



ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

**ASSESSMENT OF PERFORMANCE AUDIT PRACTICE: THE CASE OF
ETHIOPIAN PUBLIC SECTOR ENTERPRISES**

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ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF ACCOUNTING AND FINANCE

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PUBLIC SECTOR ENTERPRISES**

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Fulfillment of the Requirements for the Degree of Master of Business and Accounting

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Statement of Declaration

I, Berhanu Balcha, declare that this research paper entitled “ASSESSMENT OF PERFORMANCE AUDIT PRACTICE: THE CASE OF ETHIOPIAN PUBLIC SECTOR ENTERPRISES” has been carried out independently in partial fulfillment of the requirement of the MBA program in Accounting and Finance Department under the guidance and support of the assigned research advisor.

This study is my own work that has not been submitted for any degree or diploma program in this or any other institution.

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Abstracts

Ethiopia attempts her best to eradicate poverty. Although there are many alternatives that assist to do so, the existing government was preferred to establish and run public sector enterprises that are engaged in various sectors throughout the country. Thus, they consist of organizations that have significant contributions to ensure the multilateral development of any country and improve the welfare of their societies. To successfully meet this, the need to auditing is unquestionable. There are three types of auditing. Among them, performance auditing is a recent, dynamic and key discipline that is vital to the existences and successes of public sector organizations. Despite its blessings, the possible challenges that encounter auditors should not be disregarded. These challenges resist auditors and managers to carry out their duties and responsibilities. Thus, to smooth these two extremes, there comes a need for the third parties: audit committees and board of directors. Both of these parties have numerous benefits and responsibilities. To assess this study, the researcher used primary and secondary data collection methods. The audit works of each organization are considered as value-adding profession. In contrast, there is an organization with no audit committee and no currently active internal audit manual. Surprisingly, most of them haven't performance audit manuals and not carried out performance audit. Internal auditors aren't with full of competent personnel. Computer assisted audit techniques have not exercised. There are questions of independences, too. Generally, all stakeholders should be committed to improve internal audit and achieve the objectives of performance audit works of public sectors to realize an economic growth of their ultimate society.

Key words: Enterprises, Corporations, Share Companies, Business Risks, Internal Audit, External Audit, Forms of Public Economic Enterprise

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Dedication

Let this work be dedicated to my beloved late father Ato BalchaTelila for his sacrifice paid to survive my live and his endless love, patience, wisdom and advice throughout my live. This is a time when your almost a half lifelong attempts to make my fragile manner be stiff and turgid throughout the rest of my live has become fruitful. May the Lord place your soul in Heaven!

Acronyms

AC- Audit Committee

BODs- Board of Directors

BPR- Business Processing Reengineering

CAATs- Computer Assisted Audit Techniques

CEO- Chief Executive Officer

CPAs- Certified Public Accountants

EA- External Audit

EDP- Electronic Data Processing

GAO- Government Accountability Office

IA- Internal Audit

IC- Internal Control

IMF- International Monetary Fund

INTOSAI- International Organization of Supreme Audit Institutions

IRS- Internal Revenue Service

IS- Information System

ISSAI- International Standards of Supreme Audit Institutions

IT- Information Technology

MPSAs- Midwest Political Science Association

OECD- Organization for Economic Cooperation and Development

PA- Performance Audit

PE- Public Enterprise

PS- Public Sector

SAI- Supreme Audit Institution

THREE Es- Economy, Efficiency and Effectiveness

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CHAPTER I

INTRODUCTION

1.1. Background of the Study

Ethiopia passes through different regimes throughout its past history. Leaving aside all of the past government policies, economically, the existing regime privatized some of the previously state owned small scale farms, industries and many service giving institutions without wasting considerable time after it took control of power in 1991. Thus, the public sector formation was realized in the country at the same time.

As to Tewodros (2014), essential services such as electricity, telecommunication, shipping and logistics, transport and the like are mainly, if not solely, provided by these public sector enterprises. But any modern state assumes responsibility beyond its traditional function of maintaining peace and order and protecting the country from external aggression, and it engages in economic activities.

To accomplish this and sustain the development of the country especially for the betterment of the lives of the citizen, the government was decided not only to establish federal (central) and vital economic entities (corporation, share company, and public enterprises) that undertakes commercial activities but also to manage and control their resources efficiently, to maximize the social welfare of the citizens and uphold their ultimate interests effectively.

According to Peková et al. (as sited in Michaela and Pavlina, 2013), public sector has the following functions: economic (provision of public goods, reducing negative effects in the market, new job opportunities and positive effects on the employment), social (providing services for low-income citizen, increasing social status of citizen and social relations) and political function (use of public sector in the process of public choice as part of the economic policy).

For Babacar Sarr (2015), public expenditure of most developing countries form a significant part of gross domestic product (GDP) and public sector entities are substantial employers and major capital market participants. The public sector determines, usually through a political process, the outcomes it wants to achieve and the different types of intervention. It provides important pressures for improving public sector performance and tackling corruption. It can also improve

management, leading to more effective implementation of the chosen interventions, better service delivery, and, ultimately, better outcomes. People's lives are thereby improved.

According to Khan and Stern (as cited in Nusrat, 2012), their audit practices still concentrates on traditional audits as opposed to performance audits. Reasons for traditional audit versus performance audit is include but are not limited to lack of auditor independence from the executive, limited access to information, financial and legal constraints, capacity and skills constraints and lack of timeliness and relevancy.

Michaela and Pavlina (2013), on their part, added that the public sector is a very important part of the national economy of developed countries, too. The public sector provides public goods and it is associated with market failures as public goods, existence of monopoly, externalities, disregarded respect for environment and human capital or asymmetric information.

Thus, there comes a need to implement an effective internal control through auditing specifically performance audit in every public sector organizations seen in the country. J. Christopher Mihm (2013) briefly explained as performance auditing provides objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability. It has a vital role in providing decision makers and citizens with the information, analysis, and recommendations they need to respond to this increasingly complex and interconnected environment.

As Dalia and Irena (2008), every act or action is subject to independent, professional, non-partisan audit review and public report of results; where the review shows that purposeful error has been made, prompt corrective action, including punishment where appropriate, is taken. Thus, the aim of the performance audit is to evaluate audited entity's performance and management in terms of economy, efficiency and effectiveness and to provide recommendations on how to improve the performance of the said entity. J. Mohammadi and K. Heidari (2013) simplified this as performance audit criteria of economy, efficiency and effectiveness of the procedures and decisions of the managers of departments in an efficient and effective funding is targeted and can lead

the way that leads to the adoption of waste reduction, increase productivity, reduces costs and ultimately achieves the desired goals of the organization.

In Ethiopia, there is a possibility of citizens to be easily changed to a country that has medium income level. To be so, above all, the public sectors of the country are expected to have immense contributions.

All these are full of dreams without:

- Safeguarding/ controlling one's resources by establishing sound internal control systems.
- Getting advisory and assurance services whenever needs aroused from independent and responsible professional bodies.
- Implementing the 3 major pillars of performance audit (3E's: economy, efficiency and Effectiveness) by every individuals who are assigned at various levels and engaged in every sectors.

In the contrary, many organizations lack the efficient, effective and economical use of their resources. The economic growth of the ultimate society over wider areas towards the nation couldn't be ensured in better ways. Due to this, they are usually in difficulty to achieve their organizational goals.

Generally, as to the researcher's knowledge, though many research works have been conducted so far on the same title, especially the role of audit committee and board of directors over the given discipline couldn't be well addressed. Having all these in mind, there should be a need to closely look up on these organizations' performance. Thus, the researcher will try to assess the existing performance audit practices of the four public sector sampled organizations that are located in the country's capital: Addis Ababa. Meanwhile, the challenges of auditors, auditees and other stakes will be addressed. Many related issues over the given field will be uprooted. These are some of the reasons for doing the same research over the same title.

1.2. Statement of the Problem

For any healthy public sector business firms, improvement of the society's welfare is their foremost objective. This is among other reasons why the existing government establishes public sector enterprises.

The objectives of public sector enterprises are mainly achieved through efficiently using all available resources in hand in an effective and economical manner while carrying out expected duties and responsibilities. As Michaela and Pavlina (2013), it was necessary to focus on monitoring and evaluation of public sector efficiency and spending of public sector funds.

But these organizations are usually in difficulty to achieve/ meet their intended goals usually not due to their incapability to set and have better policies. Their existing practices, mainly, revealed as there is still the widespread of offenders of corruption, misuse, embezzlement, theft, fraud and other “evil” deeds within the same enterprises. The limitations of understanding, implementation and performance audit feedbacks are few among many other obstacles that should not be disregarded.

The widespread of this unethical behavior of employees, managers, and political leaders at all levels than ever complicates the country’s economical growth. Their counter effects may extend up to paralyzing the multilateral development of every nation. This in turn leads to organizational challenges that encounters to the unsuccessfulness of their ultimate goals.

But this should be assured through an independent evaluation of intended operations against established convenient criteria to measure and attest their results. In other words, for the success of every governmental, private and public enterprise, applying the most economic administration principles, practices and management policy, closely watching the extent of the achievements of the previously set goal and measuring the percentage changes of individuals (companies) input and output is necessary.

For Dalia & Irena (2008), scope of performance audit functions and roles has changed and developed year by year. Thus, as governments’ programs continue to grow in stature, public sector auditing has evolved and extended its scope beyond mere financial or compliance audits to the auditing of performance to support policy makers in their oversight role.

Adriana (2007), and “Delia & Irena (2008) described this fact as performance auditing is relatively a new type of audit in the history of auditing.” Thus, the level of understanding of such discipline is still limited. To Nusrat (2012), “the challenge of performance audit in the public sector is an emerging issue that has received little attention by researchers.” The same is true here in our country. Many researchers have not been done on the same topic under the same sectors.

But Kagnev (2015) was tried to contribute his part for the improvements of such career. As a limitation, he couldn't say something about the role of Board of Directors and Audit Committee of the given organizations.

As to the researcher, still proper attentions should not be given to performance audit. Risks and challenges associated with performance audit aren't identified and overcome. Misconceptions towards audit aren't constructively changed. Auditors' independences are still in questions. There can also be many related drawbacks that challenges professionals who are engaged in this area. Leaving aside the private sectors as well as the regionally established non-federal enterprises, the researcher tries to assess the overall PA activities of the sampled public sectors and reveal if actually there are such challenges that resist its implementation so as to achieve their ultimate goals.

To rooting out all of these "committed crimes" and if possible, to ensure not to be exercised again, still lots have to be done. Moreover, to alleviate all these serious national obstacles and cope up with the existing dynamic situations, the researcher intends to do this study, seeks to assess the existing PA practices and analyzes the challenges that are seen in the given sampled sectors so as to forward the possible recommendations.

1.3. Significance of the Study

The paper is mainly helpful to assess the knowledge limitations of auditors, to expose their expected duties and responsibilities, their qualities, level of acquaintance, experiences and their recommended compositions, for giving better awareness of PA, its pros and cons, the extent of its effectiveness, and other related issues to those who are engaged in the area of the field. Meanwhile, the researcher evaluates what are seen at grass root levels of this sector, uses these facts to compare with different literatures and then forwards what could be done as recommendations to improve these organizations. Thus, this research is mainly helpful to top managers of these organizations to better handle and administer their given organizations to achieve their intended objectives.

Moreover, this research attempts to assess the possible risks that may encounter public sectors' audit committees and the expected duties and responsibilities of board members of those organizations while they carry out their formal tasks. Interested readers and referred stakes

especially internal auditors could exercise those given recommendations on their PA works not only to effectively implement their works in a better and effective manners but also to contribute their parts in order to realize the versatile economic development of the country. Undeniably, the next researchers will also used this work as references for fulfilling their future study in better way.

1.4. Research Questions

During the research work, some of the following questions might be raised by the researcher and tried to be answered by the auditee.

- What is the main importance of Performance Audit in Public Sectors?
- What are the limitations of auditors to do performance audit works successfully?
- What are the possible resistances that may encounter the audit directorates while performance audit undertaken?
- What are the challenges that public enterprises may face whenever performance audit work conducted?

1.5. Objectives of the Study

1.5.1 General Objective

The main objective of this study is to assess the extent of the understanding, practicability and the feedback (response) of the performance audit by the referred auditee. Moreover, the possible challenges of auditors, the resistances of auditee and lenience of audit committee (if exists) will be discussed.

1.5.2 Specific Objective

The specific objective of this study is:-

- To assess the competency of performance auditors and the degree of their independence.
- To assess whether there is/ are conducive work situations or not for PA in PS.
- To expose auditors' challenges that may encounter whenever they accomplish their duties and obligations.

- To identify the gap that may exist between the theoretical aspect of the disclosure and the practices exercised by performance auditors.
- To search whether there is (are) limitation(s) of auditor and auditee while they implement performance audit objective(s).
- To reveal the limitations of PEs to implement the objective of PA.

1.6. Scope and Limitation of the Study

The study was targeted to cover an assessment of the internal performance audit works of the four sampled public sector enterprises within Addis Ababa for the year 2018. Even though many areas of performance audit were tried to be discussed under this study, there are certain limitations that hinders the researcher not to do what was intended for. The refusals of some audit and board members to return the questionnaires or to conduct interviews with them, their insufficiency in number, the non existences of assigned audit committee members and the difficulty to get some of them are few among many other reasons. The research was not questioned the merits of the country's policy objectives. It was kept aside to examine the specific audit criteria set in the public sector enterprises. Moreover, it was excluded all those regionally established non federal enterprises that perform commercial activities. The only reason to exclude these sectors was due to time and budget constraints of the researcher.

1.7. Organization of the Study

As we come across this research, there are five chapters intended to be discussed. The first chapter reveals the introductory part that constitutes a brief description of the public enterprises and the background of the given study. Besides to these, the statement of the problem, the significance and the limitation of the study, the research question, objective and the like will be also discussed. The second chapter is going to review related literatures on the subject matter that are written by different scholars. Chapter three, on the other hand, focuses on the research design and methodology that will be implemented to actualize the research works. Chapter four provides the data presentation, analysis and the interpretations of the findings thereof, and the last chapter tells about the conclusion part of the paper and the possible recommendations that will be forwarded by the researcher.

CHAPTER II

LITERATURE REVIEW

2.1. INTRODUCTION

Like any other developing countries of the world, In Ethiopia, Public Sector consists of those organizations / corporations that have significant contributions to realize the intended country's multilateral development and assure the improvement of the welfare of the society. The majority of our citizens are still vulnerable to frequently occurring natural catastrophes as well as man-made troubles. Keeping aside the natural disasters, one can conclude that the easiest and effective ways of reducing these ultimate manmade troubles is through thoroughly managing one's own resources by realizing its economic benefits, efficient management and effective use of implementation of governmental development programs.

2.2. Meanings of Public Enterprises

Before going deep into the bottom of the paper, the researcher wants to answer what public enterprise means. Babacar Sarr (2015) briefly defined public sector as those governments and all publicly controlled or publicly funded agencies, enterprises, and other entities that deliver public programs, goods, or services.

As Tewodros (2014), starting from the first 1992 Proclamation onwards, in Ethiopia, several proclamations and modifications has come up with diversified usages of the term "Public Enterprise (PE)". For example, Public Enterprise No. 25/1992 realized the transition from command to market economy by transforming the role of public enterprises. The first modification of Public Enterprise Proclamation No. 146/1998 states enterprise as a PE governed by the PE Proclamation No. 25/1992. On the other hand, like Proclamation No. 25/1992, Proclamation No. 412/2004 further offers PE as a wholly state-owned share company. But, from that time onwards, several amendments were undertaken. Likewise, Article 2(10) of Investment Proclamation No. 769/2012 defines the term as an enterprise, partially or wholly owned by the federal or regional government established to engage in production, distribution, service rendering or related economic activities in the form of commerce.

2.3. Merits of Public Enterprises

For (Lucia AiwenSun, NAO Taiwan, Ya Wei Wang, Hsiu Wen Wen& Mei Jen Lai, 2014), public enterprises such as oil, electricity, water, and transportation, are the basic instruments for people's life. Nationalized banks, insurance and petroleum corporations are included in these sectors. He added that public enterprises play an important role for supporting economic activities, helping the growth of economy, increasing the revenue of national treasury.

Moreover, Tewodros (2014), denoted public welfare, planned economic development of the country, regional balance, important substitution and checking concentration of economic powers are the major goals achieved through public enterprises.

PEs have the following merits:-

- ✓ The development of public enterprises prevents concentration of economic power in the hands of an individual, or a group of individuals.
- ✓ Public enterprises give impetus to the development of the basic industries such as oil, gas, iron, steel, production of heavy electrical goods, etc and also help in the development of the private sector with their products and services.
- ✓ Public enterprises ensure promotion of industries which can decrease imports and increase exports.
- ✓ PEs ensure the land, oil, coal, gas, water, electricity and other necessary recourses are made available to all at fair prices.

In short, the importance of public sector enterprises was explained as:

- Balanced regional development,
- Boost the basic industries of an economy,
- Concentrate on public welfare activities,
- Promote export,
- Price control of essential goods,
- Limit the influence of private monopoly, ensure security of the country, and
- Minimize economic inequalities.

2.4. The Demand for Auditing

In view of William, Steven and Douglas (2017), many of the largest companies spend millions of dollars each year for their annual audit; it is worth asking why an entity would decide to spend so much money on an audit? Some might answer that audits are required by law. This answer is far too simplistic. Audits are often utilized in situations where they are not required by law. It was in demand long before securities laws required them.

The growth of the modern corporation led to diverse groups of owners who are not directly involved in running the business (stockholders) and the use of professional managers hired by the owners to run the corporation on a day-to-day basis.

Accounting and auditing play important roles in the principal–agent relationship. As their goals may not coincide, there is a natural conflict of interest between the manager who is responsible for reporting on the results of his/her own actions, and the absentee owner who cannot directly observe these situations. It is at this point that the demand for auditing arises.

K.H. Spencer (2010) explained the reason that senior managers want the people working for them to work harder, faster and usually for the same or preferably less money. The people who work for them usually want the opposite, an easy life and more money. The recognition of contradictory objectives and viewpoints is important for internal auditors. When we are recommending particular changes they may be agreed by managers, but not all staff; one section may welcome the suggestion; another may see it as a threat. To be effective we should recognize these contradictory views and consider how they should be addressed by the organization. Society is an internally contradictory totality in a constant process of change.

2.5. What is Auditing?

Auditing is a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria and communicating the results to interested users, William et al (2017).

In the other words, as K. H. Spencer (2010), the Institute of Internal Auditor's (IIA) defines internal auditing as "an independent, objective assurance and consulting activity designed to add value and improve an organization's operations".

2.6. The Role of Auditing/Auditor

K. H. Spencer (2010) revealed that internal auditing helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

As the amount of capital involved and the number of potential owners increase, the potential impact of accountability also increases. The auditor's role is to determine whether the reports prepared by the manager conform to the contract's provisions.

The auditor also considers the client's business strategies and processes critical success factors related to those strategies. This analysis helps the auditor identify business risks associated with the client's strategies that may affect whether the financial statements are fairly stated.

2.7. Types of Audit

Arens, Elder and Beasley (2012) noted that different scholars conclude at different times as CPAs perform three primary types of audits. These are:-

1. Financial audit
2. Compliance audit
3. Operational audit/ performance audit

2.7.1 Financial Audit

Arens et al. (2012) explained that as businesses increase in complexity, it is no longer sufficient for auditors to focus only on accounting transactions. An integrated approach to auditing considers both the risk of misstatements and operating controls intended to prevent misstatements. Thus, Nusrat (2012) mentioned that financial Audit-helps to give an opinion on whether the financial statement prepared by the public sector agencies shows a true and fair view of the financial position.

Synonymously, Arens et al. (2012) stated financial audit as it is conducted to determine whether the financial statements (the information being verified) are stated in accordance with specified

criteria. The auditor must also have a thorough understanding of the entity and its environment. This understanding includes knowledge of the client's industry and its regulatory and operating environment, including external relationships, such as with suppliers, customers, and creditors.

Based on ISSAIs, Tewodros (2014) revealed financial audit as it is the financial position, performance, cash flow or other elements which are recognized, measured and presented in financial statements. The subject matter information is the financial statements.

2.7.2. Compliance Audit

As Nusrat (2012), Compliance Audit- helped to examine and review the transactions and activities of ministries/ Departments or agencies to determine whether they have conformed to all laws and regulations. Arens et al. (2012), on the other hand, briefly discuss as it was conducted to determine whether the auditee is following specific procedures, rules, or regulations set by some higher authority. Many private and not-for-profit organizations have prescribed policies, contractual agreements, and legal requirements that may require compliance auditing. Results of compliance audits are typically reported to management, rather than outside users, because management is the primary group concerned with the extent of compliance with prescribed procedures and regulations.

Besides, Tewodros (2014) extended the subject matter of a compliance audit as it was defined by the scope of the audit. It may be activities, financial transactions or information. For attestation engagements on compliance, it is more relevant to focus on the subject matter information; this may be a statement of compliance in accordance with an established and standardized reporting framework.

2.7.3. Performance /Operational/ Audit

Most of the time, the terms performance and operational audits are used interchangeably. For Adriana (2007), performance audit invariably referred to as value-for-money audit or operational audit. It helps to determine whether the objectives of the programs or activities were carried out in an economical, efficient and effective manner (Nusrat, 2012). According to Arens et al. (2012), such types of auditee evaluate the efficiency and effectiveness of any part of an organization's operating procedures and methods. At the completion of an operational audit, management normally expects recommendations for improving operations.

On the other hand, Mahbuba K. M. (2012) defined performance audit as it is the assessment of economy, efficiency, and effectiveness with which a government organization uses its resources to carry out its responsibilities and the effects of its operations on the environment. PA is also known as Value for Money which is achieved when value (benefits) are greater than costs. It is also termed as comprehensive audit or management audit or operations audit which are essentially the same idea. Because of the many different areas in which operational effectiveness can be evaluated, it is impossible to characterize the conduct of a typical operational audit. It is more difficult to objectively evaluate whether the efficiency and effectiveness of operations meets established criteria than it is for compliance and financial statement audits.

Tewodros (2014) further noted that the subject matter of a performance audit is defined by the audit objectives and audit questions. It may be specific programs, entities or funds or certain activities (with their outputs, outcomes and impacts), existing situations (including causes and consequences) as well as non-financial or financial information about any of these elements. The auditor measures or evaluates the subject matter to assess the extent to which the established criteria have or have not been met.

For Dalia and Irena (2008), audit initially created as an accounting oriented function has been transformed into management oriented profession. Nowadays performance audit is an independent profession, which is playing a significant role in the management of organizations and states' policy.

2.8. Types of Auditors

Several types of auditors are in practice today. Arens et al. pinpointed that the most common are certified public accounting firms, government accountability office auditors, internal revenue agents, and internal auditors.

2.8.1. Certified Public Accounting (CPA) Firms

It is common to use the terms auditor and CPA firm synonymously, even though several different types of auditors exist. The title certified public accounting firm reflects the fact that auditors who express audit opinions on financial statements must be licensed as CPAs. CPA firms are often called external auditors or independent auditors to distinguish them from internal auditors.

OECD (as cited in Abraham, 2011) reinforced this idea as an external Auditor is an independent, competent and qualified, auditor who should conduct an annual audit in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects.

Fadzil, F.H. Haron, H. and Jantan, M.S' Journal (as cited in Abraham, 2011) forward that internal auditors can assist external auditors to understand the internal control system that has been set up before any compliance or substantive work is being carried out.

2.8.2. A Government Accountability Office Auditor

Arens et al. defines GAO Auditor as an auditor working for the U.S. Government Accountability Office (GAO), a nonpartisan agency in the legislative branch of the federal government. Headed by the Comptroller General, the GAO reports to and is responsible solely to Congress. There is considerable emphasis on compliance audits and devoted to evaluating the operational efficiency and effectiveness of various federal programs. As a result of their great responsibility for auditing the expenditures of the federal government, their use of advanced auditing concepts, their eligibility to be CPAs and their opportunities for performing operational audits, GAO auditors are highly regarded in the auditing profession.

2.8.3. Internal Revenue Agents

Arens et al. indicates that the IRS, under the direction of the Commissioner of Internal Revenue, is responsible for enforcing the federal tax laws as they have been defined by Congress and interpreted by the courts. A major responsibility of the IRS is to audit taxpayers' returns to determine whether they have complied with the tax laws. These audits are solely compliance audits. The auditors who perform these examinations are called internal revenue agents.

Tax Auditors described the scope of IRAs as tax laws are highly complicated. Taxation problems may involve individual income taxes, gift taxes, estate taxes, corporate taxes, trusts, and so on. Such auditor must have considerable tax knowledge and auditing skills to conduct effective audits.

2.8.4. Internal Auditors

Asare, KPMG, Dittenhofer, and Yee, C. S.L. Sujan, A. and James K. (as cited in Abraham, 2011), defined internal auditing as it is a profession and activity involved in advising organizations regarding how to better achieve their objectives through managing risks and improving internal control. The key role of internal audit is to assist the board and or its audit committee in discharging its governance responsibilities by delivering the following audit functions:-

- ❖ A review of the organization's control culture, especially the "ton at the top".
- ❖ An objective evaluation of the existing risk and internal control framework.
- ❖ Systematic analysis of business processes and associated controls.
- ❖ Reviews of the existence and value of assets.
- ❖ A source of information on major frauds and irregularities.
- ❖ Ad hoc review of the other areas of concern, including unacceptable levels of risk.
- ❖ Reviews of the compliance framework and specific compliance issues.
- ❖ Reviews of operational and financial performance.
- ❖ Recommendations for more effective and efficient use of resources.
- ❖ Assessments of the accomplishment of corporate goals and objectives.
- ❖ Feedback on adherence to the organization's values and code of conduct or code of ethics.

Arens et al. added that IAs are employed by all types of organizations to audit for management, much as the GAO does for Congress. Some internal audit staffs consist of only one or two employees doing routine compliance auditing whereas others may have more than 100 employees who have diverse responsibilities, including many outside the accounting area. Most of them are involved in operational auditing like evaluating computer systems.

To maintain their independence, the internal audit group typically reports directly to the president, another high executive officer, or the audit committee of the board of directors. However, they cannot be entirely independent of the entity as long as an employer–employee relationship exists. Because of this, external users are unlikely to want to rely on information verified solely by internal auditors. This lack of independence is the major difference between internal auditors and CPA firms.

2.9. Public-sector Auditing and Its Objectives

Tewodros (2014) attempts to discuss these issues as below: PS entities are accountable for their management and performance, and for the use of resources, both to those that provide the resources and to those, including citizens, who depend on the services delivered using those resources. Public-sector auditing helps to create suitable conditions and reinforce the expectation that public-sector entities and public servants will perform their functions effectively, efficiently, ethically and in accordance with the applicable laws and regulations. Colleen (2007) believes as performance auditing is similar in its aims: it involves the examination of the performance of a public organization or program on behalf of a client— ultimately citizens—by an independent auditor.

2.10. Elements of Public Sector Auditing

For Tewodros (2014), public-sector auditing was indispensable for the public administration, as the management of public resources is a matter of trust. Responsibility for the management of public resources in line with intended purposes is entrusted to an entity or person who acts on behalf of the public. Public-sector auditing enhances the confidence of the intended users by providing information and independent and objective assessments concerning deviations from accepted standards or principles of good governance.

SAIs may also conduct combined audits incorporating financial, performance and/or compliance aspects. As (INTOSAI, ISSAI 100, 8-9), all public-sector audits have the same basic elements: the auditor, the responsible party, intended users (the three parties to the audit), criteria for assessing the subject matter and the resulting subject matter information.

The three parties

Public-sector audits involve at least three separate parties: the auditor, a responsible party and intended users. The relationship between the parties should be viewed within the context of the specific constitutional arrangements for each type of audit.

□ **The auditor:** In public-sector auditing the role of auditor is fulfilled by the Head of the SAI and by persons to whom the task of conducting the audits is delegated. The overall responsibility for public-sector auditing remains as defined by the SAI's mandate.

□ **The responsible party:** In public-sector auditing, the relevant responsibilities are determined by constitutional or legislative arrangement. The responsible parties may be responsible for the subject matter information, for managing the subject matter or for addressing recommendations, and may be individuals or organizations.

□ **Intended users:** The individuals, organizations or classes thereof for whom the auditor prepares the audit report. The intended users may be legislative or oversight bodies, those charged with governance or the general public.

2.11. Engagement Types and Confidence and Assurance Needs

INTOSAI, ISSAI 100, pp 8, explained as there are two different types of audit engagement: attestation engagements and direct reporting engagements.

□ **In attestation** engagements the responsible party measures the subject matter against the criteria and presents the subject matter information, on which the auditor then gathers sufficient and appropriate audit evidence to provide a reasonable basis for expressing a conclusion.

□ **Indirect reporting** engagements it is the auditor who measures or evaluates the subject matter against the criteria. The auditor selects the subject matter and criteria, taking into consideration risk and materiality. The outcome of measuring the subject matter against the criteria is presented in the audit report in the form of findings, conclusions, recommendations or an opinion.

Colleen (2007) notified that the fundamental component of a performance audit is the audit finding. An audit finding is made up of standard elements, including criteria, conditions, effects, and causes. The structure of an audit finding is determined by its objective (the query that needs answering) and the model on which the audit is constructed using these element.

(INTOSAI, ISSAI 100, pp 8), discussed the audit of the subject matter as it may provided new information, analyses or insights. Financial audits are always attestation engagements, as they are based on financial information presented by the responsible party. Performance audits are normally direct reporting engagements. Compliance audits may be attestation or direct reporting engagements, or both at once.

The intended users will wish to be confident about the reliability and relevance of the information which they use as the basis for taking decisions. According to (INTOSAI, ISSAI 100, pp10),

audits therefore provided information based on sufficient and appropriate evidence, and auditors should perform procedures to reduce or manage the risk of reaching inappropriate conclusions. The level of assurance that can be provided to the intended user should be communicated in a transparent way. Due to inherent limitations, however, audits can never provide absolute assurance.

2.12. Principles of Public Sector Auditing

(INTOSAI, ISSAI 100, pp 8-17), distinguished that the principles detailed below were fundamental to the conduct of an audit. Auditing is a cumulative and iterative process. However, for the purposes of presentation the fundamental principles are grouped by principles related to the SAI's organizational requirements, general principles that the auditor should consider prior to commencement and at more than one point during the audit and principles related to specific steps in the audit process.

General principles

Ethics and independence

Auditors should:-

- comply with the relevant ethical requirements and be independent.
- maintain appropriate professional behavior by applying professional skepticism, professional judgment and due care throughout the audit.
- Possess or have access to the necessary documents/ evidences.
- manage the risks of providing a report that is inappropriate in the circumstances of the audit.
- consider materiality throughout the audit process.
- prepare audit documentation that is sufficiently detailed to provide a clear understanding of the work performed, evidence obtained and conclusions reached.
- establish effective communication throughout the audit.

Principles related to the audit process

Planning an audit

Auditors should:-

- ensure that the terms of the audit have been clearly established.
- obtain an understanding of the nature of the entity/program to be audited.

- conduct a risk assessment or problem analysis and revise this as necessary in response to the audit findings.
- identify and assess the risks of fraud relevant to the audit objectives.
- plan their work to ensure that the audit is conducted in an effective and efficient manner.
- perform audit procedures that provide sufficient appropriate audit evidence to support the audit report.
- evaluate the audit evidence and draw conclusions.
- prepare a report based on the conclusions reached.

2.13. What Does Performance Audit Mean?

For Tremblay and Malsch (2015), defining a professional activity was a challenging exercise, as it is always subject to changes and multiple interpretations. Hence, PA has no common and unique meaning. Thus, different scholars (institutions) have defined this term in different ways. For instance, according to (Colleen, 324), despite the multiplicity of methods by which various organizations conduct performance audits, most descriptions of this branch of auditing converge around the concept of three E's (three Pillars) - economy, efficiency, and effectiveness.

As (SAICA, 4), performance auditing was an independent auditing process aimed at evaluating the measures instituted by management or the lack of these measures to ensure that:

- Resources have been acquired economically; and
- Utilized efficiently and effectively.

Similarly, Colleen (2007), Adriana (2007) and others explained as it is a systematic, objective assessment of the accomplishments or processes of a government program or activity for the purpose of determining its effectiveness, economy, or efficiency. This determination, along with recommendations for improvement, is reported to managers, ministers, and legislators, who are responsible for enacting the recommendations or ensuring accountability for corrective action. Performance auditing is an important building block with which to improve accountable and responsive governance of public resources.

INTOSAI (as cited in Adriana, 2007) pointed out that PA represents an independent, assessment or examination of the extent to which an activity, program or public institution operates efficiently and effectively, with due regard to economy.

PAs go further than the more traditional types of audit, like financial audits, whereby the truthfulness of financial accounts is investigated, and compliance audits, whereby the conformity of financial and operational controls and activities with the prevailing laws, directives, procedures and standards is verified.

Again, PAs were quite public sector specific, in that an equivalent for them does not exist in private sector, commercial auditing. In addition to this as a rule they were conducted by auditors of Supreme Audit Institutions (SAIs) and hence they took place within a very specific institutional context.

Tewodros (2014) generalized public-sector auditing as a systematic process of objectively obtaining and evaluating evidence to determine whether information or actual conditions conform to established criteria. Public-sector auditing is essential in that it provides legislative and oversight bodies, those charged with governance and the general public with information and independent and objective assessments concerning the stewardship and performance of government policies, programs or operations.

2.14. The Why of Performance Audit

Colleen (2007) on his part put the importance of PA briefly as the government programs continue to grow in magnitude and complexity; public sector auditing has evolved and extended its scope beyond mere financial or compliance audits to the auditing of performance to support policy makers in their oversight role.

Adriana (2007) denoted that the adoption of performance auditing in the public sector is one of the more significant new additions to the traditional auditing role i.e. financial audit. In a financial (or regularity) audit, the auditor expresses an opinion whether the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework. In a performance audit, the auditor expresses an opinion whether, in all material

respects, the administration of a particular program or entity has been carried out economically and/or efficiently and/or effectively. PA evolved to meet the need for greater information by the taxpayer and its representative, Parliament, mainly regarding the efficiency and economy in the use of resources by the public managers acting on behalf of the executive.

Podgorica (2017) mentioned that PA in the PS provides the government with an avenue to demonstrate to the public whether it has fulfilled its responsibilities with regard to accountability of resources. It, therefore, helps in holding implementers of Government programs accountable for the economic, efficient and effective discharge of programs. This may promote better public service delivery while enhancing public accountability and management.

Benefits of PAs in the public and private sectors are generally similar, although in the private sector focus is largely on improving efficiency and effectiveness of operations in order to maximize profits and value to shareholders. More specifically, in the public sector, benefits of this audit may include the following:-

- Helps in the identification of problem areas including factors that causes problems. This helps in finding alternative solutions, that is, through recommendations for improvements to policies, procedures and structure which could help in reducing wastage and inefficiencies;
- Helps in evaluating performance of individuals and departments or sections in an organization. Evidently, performance audits assist in obtaining a critical view of compliance with legal requirements, policies, objectives and procedures;
- Helps citizens obtain insight into the management of different government programs and activities.
- Performance audits may serve as a basis of decisions on future funding and priorities

2.15. Elements of a Performance Audit

Both Mahbuba K. Minu (2015) and Colleen (2007) remarked that PAs examine the extent to which government programs or activities have achieved expected performance. Despite the multiplicity of methods by which various organizations conduct performance audits, most descriptions of this branch of auditing converge around the concept of the three E's—economy, efficiency, and effectiveness. This type of audit examines:

Economy: deals with acquisition of inputs. It finds out the answer of whether physical, financial, human resources and information inputs acquired at the right cost, right place, right quantity and right quality. It also assesses whether resources were acquired at the lowest cost while maintaining quality. The lowest price is not the best price if the quality is different.

Efficiency is the utilization of human, financial, and other resources, including examination of information systems, performance measures and monitoring arrangements, and procedures followed by audited entities for remedying identified deficiencies. In other words it builds relation between inputs and outputs through optimum utilization of resources. Efficiency is maximizing inputs to obtain given outputs without sacrificing quality.

Effectiveness: Effectiveness measures whether predetermined objectives achieved or not. To measure effectiveness it is need to be aware of unstated as well as stated objectives and to consider unintended as well as intended results. There are different kinds of effectiveness such as organizational, program and operational. It is difficult to measure effectiveness because there might be goals/objectives not well defined or not clear at which level to measure performance such as activities, output or impact or impacts can be longer or data collection can be expensive.

Michaela and Pavlina (2013) on their part recommended that the emphasis on effectiveness, efficiency and economy of the public sector is a part of every public sector transformation strategy in recent years and should be maintained in the future if we want to ensure sustainable public sector.

Auditing Standards 1.0.38 and 1.0.40 of the INTOSAI (as cited in Colleen, 2007) states as performance auditing is based on decisions made or goals established by the legislature. It may be carried out throughout the whole public sector. In undertaking performance audit, Ashley (2013) adds another four E's to be focused. These are:

Environment: Sustainable development which means meeting the needs of the present generations without compromising the ability of future generations meeting theirs.

Equity: This refers to fairness and impartiality in the use of public funds i.e. is the selection procedure for beneficiaries of funds fair and void of influence.

Ethics: This refers to the qualities of honesty and integrity in personal conduct and devotion to duty as manager of public funds.

When all government projects are well executed in relation to the 6E's above, there will be an improvement in people's economic welfare bringing about happiness and satisfaction.

Economic Welfare: This refers to the level of prosperity and standard of living of a given society/ nation.

2.16. The Scope and Objectives of Performance Auditing

Audit Scotland (2015) pinpointed that “the main objective of the benefit of performance audit is to help councils improve their benefit services but it also holds councils to account for any failing services.” For Adriana (2007), “A significant part of audits had two audit objectives, either expressing opinion on financial statements and on compliance with the regulations, or expressing opinion on compliance with the regulations and on the performance of operations.”

Dutta (as cited in Nusrat, 2012), believed that overall, PA is not just a tool like financial audit that can be easily standardized. It is a management tool that provides information and feedback for organization improvement. The reviews in performance audit are not limited to the financial accounting, but also include evaluation of the organizational structure, standard of procedures, operating methods, and any aspects in the organization that individually or together, have an impact to the organization's performance. From a mere accounting exercise, auditing is nowadays looked upon as a social planning tool with an unmatched ability to measure the usefulness of investment of public resources for social change.

Colleen (2007) further disclosed that PA in the public sector takes place in an environment where it is the responsibility of the management of a given MPSA to institute measures to:-

- ✓ Acquire resources of the right quality, in the right quantity, at the right time and place at the lowest possible cost (*Economy*);
- ✓ Achieve the optimal relationship between output of services or other results and the resources used to produce them (*Efficiency*); and
- ✓ Achieve policy objectives, operational goals and other intended effects (*Effectiveness*).

The primary objective of PA is threefold: It has to confirm independently that adequate measures exist to:

- Ensure that the above stated standards for economy, efficiency, and effectiveness are achieved.
- Provide management with information on adequate and inadequate management measures by means of a structured reporting process.
- Explain the effect or impact of the management measures.
- Apart from examining aspects of economy, efficiency and effectiveness, performance audit also looks at whether management measures are in place or that are inadequate for ensuring attainment of the 3 E's.

Therefore, PA would ensure that the reasons for inadequate management measures or the causes for the ineffectiveness, inefficiency and uneconomical procurements be identified. This provides an opportunity for improvements where necessary.

The scope of performance audit also includes assessment of the effects or impact of management measures on the 3E's, followed by recommendations for corrective measures. It is necessary to determine what the effects or impact of the inadequate management measures were on service delivery.

2.17. The Development of Performance Auditing

Colleen (2007) stated as performance auditing is a very new development in the history of auditing. Its growth parallels the evolution of politics and public administration from a one-dimensional focus on control of inputs (recourses) toward broader attention to accountability for outputs and outcomes. This evaluation of auditing represents both a means by which auditors can continue to be relevant and a move toward fulfilling their accountability role in governance. Nusrat (2012) and Kagnev (2015) indicated as “the practice of PA formally began in 1977 in Canada. At that time, this type of audit was called ‘Value-for Money’ audit. In June 2004, the practice was renamed as PA by the Office of Auditor General of Canada.”

2.18. Conducting the Performance Audit

K. H. Spencer (2010) distinguished that performance auditing is carried out in three phases: planning, fieldwork, and reporting. Management has a vital role to play in each one. The methods

used to carry out the phases vary widely among auditing organizations around the world. Performance audits are well suited to being conducted in a team environment, as diversity of perspectives and experiences can enhance the value of the product. To insure harmonious functioning, all parties involved in the assignment must agree on and share a basic understanding of the discipline's objectives, understand and accept their roles and responsibilities. Colleen (2007) added that throughout the audit, performance auditors will need to communicate actively with members of the audited institution. The audit work begins with an "entrance conference". Then they should brief managers at all levels on a periodic basis.

2.18.1 Planning

Unlike financial audits, PAs are seldom repeated. Consequently, audit tests and procedures that apply to one audit will not necessarily be relevant or useful in the next audit.

As K. H. Spencer (2010), during planning, senior management should first focus on the audit plan (the auditor's "roadmap") and ensure that business managers understand audit's purpose, focus, and approach. An open, positive discussion with the audit team regarding these defining factors helps both management and the audit team communicate their expectations up front. Audit planning should focus on critical or sensitive risks.

2.18.2 Fieldwork

This program sets out the required tasks and maps out processes for each aspect of fieldwork. While the exact steps to be followed are specific to each audit and determined in the fieldwork plan, some data collection considerations are common to all audits. The audit team's composition, characteristics, and training must be adequate to minimize bias and interpretation errors.

Auditors classify the information they collect into four types: testimonial, documentary, analytical, and physical (in order of increasing strength). As the audit team begins to plan the audit procedures, it should consider the types of evidence and information it will be collecting.

2.18.3 Reporting

Audit reports may take the form of a complete report that describes the audit objectives and fully describes the conclusions along with the evidence that supports those conclusions, or they may be provided in the form of a high-level presentation that highlights the objectives and results in a

series of headlines. The performance audit report is not a prewritten, fill-in-the-blank form. In order for it to be used effectively, the audit report should be clearly understandable to its intended audiences.

2.18.4 Communicating Audit Findings

Because every PA is unique to the environment and issues it covers, the corresponding audit report must also be unique. This presents challenges to auditors, who must decide what information and how much detail to include in the report, how to organize the information, and which words to choose that will accurately and precisely portray their conclusions without overstating or obscuring the nature of the problems they found.

Using a logical order and classification in presenting the findings can help readers understand the report. Reports can be organized chronologically (presenting findings in the same order as the steps of the process), in order of importance, or by themes (categorical). Audit findings need to be accessible in the report.

2.19. Challenges to Performance Auditing

Despite the blessings of PA are many folds, the possible challenges that encounters auditors should not be disregarded. What worsens the case is the performance auditors' limitation of proper skills, lack of educational trainings, insufficient work experiences of their teams and compositions as well as their risk aversion behaviors. Such limitations have also their own contributions for retarding the developments of this discipline.

According to (Colleen, 2007), PA challenges included the needs for competent staff and leadership, stakeholder support, and organizational independence, none of which can be met by mandates or pronouncements. The barriers to conducting and reaping the benefits of an effective government PA function stem from the fundamental challenges facing development in Africa, including corruption, poverty, poor governance, poor infrastructure, and a continuous brain drain to developed countries in Asia, Europe, and the Americas.

Performance auditing may face challenges like:

- Knowledge, skills and experiences gap,
- Lack of support from management,

- Lack of Independence, and
- Lack of Competency.

Nusrat (2012) emphasized that these challenges are a prominent issue in both private and public sectors. However, in the public sector, the challenge of performance audit is an emerging issue that has received little attention by researchers. To date, only a limited number of studies on the challenges of audit in the public sector are available, either in the context of a financial audit or a performance audit. Such challenges exist over a number of auditing issues.

These comprise of:-

- a) insufficient and incompetent manpower,
- b) unable to recruit consultant when needed,
- c) lack of awareness and
- d) absence of pre-set goals among the auditees.

All of these challenges constrain the introduction and effective functioning of a performance audit function in the public sector. The wide spread of corruption offences, management inefficiencies, overstaffing, an interrupted inflation and rising current account deficits indicated the downsides of public enterprises as key players in economic development Tewodros (2014) and Colleen (2007).

The traceability of other challenges- primarily corruption and poor governance- depends on the level at which they occur. If the highest levels of government are corrupt or incompetent, it will probably not be possible for performance auditor to be effective. Support at the highest level is the most important requirement for conducting a performance audit. Second in importance is finding and retaining competent staff. Supreme audit institutions are not always free to take the strongest critical positions (Colleen, 2007).

2.20. Audit Committee

Ayinde (as cited in Atu, Oghogho Gina, Atu, Omimi-Ejor Osaretin Kingsley, Atu, Osahenoma Vivian, Abusomwan Rachael Eloho 2013), opines that the AC is a standing committee established to enhance corporate accountability by working with the internal auditors and management to improve and strengthen the financial reporting practices of an entity and ensure proper conduct of corporate affairs in accordance with generally accepted ethical and legal standards.

Therefore, an AC can be described as a group of minimum 3 independent directors with no connection to the company management, which are an operating component of the board of directors, with responsibility for internal controls and financial reporting oversight.

AC is established by the BODs—which is a formal entity given the responsibility for the overall governance of that company for its owner investors or lenders. AC is made up of an equal number of directors and shareholders. This enables it to effectively check the powers of the executive directors, with particular reference to the accounting and financial reporting functions. It further strengthens the reporting functions as it enhances the independence of auditors by allowing them to report to a body that is independent of the executive directors (Enofe et al, as cited in Atu et al. 2013).

2.20.1 The Role of the Audit Committee

As Okeahalam and Akinboade (as cited in Abreham, 2011) and Colleen (2007), AC plays a vital role in financial and operational controls in the whole system of corporate governance by making recommendations to the board concerning the appointment and remuneration of external auditors, reviewing auditors' evaluation of the system of internal control and accounting, and considering and making recommendations on the conduct of any aspect of the business of the company which should be brought to the notice of the board.

Atu et al. (2013) forwarded that the idea of having Audit Committees has largely arisen because of fears over recent years about the possible erosion of Auditors Independence, and criticism of the way in which non-executive directors of companies carry out their duties which has led to the collapse of major organizations.

Kenneth (as cited in Atu et al., 2013) declared that financial literacy reduced fraud in corporate financial reporting. According to him for proper discharge of duties, all members of the committee should be financial literate and have understanding of the industry in which the company operates and at least one member have financial expertise and professional qualification of the recognized professional accounting bodies. When the audit committee carries out their responsibilities properly, the result is definitely a credible financial statement which is the basis for good corporate governance and corporate failures will be avoided.

2.20.2 Responsibilities of Audit Committee

For Hermanson & Rittenberg, 2003; Rezaee, *et al.* (as cited in Abreham, 2011), the AC has oversight responsibility over corporate governance, the financial reporting process, internal control structure, IAFs, and external audit activities. Typically the responsibilities of a public sector audit committee include overseeing matters related to: financial and performance management, internal and external audits, risk management, internal control, IT governance, combined assurance, appropriateness of the finance function and compliance with laws and other regulatory requirements. Such responsibilities vary depending on the entity's complexity, size and requirements. The AC is empowered to function on behalf of the BODs by assuming an important oversight role in the corporate governance intended to protect investors and ensure corporate accountability.

Atu et al. (2013) further added that ACs serve as a bridge in the communication network between internal and external auditors and the BODs. It helps to check the activities of the auditors (both internal and external) and top management resulting to the bridging of the gap among users of financial statements.

K. H. Spenser (2010), on his part, indicated that the audit committee is responsible for overseeing and reviewing arrangements for controls and operations generally, and for recommending and proposing action. To exercise this responsibility, the committee:

- reviews, critiques and reports on the Archives' internal and external audit plans, strategies reports and recommendations;
- reviews and evaluates the Archives' responses to audit reports;
- reviews and evaluates risk management strategies and fraud control plans;
- monitors legislative change, government policy, and other regulations in terms of their possible impact on the Archives;
- evaluates internal management and accounting controls;
- reviews accounting policies and disclosures in the annual financial statements; and
- reports on compliance breaches.

2.21. Board of Directors

According to IIA (as cited in K. H. Spenser, 2010), a board is an organization's governing body, such as a board of directors, supervisory board, head of an agency or legislative body, board of governors or trustees of a nonprofit organization, or any other designated body of the organization, including the audit committee to whom the chief audit executive may functionally report.

As the BODs is the key element of corporate governance, it is clear that its composition must be responsive to the basic functions that are assigned to it: supervising and monitoring, avoiding opportunistic behaviour on the part of executives, and providing advice to decision makers to improve the management of the business, C. José García Martín & Begoña Herrero (2018).

Andreas Charitou, Ifigenia Georgiou, Andreas Soteriou (2016) proposed that expertise pertaining to boards falls into two categories: i) firm specific knowledge and skills, and ii) general expertise which is necessary to enable directors to make significant contributions to strategy (Rindova, 1999). The former refers to an intimate understanding of the firm's operations and internal management issues; the latter refers to knowledge pertaining to a specific domain, awareness of specific issues in it, and skills that can contribute to solving those issues (Sullivan, 1990).

2.21.1 Legal Functions of Board of Directors

Jonas Gabrielsson, Morten Huse, Alessandro Minichilli (2007) described the BODs as the highest decision-making body in the organization. To him, the board chairperson is not at the top of any decision hierarchy as is the CEO. The CEO is mainly responsible for implementation of decisions but also makes some decisions. The board chairperson is responsible for decisions and generally not involved in implementation. It can settle things with his or her double vote and can also have some additional tasks compared to the rest of the board members. In general, the board direct, guides and controls the top executives in formulating, implementing, evaluating and controlling objectives, policies and strategies.

2.21.2 Role of Board of Directors

For both Cadbury and Leblanc (as cited in J. Gabriel et al. 2007), the most traditional role is the moderator. This role means that the board chairperson prepares the agenda before the meeting and

then helps discussions stay productive and within the guidelines during the meeting. The role of figurehead refers to the legitimizing and that of representing the company to external groups and actors. In supporter role, the chairperson may function as kind of a mentor. The chairperson gives personal advice and contributes with his or her knowledge and expertise. They are all tasks that the chairperson can handle alone. Both the rest decision maker and the strategist roles require that the board chairperson interacts with the other board members. But, decision making and strategies can be pursued based on personal interests and agendas, and a charismatic board chairperson can dominate board meetings without any attention to the will and skill of the other board members.

BODs of many companies have actively engaged themselves in strategy formulation. These boards are supporting new strategies, mobilizing resources, protecting the organization from outside threats and linking the company with powerful outsiders. Thus, the BODs plays a crucial role in formulation, implementation, evaluation and reformulation of strategies by constituting various committee and help in policy making.

A. Charitou et al. (2016) further added that corporate boards have a critical role in evaluating and rendering advice on executives' proposals for new change initiatives, such as those for acquisitions or strategic portfolio reconfigurations. After the board's approval of change initiatives, directors are responsible for monitoring the implementation of such activities. Hence, BODs have to govern the change process from the decision-making phase to the implementation phase. Board directors require experience with evaluating different types of changes, such as strategic, structural, cultural & technological changes.

2.21.3 Responsibilities of BODs

The BODs, as J. Gabriel et al. (2007), is the highest decision-making body in the organization. But, the board chairperson is not at the top of any decision hierarchy as is the CEO. The CEO is mainly responsible for implementation of decisions but also makes some decisions. The board chairperson is responsible for decisions and generally not involved in implementation. As K. H. Spenser (2010), the board is responsible for reporting on their corporate governance arrangements.

2.22. Literature Gaps

To end up this research work fruitfully, the researcher had tried to refer as much as possible many books that were written on the relevant subjects. By doing this, lots of topics have been covered to have full knowledge over the subject matter. Thus, this will enable the researcher to easily start, conduct and wind up this study so as to achieve the intended research objectives.

Unfortunately, there are certain research variables that have not yet been explored deeply by those literatures until this day. Some of them are:

- ✚ Nothing has been stated about who has to take a responsibility for illegal administrative measures that could be taken by the organizations on performance auditors.
- ✚ The extents of managements' commitments to take actions over audit comments have not been stated. Thus, there is a possibility of each manager to counter acts differently with the same audit findings.
- ✚ Theoretically, almost all audit and performance audit literatures yell out loudly about one of the audit principles: auditors' independence. In practice, this principle is always violated. But what worsens the case is not this violation. Rather, every audit references have not revealed what could follow those 'illegal doers' that have not committed to exercise this principle.
- ✚ The last but not the least is the curriculum limitation. Again, as to the researcher's attempts, no reference books, periodicals and other unpublished works of scholars explain about when, at what level and to what extent should PA be covered in the curriculums of each country. The same is true in our country. Though PA is relatively new to most other disciplines, still it was not given as a subject in all higher level institutions in under graduate levels that are located within the country.

CHAPTER III

RESEARCH DESIGN AND METHODOLOGY

3.1. Introduction

John A., Hafiz T.A. K, Robert R. and David W. (2007) explained “research design as the blueprint for fulfilling research objectives and answering research questions. In other words, it is a master plan specifying the methods and procedures for collecting and analyzing the needed information.”

On the other hand, Creswell and Yin (as cited in Abraham, 2011) stated that “a research design is the logic that links the data to be collected (and conclusions to be drawn) to the initial questions of a study (or a strategy or plan of action that links methods to outcomes).”

Having all these facts in mind, the researcher tried to design/ outline this part with due care. Hence, the convenient research approaches, the target population as well as the sample from which the relevant data was collected, their sizes, the expected types of data to be gathered, the methods used to collect data and carryout/ conduct this study and the ways to analyze them are discussed briefly.

3.2. Research Approaches and Design

To assess the performance audit works of the public sectors of the country, as to the researcher, both qualitative as well as quantitative mixed approaches were used. The qualitative approach was expected to support the researcher so as to get better results that cannot be covered only through using quantitative approach.

The quantitative approach, on the other hand, helped to easily address the research objectives, understood the existing facts, numerically compare and contrast with each other, and evaluated the challenges that might be followed. Altogether, these two approaches enabled the researcher to yield the fruits of the study in order to know the extents of the blessings of the PA works in such sectors.

Based on time dimension, as this work was conducted to assess the existing situations of PA works of the PSs of the country, cross-sectional research design method was preferably used.

After assessing the gap(s), the needed raw (input) data were collected and analyzed thoroughly. To accomplish the intended research, the researcher was used descriptive and analytical research design methods. Such research designs are assisted through open-ended questions that were distributed to auditors and managers who are belonged at various levels of responsibilities. Hence, to gain a better understanding of and improve the discipline/ career of PA, some tools like secondary information and targeted personal interviews were made.

Descriptive research design serves to describe, group, define and infer the opinions of/ the raw data collected from the respondents that are reflected in closed-ended questions (likert scale) so as to measure quantitatively the significance of this study. Among the basic types of descriptive research studies, here, the researcher used cross-sectional study for collecting raw data from the targeted samples.

Analytical research design, on the other hand, helped to critically study and evaluate the available information from the above research design method so as to explain clearly the final research findings, to summarize what was reached about and address the possible recommendations there about. Thus, both of these methods assisted the researcher not only to collect relevant evidences with minimal expenditure of budget and dissipation of energy but also to complete the expected research work timely and meet its objectives successfully. Besides, they are helpful to easily assess the current performance audit works of the professionals in the public sectors of the country, to describe the evaluation process and analyze the possible findings thereof.

3.3. Population of the Study

This research work attempted to comprise of those giant service giving public enterprises/ corporations that are currently not fully privatized to interested potential investors. To brief it more, the population of this research work will intend to include the well known capital intensive organizations/ corporations that are engaged in and scattered within the country in areas like construction, consultancy and supervision of civil works, electric power, and shipping and logistics service, air lines, water sewerage and others.

To get ample, reliable and relevant raw data, those public enterprises that are partially or fully owned by the state and cited in Addis Ababa were the target population of the researcher. These public enterprises are the main supporters of the country's economy in various ways. To some, their activities aren't restricted within the country's boundary, too. Moreover, the following reasons can be stated to why these were preferred to others to undertake this research.

- Besides fostering the development of the country, some of them play key roles in supporting the socio-economic transformation by closing the market gaps in infrastructure development sector.
- They are instrumental to fulfill the country's strives to be the hub of renewably sourced energy in the region and beyond.
- Still the other renders sea-transport and logistics services to the country's importers, exporters and investors in more efficient and effective way.
- To the most of them, their authorization capital had been counted in Billions of Ethiopian currency, Birr. That means they are capital intensive. Thus, they are difficult to be established by individual investors.
- The number of employees they comprised of can be estimated to be in thousands except few of them.
- Strategically, their visions are not limited to the nation where we live in. Hence, they can sometimes be exposed to many global competitors' and market challenges.
- They engaged in various vital economic sectors that demand not only huge amount of initial capital but also high amount of running costs. Above all, as they've lots of human powers, capital and other resources, they are easily vulnerable not to use them in an efficient, effective and economic manner.
- Some of them are sources to bring about foreign exchanges to supplement the existing economic deficit of the country.

3.4. Sampling Method and Size

Yesegat as cited in Daniel K. (2011) forwarded "how well a sample represents a population depends on the sample frame, the sample size and the specific techniques of selecting potential respondents. Moreover, the sample frame from which potential respondents are to be chosen ought to be representative of the population." Since the survey of the entire population from

whom the study would be obtained is time as well as budget consuming and scattered throughout the country, the researcher prefers to apply sampling techniques to accomplish the intended objectives of such research. According to Churchill (as cited in Daniel K. 2011), “the perfect correspondence between the sampling frame and the target population is rare. Therefore, the sampling frame may not correspond perfectly to the population, but it does represent the target population.”

Accordingly, for fulfilling this paper successfully, the total population of this study was about 33,711 while the target population reached about 11,387 contract as well as permanent employees of the sampled public organizations as of December 2018. From these target population that are cited at our capital, the researcher was used purposive sampling method. For using such method of heterogeneous population, Mark S., Philip L. and Adrian T. (2016) forwarded the minimum number of sample size to be taken shall be between 12 and 30. Thus, depending on the number of staffs they consist, the researcher was decided to collect about 52 raw input data from judgmentally targeted staffs of all auditors, different levels of management staffs, audit committee and board members of the four organizations, namely: Ethiopian Construction Works Corporation, Ethiopian Construction Design and Supervision Works Corporation, Ethiopian Shipping and Logistics Service Enterprise and Ethiopian Electric Power. Such staffs are believed to know more about IA in general and PA in particular than any other staffs in those organizations/ corporations.

3.5. Data Collection Method

The study used both primary and secondary data collection methods. The primary data included the first hand information that were collected through a self administer questionnaire and a non standardized and face to face interviews made with those intended professionals who were engaged in and some top management members of the sampled sectors. In the mean time, those questionnaires were basically extracted by the researcher from the referred literature gap. Such questionnaires were of two types: an open-ended and closed-ended. Open-ended questionnaires were allowed the respondents to give their own answers with freedom. It was also assisted the researcher to get an in-depth data that couldn't covered by closed-ended one. Closed-ended questionnaires with ordinal-polytomous response scales give options for respondents to pick one

answer among the five given alternatives. These questionnaires, generally, helped the researcher to get the needed data cheaply with less effort and hence can compile these standardized answers easily.

On the other hand, secondary data were consisted of various related literatures that were written by different scholars at recent times, organizations'/ companies' audit manuals/standards, and their company profiles. They would be reviewed to gather enough, reliable and representative data of their organization and enable the researcher to conduct the given research works successfully within the budgeted time frame and money allocated.

Besides, they were helped the researcher in determining the direction for primary data collection, indentifying people to approach, and serving as criteria for making comparisons with other data. After these raw data were thoroughly examined, the expected research gaps were identified from the feed backs collected from the already distributed questionnaires and interviews made. In short, all the previously set research objectives were tried to be met.

3.6. Data Quality Assurance

Excluding the general profile, 32 carefully designed and coherently interrelated with the research objective questionnaires were developed on Likert scale and distributed to be responded by all audit staffs and management members found at different levels in their organizations/ corporations. This was done so as to measure the soundness / quality/ of the data especially its reliability to undertake the research work ahead. Meanwhile, their validity was also examined.

3.6.1 Reliability Test

According to C.R. Kothari (2004), "The test of reliability is another important test of sound measurement. A measuring instrument is reliable if it provides consistent results." Hence, the researcher made a pilot test on two in each four, totally eight management members of the sampled organizations/ corporations in order to get the reliability coefficient test result. In other words, this target sample was comprised of one head and one team leader of audit departments who were expected to have had better experience and well-versed knowledge in their careers. Depending on their objectives, though there are several different coefficient calculation methods exist, the researcher used the most widely internal- consistency coefficient: Cronbach's alpha. Accordingly, the SPSS test result Cronbach's alpha 0.738 implies that the internal consistency of

this test falls on acceptable range. Moreover, the Cronbach's alpha based on standardized items and the numbers of items are 0.731 and 32 respectively. Thus, the given test was considered as it is reliable.

3.6.2 Validity Test

For C.R. Kothari (2004), "Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure.... Content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study. " Hence, there should be a need to assure the content validity of the items included. That is why the questionnaires/ instruments were distributed in advance for four audit departments head i.e. one from each of the organizations/ corporations to get their genuine evaluation opinions. Through them, the researcher has known how well this instrument/ questionnaire can measure a theoretical construct. Above all, the researcher's advisor has also witnessed the internal validity of this test/ questionnaire.

3.7. Data Analysis

After an intended qualitative data have been collected through primary and secondary data collection methods, the results found from the respondents were tabulated. But before doing this tabulation, the qualitative data will first be systematically coded. The frequency distributions of each valid responses of the questionnaire are recorded accordingly. Then, data editing and data entry to computer were followed while quantitative research (i.e. percentage) method was utilized in adopting descriptive statistics. Besides, hypothesis testing was used as a tool of analysis to determine the probability of a member of the general population to have the same response.

Finally, the results of these sampled respondents were systematically analyzed, compared with the theoretical literatures, generalized to draw conclusions about the responsiveness of the performance of the subject under discussions and forward possible recommendations in the paper for those identified research problem(s) within the budgeted time frame.

CHAPTER IV

RESULTS AND DISCUSSIONS

4.1. Introduction

As was indicated before, the aim of this research is to assess the PA in PS of the country. Hence, based on the questionnaires responded from and interviews made with purposively selected samples, the following results were obtained. Together with these results, there comes an analysis and discussions of each of them, in turn. Thus, the discussion begins with the results of general profile of the respondents. Then, the responds of all levels of managements, board and audit committee members were discussed next to that of IAs through the aid of the SPSS software. Finally, the results of unstructured interview questionnaires result were systematically compiled and briefly summarized as much as possible.

To deeply explore relevant data, the researcher used a questionnaire and an interview method. Regarding the questionnaire, excluding the respondent's profile, it was divided into three parts. The first part is intended to be responded by internal auditors. On the other hand, the second part is targeted to be answered by all (first, middle and top) levels of managements. Each of these consecutive parts consists of 20 and 12 objective questions respectively with five options in likert scale. Thus, 5 represents strongly agree, 4 agree, 3 in different, 2 disagree and 1 strongly disagree to the given question/ idea. The last open ended part is presented to 12 samples as a questionnaire and to 4 other purposively selected volunteers as an interview.

4.2. Survey Results and Discussion

Under the sub title general profiles, the researcher wants to reveal an overview about the whole sampled respondents so as to get better understanding of their compositions. Here, those issues that are believed to be relevant to the study are tried to be considered. It includes job positions, age categories, educational disciplines, work experiences, and short term trainings that had taken by the sampled respondents. Thus, the following tabular results are achieved.

Table 1. Frequency Distributions of Sampled Respondents_ General Profile

Q. No.	Descriptions							
1	Age Bracket (in years)	Categories	18-25	26-35	36-45	46-55	Above 55	
		Total Respondents	5.8%	25.00%	30.77%	34.62%	3.85%	
2	Experience wise (in years)	Categories	Below 5	6-10	11-15	16-20	Above 21	Not stated
		Total Respondents	9.62%	11.54%	19.23%	19.23%	23.08%	17.31%
3	Education wise		Diploma	Related 1 st and 2 nd Deg.	Non related 1 st Deg.	3 rd Deg	Not stated	
			5.77%	69.23%	11.54%	-	13.46%	
4	Training wise	Descriptions	Related	Non related	Taken	Not taken	Not stated	
		Total Respondents	57.69%	38.46%	82.69%	3.85%	13.46%	

Source: Researcher’s Own Survey Data, December 2018

Age wise, almost 69.24% of them have more than 36 years of ages. Except the first (18 to 25) category, the referred respondents are distributed to all age categories unevenly. Thus, the respondents were considered to have heterogeneous groups that are expected to be and responsible to their duties.

Experience wise, 61.54% have more than 10 years of related experiences in this profession. Besides, 11.54% of them have 6 to 10, and 9.62% have less than 5 years of experiences. 17.31% have not stated their responses.

Training wise, totally 57.69% and 38.46% of them have witnessed as they have certificates in different related and non related disciplines respectively. The other 82.69 % have stated as they have taken different training courses. The rest 3.85 % have not taken any training courses yet now. Likewise 13.46% of the respondents have not stated whether they have taken or not. Thus, most of them are believed to understand what PA/IA means, their scope and objectives as well as the challenges there might be in this area where they belong.

Education wise, 69.23% of the respondents have 1st and 2nd Degree in accounting (and finance). On the other hand, 11.54% of them get their 1st Degrees in other fields such as Economics, Business, Engineering, and the likes. As an exceptional, 5.77% of them have also Diplomas in accounting. The rest 13.46% of them do not states what they have had. But those professionals who haven't had related courses to auditing hopefully have understood the career IA/PA through the trainings they have taken in performance auditing. Out of 52 properly responded enquiry, 93.33% of the respondents have the first and second degrees in qualifications. According to INTOSAI (AS 2.1.4 and 2.1.10) (as cited in Kagnev, 2015), that is more than a minimum adequate requirement (i.e. 83.3%) for engaging in PA activities.

Generally, the study consists of all the respondents with different age and education categories having better experiences in the field. Considering the responses of all of these non- homogenous and fairly distributed sample units, this study can be considered as it is not suffered from any type of bias.

Organizational structure wise, each corporation/ organizations has one head of the department/ service, one team leader, 1 to 4 senior auditors and 3 junior auditors under their staffs. Here, the respondents are not disregarded the efforts/ contributions of their secretaries and janitors without whom their routine /daily works not become fruitful.

Table 2. IA Environment and Acceptances

Q. No.	Descriptions	No. of respondents		Mean	Mode
		Invalid	Valid		
1	Existences of IA department	-	32	4.88	5
2	Existences of IA manual	-	32	3.88	5
3	Existences of PA standard/ manuals	-	32	2.22	1
4	Performances of IA/ PA by CAATs	1	31	1.68	1
5	Existences of IA dependences	2	30	2.17	2
6	Audit works are welcomed by auditees	2	30	3.53	4
7	PA is never carried out in your organization	-	32	2.44	2/1
8	OS was prepared by well experienced consulting firm	1	31	2.10	1
9	IAs have smooth cooperation with auditee	2	30	3.07	2

Source: Researcher's Own Survey Data, December 2018

From the attempts made to know whether there are existences of IA department, IA manual and PA standard or not, the respective mean values of the study 4.88 and 3.88 implies that there are IA departments in almost all of these organizations/corporations. Each of them, except one, stated as they have IA manuals. These are also verified by asking the auditors working at those sampled organizations/corporations. In contrast to this, the mean 2.22 realized as there is no PA manual/ standard in the same organization/ corporations. Moreover, respondents of the three out of four organizations/ corporations are disclosed as they have no PA manuals/ standards that are currently active to do their works.

Since all of the sampled organizations have IA departments, all of them are expected to carry out PA like financial as well as compliance audits. But, unfortunately, they have no PA standard/ manuals on which every PA works should be based. Moreover, such results indicate that PA works are done so far (if exists) randomly without the help of any PA standards.

From the results of the questionnaire, the mean 1.68 clearly indicates that IS audits are not performed by CAATs. Again, to know the existences of IA dependencies, the mean result of 2.17 confirms as there is no question of auditors' independences to do their works effectively. From these two results, it is possible to deduce that every IA and PA are done without assisting through information technology. Moreover, auditors have freedom to carry out their routine tasks.

This table also reveals the following additional issues.

Since the mean 3.53 and 2.44 respectively shows as:

- ✚ The IA works are welcomed by the most sampled organizations.
- ✚ The performance audit is carried out in majority of the sampled organizations.

Hence, the sampled respondents have realized as there are considerable values to audit works. Moreover, the auditees of sampled organizations have understood the contributions of IA. In contrast, IA staffs do not have full of competent expertise so as to do PA in their organizations. The result of the question forwarded to know whether the existing organizations' structure was prepared by well experienced consulting firm has disproved by a mean value of 2.10. The support from intended auditee to IA/PA is indicated by the mean results of 3.07. It means, there exist neither good nor bad relationship between these two parties. Thus, in such organizations, audit works are undergone under difficult situations.

Table 3. IA Staffs and Their Risks

Q. No.	Descriptions	No. of respondents		Mean	Mode
		Invalid	Valid		
10	Intentional recruitment of incompetent auditor(s)	2	30	2.47	2
11	Existences of performance auditors' risks	-	32	3.53	4
12	IAs are guaranteed from auditees' back fire	-	32	2.09	1
13	Exposures of IA to court due to auditor-auditee conflicts	2	30	2.43	1
14	Exposures of IAs to penalty	1	31	1.45	1
15	Existences of intentional recruitments of IA Head	1	31	2.94	4/3
16	Existences of a trend to outsource PA works	1	31	1.97	1
17	Existences of full of competent expertise	1	31	2.45	1
18	IAs have been demoted due to auditor-auditee conflicts	1	31	2.71	1

Source: Researcher's Own Survey Data, December 2018

From the frequency distribution of the table 3, the question “an intentional recruitment of incompetent auditor(s) is a reason not to do PA”, existences of performance auditors' risks, and internal auditors are guaranteed from auditees' back fire have means 2.47, 3.53 and 2.09 respectively. From these responds, it can be concluded that an intentional hiring of incompetent auditor(s) might not be the reason not to carry out PA. Instead, there are other factors that hinder them not to do so. Besides, such repliers confirm as performance auditors are exposed to risk(s) which results from their audit findings and the consequences there might follows. On the other hand, they realized as internal auditors are not safe from auditees' back fire. Regarding exposures of IAs to court, the mean result 2.43 shows as there is no such occurrences throughout respondents work experiences. The mean 1.45 also exposes as performance auditors are not penalized/ sued by court until the day when they respond to this enquiry. Moreover, according to the mean results of 2.94, the respondents do not clearly realize that there were no existences of intentional recruitments of IA Heads. There were no trends to outsource difficult PA works to external professionals, too. The mean result 1.97 reveals this fact. The mean result 2.45 shows as the existing IA staffs do not consists of full of competent experts/ personnel in auditing. Based on the mean results of 2.71, it is not possible to

conclude that IAs have been demoted due to conflicts that were aroused between the two parties: auditor and auditee. Such results implied that:

- Either PAs are not ethically done in those organizations deeply as far as expected or else PAs are not willing to confront with auditees through not arising awesome issues. Thus, they prefer to be safe and reckless on their duties rather than being penalized/ sued if worst scenario comes.
- The value- adding contributions of IAs/ PAs are not clearly understood by auditee(s). Thus, the employees of each organization has indifferent stand to assist the internal auditors in some respects.
- The sampled respondents were disagreed to what was done regarding the preparation of a new organizational structure of the organization.
- The non-existences of intentional recruitment of IA Head imply that it is difficult to say there exists justifiable screening and proper selection of valuable management members so as to accomplish their intended organizational goals.
- The absence of trends to outsource PA works may indicate either the existences effective utilizations of the organizations' manpower (audit staffs) or there are no trends to hire external parties who are believed to have lots of experiences rather than internal one's own staffs (auditors). Thus, there are limitations of IAs to get the transferred technical knowledge from these external parties.
- Though few in numbers, the measures taken to demote IAs may enforce auditors to feel more in secure in their jobs and have less motivations so as to carry out their duties and responsibilities.

Table 4. Roles of Management and BODs

Q. No.	Descriptions	No. of respondents		Mean	Mode
		Invalid	Valid		
19	Existences of management support	1	31	3.52	4
20	OS was thoroughly examined and ratified by BODs	1	31	3.00	3

Source: Researcher's Own Survey Data, December 2018

The existences of smooth cooperation of IAs with managements of each organization are reflected through the mean value of 3.52. In other words, most of the managements (respondents) have understood as these

cooperation assists mainly to move the wheels of their business efficiently.

The responds to the enquiry forwarded to know whether the existing organizations’ structure was thoroughly examined and ratified by consulting business firm has a mean value of 3.00. Such result indicates as the respondents did not know what was done regarding this issue. This implies that, the auditees have not clearly known as their personnel/ departments are organized on the basis of sound lines and procedures so that they properly carry out their functions.

Regarding its importance, Dutta (as cited in Nusrat, 2012), believed that overall, PA is not just a tool like financial audit that can be easily standardized. It is a management tool that provides information and feedback for organization improvement. Therefore, consistent result is found from the study as the literature realizes the fact that management support is vital to efficient PA works. Moreover, performance auditing dealt with many different types of problems within its legal mandate. Some of these basic questions include “Are the entity/entities doing the right things? If so, are entity/entities doing things in the right way; and if not, what are the causes?”

This implies that PA is free to examine all government activities from different perspectives. In carrying out such responsibilities, PAs may engage in personal disputes due to their interest differences with auditees, managements and government bodies. Thus, there may follow hostility that could results in either direct or indirect administrative measures.

Table 5. Importance of and Supports Given to PA

Q. No.	Descriptions	No. of respondents		Mean	Mode
		Invalid	Valid		
1	Audit works are a life-blood of the organization	-	16	4.38	5
2	Audit department gets proper support from management	-	16	3.50	3
3	management members are satisfied with audit works	-	16	3.38	3
4	Existences of managements’ commitments to take immediate actions for PAs’ recommendation(s)	1	15	3.00	4/3
5	Exposures to court due to auditor-auditee conflicts	-	16	2.56	3
6	AC stands along IAs when conflict exists	-	16	3.19	3

Source: Researcher’s Own Survey Data, December 2018

Out of 16 targeted respondents, the mean result 4.38 realized undeniably that as audit works are vital to the existence of their organizations. It is possible to confirm that these respondents have better understanding of what audit works are, its objectives, scope and to what extent does this career are helpful for their overall achievements of efficiency, effectiveness and economy.

Support from all level of management bodies is witnessed by the mean value of 3.50. Most of audit parties get proper assistances from referred management bodies for carrying out their vested duties and responsibilities. These collaborative works enables IAs (PAs) of each organizations' make their own best contributions both as individuals and as team members.

Again the mean result 3.38 of this enquiry reveals as those respondents aren't able to express the level of their satisfactions with their own organizations' PA works. In other words, they couldn't either agree or disagree to this question (enquiry). Rather, they are neutral. From table no 4, the belief that the existence of managements' commitments to take immediate action for each performance auditor's findings has the mean value of 3. This reveals that the extents of the managements' attentions given to audit works are not significant. To say it differently, even though they have properly understood the importance of audit works for the overall success of their organizations, they are not committed to execute auditors' recommendations timely and effectively.

The mean 2.56 of this enquiry show that there is a refusal of management respondents' exposure to court order due to conflicts aroused between auditors and auditees. This implies that there exist not only positive relationships between auditors, auditees and management members but also the acceptances of the constructive duties of auditors by managers.

At times when there comes a conflict between auditor and auditee, AC is believed to stand indifferently by the side of the performance auditors of the given organizations. This is witnessed by the mean value of 3.19 of the enquired respondents of the study. By this, IAs (PAs) couldn't gain self confidences to perform their duties and responsibilities. The importance of PA is realized by the respondents of this study.

Literature wise, Tewodros (2014), stated as PS auditing was indispensable for the public administration, as the management of public resources is a matter of trust. PS auditing enhances the confidence of the intended users by providing information and independent and objective

assessments concerning deviations from accepted standards or principles of good governance. Similarly, Colleen (2007), Adriana (2007) and others explained as this determination, along with recommendations for improvement, is reported to managers, ministers, and legislators, who are responsible for enacting the recommendations or ensuring accountability for corrective action.

Table 6. IA Staffing and Its Competency

Q. No.	Descriptions	No. of respondents		Mean	Mode
		Invalid	Valid		
7	IA has full of competent expertise	-	16	2.81	2
8	Existences of scheduled training programs for PAs	1	15	2.47	2
9	Existences of incompetent PAs recruitments	-	16	2.44	3
10	Existences of recruiting PA consultants when needed	-	16	2.94	3
11	Existences of curriculum limitation on PA	1	15	3.07	3
12	Existences of administrative partiality on audit staffs	-	16	3.13	3

Source: Researcher’s Own Survey Data, December 2018

The mean value 2.81 exposes that IAs of the sampled organizations could not enable the researcher to witness whether they have an incorporated full of competent expertise in their careers or not. This means, it is difficult to conclude that auditors are assumed to have enough knowledge & experience over the performance auditing careers.

The mean result 2.47 from table no. 5 shows that there is no scheduled training programs arrangement for performance auditors. Thus, they have rare chances to get training opportunities so as to enable them cope up with dynamic natures of this discipline and carry out new responsibilities they intend to achieve.

Again, the mean value of 2.44 implies that there isn’t existence of a tendency to recruit incompetent performance auditors in their organizations. In other words, proper screening, hiring, and placements of auditors are undertaken by human resource departments.

There might not be possible to generalize that there is no trends to recruit consultants whenever the given organizations are in need of performance auditors. This is realized through the mean result of 2.94 which is found from the responses of the samples under the study. In contrast, the non-existences of the trends to recruit such and the like personnel was also realized by question no. 16 of Part I (i.e., auditors’ perspective)

Besides, as the respondents mean result is 3.07, the existence of curriculum limitation of the higher institutions in the country is indifferently certified by those samples taken to complete this study. This implies that almost all of the professionals that belong to carry out this career have not grasped enough knowledge over this subject matter while they had been at school. Thus, the auditors' acquaintance of such discipline/ career can be developed through the trainings that will be taken at different future times.

In addition to this, the existence of administrative partiality on audit staffs is neither admitted nor discarded by respondents. This is disclosed by the respondents' mean value of 3.13. Basically, as there are many good deeds, partiality can be expressed in many different ways. Some of them can be through not giving a (an equal) chance to participate in any training programs, placing (assigning) auditors in unrelated jobs where they are not interested, banning chances to be promoted to better status and disobeying auditors need to transfer to other jobs. Thus, these in return, leads to auditors' job dissatisfaction, complaints and (or) grievances.

As one has seen from the study results, almost all of the above 6 questions are either refused or indifferently answered by the respondents. Such answers are inconsistent to literatures. For instance, Nusrat (2012) explained that challenges are a prominent issue in both private and public sectors. In the public sector, the challenge of performance audit is an emerging issue that has received little attention by researchers. To date, only a limited number of studies on the challenges of audit in the public sector are available, either in the context of a financial audit or a performance audit. Such challenges comprise of: insufficient and incompetent manpower, unable to recruit consultant when needed, lack of awareness and absence of pre-set goals among the auditees.

Furthermore, (Colleen, 2007) stated that PA challenges included the needs for competent staff and leadership, stakeholder support, and organizational independence, none of which can be met by mandates or pronouncements. All of these challenges constrain the introduction and effective functioning of a performance audit function in the public sector. On other hand, as an effective audit committee has numerous benefits for public sector entities, it has to professionally be alongside IAs.

From Written/ Interview Questionnaires:

Most of the respondents have stated as they have no understanding about the existing types of PA work. As a result, they do not scheduled PA programs in their routine works. They have not carried out PA in their organizations/ corporations. But in few of the organizations/ corporations, the following general opinions are what respondents' believed to face while performance auditors are carrying out their duties and responsibilities.

- Fear of conflicts with auditee
- Fear of firing/ lay offs
- Fear of administrative measures
- Audit work is not supported by IT applications/ CAATs.

The major discouraging factors that hinder auditors to exercise their ultimate capacity while they engaged in their audit works are:

- The absence of prompt measures taken over their recommendations
- The existences of administrative impartiality
- The lack of auditors' independences
- The lack of cooperation between audit heads and the rest of their audit staffs
- Lack of knowledge, skills and experiences in diversified disciplines other than accounting and financial knowledge.
- Developing hostilities with auditee due to audit findings
- There exists less awerances of the public what auditing means and its benefits.
- There is also no PA standards /working procedures in some organization(s).

Some of direct / indirect administrative partialities undertaken on auditors are:

- ❖ The existences of low salary scales compared with similar job positions (eg. finance)
- ❖ Exclusions from getting short term trainings
- ❖ Disregarding/ freezing the importance of audit works intentionally
- ❖ Most of the time, PA work is made to be undertaken by a single auditor
- ❖ If worse comes, auditors may be fired from their work without enough justifications.
- ❖ Auditees' involuntariness to give ample and relevant evidences timely

- ❖ Auditors may be forbidden from getting opportunities like promotion(s), allowances, benefit packages

PEs may face the following major challenges while PA work is undertaking:

- They may lose some 'key' personnel
- Conflicts may be aroused by top managers and other employees
- Employees may be discouraged/ demoted to carry out their routine works.

Some Board members are delinquent to carry out their vested duties and responsibilities. This is because:

- They have no time.
- Their time is fully occupied with many other urgent issues.
- They are not enough in numbers.
- There is lack of expertise and experiences.

AC members are also reckless to do their duties and responsibilities due to the following reasons:

- Their numbers are few to oversight internal auditors.
- They have no extra time to evaluate and discuss the matters over their routine works.
- They (may) think that their remunerations are less compared to other organizations' AC members.

Some of the challenges that may face PS AC members are:

- ✚ They may not get cooperation of management and BOD members.
- ✚ They have earned less remuneration.

Organizations'/ corporations' Audits, BODs and ACs do not work collaboratively. As to certain respondents, some of the major reasons to be so are:

- Board and AC members might be incapable even to understand the nature and duties of the organization in which they are assigned.
- They have no common convenient time to come together and discuss the matters over the policies and strategic issues of the organizations.

To improve the organization's/ corporations' quality of PA works, the following remedies are forwarded by respondents:

- ❖ Auditors' competencies should be improved through consistent programs.
- ❖ The auditee should give especial weights not only to auditors but also to their constructive works.
- ❖ The educational syllabus of the country should consist of PA in their contents.
- ❖ Administrative partialities should be identified and avoided totally so that organizations' rules and regulations should be effectively exercised.
- ❖ Planning, fieldwork, reporting and communicating audit findings should facilitates positive reception by the auditee.
- ❖ Unlike financial audits, PAs are seldom repeated. Consequently, audit tests and procedures that apply to one audit will not necessarily be relevant and useful in the next audit. PAs ought to be capable of providing information and accountability about the provision of services that is not available from the financial and regularity audit alone.

CHAPTER V

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

After thorough examination of the whole research work, under this chapter, the study is attempted to summarize the major findings of the analysis part. Then the overall conclusions drawn so far will be discussed. Finally, the possible recommendations of those findings will be forwarded from the conclusion part.

5.1. Summary of Findings

From Auditors Perspectives:

The compositions of performance auditors of 4 organizations/ corporations consist of more than 93.33% professionals. Most of their age ranges between 26-55 years. On the average, 3.85% of them have not taken PA short term trainings through their audit work stay. Rather, they have frequently taken IA trainings for more than two repeated times.

IA directorate/ department exist in all 4 giant PS organizations/ corporations that are included under the study. Some of them have not currently active IA manuals. Surprisingly, most of them haven't PA manuals/ Standards. Moreover, CAATs has not aware by them, yet.

There are questions of independence in certain organizations/ corporations. The audit works of each organization/ corporations are considered as value-adding profession. Thus, it is obvious to generalize its vitality for the existences of their organizations/ corporations. In contrast, in some of them, PA has never carried out at present. Moreover, it is difficult to say that IA is with full of competent personnel.

There was a time when academically weak IA-Heads were intentionally hired for their organizations/ corporations. In the contrary, it is realized that such deeds are not one among many other possible reasons not to do PA in their organizations/ corporations. Moreover, existences of risks that were faced by PAs are also revealed by certain respondents. Rather, what makes awesome is that there were no trends to outsource PA works of their organizations/ corporations.

In some of them, IA staffs have no smooth collaborations with their employees and managements. Because of these, IAs do not feel guaranteed in their duties as they are in fear of unexpected

challenges that may create non-conducive environment. Thus, so far, there were no past exposures of auditors being at court. Still others confirm that due to their conflicts with auditees, they had experienced demotion of their careers. Not only this, they were not also penalized by court as a results of these disputes created between IAs and their corresponding clients (auditees). The respondents confirm that there was convenient support given to IAs from referred management bodies.

The responses gathered from the samples show as their active organizational structures were indifferently prepared by well experienced and independently working consulting firms centered at Addis. Besides, the respondents were in dilemma to assure as such structures were thoroughly examined and ratified by their BODs before they went to be effected. But, for the others, these were usual.

From Management Perspectives:

All levels of management members believe as the audit works of their organizations/ corporations are value adding /supportive activities so as to achieve their ultimate goals: changing the values of their citizens through getting their secondary objective ie. profit. Knowing this fact in mind, the audit directorates/ departments get proper support from all levels of management members. Some managers reflected as they haven't always satisfied with their internal audit works. Hence, there were no commitments to take timely prompt measures in order to make corrections for PAs' recommendations.

In the meantime, certain organizations/ corporations either knowingly or unknowingly, exercised administrative partialities on their audit staffs. Some managers have realized as they have exposures being at court order due to some cases that were aroused between auditor and auditee conflicts. They don't believe that the audit staffs of their organizations/ corporations are filled with competent expertise. Though there exists such limitations, PA training programs are not arranged each year to IAs. While they had at their higher level institutions, they haven't made to know what PA means, why it is used for and even how it is done. Hence, they clarified as there has been the curriculum content limitation of PA in the country.

Throughout their audit work experiences, some managers were proposed as top managers had preferred to recruit intentionally an incompetent / incapable auditor(s) and the like professional(s).

They were also disclosed that there were not trends to hire PA consultants whenever needed. Sometimes, there can be a conflict between management members and audit teams due to various reasons. While such case(s) aroused, certain managers agreed to the idea that organizations'/ corporations' audit committee stands along auditor(s). Still others are not.

From Written/ Interview Questionnaires:

As discussed before, performance auditors face lots of challenges. The harms of these challenges may in turn extend up to parallelizing not only the auditors themselves but also the day to day operations of the public enterprises under considerations. There are also certain discouraging factors that resist them not to do their works. Some direct/ indirect administrative partialities are taken on auditors, too. AC and BOD members are lenient to carry out their duties and responsibilities. Moreover, they are not collaboratively work with the organizations' auditors due to various reasons. As far as their understanding, there are certain remedies that were suggested by some of the respondents so as to alleviate these counter effects.

5.2. Conclusion

PA is a main tool that helps to the success of the economies of developing countries. Although PA is a recent and dynamic discipline, it is certain to say that PA is a key for success. Like financial and compliance audits, PA/ operational audit is a type of audit that still be exercised in PSs.

Most of the sampled organizations are frequently scheduled to perform financial audit for many years. However, there is a PS corporation where PA is not started to be conducted throughout their formations. Performance auditors may not be acquainted with the overall operational details of every department found in their organizations. Above all, there are no compensations/ insurances/ that are expected from these organizations against all risks that might face auditors.

Among these risks, some are stated below:

- Demotions / transferring auditors to other departments without their interests.
- Banning auditors from getting promotion(s), allowances, benefit packages.
- Physical and mental threatening of auditors by auditee(s) or management bodies.
- Lack of competency especially if the auditors are new/ beginners to the career.
- Most of the time, the management bodies don't give considerable attentions like that of financial as well as compliance audits.

Some of auditors' discouraging factors are:

- The value of IA staffs as well as their audit works in each sampled organizations is/ are less compared to other similar staff members.
- Lack of consistent short term brain-wash PA trainings and low level of salary scales in organizations.
- The non-cooperation of auditee as well as management bodies.
- Auditors' reports are not revised promptly and exercised (effected) timely by the concerned (responsible) body. No management commitment to take proper actions on auditee timely after it gets audit reports.

- There are also attempts made to paralyze the audit departments through not cooperating with the staffs to search relevant raw data/ information timely so as to perform/ carry out their duties.
- In some organization(s), its/their AC is not seen to support audit department.
- The non-availability of detail operational data of every sectors of their organization may hinder them to discharge (exert) the audit responsibilities.
- Audit works are not so far assisted through computer based technologies as there haven't provided short term related training courses.

Sometimes, the organizations' CEO together with his/ her subordinates can participate in setting new organizational structure so as to degrade deliberately the level (job grades) of audit staffs. This can extend up to giving them weights even less than that of finance staffs. The promotion and training opportunities are not fairly accessed to auditors. Auditors may be kept aside from getting necessary mobile/ telephone and transportation allowances.

Even there might be unwillingness to share information to audit staffs/ audit department heads on any situations that are going in the organizations. Management meetings can be held without inviting audit head, too. Above all, if the auditor is ethical and do his/her work impartially and with due care personal hostility of auditee may be developed. Threats may hail up to making personal attack or hurting auditor(s) through car accident(s). Sometimes, auditors' work experiences are not equally considered/ treated as that of accountants.

Though carrying out PA in both private as well as PS has lots of benefits, the existences of unlimited number of challenges are undeniable. The major challenges that may face PS enterprises while doing PA works can be:

- The difficulty to resolve conflicts that might aroused among management members, audit staffs and other auditees.
- There might be a time when audit decisions aren't promptly exercised by referred body/ies.
- Most employees assume that internal auditors have no independences and value-adding contributions to the organizations.

- There are also resistances from management members in order to cooperate with the PA works. Some window dressing activities are seen by managers to boost their departments' performance over the others.

Since BODs members are assigned by the government of the country, they are not delinquent to carry out their vested duties and responsibilities. Rather, they have almost no spare time to thoroughly examine timely each auditor's reports and follow up what is going in the respective organization(s) where they are assigned to. Moreover, due to their over burdened responsibilities, they may not exert full of their potential in regular basis.

AC plays a vital role in assisting the relevant governing body (like board in the case of public entities). In other words, it makes valuable contributions towards improving the governance, performance and accountability of PS organizations. AC members are not reckless to carry out their duties and responsibilities. Because, in one of the sampled organization, the respondent managers confirm as there is a newly formed AC and hence they couldn't evaluate it, yet. In others, there is only one AC member who is active to do his/ her objective. Hence, audit reports are not evaluated timely and effectively.

Some of the challenges that may face public sector AC members are:

- They are few in number.
- There might be knowledge (skills) as well as experience gaps/ limitations even to understand non-political issues. Besides, they are in difficulty to cope up with the continuous change of national as well as global matters.
- They may not have access time to closely work directly with internal auditors.
- Performance auditors might not be given proper values for their contributions where they are assigned to.

In certain PS organizations, their audit departments, BODs and AC members are working collaboratively. In contrast, there is an organization where AC does not properly supervise and monitor audit department and not present reports to BODs. Hence, there is lack of coordination in between at least two of them.

Respondents' suggestions to improve quality of PA works, includes:

- ✓ The existing audit staffs should consists of different professionals having different acquaintances /skills as PA works require auditors who are acquainted with multi-directional knowledge as well as being ethical for performing their duties properly/.
- ✓ Proper attentions should be given to performance auditors so as to better motivate them in doing their careers.
- ✓ Short term training and educational opportunities should be equally distributed in order to cope up with the existing dynamic situations of human/ employee/ behaviors.
- ✓ Enough awerances creation should be given to managements regarding the merits of PA, and the authority and responsibilities of IA department.
- ✓ In the organizations where there is no PA works, their corresponding management bodies should urge IA departments to start with the PA engagements. To do so, the management members' attitude should first be changed.
- ✓ There should be PA manuals/ standards in organizations where there are not.

5.3 Recommendations

Through assessing the PA activities of the 4 aforementioned sampled sector organizations /Corporations, the following recommendations are forwarded by the researcher.

Auditors, Auditees, Management and organizational wise:

Efficient, effective & economical use of once own scarce resources should be the foremost objective of a given country so as to ensure its all rounded growth. Those organizations (corporations) which haven't started to do PA should start doing it without taking considerable time. Meanwhile, the management bodies of such organizations should give proper attentions to this discipline like that of financial as well as compliance audits. Moreover, the preparations of PA manuals/ standards in the PS organizations, where there is/ are not, should be facilitated.

In fact carrying out PA has many risks and challenges. Thus, such barriers should be overcome through:

- ❖ Creating conducive environments to auditors so as to get chances for taking short-term training & up grading their academic knowledge & competencies.
- ❖ Giving proper and continuous stakeholders (i.e., management, auditee and others) support to PAs.

As an example, the structures of each organization should be transparently prepared by well experienced consulting firm(s) and thoroughly examined and ratified by BODs. As their responsibilities may extend up to fraud investigations, there should be strategic policies and the government commitments not only to enforce them but also to safeguard PAs from any threats that could be expected to paralyze them not to do their careers effectively.

- Changing the stakeholders' misconceptions towards audit through giving them uninterrupted awareness over this subject matter. Moreover, the non-cooperation of auditors with auditees & management members, administrators' partiality and their 'hostile deeds' should also be avoided.
- In addition to these, the need to ensure independences to auditors who are engaged in such professions is unquestionable. This is ensured when auditors are free to conduct their work without interference, limits, or pressure from the auditee and other stakeholders. Most of auditors'

challenges can be overcome through realizing 'a true' independence. Thus, to exercise independence effectively, there should be proper attentions and commitments of all concerned parties who are involved in all PS organizations.

- To widespread auditors' acceptances, there should be competent internal auditors who understands all about audit principles and exercises what is expected from them effectively. Thus, strengthening the capabilities of IAs is necessary. Moreover, if their numbers are not compatible with the expected work standards, additional professionals should be recruited timely based on the organizations' rules and regulations. Whenever there is a knowledge limitation, it is sometimes better to outsource PA works to external third party (ies) and gain any knowledge transfers if there exists.

- To conduct an effective PA works, the compositions of audit teams should have been those professionals who are ethical, dedicated and having acquainted with different disciplines/skills. Therefore, the audit heads, management bodies, BODs and AC should work being together so as to create such conducive work environments. Especially AC should stand professionally along internal auditors whenever needs aroused.

- **Government wise:** to overcome the knowledge limitations of those expected professionals, the existing educational curriculums should be improved and hence made to consist of this subject matter in detail. Specialization programs of this subject should be opened widely in almost all currently active higher institutions within the country.

- To discharge effectively their oversight responsibilities and play directing functions of those organizations, assigning AC and BODs members who have vest knowledge over the careers where they are going to be assigned is unquestionable. Thus, the government of this country should have given special emphasis to establish a new and strengthen the existing AC, giving tailored trainings and adjusting the remunerations of these AC and BOD members is necessary to realize the success of its short as well as long-term strategic policies.

- Strategically, the capacity building program should be designed and implemented to enhance the skills, knowledge and attitudes of professional performance auditors so as to achieve their objectives in better ways. This can be done through creating conducive environments to give proper and timely short term trainings and educational opportunities for those auditors. As far as

their organizational structures allow them, proper benefit packages should be accessed to all performance auditors like any other staffs without any partiality.

- Though it seems late, the recent developments in IT have had so many impacts on the field of auditing especially its reengineering role on the traditional business process. There should be given proper emphasis and have soon being started to exercise PA in such sectors. Thus, those referred parties (auditors, management bodies, AC and BODs) should play their parts to actualize such prominent endeavors.

APPENDICES

QUESTIONNAIRE

INTRODUCTION

Dear Respondent,

Here is a questionnaire that aimed to assist in conducting the research work entitled as "Assessments of Performance Audit in Public Sectors of Ethiopia" for partial fulfillment of MBA Degree in Accounting and Finance at one of well versed Universities in the country- Ethiopia. Before landing on the requests,

- I would kindly asks you to give the researcher proper responses/answers diligently as every answer may mislead the research work going to be done.
- Be confident that every response/information/ you give me is not passed over to any other third party in any ways.

Be sure that the results of this paper are used for academic purposes only.

- Notice that completing these questions may require averagely about half an hour.

Thanks in advance for your kind cooperation not only to give the researcher full answers to all questions rendered to you but also to dissipate your precious time thereof.

GENARAL PROFILE (for all respondents)

A. Your current job position.....

B. Your age category a) 18-25 b) 26-35 c) 36-45 d) 46-55 e) More than 55

C. State educational **discipline(s)** you were acquainted with, **award(s)** achieved, **working experiences** accumulated so far in auditing?

- 1),,
- 2),,

D. Would you mention **Short Term Training(s)**, **award(s)** you have had and **the year you were completed:**

- 1),,
- 2),,

PART I. INTERNAL AUDITORS' PERSPECTIVE (for Junior - Senior Auditors)

Please state your level of agreement/ disagreement with a thick mark "v" on the spaces provided corresponding to each question under discussions. Your choice consists of alternatives such as Strongly Disagree =SD= 1, Disagree=D=2, Neutral = N=3, Agree = A=4 and Strongly Agree = SA= 5.

- Q2. What performance audit program(s) does your Directorate /Department/Service/ regularly covers/addresses?
- Q3. State some major risk that might face performance auditors in their routine works.
- Q4. Mention some of the major discouraging factors that hinder(s) auditor(s) to exercise their ultimate capacity on their audit work?
- Q5. Expose some of (if there is/ are) direct/ indirect administrative partiality undertaken on auditors?
- Q6. Describe some major challenges that may face public enterprises while performance audit work is conducted?
- Q7. Do Board of Director members delinquent to carry out their vested duties and responsibilities? Why?
- Q8. Do Audit Committee members reckless to carry out their duties and responsibilities? Why?
- Q9. Please, forward some challenges that may face public sector Audit Committee members?
- Q10. Do Audit, Board of Director's and Audit Committee of the organization/corporation work collaboratively? If your answer is Yes, how? If your answer is No, why?
- Q11. In general, what measures (you think) should be taken to improve the organization's/ corporation's quality of performance audit works?

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