clients or business associates. The internal auditors should adopt a policy that endorses their commitment to abiding by the Code of Ethics, avoiding conflicts of interest, disclosing any activity that could result in a possible conflict of interests (Montclair State University, 2012). Staff assignment of internal auditors should be rotated periodically whenever it is practicable.

Internal audit teams need suitably experienced, qualified and trained staff to produce the best advice and judgements for boards and management. Boards should ensure that internal audit work is sufficiently resourced to allow it to fulfil its mandate, that staffs in key positions have a recognised skill set appropriate to their functions, and that staff receive the training and development they need to deal with the increasing challenges organisations are facing.

Internal auditors should report at least annually to the board on their risk management, governance and internal control work, recognising that it may be drawn on in the statement of internal control as part of the organisation's Annual Report.

Effective Internal Auditing in an Educational System

Internal auditing can be broken down into subsystems. These subsystems ensure that all aspects of school financial processes are operated consistently in a

secure environment. For a school, the following subsystems have been identified by the Victoria State Government (2015) as requiring specific internal control processes to protect both the resources and personnel involved.

Bank Accounts and Investments

All School bank accounts must be in the name of the institution. Registered signatories at the bank for these accounts must comprise the head of the institution as a mandatory signatory, and a second co-signatory who must be a member of School Council. The Accountant or Bursar must never be a signatory for school accounts (Victoria State Government, 2013). Registered signatories must be minuted at School Council and kept up to date at the bank. Authorization for banking software and other electronic payments must follow the same controls that are applied to the registered signatories for the school bank account. Bank accounts are to be maintained and monthly financial reports provided to School Council. Each bank account must be reconciled monthly and must be audited as per Department policy (Ayson, 2010). The head of the institution is a mandatory signatory for the account and all cheques must be co-signed by another authorized signatory. The account must be independently audited each year. The transfer of money from one bank account to another must be authorized by the principal and a report, detailing transfers must be presented to School Council each month. Each school council must develop and endorse a school investment policy (Victoria State Government, 2015). Where schools choose to investment, a register must be maintained to include all other investment accounts. This register should be regularly reconciled with bank statements or certificates.

Receipts

A policy for the collection of monies should be in place and available for all staff. Good physical safeguards, including a locked, controlled access safe and secure cash drawer, also with controlled access, are necessary to prevent any loss of cash from the school premises. Receipts should be entered when received and original receipt issued stating the purpose of the remittance. In circumstances where this is not possible, a manual receipt can be issued (Victoria State Government, 2015). The receipt book should be reconciled to all transactions when entered to ensure all receipts received by the school are banked. No receipt should be altered and no duplicate receipts issued. If an error has been made the receipt should be cancelled and the original of the incorrect receipt attached to the duplicate copy. If a duplicate receipt is requested, the receipt of money should be acknowledged by a typed note on school letterhead, (General Ledger receipts) or by providing a Family or Sundry Debtor Statement showing the receipt of the money (Aliyi, 2016). Personal cheques are not to be cashed under any circumstances. All cheques received by mail are to be entered in a remittance book, and all cheques, which have not already been crossed “not negotiable”, should be crossed as soon as they are received. If possible, students or parents should be made to pay all monies in the bank and submit the payment slips to the school.

Refunds

Before a school processes a refund, the original receipt is to be produced or receipt number identified, and the payment voucher for the refunded amount attached to the receipt document. Any refunds issued by a school must be by cheque if appropriate, to the parent/guardian and not in the form of cash to the student (Victoria State Government, 2013).

Banking

According to Victoria State Government (2015) all cash, cheques, etc. must be banked intact and where possible, banking carried out daily to avoid having money on the school premises overnight. Small schools with small amounts of money, on hand, may opt to bank once a week. Money kept on the premises overnight must be locked in a secure location and checked regularly by more than one person. Internal control can be further enhanced by ensuring weekly banking does not occur on the same day each week. The bank deposit slips, are to be prepared and printed in duplicate, and compared with:

- the total amount of money received and prepared for banking; and
- the total amounts recorded.

This will provide an additional check on the accuracy and completeness of the deposit. Should any cheque be dishonored, communication with the drawer of the cheque should be made immediately.

Purchases and Expenses

It is important to separate the authorizing, recording and custody functions so that a cross-check is provided for each function. The person who performs the purchasing function will ideally be independent of those persons who carry out invoice processing and payment, stock records and receipt of goods (Al-zeaud, 2012). The quotes, including a record of verbal quotes received, and tenders are to be attached and filed with the purchase documentation. Where a quote has not been accepted, a note to this effect from the authorised officer, setting out (briefly) the reasons, should be filed with the purchase order documentation (Victoria State Government, 2015). This note would form part of the audit trail. An official school order form must be raised and authorized for all school purchases of goods. Approval

to purchase is dependent upon funds being available to meet the payment (funds sufficiency). A purchase order is not required for petty cash, some canteen items and utilities accounts. Official school order forms are not to be used for private purposes. Order forms (hard copy or electronic) are to be entered in the Accountable Documents Register and are to be serially pre-numbered and used in strict sequential order so that all forms can be easily traced and accounted for. Stocks of purchase order forms should be inspected periodically by the authorized officer to detect any broken sequence of original purchase order forms (Victoria State Government, 2013). It is essential that a duplicate copy of each order be kept by the initiating department/ administrative staff as both a permanent record and authority for delivery and payment. The duplicate is marked 'goods received' or 'cancelled' when the account is passed for payment. Once approved, orders should be recorded to accurately determine commitments against budget and to ensure cash flow requirements.

Receipt of Goods

Full details of items and quantities appearing on the delivery docket are to be checked before the docket is signed. This check will prevent incorrect items and quantities being processed through the system and possibly paid for. Short deliveries are to be similarly noted. Subsequently, the delivery docket should be compared with the purchase order and also matched with the invoice as part of the internal checking system. Variations should be investigated. Part payments may be relevant where the full purchase order has not been delivered.

Stocktaking

A stock taking is to be conducted, as a minimum, once every two years and provides the best check on physical assets control. If performed in stages throughout

the year, a stock take minimizes interference with school programs. The school principal should appoint a stocktaking officer, who is not involved in the handling or custody of stores, to conduct and supervise the stock take.

Commitment Control

Commitments consist of any outstanding orders a school may have at any point in time. All commitments must be closely monitored to ensure the schools cash flow position is known at any time. A record of total commitments must be presented to School Council each month.

Theoretical Review

There are several different theories that may explain the demand for audit services. Some of them are well known in research and some of them are more based on perceptions. Ionescu (2008) used these four theories to explain the demand for auditing: policeman theory; lending credibility theory; theory of inspired confidence; and the agency theory. For the purpose of this research, the agency theory was used to guide the study.

Watts and Zimmerman (as cited in Asuming, Forkuo, Kankam, Ode, & Korkor, 2013), suggests that the auditor is appointed in the interests of both the third parties as well as the management. Valley View University is viewed as a web of contracts with students, parents or the community, government and other educational and non-educational institutions. Several groups (suppliers, bankers, customers, employees etc.) make some kind of contribution to the company for a given price. The task of the management is to coordinate these groups and contracts and try to optimize them: low price for admissions, quality students, low interest rates for loans, high share prices and low wages for employees. In these relationships, management is the

agent, which tries to gain contributions from the principals (bankers, shareholders, employees etc).

According to Institute of Chartered Accountants England and Wales (as cited in Addy, Marfo, Owusu, & Mensah, 2012) on agency theory and the role of audit, audits serve a fundamental purpose in promoting confidence and reinforcing trust in financial information. The principal-agent relationship, as depicted in agency theory, is important in understanding how the audit has developed. An agency relationship arises when one or more principals (e.g. an owner) engage another person as their agent (or steward) and delegate some decision-making authority to them. In so doing, principals place trust in their agents to act in the principals' best interests. However, as a result of information asymmetries between principals and agents and differing motives, principals may lack trust in their agents and may therefore need to put in place mechanisms, such as the audit, to reinforce this trust.

Empirical Review

Gramling, Maletta, Schneider and Church (2004) conducted a study to examine future opportunities which relate to internal audit function in corporate governance. The study focused on the nexus between internal audit and governance (external auditors, the audit committee, and management). Also, they looked at the literature on internal audit quality which included both objectivity and independence. The essence of an internal audit in corporate governance is to analyze in collaboration with external auditors, evaluation of quality, determinants of its reliance decision, the extent and nature of its work relied on by the external auditor and other aspects of the external audit.

On the other hand, Bariff (2003) elaborated the relevance of the internal audit in corporate organizations. The IIA member Chapter at Chicago conducted a survey

of other companies and its member companies to determine what current practices, preferred practices and the gaps related to internal audit were found independent, scope, and Sarbanes-Oxley compliance monitoring. The study examined the question related to appointing and removing the CAE and added that the independence of the internal audit function is at risk if, for example, the chief financial officer (CFO) has the responsibility to hire and fire the CAE. The study proved that the internal auditors indicated that, the audit committees need to be more proactive in internal audit reporting, and chief audit executive personal matters like (hiring and firing), and internal audit scope should include strategic issues, and confirming the review of internal controls. The results of the survey declared that internal auditors want to take a position to participate in monitoring compliance with Sarbanes-Oxley Act, and their results show that the internal auditors are active in the challenge to reframe the confidence in financial reporting.

Research that was published by The American Accounting Association (2007) study examined the impact of audit committee superior over the internal audit function on the nature of internal audit activities. The data obtained from 72 chief internal auditors from Fortune 1000 firm. The measurement used to derive from three key facts of the audit committee-internal audit relationship: reporting duties, termination rights, and budgetary control. The results indicated strongly, positive relation between the audit committee functional internal audit authority variable and a number of internal audit resources devoted to internal control, 25% of the sample firms suggests significant room for improvement in terms of the stature of the audit committee in its dealings with internal audit function, this also validates the IIA's recommendations concerning audit committee internal audit termination/hiring rights and budgetary controls. The evidence suggests that the internal audit function is

slowly evolving from the "eyes and ears of management" to the "eyes and ears of the audit committee," also the audit committees are slowly evolving take a great role in their interaction with internal audit.

A study by Coram, Ferguson and Moroney (2006) assessed whether organizations with an internal audit function are more likely to detect and self-report fraud than those without; they used a unique self-reported measure of misappropriation of assets fraud for the first time. The fraud data are from the 2004 KPMG fraud survey, which reported fraud from 491 organizations in both private and public sector in Australia and New Zealand. The internal audit data are gathered through a survey sent to the respondents of the KPMG fraud survey. The study revealed that organizations with an internal audit function are more likely than those without such a function to detect and self-report fraud, and organizations that rely solely on outsourcing for their internal audit function are less likely to detect and self-report fraud than those that undertake at least part of their internal audit function themselves. The study findings suggest that internal audit adds value through improving the control and monitoring environment within organizations to detect and self-report fraud. Also, it suggests that keeping the internal audit function within the organization is more effective than completely outsourcing that function.

There is further evidence of the close relationship between audit committees and the head of an internal audit in a recent South African study conducted by (Marx & Voogt, 2010) among 30 large listed companies. In this study, 93.3% of chief audit committee chairs revealed that their organizations chief audit executives report to the audit committee and 83.3% meet with the audit committee more than three times a year. This study also revealed that chief audit committee chairs were extremely satisfied with the contribution that internal audit makes to corporate governance.

The exploratory study of Ahlawat (2000) examines whether outsourcing of the internal audit function is susceptible to client advocacy vis-a-vis in-house auditing, which itself may be sensitive to an employer advocacy. Advocacy implies that an auditor will be partial to its client's interest, especially if these interests are specifically known. The study further examines whether advocacy is mitigated by the experience of internal auditors and whether their judgments are influenced more by ethical or by economic concerns. For this research, sixty-six practicing members of the Institute of Internal Auditing completed a case study involving a corporate acquisition scenario. Of the 66 participants, 35 were from corporations (in-house), while the remaining 31 were from the Big 5 accounting firms (outsourced). Advocacy was manipulated by asking participants to assume the role of internal auditor for either the buyer or the seller of a target division. Results indicate that significant advocacy existed in the judgments of both in-house and outsourced auditors. However, the extent of advocacy was less severe in the case of outsourcing auditors. Also, regardless of whether participants themselves made ethical or economical choices, they seemed to believe that most people, in general, are motivated by economic rather than ethical considerations.

The study of Goodwin and Yeo (2001) examines two factors that may influence the independence and objectivity of internal audit. These two factors are: first, affecting the organizational independence of the internal audit function is its relationship with the audit committee. The second is the use of the function as a management training ground. It is argued that this practice might affect individual objectivity because internal auditors may be reluctant to withstand pressure from an auditee who could be their future supervisor. The survey sample consisted of chief internal auditors in Singapore. A strong relationship between the audit committee and

the internal audit function was found, with the level of interaction is greater when the audit committee was comprised solely of independent directors, and the use of the internal audit function as a management training ground was also found to be quite widespread in Singapore.

CHAPTER 3
METHODOLOGY

Research Design

The study is a cross-sectional quantitative study that utilized causal research design to explore the factors affecting the effectiveness of internal audit function at Valley View University.

**Population and Sampling Procedure
of the Study**

The target population was made up of employees at different levels and departments from the three campuses of VVU in Ghana, namely Accra, Kumasi and Techiman. Specifically, the population targeted lecturers, departmental heads and staffs. The departments included the registry, finance, human resource, school of education, school of business, school of science, graduate department and the internal auditing department.

The study adopted the systematic random sampling technique to select the respondents. This was to ensure that each respondent has an equal chance of being selected. Table 1 below indicates the sample size chosen for the study.

Table 1. Sample Size of Respondents

Campus	Population	Sample
Oyibi	350	182
Kumasi	40	21
Techiman	90	47
Total	480	250

(Source: Author, 2017)

The sample size was determined using the sample size determination by Dalen, (1979). In descriptive research, Dalen stated that the sample should be between 10-20%. Since this population under study is heterogeneous (3 campus with different departments to select respondents from), the researcher chose a much higher percentage of 52%. This amounted to a sample size of approximately 250 respondents.

Then the sample size for each campus is determined from the formula proposed by (Yamane, 1967) as

$$n_h = \frac{n \times N_h}{N} \dots \dots \dots (1)$$

Where n_h is the sample size of campus h

N_h is the total population of the campus h

N is the total population of the three campuses

n is the total sample size of the study as determined above.

Hence, the sample for Oyibi is $= \frac{350 \times 250}{480} = 182$

Sample for Kumasi is $= \frac{40 \times 250}{480} = 21$

Sample for Techiman is $= \frac{90 \times 250}{480} = 47$

Instruments for Data Collection

The main instruments for data collection are structured questionnaires and interviews. The questionnaire was designed based on the research questions. The questionnaire comprised of closed ended questions. The questionnaire is in four sections. Section A focused on the demographic information of the respondents.

Section B focused on the effectiveness of internal auditing at VVU. Section C centered on the level of management support and commitment at the university, Section D focused on the competence of internal audit staff and Section E looked at the level of independence of the internal auditors at the University respectively.

Furthermore, the researcher adopted Likert linear scale type questions with a rating of 1 to 7, being Strongly disagree, Disagree, Somewhat disagree, Undecided, Somewhat agree, Agree, and Strongly agree. The result of the responses was bundled into appropriate area in the questionnaire. Additionally, 15 participants from management and the internal audit staff were interviewed to supplement the data collected from the questionnaire.

Validity of Instrument and Reliability of Instrument

To ensure the instrument would measure what it is supposed to measure, the instrument was checked for validity. The validity of the data collection instruments was done with the help of experts and advisors who vetted the questionnaire and the interview guide.

To obtain the reliability of the instrument, a pilot study was administered to 25 respondents within the three campuses of VVU. The selection of the respondents for the pilot study is justified by Hertzog (2008) who stated a 10% of the study sample for the study. For the sample size of 250 respondents, 25 respondents were therefore selected for the pilot study. Reliability of the instrument was ensured by testing the values (Alpha values) as recommended by Cronbach (1946). The alpha values for reliability test were 0.71 for competence of internal audit staff, 0.87 for level of independence of the internal auditing, 0.81 for management support and commitment and 0.79 for effectiveness of the internal audit function.

Ethical Considerations

Consent from AUA MBA Research Committee and the Officers of the three campuses were secured before data was collected. A preamble explaining the ethical considerations of the study and a request to the respondents to participate willingly in the study was part of the questionnaires. The confidentiality of the respondents was safeguarded and for that matter their names were not required. This ensured that the freedom of the participants to choose whether to take part in the study or not.

Respondents were assured that the results of the study would not put their employment at risk and that the information obtained from the questionnaire is for study purposes and would be treated with strict confidentiality.

In addition, the researcher adhered to ethical considerations with regards to fabrication of information and plagiarism which are of importance in research. The researcher ensured that information is voluntary given. Also, factors such as fraud, deceit, duress, undue influence, or other forms of constraints and coercion was not be used in the study.

Data Collection Procedure

Upon approval of the research proposal and consultation with the primary and secondary advisers, the researcher sought permission from the Rectors of the three University Campuses. The researcher explained the purpose of the study to the Officers and the importance of the study. After receiving their consent, the researcher moved from campus to campus, explaining and seeking the informed consent of the participants.

Field notes, as well as audio recordings of the interview was done after seeking permission from the participants. The field notes were essential and took into consideration non-verbal cues to add more meanings to the recorded data. The study

included non-verbal cues in the transcript - silence may communicate embarrassment or emotional distress, or simply a pause for thought. In this consideration, the respondents' consent is sought during the procedure. The researcher also ensured that the identities of the research participants were not exposed or could be traced to any third party. The study avoided any descriptive information that could lead to the possible identification of respondents.

After data collection, the data was examined and checked for completeness and consistency. The data was then coded and entered into a database through the Statistical Package for Social Sciences (SPSS) version 22.

Method of Data Analysis

Both descriptive and inferential statistics were used for the analyses of the data. For instance, percentages and frequencies were used to analyze respondents' demographic characteristics. Furthermore, means and standard deviations, correlations and multiple regression analyses were used to address the research questions. The study used the Statistical Package for Social Science (SPSS) software version 22 for the analysis. The interview data was analyzed using thematic analysis. With this procedure, the researcher organized the data into common themes. The researcher sought the consent of the interviewees to record the interviews, then listened to the audio data over and over again before transcribing them into written text. After the transcription, the researcher grouped the data under pre-set themes and then assigned codes to them. To ensure anonymity, the respondents were coded PR1 – PR15 representing Participating Respondent 1 to Participating Respondent 15.

CHAPTER 4

RESULTS AND DISCUSSION

This chapter presents the results of the study. It describes and analyzes the demographic characteristics of the sample and examines the effect of management support and commitment, staff competence and independence of internal auditors on the effectiveness of internal audit function at Valley View University.

Response Rate

The response rate of the questionnaires issued is indicated in Table 2.

Table 2. Response Rate

Campus	Distributed Questionnaire	Retrieved Questionnaire	Response Rate
Oyibi	174	174	100
Kumasi	21	21	100
Techiman	55	55	100
Total	250	250	100

(Source: Field Data, 2018)

In all, 250 questionnaires were distributed and 250 questionnaires were retrieved given a response rate of 100%. For the interview, the researcher managed to interview the stipulated 15 respondents. However, there were some cases where some management preferred the questionnaires to the interview and the researcher excluded those people.

Demographic Characteristics of the Respondents

This section covers demographic of the respondents on gender, educational level, working experience and category of staff. The result is indicated in Table 3.

Table 3. Demographic Data of Respondents

Questions	Categories	Number	Percentage
Gender	Male	152	60.8
	Female	98	39.2
	Total	250	100
Educational Level	Diploma/HND	45	18.0
	Undergraduate	88	35.2
	Postgraduate	106	42.4
	Doctorate / PHD	11	4.4
	Total	250	100
Working Experience	Less than 3 years	9	3.6
	3 – 5 years	82	32.8
	6 – 8 years	48	19.2
	9 – 11 years	40	16.0
	12 – 14 years	41	16.4
	More than 14 years	30	12.0
	Total	250	100
Category of Staff	Teaching Staff	95	38.0
	Departmental Head	35	14.0
	Accounts Officer	88	35.2
	Other Staffs	32	12.8
	Total	250	100

(Source: Field Data, 2018)

First the study ascertained the gender distribution of the respondents. From Table 3, the results indicate that, out of the total respondents of 250, 152 representing 60.8% are males while 98 representing 39.2% are females. More males therefore participated in the study than females. The results are however representative of the staff in the University since the males outnumber the females. With educational level, 45 respondents representing 18% of the staff are having Diploma and HND certificates, 88 respondents representing 35.2% are undergraduates, 106 respondents

representing 42.4% are Postgraduates and 11 respondents constituting 4.4% are having their doctorates or PhD certificates.

The study also has 9 respondents constituting 3.6% had worked for less than 3 years, 82 respondents constituting 32.8% of the staff indicating that they had worked between 3 and 5 years, 48 respondents constituting 19.2% had worked for 6 – 8 years, 40 respondents constituting 16% had worked for 9 – 11 years, 41 respondents constituting 16.4% had worked for 12 – 14 years and 30 respondents constituting 12% had worked for more than 14 years. Majority of the respondents had worked with the University for more years (at least more than 3 years) and hence are expected to know the internal control processes of the university.

On the category of staff who took part in the study, 95 respondents constituting 38% were teaching staff, 35 respondents constituting 14% were departmental heads, 88 respondents representing 35.2% were account officers and 32 respondents constituting 12.8% were categorized among other staff except those mentioned. Respondents were therefore selected from different departments of the University. This minimizes the effect of biases on the results and helps in the generalization of the findings.

Preliminary Data Analysis

The normality of the data obtained for the study was verified. This was verified to detect outliers in the data and to ensure that the data is normally distributed. Data is said to be normal when the skewness and kurtosis values fall within 2 and -2 (Tabachnick & Fidell, 2007). An observation from Table 4 shows that all the skewness and Kurtosis values were within the normal range.

Table 4. An Analysis of the Skewness and Kurtosis values of the variables

	Skewness	Kurtosis
Management support and commitment	-0.808	-0.569
Competence of IA staff	-0.666	0.113
Level of independence of IA Staff	-0.550	1.865
Effectiveness of IA function	-1.221	0.303

Field survey (2018)

Furthermore, Table 5 shows the descriptive statistics of the key variables. The variables were evaluated from 1 (strongly disagree) to 7 (strongly agree) using Table 5 for evaluation and interpretation.

The results from Table 5 indicates that the item with the highest ratings was the effectiveness of the IA function with a mean value of 6.44 and standard deviation of 0.863. The lower standard deviation value is an indication that the observations do not deviate much from the mean value of 6.44. The high mean value recorded is an endorsement by respondents that the IA unit at Valley View University is effective. The results also indicate that respondents consider that the IA staff are independent and also effective. Respondents least rated the support and commitment of management of the school to the IA unit with a mean value of 4.80 and standard deviation of 1.679.

Table 5. Descriptive Statistics of Variables

Variable	N	Mean	Std. Deviation
Management support and commitment	250	4.80	1.679
Competence of IA staff	250	6.00	1.132
Level of independence of IA Staff	250	6.05	1.032
Effectiveness of IA function	250	6.44	0.863

(Source: Field Data, 2018)

Note: Interval scale of 1.00-1.49 = Strongly disagree; 1.50-2.49 = Somewhat disagree; 2.50-3.49 =Disagree; 3.50-4.49 =Undecided; 4.50- 5.49 =Agree; 5.50 – 6.49= Somewhat agree; 6.50-7.00 = Strongly agree

Testing Hypotheses

Pearson bivariate correlation analysis was initially conducted to determine the relationships between the independent variable and the dependent variables before proceeding to the regression analysis. Table 6 shows the correlation results.

Table 6. Correlation Analysis of the Variables

		MSC	CIAS	LIAS	EIAF
MSC	Person Correlation	1.000	0.386*	0.178**	0.388**
	Sig. (1-tailed)	1.000	0.023	0.000	0.000
CIAS	Person Correlation	0.386*	1.000	0.066*	0.361**
	Sig. (1-tailed)	0.023	1.000	0.041	0.000
LIAS	Person Correlation	0.178**	0.066*	1.000	0.441*
	Sig. (1-tailed)	0.000	0.041	1.000	0.000
EIAF	Person Correlation	0.388**	0.361**	0.441*	1.000
	Sig. (1-tailed)	0.000	0.000	0.000	1.000

(Source : Field Data, 2018) N = 250

** Correlation is significant at the 0.01 level (2-tailed)

* * Correlation is significant at the 0.05 level (2-tailed)

*Key: MSC = Management Support and Commitment, CIAS = Competence of IA Staff
EIAF = Effectiveness of IA Function, LIAS = Level of Independence of IA Staff*

The results in Table 6 shows presents the relationship among the variables. The results indicated a positive relationship between the independent variables and the dependent variables. Thus, there is a positive correlation between the overall effectiveness of the internal audit function and management support and commitment ($r = 0.388^*$, $p < 0.01$); competence of IA staff ($r = 0.361^*$, $p < 0.01$) and the level of independence of IA staff ($r = 0.441^*$, $p < 0.01$).

Tables 7-9 present the multiple regression analyses for testing the following hypotheses:

1. There is no significant effect of the level of management support and commitment on the effectiveness of internal audit function at VVU.
2. There is no significant effect of competence of internal audit staff on the effectiveness of internal audit function at VVU.
3. There is no significant effect of level of independence of the internal auditors on the effectiveness of internal audit function at VVU.

Table 7. Model Summary of the Regression

Model	R	R Square	Adjusted R Square	Std. Error
1	0.834 ^a	0.686	0.677	0.734

(Source: Field Data, 2018)

a. *Predictors: (Constant), Management Support and Commitment, Level of independence of the IA Staff, Competence of IA Staff*

The correlation coefficient of the model summary is 0.834 as indicated in Table 8. Since this value is positive, it illustrates that there is a positive correlation between the predictor variables (competence of internal audit, level of independence of the internal audit staff, management support and commitment) and the criterion variable (effectiveness of the internal audit function). The adjusted R-Square value is 0.677 meaning that approximately 67.7% of the total variation in effectiveness of the IA function can be explained by the predictor variables.

Table 8. ANOVA Results for the Model

Model		Sum of Squares	Df	Mean squares	F	Sig.
1	Regression	53.022	3	17.674	32.795	0.000 ^b
	Residual	132.578	246	0.539		
	Total	185.600	249			

a. Dependent Variable: Effectiveness of Internal Audit function;

b. Predictors: (Constant), Management Support and Commitment, Level of independence of the IA Staff, Competence of IA Staff

Source: Field Data, 2018.

The statistical significance of the overall model is presented in Table 8. Thus, competence, level of independence of the internal audit staff, management support and commitment significantly impact the effectiveness of the internal audit function, $F(3, 246) = 32.795, p < .0005$. The individual predictors were examined further and the results is indicated in Table 9.

Table 9. Variable Coefficients of the Regression Model

Model		Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Std. Error	Beta		
1	(constant)	6.974	0.394		10.078	0.000
	Competence of IA	2.046	0.042	2.061	1.116	0.006
	Level of independence of IA Staff	3.439	0.045	3.525	9.718	0.000
	Management Support and Commitment	3.018	0.028	3.036	0.658	0.005

From the results above, all the predictor variables— competence of internal audit ($\beta = 2.061, p < .05$), independence of internal audit staff ($\beta = 3.525, p < .05$), as well as management support and commitment ($\beta = 3.036, p < .05$) have significant values less than 0.05. This confirms that all the variables contribute to the

effectiveness of IA. Hence, the null hypotheses of the study is rejected and conclude that the level of management support and commitment, the competence of internal audit staff and the level of independence of the internal auditors significantly impact the effectiveness of internal audit function at VVU.

The results are in conformity with earlier findings from Mihret and Yismaw (2007) who stated that the IA unit is affected negatively by lack of attention from management, which in turn adversely affects the auditee attributes. They therefore stated that management support and commitment to the IA unit is a natural *quid pro quo* for effective internal audit. Added to this was earlier findings from Sarens and Beelde (2006) cited in (Aliyi, 2016). They stated that internal audit and management is the interdependent unit that should be worked together to achieve organizational goals. This explains why Saud and Marchand (2012) stated emphatically that management's support is probably the most important factor in company environment. They added that effective nature of internal auditing usually depends on the involvement of management and requirements. Management can demonstrate its support for internal audit by emphasizing the value of independent and objective internal auditing in identifying areas for improving performance quality and by implementing the recommendations of internal audit unit. To Al-Matari et al., (2014), internal audit is as useful as management allows it to be. The study of Alzeban and Sawan (2013) also supported this claim when they revealed that the Internal Audit Department suffers due to less support from Senior Management. If internal audit issues report which are critical of certain part of the organization and management takes no action for political reasons, this would only serve to undermine the internal audit function and reduces its effectiveness. This is also in line with the thinking of

Gansberghe (2005) cited in (Aikins, 2011), who submits that the implementation of audit recommendation is highly relevant to internal audit effectiveness.

After the audit activities end, internal auditors should discuss audit findings with audited departments, then write audit reports according to the discussion. The audit report should include audited departments' opinions, positive audited findings, suggestions, and audited departments' responses. Hepworth and Noel (as cited in Alzeaud, 2012) argued that staffing professional employees increases effectiveness of internal auditing, and that an internal auditor should pursue continual professional development by seeking membership at professional auditor and accountant associations both nationally and internationally and obtain world-class accreditation. All in all, this will help improving effectiveness of the internal auditing process. On the other hand, Shahreri (as cited in Tewodros, 2016) advised recruiting competent and well-qualified staff to support internal auditing activities and departments. From the study of Tewodros (2016), internal audit teams need suitably experienced, qualified and trained staff to produce the best advice and judgements for boards and management. Boards should ensure that internal audit work is sufficiently resourced to allow it to fulfil its mandate, that staffs in key positions have a recognized skill set appropriate to their functions, and that staff receive the training and development they need to deal with the increasing challenges organizations are facing.

Other Factors Affecting the Internal Audit Function of the University

The interview sought to find out other factors affecting the internal audit function of the university. In response, factors mentioned included competence of the IA staff, management attaching importance to the outcome of the audit report and acting on it, independence of the IA unit, support from management and effective

teamwork. The comments of a participant on the competence of the audit unit is given below:

The internal auditor must have experience and expertise within the area of finance, project management, customer relations, leadership and more importantly, in information technology. The role of information technology (IT) has become a critical mechanism in auditing now. Owing to the rapid diffusion of computer technologies and the ease of information accessibility, knowledgeable and well-educated IT auditors are needed. Not only in IT but the internal auditor must have diverse knowledge so that he/she can understand the situation of auditing from a wider perspective (PR10).

On the functions of the internal audit unit, the following comments were received.

Internal audit contributes to the achievement of the institutional goals. The internal audit provides the reliability, reality, and integrity of financial information that comes from the various department. This information forms a major component on the decision of management towards the effective management of the institution (PR2).

The internal audit helps to smoothen the accounting system in the institution.

The unit functions to assess the weaknesses or defects in the accounting procedures and to propose modifications so that proper accounting and finances could be done. Additionally, the unit functions to safeguard funds from the institution as well as the institutional assets against manipulation and fraud, to detect fraud and minimize losses stemming from neglect or abuse (PR1 and PR13)

A major function of management of VVU is to ensure that the institution attains corporate mission, goals and objectives. By this, PR7 stated that the internal

audit helps management to implement strategy and achieve mission and corporate objectives of the institution.

On the recommendation, it was stated that

The internal audit function should evaluate the design, implementation, and effectiveness of the institution's ethics-related objectives, programs and activities. By so doing, there is the possibility for more innovative measures to be introduced in the strategic planning and management of the institution (PR1)

The internal auditors should not assume any operational responsibility.

Internal auditors should not accept gifts or favors from others such as employees, clients or business associates. The internal auditors should adopt a policy that endorses their commitment to abiding by the Code of Ethics, avoiding conflicts of interest, disclosing any activity that could result in a possible conflict of interests (PR15).

Lack of resource is another challenge. Therefore, management should ensure that internal audit work is sufficiently resourced to allow them to fulfil their mandate. Also, there is the need for training and development to equip them with modern ways of auditing to deal with the increasing challenges the institution is facing (PR6).

It was also advised by PR5 that the internal auditor should pursue continual professional development by seeking more knowledge, professional training and experience. There are various courses that the internal auditor can enrolled; both nationally and internationally and obtain world-class accreditation.

It was therefore not surprising that Ljubisavljević and Jovanović (2011) indicated that internal audit makes a large contribution to the achievement of

organizational goals, and the implementation of strategies for their achievement.

Therefore, the internal audit plays a major role in the provision of reliability, reality, and integrity of financial and operational information that comes from different organizational units. Mostly, this audit information is utilized by management and it constitute the basis on which appropriate business decisions are undertaken.

Therefore, the success in the implementation of internal audit tasks depends on the independence of the internal audit unit; that is, the institutional management should in no way influence its work, information, conclusions, and evaluations (Al-Matari, Al-Swidi, & Faudziah, 2014). Along this line of argument, Al-matari et al., (2014) stated that the internal audit functions to control the accounting system as well as assessing plans and procedures to determine weaknesses or defects in the systems and procedures used by the company; and to propose modifications and enhancements needed to ensure effective audit work.

CHAPTER 5

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

Summary

The study investigated the effect of management support and commitment, staff competence and independence of internal auditors on the effectiveness of internal audit function at Valley View University. Specifically, the study seeks to answer the following research questions

1. What effect does the level of management support and commitment have on the effectiveness of internal audit function at VVU?
2. What effect does the competence of internal audit staff have on the effectiveness of internal audit function at VVU?
3. What effect does the level of independence of the internal auditors have on the effectiveness of internal audit function at VVU?
4. What other factors affect the effectiveness of internal audit function at VVU?

The study was a cross-sectional quantitative study that utilized causal research design to explore the factors affecting the effectiveness of internal audit function at Valley View University. The main instruments for data collection were structured questionnaires and interviews to the targeted population. Correlation and regression analysis were used to address the research questions. Content analysis were used to analyze qualitative data based on the interviews.

In addition, the results revealed that management support and commitment significantly and positively predict effectiveness of the IA function ($r = 0.388^*$, $p < 0.01$). The study confirmed that effectiveness of the IA function within an organization is due to the involvement of management. As management demonstrate its support for internal audit by emphasizing the value of independent and objective internal auditing in identifying areas for improving performance quality and by implementing the recommendations of internal audit unit, the role of management in ensuring effectiveness of the IA function is evident. This finding agrees with various literature.

For example, Aliyi (2016) stated that internal audit and management is the interdependent unit that should be worked together to achieve organizational goals. This explains why Saud and Marchand (2012) stated emphatically that management's support is probably the most important factor in company environment. Other studies such as Al-Matari et al., (2014) indicated that internal audit is as useful as management allows it to be. The study of Alzeban and Sawan (2013) also supported this claim when they revealed that the Internal Audit Department suffers due to less support from Senior Management.

Consistent with previous findings, this study also found a significant positive relationship between competence of IA staff and effectiveness of IA function ($r = 0.361^*$, $p < 0.01$). This implies that staffing professional IA staff, pursuing continual professional development of IA staff at professional auditor and accountant associations both nationally and internationally would be translated into an improvement in the effectiveness of IA function. Thus, recruiting competent and well-qualified staff to support internal auditing activities and departments is translated

into an improvement in the effectiveness of the IA function. Hence, the internal audit unit need suitable, experienced, and trained staff to produce the best audit function.

Staff in the IA unit need to be given the training and development they need to deal with the increasing challenges organizations are facing. A timely, efficient report process is very important to make internal auditors reach the highest effectiveness (KPMG, 2004). The way to report should make internal auditors communicate effectively with their customers, including high-rank management, audit committee, operating supervisors, and external auditors.

There was also a positive relationship between independence of the IA unit and effectiveness of the IA function ($r = 0.441^*$, $p < 0.01$). Hence factors that may contribute to the effective government audit activities is the need of 54 organizational independence and objectivity which can allow the audit activity to conduct work without interference by any party for the audit task. This means that if management provides internal auditing department with an independent position inside an organisation, it would have a positive influence on control environment.

The mandate, scope, methodology, and results should be determined solely by the internal audit charter without seeking consent from top management. When management defines the scope of the internal audit work, it does not allow the internal auditors to be independent. In areas where management is involved in misappropriation of resources may be excluded from the scope of audit work defined by the same management.

From the study, it was realized that other factors such as competence of the IA staff, management attaching importance to the outcome of the audit report and acting on it, independence of the IA unit, support from management and effective teamwork also affect the internal audit function. It was revealed that the internal auditor must

have experience and expertise within the area of finance, project management, customer relations, leadership, and more importantly in information technology. The role of information technology (IT) has become a critical mechanism in auditing now. Owing to the rapid diffusion of computer technologies and the ease of information accessibility, knowledgeable and well-educated IT auditors are needed. Not only in IT but the internal auditor must have diverse knowledge so that he/she can understand the situation of auditing from a wider perspective.

Conclusion

Based on the study results, the study concludes that VVU maintains competence of their internal audit staff (mean = 6.00, standard deviation = 1.132), ensures the level independence of their internal audit staff (mean = 6.05, standard deviation = 1.032) and hence there is effectiveness of their internal audit function (mean = 6.44, standard deviation = 0.863). However, management support and commitment to the internal audit unit was not encouraging (mean = 4.80, standard deviation = 1.679). Also, the competence of internal auditors, their level of independence and corresponding management support and commitment are key predictors of the overall effectiveness of the internal audit function ($r = 0.834^*$, $r^2 = 0.686$, $p < 0.01$). Therefore, it is very important that an institution hires qualified internal auditing staff that have the requisite knowledge, skills and the confidence to carry out auditing tasks in a desirable way. In addition, the extent to which the function is independent of activities it audits and management's commitment to the auditing function is a game changer.

Recommendations

Based on the findings of the study, the study recommends that

1. The study found that management support and commitment significantly and positively predict effectiveness of the internal auditing function. It is therefore recommended that management of VVU need to pay greater attention to employees at internal audit departments, because internal auditing is an essential function and a major component to achieving organizational goals.
2. Interference from management has been found to affect the internal audit function. There was a positive relationship between independence of the IA unit and effectiveness of the IA function. Hence factors that may contribute to the effective government audit activities to maintain independence and objectivity without interference by any party for the audit task should be a priority need for Valley View University. While internal auditors should work closely with the executive to resolve issues that arise in their work, it is recommended that the internal auditors become accountable to the board, not management, and they should operate free from interference or obstruction.
3. To maintain objectivity and competence, internal auditors should have no personal or professional involvement with or allegiance to the area being audited; and should maintain an unbiased and impartial mindset in regard to all engagements. Internal auditors should not assume any operational responsibility. Internal auditors should not accept gifts or favors from others such as employees, clients or business associates. The internal auditors should adopt a policy that endorses their commitment to abiding by the Code of Ethics, avoiding conflicts of interest, disclosing any activity that could result

in a possible conflict of interests. In addition, staff assignment of internal auditors should be rotated periodically whenever it is practicable.

4. Internal audit teams need suitably experienced, qualified and trained staff to produce the best advice and judgements for boards and management. Boards should ensure that internal audit work is sufficiently resourced to allow it to fulfil its mandate, that staff in key positions have a recognized skill set appropriate to their functions, and that staff receive the training and development they need to deal with the increasing challenges organizations are facing.

Further Study and Research

The study is only restricted to Valley View University. Further research could be conducted to cover more organizations. The study, therefore, suggests that further research could be done in respect of other organizations in the country.

APPENDIXES

APPENDIX A
QUESTIONNAIRE

Adventist University of Africa
School of Postgraduate Studies

Dear Respondent,
The researcher is a final year MBA student at Adventist University of Africa (AUA).
The researcher is conducting a study on “Factors affecting the effectiveness of the internal audit in Valley View University”. You need not to write your name on the questionnaire. Kindly answer all questions as honestly as possible and your responses will be treated confidential. I hope you will take a few minutes to complete this questionnaire. Thank you for your admired cooperation.

Ophelia Aboagye Mensah, Adventist University of Africa Student

N.B Please tick [] where applicable and specify where necessary.

SECTION A: RESPONDENT’S PROFILE

1. Gender:
 Male Female
2. Educational Level
 Diploma / HND Undergraduate
 Postgraduate Diploma Postgraduate Degree
 Doctorate / PHD
Others Specify.....
3. Working Experience. less than 3 years 3 – 5 years

- 6 – 8 years 9 – 11 years
 12 – 14 years 15 years and above

4. Category of Staff

- Teaching Staff Departmental Head Principal Officer
 Accounts Officer Any Other, specify

SECTION B: Competence of the Internal Audit Staff

Please indicate the extent to which you agree or disagree to the function and effectiveness of the internal audit by **ticking** [√] a number from 1 to 7.

Key:	1 = Strongly disagree	2 = Somewhat Disagree	3 = Disagree	4 = Undecided	5 = Agree	6 = Somewhat Agree	7 = Strongly agree
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S/NO	Statement	Rating Scale						
		1	2	3	4	5	6	7
1	The internal audit unit has experienced staff to carry out its activities	1	2	3	4	5	6	7
2	All internal control measures are properly monitored by the internal auditing unit	1	2	3	4	5	6	7
3	The internal audit unit has staff with better qualifications to carry out its activities	1	2	3	4	5	6	7
4	There are periodic trainings for the internal audit staff	1	2	3	4	5	6	7
5	The internal auditors have a policy that endorses their commitment to abiding by the Code of Ethics of the University	1	2	3	4	5	6	7
6	The audit unit prevents disclosing any activity that could result in a possible conflict of interests	1	2	3	4	5	6	7
7	The internal audit unit persuades and motivates others through collaboration and cooperation	1	2	3	4	5	6	7
8	The audit report applies process analysis, business intelligence, and problem-solving techniques	1	2	3	4	5	6	7
9	The audit unit promotes and applies professional ethics to their activities	1	2	3	4	5	6	7

10	The internal audit unit develops and manages the internal audit function	1	2	3	4	5	6	7
11	The internal audit unit embraces change and drives improvement and innovation	1	2	3	4	5	6	7
12	The audit unit maintains expertise of the business environment, industry practices, and specific organizational factors	1	2	3	4	5	6	7
13	Any other, Please specify							

SECTION C: Level of independence of the Internal Auditing

Please indicate the extent to which you agree or disagree that the following factors affect the level of independence of the internal auditing at Valley View University by **ticking** [√] a number from 1 to 7.

Key:	1 = Strongly disagree	2 = Somewhat Disagree	3 = Disagree	4 = Undecided	5 = Agree	6 = Somewhat Agree	7 = Strongly agree
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S/NO	Factor	1	2	3	4	5	6	7
1	The internal audit does not determine the scope of the internal auditing activity	1	2	3	4	5	6	7
2	The audit unit does not communicate and interact directly with the board of the school	1	2	3	4	5	6	7
3	There is conflict of interest in the activities of the internal audit	1	2	3	4	5	6	7
4	Lack of autonomous position of the internal auditors	1	2	3	4	5	6	7
5	There is no written audit charter establishing the purpose, authority and	1	2	3	4	5	6	7

	responsibility of the internal auditing unit							
6	Internal auditors render partial and biased judgements	1	2	3	4	5	6	7
7	The internal audit unit is structural dependent on other departments of the school	1	2	3	4	5	6	7
8	The internal auditors are part of the management of the school	1	2	3	4	5	6	7
9	Any other, Please specify							

SECTION D: Management Support and Commitment

Please indicate the extent to which you agree or disagree to the following statements by **ticking** [√] a number from 1 to 7.

Key:	1 = Strongly disagree	2 = Somewhat Disagree	3 = Disagree	4 = Undecided	5 = Agree	6 = Somewhat Agree	7 = Strongly agree
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S/NO	Statement	Rating Scale						
1	The Management of valley view put all necessary measures in place to prevent frauds.	1	2	3	4	5	6	7
2	Appropriate punishments are meted out to staffs who engage themselves in fraud	1	2	3	4	5	6	7
3	The university accepts suggestions for improving on the audit process	1	2	3	4	5	6	7
4	There is a periodic update of the internal audit responsibilities to all staff	1	2	3	4	5	6	7
5	There is proper documentation and communication of internal control measures to all staff by the university	1	2	3	4	5	6	7

6	The university reports fully and truthfully to its internal audit unit and general public to ensure accountability for its decisions, actions, conduct, and performance	1	2	3	4	5	6	7
7	The university deploys strategy, enforces internal audits, and provides direct supervision for areas under its control	1	2	3	4	5	6	7
8	Any other, Please specify							

SECTION E: Effectiveness of the Internal Audit Function

7 Please indicate the extent to which you agree or disagree to the following statements by **ticking** [√] a number from 1 to 7.

Key:	1 = Strongly disagree	2 = Somewhat Disagree	3 = Disagree	4 = Undecided	5 = Agree	6 = Somewhat Agree	7 = Strongly agree
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S/NO	Statement	Rating Scale						
1	Internal audit measures that enhance the efficacy of auditors has helped in effective fraud detection at valley view.	1	2	3	4	5	6	7
2	Internal audit has contributed to the improvement of risk management, control and governance in the University.	1	2	3	4	5	6	7
3	The operations of valley view are developed by efficient internal auditing as financial reports of the institution reflect the attributes of internal audit committee.	1	2	3	4	5	6	7
4	Internal audit monitoring activities has ensured good credibility of financial reporting at valley view.	1	2	3	4	5	6	7
5	Internal audit activities in general has made a large contribution to the achievement of the University goals and the implementation of strategies for their achievement.	1	2	3	4	5	6	7
6	Internal audit has helped in determining the reliability, reality, and integrity of financial and operational information.	1	2	3	4	5	6	7

7	The internal audit report has served a communication tool between the auditors and management as well as a vital parameter for a successful governance of valley view.	1	2	3	4	5	6	7
8	Internal audit ensures that the activities within the University follows established policies and procedures	1	2	3	4	5	6	7
9	The internal audit department provides practical and cost-merit solutions for correcting situations	1	2	3	4	5	6	7
10	Internal audit unit addresses corporate risk management problems within the institution.	1	2	3	4	5	6	7
11	Any other, Please specify							

Thank You

APPENDIX B
INTERVIEW GUIDE

Adventist University of Africa
School of Postgraduate Studies

1. In your own opinion, what factors affect the internal audit function of the University?

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2. State the functions of the internal auditor at Valley View University

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3. What measures are taking by the internal auditor(s) to ensure the effectiveness of the internal audit at the University?

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4. Please what strategies have been adopted by the University's internal audit to ensure smooth operations of the university?

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5. What recommendations do you think if implemented will help enforce smooth operations of the university's internal audit unit?

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Thank You

APPENDIX C

SPSS OUTPUT

Descriptive Statistics

	Mean	Std. Deviation	N
Effectiveness of IA Function	6.44	.863	250
Competence of IA Staff	6.00	1.132	250
Level of independence of IA Staff	6.05	1.032	250
Management Support and Commitment	4.80	1.679	250

Correlations

	Effectiveness of IA Function	Competence of IA Staff	Level of independence of IA Staff	Management Support and Commitment
Pearson Correlation	1.000	.361**	.441**	.388**
Effectiveness of IA Function		1.000	.066*	.386*
Competence of IA Staff	.361**		1.000	.178**
Level of independence of IA Staff	.441**	.388**		1.000
Management Support and Commitment	.388**	.386*	.178**	

Sig. (1-tailed)	Effectiveness of IA Function	.	.000	.000	.000
	Competence of IA Staff	.000	.	.041	.023
	Level of independence of IA Staff	.000	.000	.	.000
	Management Support and Commitment	.000	.023	.000	.
N	Effectiveness of IA Function	250	250	250	250
	Competence of IA Staff	250	250	250	250
	Level of independence of IA Staff	250	250	250	250
	Management Support and Commitment	250	250	250	250

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Management Support and Commitment, Level of independence of IA Staff, Competence of IA Staff ^b		Enter

a. Dependent Variable: Effectiveness of IA Function

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.834 ^a	.686	.677	.734

a. Predictors: (Constant), Management Support and Commitment, Level of independence of IA Staff, Competence of IA Staff

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53.022	3	17.674	32.795	.000 ^b
	Residual	132.578	246	.539		
	Total	185.600	249			

a. Dependent Variable: Effectiveness of IA Function

b. Predictors: (Constant), Management Support and Commitment, Level of independence of IA Staff, Competence of IA Staff

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.974	0.394		10.078	0.000
	Competence of IA Staff	2.046	0.042	2.061	1.116	0.006
	Level of independence of IA Staff	3.439	0.045	3.525	9.718	0.000
	Management Support and Commitment	3.018	0.028	3.036	0.658	0.005

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EDUCATION:

Candidate, MBA, Adventist University of Africa, Ongata, 08/2013- In progress

BBA, Valley View University, Accra, 01/2006-11/2009

WORK HISTORY:

Principal Accounting Assistant, Valley View University, Techiman, 12/2009-

Present, Supervisors: Mr. Matthew Annor / Mr. James Owusu

- Preparation of Financial Statement
- Preparation of budget and posting
- Ledger update
- Payroll
- Reconciliations; Bank, third parties
- Reviewing of vouchers
- Approval of payments before and after preparation.
- Oversight responsibility of ventures
- Oversight responsibility of the Financial Admin. Department in the absence of the Finance Officer.

National Service Personnel, Kwabre Mutual Health Scheme, Mampong Kwabre District 10/2008-08/2009, Supervisor: Mr. Blay

- Registration of new clients
- Receipting of cash

Student Worker, Work Study Programme, Valley View University, 02/2006-12/2008, Supervisor: Mr. Kwasi Nimako Acheampong

- Receipting of Cash
- Writing of Cheques
- Updating students' ledger
- Third party reconciliation
- Posting of budget
- Filing
- Preparation of Bakery accounts

Accounts Clerk, Adventist Preparatory School, Old Tafo, Kumasi, 05/2004-12/2005, Supervisor: Mr. Dickson Frimpong

- Cash receipting
- Updating pupils' ledger
- Depositing of cash at bank
- Compilation of debtors

Accounts Assistant, Akomaa Memorial S.D.A. Hospital, Ashanti Bekwai, 03/2003-03/2004, Supervisor, Mr. Kwame Bawuah

- Cash receipting
- Billing of patients
- Updating ledger books
- Preparation of Financial Statements

SKILLS:

Computer: Knowledgeable in Tally accounting software, Sun Systems 4, 5, & 6, Microsoft Word, Access & Excel.