



**St. MARY'S UNIVERSTY
SCHOOL OF GRADUATE STUDIES**

**DETERMINATES OF INTERNAL AUDITOR PERFORMANCE IN
KOLFE KERANYO SUB CITY**

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**June, 2020
Addis Ababa, Ethiopia**

Determinates Of Internal Auditor Performance in Kolfe Keranyo Sub City

By

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**A Thesis Summatedto St. Mary's University School of Graduate Studies In
Partial Fulfillment Of Requirements For The Degree Of Master Of Business
Administration.**

Advisor

Ass.professor.Mohamed Said

June, 2020

Addis Ababa, Ethiopia

DECLARATION

I hereby declare the thesis entitled “Determinates of internal auditor performance” (The Case of kolfe keranyo sub city) is done with my own effort. I have produced it independently except for the guidance and suggestions of my research advisor. I assure that this study has not been submitted for any scholarly award in this or any other university.

Name of the student _____

Signature _____

Date _____

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APPROVED BY BOARD OF EXAMINERS

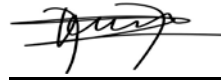
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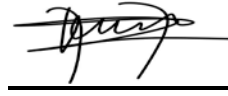
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ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a University advisor.

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Advisor

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Signature

June, 2020

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ACRONYMS

ANOVA- Analysis of Variance

CAE- Chief Audit Executive

COSO-Committee of Sponsoring Organizations of the Tread way Commission

CPA- Certified Public Accountants

GAO-General Accounting Office

IAC - Auditor's Competencies

IAI– Auditor's Independence

IAS- Approved Internal Audit Standard

Iawe- Internal Auditor's Working Environment

IIA - Institution of Internal Audit

IRS - Internal Revenue Service's

MS- Top Management Support

SPSS- Statistical Package for Social Science

ABSTRACT

The main objective of this study is to investigate determinants of internal auditors' performance in kolfekeranyo sub-city. The study has been conducted by taking purposive sample and data was collected using structured questionnaires distributed to all internal audit staffs and middle level managers of kolfekeranyo sub-city. The data analysis part was done using SPSS version 20 (Statistical Package for the Social Science). Regarding to demographic variables they were analyzed through descriptive statistics tools .Whereas, to investigate the effect Top Management Support, Independence of internal audit, competence of internal auditors, working environment and Approved Internal Audit Charter on internal auditor's performance the correlation and regression analysis were used .According to the regression output Top Management Support, Independence of internal audit, competence of internal auditors, working environment and Approved Internal Audit Charter were contributed significantly and had positive relationship with internal audit performances. The study recommends that the manger should support the and also enhance the performance of internal auditors by providing training and education opportunity.

Keywords: *Internal audit performance, Top Management Support, Independence of internal audit, competence of internal auditors, working environment and Approved Internal Audit Charter.*

CHAPTER ONE

INTRODUCTION

1.1. Background of study

The Institute of Internal Auditors (1999) defines internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The internal Auditors' performances in an organization are to review and evaluate the activities of the organization to express an opinion on the efficiency and effectiveness of management, as well as the adequacy of internal control within an organization. Therefore, the internal auditor is charged with the responsibility of safeguarding the assets and liabilities of an organization and other constructive services that will enhance the efficiency and effectiveness of the operations of the organization, through the review of accounting systems, internal control systems, implementation of the corporate policies, and carrying out special investigations assigned by the management (Modibbo, 2015).

Internal auditors practice as a function aimed at evaluating the adequacy and effectiveness of risk management, governance, and control processes thereby adding value and improving a Ministry's operations. In the context of Government and public sector functioning, serving public interest must be the overriding objective guiding these operations (Ebissa, 2015).

Governmental or public sectors are part of a public body. It managed and fund by the government. They aim to give service to the large population-based on allegiance. So to achieve their objective they need internal control that makes sure that they are on the right path. Internal controls one of internal audit performance. Internal audit is demanded in every organization it could be governmental or nongovernmental. It is sourced in the need to have some means of independent verification to reduce keeping errors, asset misappropriates and fraud within the organization. In recent years internal audit practice almost all of the governmental sectors in Ethiopia. Especially in Governmental sector internal audit is needed to control the asset misappropriate. Besides, it can enhance the sector performance efficiency and effectiveness by providing constructive criticism and recommendation and give relevant, reliable, and assure able information to the manager when making a decision. Internal auditors can enhance their performance only when they achieve their objective or internal audit goal. But there are some determinate that affect the performance of internal (Ebissa, 2015). So, this study aims to investigate those determinates of internal auditor performance in KolfeKeranio Sub-city.

1.2. Statement of the problem

Internal audit has an important role by enhancing the government to accomplish sound public economy and function management through financial responsibility and transparency and effective public spending. It also determines that internal control is in place by reviewing policies and practices in the sector to avoid loss of financial resources, noncompliance and also to provide reasonable assurance that public money has spent efficiently and effectively. In recent years internal audits get attention in the government sector due to different reasons. However, because of some factors, internal audit cannot perform his task effectively and efficiently (Ebissa, 2015).

Internationally this study was conducted by Ruth and Tabitha (2018) and the objectives: to determine how the working environment, to assess how the challenges to the independence of internal auditors, to assess the impact of the level of technical competency affects the performance of internal auditors in public universities in Kenya. Also (Popoola, Ahmad, and Kehinde, 2016) conducted this topic and the objective of this study was to examine conceptually management support and communication skills as the key determinants affecting internal audit task performance in the Nigerian tertiary institutions. And other researchers also conducted this study.

Essayas and Meskerem (2018) also conducted this study and the title was Factors Affecting the Performance of Internal Auditors in the Ethiopian Government Ministries. The above researchers were only focused on ministries level the researcher does not include the sub-city, Werda School, and health center. Therefore the researcher is inspired to observe and understand those determinants that affect the performance of internal audit. In this study was especially investigated those determinants that affect the performance of internal auditors in KolfeKeranio Sub-city.

1.3. Objective of the study

1.3.1. General objective

The general objective of the study is to identify the determinants of internal auditor performance in KolfeKeranio Sub-city.

1.3.2. Specific Objectives

1. To examine the relationship between top management support and internal auditor performance.
2. To assess internal auditors' independence and authority on KolfeKeranio Sub-city.

3. To investigate the effect of auditors' competency on internal audit performance.
4. To investigate how the working environment affects the internal auditor's performance.
5. To investigate the presence of internal audit standard in government sectors have contributed to the enhancement of internal auditor's performance.

1.4. **Research Hypothesis**

The study was done based on the following research hypothesis which was derived from the specific objectives and tested in this study, i.e., the top management support to internal audit values, internal auditors independence authority, auditor's competency on internal audit performance and internal auditors working environment and the presence of approved internal audit standard; internal auditors performance.

Ha1. There is a strong positive relationship between top management support and internal audit performance in the KolfeKeranio Sub-city.

Ha2. There is no positive and significant effect between independence and performance of internal auditors.

Ha3. Auditor's competency has a Strong positive impact on internal audit performance.

Ha4. There is positive and significant effect between working environment and performance of internal auditors..

Ha5. The presence of Approved Internal audit standards had positively impacton internal audit performance in the KolfeKeranio Sub-city.

1.5. **Significant of the study**

This study is significant for academicians as it help to improve the understanding of determinates that influencing internal auditor's performance. Additionally, managers can use the finding of the study to solve the practical problems facing the internal auditor's performance, especially in KolfeKeranio Sub-city.

1.6. Scope and limitation of the study

The relevant dimensions selected in particular for this study are limited to such factors., the top management support to internal audit values, internal auditors' independence authority, auditor's competency on internal audit performance, internal auditors working environment and the presence of approved internal audit standard; internal auditors performance. The target groups of the population are the internal audit team/staff and managers work on KolfeKeranio Sub-city also it includes those works on werda, school, and health center.

1.7. Organization of the Study

The study will have five subsequent chapters. The first chapter contains an introduction, an overview of the KolfeKeranio Sub-city., a statement of the problem, objectives of the study, research hypotheses, significance of the study, and scope of the study. The second chapter describes the review of related literature (theoretical and empirical) concerning the internal audit performance and the independent variables that affect the internal audit performance. The third chapter will discuss the research design and methodology. The fourth chapter is the analysis, discussions and presentation part of the research findings, and the last chapter; chapter five presents the summary and conclusions, and recommendations are given and remarked based on the case study results; followed by the list of references used and appropriate appendixes.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical Review

2.1.1. Definition of 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 the assertions and established criteria and communicating the results to interested users. When the specific objective of any one process is achieved, the process is ended and other can then be used by doing this, the subjects are said to be able to free themselves from unwanted barriers that inhibit their natural ability. Auditing is the accumulation and evaluation of evidence about information to determine and report on the degree of correspondence between the information and established criteria. Auditing should be done by a competent independent person Arens(1997).A number of studies exist which had been relating to internal auditing theories. The approach which is adopted from Endaya and Hanefah (2013) is a combination of three theories: agency, institutional, and communication. In this study the argument is that agency theory, institutional theory and communication theory could serve as an approach to build a theoretical framework of internal audit performance

2.1.2. Agency Theory

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

2.1.3. Stakeholder Theory: - This theory was originally detailed by Freeman (1984) in the book, *Strategic Management: A Stakeholder Approach*. The theory identifies and models the groups which are stakeholders of a corporation. It is a theory of organizational management and business ethics that addresses morals and values in managing an organization. In the traditional view of the firm, the shareholder view, the shareholders or stockholders are the owners of the company, and the firm has a binding fiduciary duty to put their needs first, to increase value for them. Stakeholder theory argues that there are other parties involved, including employees, customers, suppliers, communities governmental bodies, political groups, trade associations, and trade unions. Even competitors are sometimes counted as stakeholders - their status being derived from their capacity to affect the firm and its stakeholders.

2.1.4. Contingency Theory: - The goal of an audit is to test the reliability of a company's information, policies, practices and procedures. Government regulations require that certain financial institutions undergo independent financial audits, but industry standards can mandate audits in other areas such as safety and technology. Regardless of the audit subject, various factors impact a company's final results, and the contingency theory takes these factors into account during the audit process. Fred (1964) in his article of the Contingency theory of leadership and management stated that there is no standard method by which organizations can be led, controlled and managed. Organizations and their functions depend on various external and internal factors. The functions of audits are themselves, types of organizations that are affected by various factors in the environment. The presence of such factors is why auditing can be managed by applying the contingency theory, with a recognition that processes and outcomes of audits are dependent on variable and contingent factors. Audit teams use a mix of structure and contingency to get the output rolling quickly. The subject of auditing projects can include such diverse areas as evaluation of production processes, inspection of company accounts, and assessment of compliance with industry standards. Selecting auditors with specialized training or those who have a particular skill set in the subject area minimizes the learning curve and reduces opportunities for errors.

2.1.5. Types of Auditors and Audits

2.1.5.1. Types of Auditors: -

❖ **General Accounting office (GAO) Auditors:-** the United States (US) is a non-partisan agency in the legislative branch of the federal government. The GAO which is headed by the comptroller general, report to and is responsible solely to congress. Many of the GAO's audit responsibilities are the same as those of certified public accountants (CPA). Much of financial information prepared by various government agencies is audited by the GAO before it is submitted to congress. In many states, experience as GAO auditors the experience requirement for becoming CPA Arens, (1997).

❖ **Internal revenue agents:-** the internal revenue service's (IRS) under the direction of the commissioner of internal revenue, has as its responsibility the enforcement of the federal tax laws as they have been defined by congress and interpreted by the courts. A major responsibility of IRS is to audit the returns of tax payers to determine whether they have complied with tax

laws. The auditors who perform these examinations are referred to as internal revenue agents Arens, (1997).

❖ **Internal auditors:-** internal auditors are employed by individual companies to audit for management much as the GAO does for congress. The internal audit group in some legal firm can include over a hundred persons and typically report directly to the president, another high executive officer or even the audit committee of board of directors. Internal auditor's responsibilities vary considerably, depending on the employer some internal audit staff consist of only one or two employees who may spend most of their time doing routine compliance auditing. Other internal audit staff consists of numerous employees who have diverse responsibilities, including many outside accounting areasArens, (1997).

❖ **Certified public accountant (CPA):-** CPA firm have as their primary responsibility the performance of audit function on published financial statement of all publicly traded companies, most other responsibly large companies and many small companies and noncommercial organization. The use of the title certified public accountant (CPA) is regulated by state law through the licensing department of each stateArens, (1997).

2.1.5.2. Types of Audits Performance

A variety of audits are performed in the review of organizational programs and Resources. Aren (1999), Dandago(2002) and Sabari, (2003) These audits include:

✓ **Operations Audits:** is a review of any parts of an organization operating procedures and methods for the purpose of evaluating efficiency and effectiveness. Because of many different areas in which operational effectiveness can be evaluated it is impossible to characterize the conducted of a typical operational audits. In one organization, the auditor might evaluate the relevancy and sufficiency of information used by management in making decision to acquire new fixed asset, while in the different organization the auditor may evaluate the efficiency of the paper flow in processing sales. In operational audit, the reviews are not limited to accounting. In other word it examine the use of resources to determine if resources are being used in the most effective and efficient manner to fulfill the organization's mission and objectives.

✓ **Financial Audits:** an audit of financial statements is conducted to determine whether the overall financial statements the quantifiable information being verified is stated in accordance with specified criteria. The criteria are generally accepted accounting principles, although it is also common to conduct audits of financial statement prepared using the cash basis or some other basis of accounting appropriate for the organization. The financial statement most commonly included is the statement of financial position, income statement and statements of cash flows, including accompanying foot notes. These audits review accounting and financial transactions to determine if commitments, authorizations, and receipt and disbursement of funds are properly and accurately recorded and reported. This type of audit also determines if there are sufficient controls over cash and other assets and that adequate process controls exist over the acquisition and use of resources.

✓ **Compliance Audits:** the purpose of a compliance audits is to determine whether the audit is following specific procedures or rule set down by some higher authority. A compliance audit for private business could include determining whether accounting personnel are following the procedures prescribed by the company controller. Reviewing wage rates for compliance with minimum wage laws, or examining contractual agreement with banks and other lenders to be sure the company is compiling with legal requirements. Results of compliance audits are generally reported to someone with in the organization unit being audited rather than to be broad spectrum of user. These audits determine if entities are complying with applicable laws, regulations, policies and procedures. Examples include federal and state laws, and Trustee policies. Information Systems (IS) Audits: These audits review the internal control environment of automated information processing systems and how people use these systems. The audits usually evaluate system input, output; processing controls; backup and recovery plans; system security; and computer facilities.

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

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

2.1.6. Internal Auditing

❖ Internal Audit-Historical perspective

Historically, internal audit has been considered as a monitoring function, the “organizational policeman and watchdog” Morgan,(1979), tolerated as a necessary component of organizational control but deemed subservient to the achievement of major corporate objectives. However IIA,(1991) Taylor and Glezen, (1991) and Konrath(1996) defines internal auditing as “an independent appraisal function, established within an organization to examine and evaluate its activities as a service to the organization”. By measuring and evaluating the effectiveness of organizational controls, internal auditing, itself, is an important managerial control device (Carmichael et al., 1996), which is directly linked to the organizational structure and the general rules of the business Cai ,(1997). In this period, internal audit is defined also by COSO, (1992) as a procedure which offers fundamental security to the business concerning the credibility of financial affairs. The report defines internal control and describes a framework for internal control. However, the crucial difference of this report is that it also provides criteria for the management to utilize so as to evaluate controls Aldridge and Colbert, (1994). Various authors and scholars defined auditing in different ways; “Standards for the Professional Practice of Internal Auditing”, which was issued by The Institute of Internal Auditor, the definition of internal auditing is: “Internal auditing is an independent evaluation function in an organization; it examines and evaluates an organization activity, and provides services to the organization.

The IIA, (1999) defined internal audit as: “an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Hence, a comprehensive definition is given by Sawyer (2004) who stated that internal auditing is a systematic, objective appraisal by internal auditors of the diverse operations and controls within an organization to determine whether (1) financial and operating information is accurate and reliable, (2) risks to the enterprise are identified and minimized, (3) external regulations and acceptable internal policies and procedures are followed, (4) satisfactory operating criteria are met, (5) resources are used efficiently and economically and (6) the organization's objectives are effectively achieved all for the purpose of consulting with management and for assisting members of the organization in the effective discharge of their governance responsibilities”.

❖ Objectives and scope of internal auditor's performance

There are many activities will-being done by the internal auditors. These activities may broadly be classified as financial and operational audits. Under the former may be included:-

- A continuous review of internal accounting controls
- The scrutiny of reports and statements, financial or operating, as prepared for management purposes
 - The ascertainment of the extent to which the asset of the organization are accounted for and safeguarded from losses or damages.
 - The examination of balance sheet items, test of balance and transactions as to their authenticity through appropriate tests; etc. Under operational audit may be include
 - The study and assessment of operating practices to promote increased efficiency and economy
 - The examination and ascertainment of the extent to which established policies, plans and procedures are complied with
 - The assessment of budgetary standard setting
 - The assessment of the level of performance in successfully discharging duties and responsibilities assigned
 - A carry out of audits to determine whether operating objectives, targets and associated control procedure are properly instituted and the degree to which the desired results are achieved.

❖ The reason for internal auditing

Audits are made for number of reasons. Some stem from the accountability that subordinates own to their superiors for the accomplishment of task. This has given rise to the theory of agency the owners as principal, the manager as agent. The agent must provide objectively that tasks have been efficiently and effectively accomplished. The jobs of most managers are two extensive to

accomplish by themselves. The managers need the help of skilled internal auditors Konrath, (1999).

❖ **Code of Ethics for internal auditors**

The purpose of code of ethics is to promote all ethical culture in the profession of internal auditing. A code of ethics is necessary and appropriate for the profession of internal auditing founded as it is on the trust places in its objective assurance about risk management control and governance the code of ethics extended beyond the definition of internal auditing to include two essential components.

1. Principles
2. Rule of conduct

In the code, the six principles are identified as follows:

- ❖ Responsibilities
- ❖ The public interest
- ❖ Integrity
- ❖ Objectivity and independence
- ❖ Due care
- ❖ Scope and nature of services

▪ **Responsibility**

CPA's render important and essential services in our free enterprise system all members have responsibilities to those who use their professional services. In addition, members have an ongoing responsibility to cooperate with other member to:

- Improve the art of accounting
 - Maintain the public's confidence in the profession
 - Carry out the self regulatory activities
- #### ▪ **The public interest**

Members should accept the obligation to act in a way that will serve the public interest, honor the public trust, and demonstrate commitment to professionalism. The public interest is defined as the collective well-being to the community of people and institutions that CPAS aerie the CPA's public interest includes clients, creditor, grantors, governmental agencies, employees, stock holders, and the general public.

▪ **Integrity**

To maintain and brooders public confidence, members should perform all professional responsibilities with the highest sense of integrity. Integrity is a personal characteristic that is in dependable in CPA. This element is the benchmark by which members must ultimately judge all decisions made in engagement integrity is also the quality in which public trust is based.

- **Objectivity and independence**

A member should maintain objectivity and be free of conflicts of interest in discharging professional responsibilities. A member in public practice should be independent in fact and appearance when providing auditing and other attestation services.

Objectively is a state of mind although this principle is not precisely measurable, it nevertheless is held up to members as and imperative objectivity means being impartial and unbiased in all matters pertaining to an engagement. Independence is the corner stone of the profession's philosophical structure.

- **Due care**

Member should observe the profession's and ethical standards, strive continually to improve competence and the quality of services, and discharge professional responsibility to the best of the member's ability the principle of due care is at the center of the profession's on going quest for excellence in the performance of professional services. Due care requires each member to discharge his/ her professional responsibilities with competence and diligence.

- Competence is the product of education and experience
- Diligence involves steady, earnest, and energetic application.

- **Scope and nature of services**

Member in public practice should observe the principle of the code of professional conduct in determining the scope and nature of service to be provide. This principle applies only to a member who renders services to the public.

2.1.7. Performance standards of internal auditing

✓ Managing the internal audit activity

According to Ratliff (1988) the chief audit executive should effectively manage the internal audit activity to ensure if ads value to the organization.

Planning:- the chief audit executive should establish risk based plans to determine the priorities of the internal audit activity consistent with the organization's goals. The chief audit executive should consider accepting proposed consulting engagements based on the potential to improve managements of risk, add value and improve the organization's operations. Those engagements that have been accepted should be included in the plan.

Resource management:- the chief audit executive should ensure that internal audit resources are appropriate, sufficient and effectively employed to achieve the approved plan.

Reporting to the board and senior management:- the chief audit executive should report periodically to the board and senior management on the internal audit activity's purpose,

authority, responsibility and performance relative to its plan. Reporting should also include significant risk exposures and control issues, corporate governance issues and other matters needed or requested by the board and senior management.

✓ **Applicability of internal auditing**

The development of internal auditing has major extent been centered in the business organization. It is ties continuous in the exacting literature of the profession and the convenient of problems with work of business organization Ratlift (1988).

This ties however unduly deny the universal applicability of internal auditing to all type of organization more over they fail to recognize that some of the most progressive internal auditing is how being done by non business type organization a related fact also is that many organization are blend of business and non business activities all of these development confirm that the need for internal auditing exist in all type of organization when the completeness of activities, the volume of transaction and dependence on large number of people to exist in some combination to create operational problem

✓ **Competence of internal auditors**

In ascertaining the Competenceof the internal personnel, the independent auditor should enquire in to Shekahar, (2003):

- The qualifications and technical training of the internal audit personnel in some cases both the internal auditors and the independent auditors belong to the same professional organization and are subject to the same professional regulation except for independence.
- The clients practices for the recruitment and training of the internal audit personnel.
- The extent of supervision provided by the chief internal auditor, including the supervision on planning, monitoring progress, assessing conclusions reached, reviewing reports and following up to ensure that recommendations accepted are carried out.
- The standing of and regard for the abilities internal Auditors personnel in the client organization.

✓ **Degree of independence of the internal auditors and the objectivity with which the work is performed**

The independent auditor should ensure himself that the internal auditor is in a position to perform his work with a satisfactory degree of independence and objectivity. In assessing this independent auditor should satisfy himself that the internal auditors reports or has access to the highest levels of managementRatlift (1988).

In such a case he is likely to be more objective than when he reports to lower lever of management. The nature and extent of any constraints placed on the work of the internal auditor

by management should carefully be considered by the independent auditor. A review of the findings and recommendations contained in the reports of the internal audit personnel will usually be a useful factor in judging their independence and objectivity Ratlift (1988).

2.1.5. Determinates of internal audit performance

2.1.5.1. Management support

Internal auditors have a close relationship with organization's management in their day to day activities. They need good support and perception from their management to be more effective and to achieve the audit objectives. Management support is expressed in terms of supporting the auditing process by fulfilling the necessary resources, finance, transport if required, providing training, introducing auditors with new technology and procedures, budgeting funds for certification and other facilities that facilitate the internal auditing works.

Management support has a far-reaching consequence on IA good performance. For example, Mihret and Yismaw, (2007) in their case study of IA effectiveness on public sector shows that the Component of management support consists of the response to audit finding and the commitment to strength internal audit which has significance influence on IA performance. Given the fact that internal audit activities are performed in dynamic management process and more supportive environment, internal auditor expects senior management to take the first steps to support the IA process. Because, Sarens and Beelde, (2006) argue that the overall acceptance and appreciation of IA within the company is strongly dependent upon the support they receive from senior management. Internal audit actively seeks management support with resources, commitment to promote and communicate their added value.

In addition implementation of audit recommendations is highly relevant to IA performance Sarens and Beelde, (2006), van Gansberghe, (2005) which is the component of management support Mihret and Yismaw, (2007). The management of an organization is viewed as the customer receiving IA services. As a result, management's commitment to use audit recommendations and its support in strengthening internal audit is vital to IA performance.

Therefore, audit finding and recommendations would not serve much purposely unless management is committed to implement them. Furthermore, Belay (2007) finds that to curb corruption and inefficiency in the public sector of Ethiopia, it is mandatory to have effective internal auditor that in turn needs appropriate governance structure, mobilizing sufficient and appropriate resource and competent personnel.

2.1.5.2. Independence

Prior literature deals more with independence in external auditor's aspect Cohen & Sayag, (2010). But nowadays, emphases are given for internal auditor's independence Stewart & Subramaniam, (2010). Independence is the cornerstone of internal audit effective performance because; effective performance of internal audit cannot be realized without the independence of internal audit department (Vanasco, et al., 1996) Cohen & Sayag, (2010). Therefore, the position of internal audit in an organization is bounded; it is a corporate unit that should have a large degree of autonomy and independence in order to perform its activities in a

proper manner Arena &Azzone, (2009). Independence to this aspect means that independence in mind and independence in appearance Stewart &Subramaniam, (2010). Independence can be explained as follows in respect of Abu-Azza, (2012)the concept of independence is generally used to mean the ability of the auditor to be fair and objective in his/her review and appraisal and not to be under undue pressure from any party to the extent that this could bias his/her opinion.

Similarly, IIA 1100 independence standard states about independence as 'internal audit activity should be independent in performing their work' IIA, (2011). According to IIA (2011) was stated independence as it is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. In essence, two factors might influence the independence of IA. Firstly, the organizational independence of IA functions and secondly, the individual independence of internal auditors Goodwin-Stewart & Yeo,(2001). Organizational independence can be explained as the relationship between the internal audit activity and the audit committee. Whereas, individual independence of internal auditors is all about individual staffs in internal audit department independence and objectivity with look upon the use of internal audit activity as a ground for top management level Goodwin-Stewart & Yeo, (2001). To this view, organizational independence can be fulfilled through reporting IA activities to higher bodies in the organization. While, individual independence can be fulfilled through staffs impartiality, unbiased ness, and avoiding of conflict of interests IIA, (2001).

The Institute of Internal Auditors has issued a number of attribute standards IIA, (2011) and associated practice advisories IIA, (2009) relating to independence. To this stand, attribute standard 1130 states 'the need to adequately disclose to appropriate parties any impairment to independence'. Impairment in such a term deals about the assessing of organizational activities all over again until at least one year beyond; personal conflicts of interests; scope and resource limitations; and restrictions on access to information, personnel, and property. Attribute standard 1110 states that Institute of Internal Auditors department must communicate directly with the board of the corporate firm IIA, (2011) KPMG, (2003). According to the standard, the Internal Auditors department director confirms the organizational independence of Internal Auditors department at least once in a year in corporate organizations. Therefore, to whom Internal Auditors department report its activity has a significant effect on the independence of Internal Audit and consequently effectiveness of Internal Audit.

2.1.5.3. Competence

Competence is defined by Jessup (1991) as "the ability to perform to recognized standards". Competency is a skill that is essential to perform a certain task. Competency can be related to the ability of an individual to perform a job or task properly based on the educational level, professional experience and the effort of the staffs for continuing professional development. A broad range of skills and expertise and ongoing professional development are crucial to the formation and maintenance of an effective internal audit activity in fighting fraud. Some of the more important competencies needed by internal auditors are in-depth knowledge of the organization's industry and internal audit Standards, and technical understanding, knowledge of implementing and improving processes in both financial and operational areas and

professional certification, e.g. CIA, and ACCA. According to Harrington (2004), an expanded set of competencies is needed by internal auditors to cope with the massive change and complexity in public sector operations.

Auditors' competency determines the effective auditing of the organization. It contributes to the ability of the auditors to perform the systematic and discipline audit approach to improve the effectiveness of Internal Audit. Mihret & Yismaw (2007) concluded in their study that IA office constantly faces the problem of low technical staff proficiency and high staff turnover, which would limit its capacity to provide effective service to management. Likewise, Kida et al, (2011) found in their study that can effectively carry out their duty in the public sector if there are enough IA personnel with required competencies. Competency of auditors determines the quality of the audit work performed in an organization. Internal auditors have to own the knowledge, skills and other competencies demanded to achieve their role in fighting fraud in a governmental and non-governmental organization. As stated by IIA (2009), knowledge, skills and other competencies is a collective term that refers to the profession proficiency required of internal auditors to effectively carry out their professional responsibilities. The knowledge, skills and other competencies would enable internal auditors to plan their audit work properly, perform and communicate on a timely basis the findings and recommendations to the right people Abudu, (2010).

The role of the internal auditors depends on their professional training and practical abilities and experience to fight against asset misappropriation and financial statement fraud in public offices. (Petra cua et al, 2014) argued that in their activities, internal auditors of government must have enough knowledge in order to identify the signs of a possible fraud; be attentive of the cases that involve a risk of fraud; and appreciate the necessity to further investigate a case, inform the responsible persons from an organization and take actions to eliminate or reduce the possibility of fraud occurrence. Further, an audit requires a professional staff that collectively has the necessary education, training, experience and professional qualifications to conduct the full range of audits required by its mandate Al-Twaijry, Brierley & Gwilliam, (2004).

2.1.5.4. Working Environment

Nowadays most of the organizations pay attention to employees needed. They try to provide a positive working environment so the employees will be happy and satisfied. They believe that the happier the employees are; more delightful the customer will be Mehboob and Bhutto (2012).

Woodman et al, (1993) examined two work environment characteristics in organization 1) group characteristics includes norms, consistency in the group, problem-solving approaches used in the group; 2) organizational characteristics including rewards, recognition, strategy, structure, resources, organizational culture and technology. Both characteristics have the potential to encourage innovation and creativity. According to Mehboob and Bhutto (2012), the concept of work environment is comprehensive one including the physical, psychological and social aspects that mark up the working condition. Work environment involves all the aspects which act and react on the body and mind of an employee. Workplace environment plays a vital role in motivating employees to perform their assigned work Chandrasekar, (2010). The working

environment factors are: 1) Space and facilities required doing the job, 2) Relationship with superiors at the workplace, 3) Equality of treatment at the workplace, 4) Communication systematic the workplace, 5) Environmental actors are conducive to work, 6) Procedures to identify and control hazards Chandrasekar, (2010). While Wallgren (2011) stated the working environment factors are: 1) variety in tasks, 2) job autonomy, 3) praise for a job well done, 4) the chance to acquire new skills and 5) the sense of accomplishment. Mehboob and Bhutto (2012) described work environment as the environment in which people are working. Such as, it is a very wide category that incorporates the physical scenery (e.g. noise, equipment, heat), fundamentals of the job itself (e.g. workload, task, complexity) extensive business features (e.g. culture, history) and even extra business background (e.g. industry setting, workers relation). Characteristics of work environment are 1) apparent and open communication, 2) stability of work-life, 3) impartiality, 4) consistency and predictability situation. The definition of the work environment in this research is attributed in the organization that affecting employees in finished their jobs. Work environment measures by space and facilities fair treatment at the workplace, communication climate, rules and procedures at the workplace.

2.1.5.5. **The Approved Internal Audit Charter**

Internal audit charter is defined by the IIA as “a formal written document that defines the activity’s purpose, authority and responsibility. The charter should be (a) establish the internal audit activity’s position within the organization; (b) authorize access to records, personnel and physical properties relevant to the performance of managements; and (c) defined the scope of internal audit activities” IIA, (2001).

It may also defines access to the information (documents, records, systems, and personnel) necessary to perform and reach conclusions on the work, and it is a vehicle for asserting that there are no reasonable limitations on the scope of the auditor work. The charter should clearly identify and record any limitations and alter to actual or potential changes on internal and external conditions that affect its ability to provide internal control assurance from a forward looking perspective O. Regan. (2002).

Different authors have been explained the presence of defined audit charter in organizations will helps auditors to be effective. For instance, O. Regan (2002) concludes that a well drafted charter is an important ingredient for the IA effectiveness. It helps to direct the efforts of audit staff and defines what the board can expect on the assurance it required on internal control from an IA. Van Peursem (2005) added that the presence of a strong charter adds an official and respected layer of authority to the position of IA in the company. It is also an important feature of insuring success in achieving the independent status of an IA. Furthermore, the existence of audit charter in organization influences senior management to flow the recommendations of the internal auditor Van Peursem, (2005) which in turn affects IA effectiveness.

2.2. Empirical review

In Ruth and Tabitha (2018) study on the factors affecting internal auditors 'performance in public universities in Kenya. And their aim which is; to determine how the working environment, to assess how the challenges to the independence of internal auditors, to assess the impact of the level of technical competency affects the performance of internal auditors in public universities in Kenya. Thus this study evaluates the effect of working environment, establishes the effect of internal auditor's independence and the effect of internal auditors competence on the performance of internal auditor in public universities in Kenya. Descriptive research design was applied. A random simple sampling technique was applied. Primary data was used for analysis. And the finding is that the internal auditors working environment, internal audit independence and authority, internal auditor's technical competence impacted on the performance of internal audit function. Researchers recommended that auditors should consider complying with professional standards as the most important contributor to internal auditing performance. The management in the public universities should keep organizing seminars and workshops where the internal auditors would be trained frequently by experts there internally or externally.

In Popoola, Johnson and Ahmad (2016) study, on to examine conceptually management support and communication skills as the key factors affecting internal audit task performance in the Nigerian tertiary institutions. Based on the existing literature and the pronouncement of accounting and auditing professional bodies, the study develops a framework of these factors as influencing task performance. Researchers recommended that adequate management support and effective communication skills of internal auditors will enhance the task performance of internal audit department, hence, curbing the incidence of financial malpractices. The study has policy implications as it will assist the proprietors (government and private individuals), coordinating ministries, regulatory authorities, professional bodies, councils and management of tertiary institutions, and auditors in their decision making and oversight functions.

Also Njoroge .k in (2016) was study on the factors that affect the performance of the internal audit function in government ministries in Kenya. And their aims which is: to determine how the working environment affects the performance of internal auditors in government ministries; to assess how the challenges to the independence of internal auditors in government ministries affects their performance; and to assess the impact of the level of technical competency on performance of internal auditors in government ministries. The study adopted a descriptive research design and involved the collection of data aligned to the research questions.

The researcher finding that the internal auditors working environment impacted on the performance of internal audit function and the function's performance is impacted by the presence of a clear structure of responsibility linked to set targets, flexibility in the approach of the internal audit work, better exposure of internal audit staff through attendance of professional conferences and exchange programs, professional training support and a clear recognition and reward system. The researcher also revealed that internal audit independence and authority impacts on performance and concluded that performance is enhanced by there being a clear policy on the establishment of the internal audit function which protects the internal auditors from undue pressure of reprisals when they report, ensures that internal auditors do not audit

operations they were involved in implementation, requires the presence of a clearly structured recruitment processes where the CAE is fully involved and the internal auditors having unrestricted access to records and transactions and to those charged with governance. The researcher conclude that internal auditors technical competence impacts on the performance of the function and the audit staff need to have competence in risk profiling, performance measurement principles, financial analysis tools and techniques, ICT and tech-based audit techniques and an overall appreciation of organization objectives and how these link to the objectives of the internal audit function.

2.2.1. Summary

The advantage of having IA function within the organization was increasing the likelihood of detecting and self-reporting fraud than outsourcing functions. Nevertheless, the possibility of realizing these advantages is determined by different organizational characteristics Njoroge .k (2016).

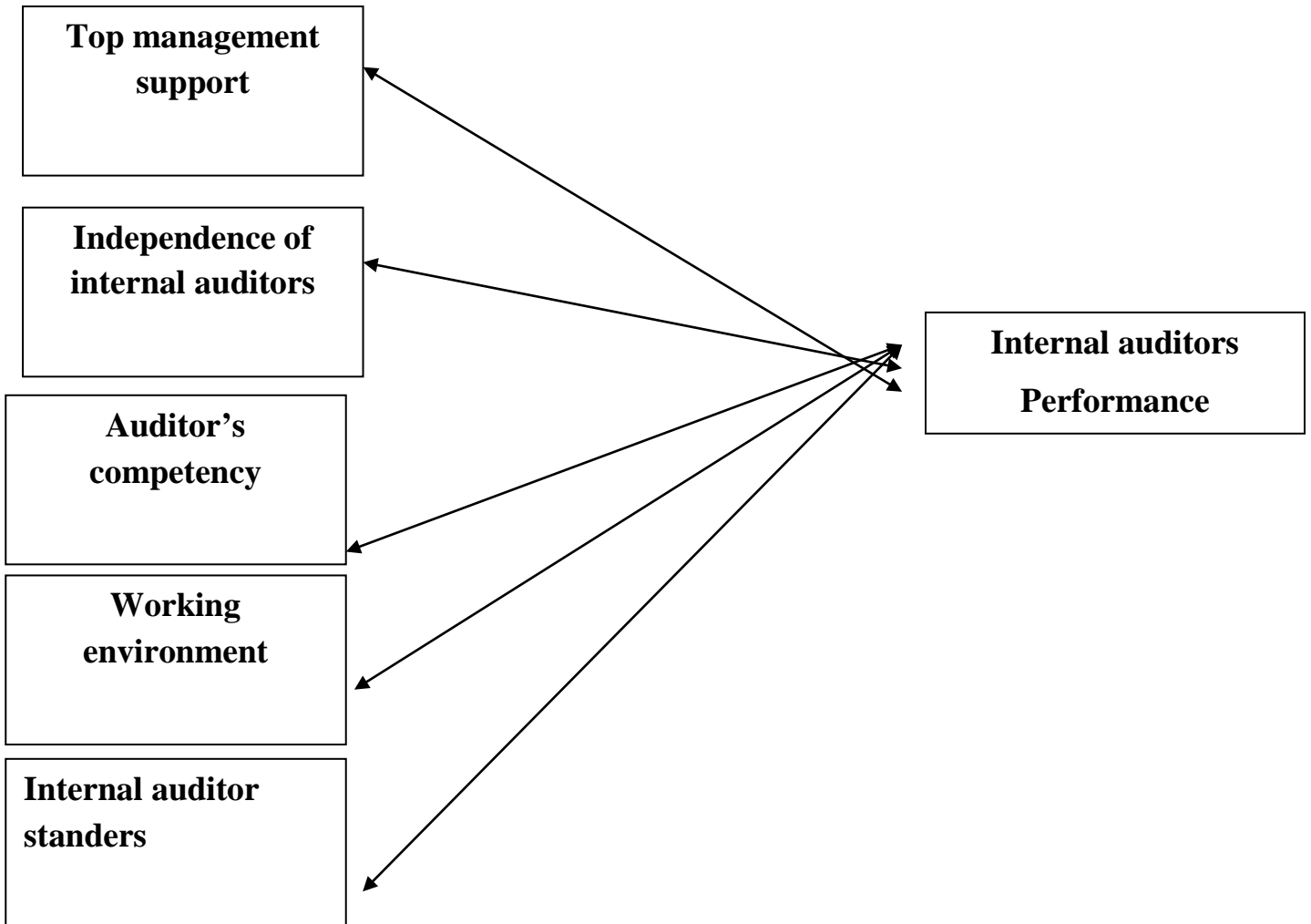
Despite increasing attention to the IA's role within corporate governance, only limited researchers have been examined the determinants of effectiveness of its function. A number of these studies were IA related and organizational characteristics to the effectiveness of its function. As it is analyzed in the literature review, (Ruth Mwendeeetal., 2018) argued that there is a positive relationship between top management support and internal audit effectiveness. Management support is also considered as the main determinant of internal audit effectiveness according to (Popoolaetet al.,2016).Also the researcher indicated that management support is positively and significantly associated with internal audit effectiveness and is also positively associated with all the other variables affecting internal audit effectiveness. Finally, a well-defined internal audit charter will helps internal auditors to be effective and contributes to achieve the attempt of ensuring independent status of internal auditors.

From the empirical literature studied it can be noted that internal auditor's performance is determined by the top management support to internal audit values, working environment on the performance of internal auditors, auditors competency on internal audit performance, auditors independence and approve internal audit standard. Therefore, this study also aims to establish the relationship between internal auditor's performance and the independent variables that affect the internal audit task accomplishments in case of KolfeKeranio Sub-city.

2.3. Conceptual frame work

Independent variable

dependent variable



Source: SeidMuhammed, (2015)

CHAPTER THREE

METHODOLOGY

3.1. Research Design and Methodology.

Introduction An important part of the research activity is to develop an effective research design that shows the logical link between the data collected, the analysis and conclusions to be drawn. This design satisfies the most suitable methods of investigation, the nature of the research instruments, the sampling plan, and the types of data De Wet, (1997). In this section, the research design, sampling type, research instrument, the dependent and independent variables applied throughout the research, and finally, the model specifications used for data analysis which are applicable and useful in the study are included.

3.2. Research Design

The study was focus on examining the determinants of internal auditor's performance on KolfeKeranio Sub-city. Also, the researcher was used explanatory research design to utilizes quantitative research methods and used co-relation and regression analysis to explain the top management support to internal audit values, internal auditors independence, auditor's competency on internal audit performance, internal auditors working environment and internal auditors working environment and the presence of approved internal audit standard; in internal auditors performance.

3.3. The population of the study

The populations of the study were all the internal audit staff and middle-level managers of KolfeKeranio Sub-city. The total number of the population was 216 which is 156 are internal auditors and 60 are middle and top managers. The logic behind selecting all internal audit staff and middle-level managers is that internal audit staffs and middle-level managers have a direct relationship with the work of internal audit and this will be lead as to acquire convenience information about determinants of internal auditor's performance of the organization.

3.4. Sample size and Sampling Technique

According to the KolfeKeranio Sub-city structure, middle-level managers include Directors, senior staff assistants & staff assistants, the number of management members are 60. Whereas, the number of internal auditing sections staffs is 156. Therefore, the total population of the study was 216 KolfeKeranio Sub-city staff. The researcher was used the simple random sampling technique.

If the population is small then the sample size can be reduced slightly because a given sample size provides proportionately more information for a small population than for a large population Anderson, Sweeny & Williams, (2014). The sample size (n) was determined using the equation below.

$$n = \frac{N}{1 + N(e)^2}$$

n = sample size

N= population size

e= level of precision or sample error(which is ± 5%)

	Population	Sample size (Rounded-up)
internal audit staff	156	101
Top and middle Mangers	60	39

3.5. Source of data

The study was used by primary data and secondary data. The primary data was collected through structured questioners, with a form of fixed-response alternative questions that require the respondent to select from a predetermined set of answers to every question. And also primarily data was collected from all middle-level management and internal audit staff members of KolfeKeranio Sub-city. The secondary data was to collect journals, articles, and books. In order to ensure the validity and reliability of the instruments, the questionnaires were tested, whether the questionnaires will be able to capture the required data and it was easily understandable as well as whether there were any vague and confusing questions in the questionnaire.

3.6. Methods of Data Collection

The primary data was being used to accomplish the study, and to collect the data from the respondents included in the sample questionnaires were distributed. The questionnaires were being distributed to the managers and the internal auditors of the public sector office. The questionnaire for the manager deals with the performance of the office's internal auditing process, while the questionnaires for the internal auditors are about the independent variables which determine the performance of internal auditors. The questionnaires contained six sections. Section A sought to establish the respondent demographic information, section B sought to establish the internal auditor's top mangers support, section C sought to establish the auditors independent and authority, section D sought to establish the internal auditor's competence, section E sought to establish the internal auditors working environment, and section F sought to establish the presence of approved internal audit standard. The questionnaires were structured to answer the inquiry questions based on a 5 point Liker scale questions which will close-ended to give the respondents limited and pre-determined responses to choose from N. Njoroge (2016).

3.7. Methods Of Data Analysis

To present the association between the variables, the collected data was being analysed using both descriptive statistics (mean and standard deviation) and inferential statistics (correlation and regression analysis) was employed in this study by using SPSS version 20 (Statistical Package for Social Science) and Microsoft excel. This type of analysis is used for modeling and analyzing several variables. These variables were used in the form of dependent (effect) and independent (cause) variables. Whereas, the independent variables are the top management support to internal audit values, internal auditors' independence authority, auditor's competency on internal audit performance, internal auditors working environment, and approved internal audit standard; internal auditors' performance. The data was being graphically present by using tables and figures. The variables were being measured scale because the data was gathering based on a 5 point Likert scale questions. Multiple regression analysis was used to establish the relationship between the study variables.

Measures of variables

Determinate of internal auditor's performance

Given the lack of academic work on the determinate of internal auditor's performance, we found scales in the literature that were tested for their reliability which met the requirements of this study. We will use the 101 auditor's performance and its factor items advanced by N. Njoroge (2016) as a starting point the researcher will test for their reliability for all items using SPSS V20.

Dependent variables

Internal auditor's performance- This variable was measured by five items. The majority of these items dealt with the determination of the internal auditor's performance.

Independent variables

It should be noted that the data for the five independent variables were collected from the performance auditor in KolfeKeranio Sub-city. Therefore, the independent variables represent the perceptions of the performance auditors regarding these concepts.

The multiple linear regression model equation will be:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \epsilon$$

Where; Y is the dependent variable (performance of internal auditor);

β_0 is the regression constant;

β_1 , β_2 , β_3 , β_4 , and β_5 are the coefficients of independent variables;

X1 is top management support;

X2 is Auditor's independence;

X3 is Auditor's competencies;

X4 is Internal Auditor's working environment;

X5 is an approved internal audit standard; And ϵ is the error term.

3.8. Ethical consideration

The researcher maintained scientific objectivity throughout the study, recognizing the limitations of his competence. Although this research consisted of the analysis and review of scholarly literature, such as books and journal articles, every respondent involved in the study was entitled to the right of privacy and dignity of treatment, and no personal harm was caused to subjects in the research. Information obtained was held in strict confidentiality by the researcher. All assistance, collaboration of others, and sources from which information was drawn is acknowledged. The following ethical considerations were at the base these research are Fairness, the openness of intents, discloser of methods, respect or the integrity of individuals, informed the willingness of on the part of the subjects to the participants to the research activity.

CHAPTER FOUR

DATA PRESENTATION AND DISCUSSION

4.1. Introduction

This chapter covers the presentation, analysis, and interpretation of data collected from primary sources. A total of 140 questionnaires were distributed to internal auditors and managers in the KolfeKeranosub-city. Out of the questionnaires distributed 180 usable responses were obtained. This response is sufficient (92 percent) and this figure is usually recommended in research to be used for analysis Rea and Parker, (1997).

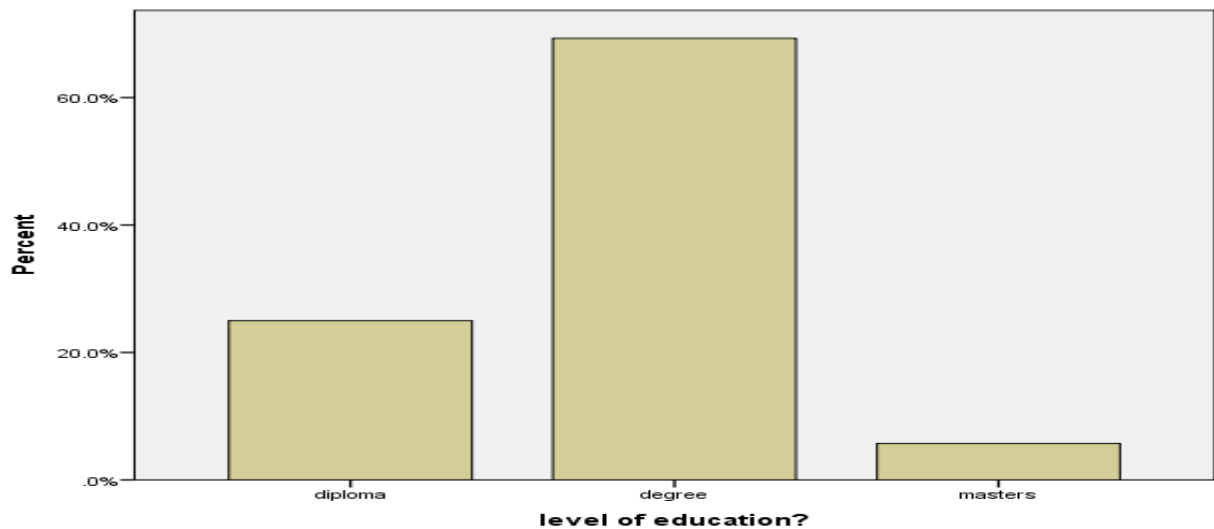
4.2. Respondents' Profile

In this part of the questionnaire, the demographic information of the participant employees of KolfeKeranosub-city is presented for analysis. The analysis tries to provide information related to educational background and work experience

4.2.1. Educational Qualification

As shown in graph 4.1, from the respondent majority 65% of them have a degree, 29% have a diploma and 7% of the respondents have mastered. The data show the respondents have the relevant qualification and also they were familiar enough with the determinates of internal audit performance.

Graph 4.1 level of education

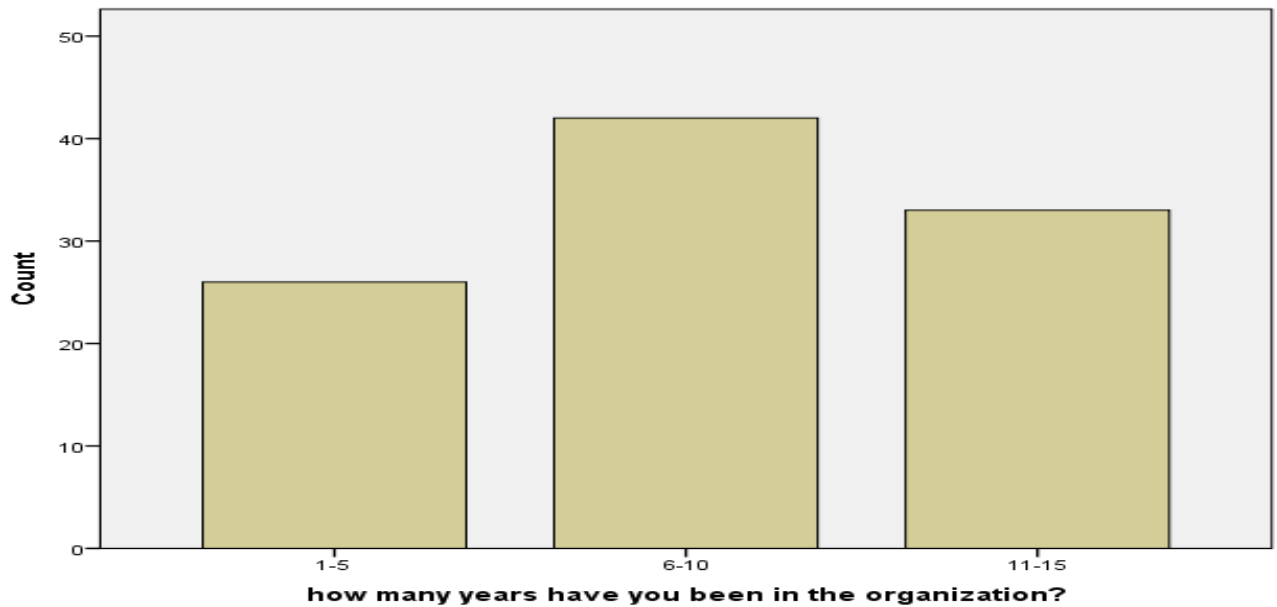


Source: own survey

4.2.2. Working experience in the organization

As shown in graph 4.2, the collected data from the respondents are present majority 48% had between 6-11 year experiences, 28% had between 1-5 year experience and the rest 30% had between 11-15 year experiences. So the data present that the respondents had been in the organization long enough to know or experienced those determinate of internal auditor's performance.

Graph 4.2 Working experience



Source: From Survey Data

4.3. Descriptive Statistics

In this section, various statistical data analysis tools such as mean, standard deviation, frequency, percentile, and t-test are used to analyze the collected data. The summary of descriptive statistics of all variables that are evaluated based on a 5-point Likers scale (“1” being “strongly disagreed” to “5” being “strongly agreed”)

4.3.1. Mangers support

Table 4.1. Mangers support

	N	Mean	Std. Deviation
I can get the necessary resources (facilities) that help me to perform auditing activities as needed	101	2.970	.75439
The office/sector supports me by providing training in order to improve my skill and update with the field.	101	2.168	.82546
The office/sector supports me to introduce myself with new technology, policy or procedures when it is necessary	106	2.435	.49831
The office/sector supports Internal Auditing staffs by budgeting funds for certification to have relevant education in auditing that allows them to audit all of the organization's/sector's systems	101	2.871	.99663
Weighted mean		2.611375	

Source: From Survey Data

If the manager supports the activities of an internal audit is in another word it helps himself because the internal auditor's objective is to give relevant timeline information to the manager and the manager will use it to make the right decision. But as shown in table 4.1 the weighted mean is 2.61 it indicates that the employees (respondents) do not agree or they didn't get the necessary facilities, internal auditors need to have the necessary resource. If not IA cannot enhance their performance and they can't perform each activity effectively to achieve their goal. They also didn't get relevant training and introduce them with new technology, policy, or procedures. This will directly affect the IA report, it will lose the quality so, it will be irrelevant for management decisions. The mangers also didn't support IA performance by budgeting funds for certification to have relevant education that helps them to perform their job. If they didn't update with new and relevant education the report will not be relevant and timeline so it not will help the manager activity, also it not support the organization to archive goals.

4.3.2. Internal auditors independency

Table 4.2. Internal auditors' independency

	N	Mean	Std. Deviation
The protection of internal auditor independence and authority is adequate	101	2.1683	.37601
Internal auditor reports to top management and to those charged with governance	101	3.8614	.84888
Internal auditors are sufficiently immune from any internal pressure to undertake audits and are report findings and recommendations objectively without fear of reprisal	101	1.8614	.84888
Legislation and the audit charter defines clearly and formally the roles and authorities of an internal auditor	101	4.1683	.82546
Chief Audit Executive (CAE) has adequate powers in establishing internal audit plans	101	3.2376	.88486
During recruitment of internal audit staff, the CAE is fully involved in the process	101	3.7327	.44477
The CAE has unlimited and direct access to those charged with governance	101	4.1287	.99663
Internal Auditor has free and unrestricted access to all operations, personnel, assets and transaction records	101	3.2673	.44477
Weighted mean		3.303213	

Source: From Survey Data

Independence is important for auditors all but for internal auditors, it is very important because the internal auditors are very close to the clients. As shown in table 4.2 the weighted mean is 3.30 these indicate that the internal auditors have Independence. All IA those were working in words, health center, and school report directly to top managers and kolfekeranyo sub-city internal audit inspection department. The IA job description and specification is clearly set in internal audit standard. This will help IA to know about their right, responsibility, and ethics of IA. It also can enhance their performance. The CAE had adequate powers in establishing an internal audit plan. This makes the plan visible because CAE had the relevant and adequate knowledge and skill so, the CAE plan or set a visible goal. CAE Participating in the recruitment of internal auditors had an advantage. The advantage is the CAE had the relevant knowledge that helps to select the right person for the right job. Having unrestricted access to all operations, personnel, assets, and transaction records for IA is necessary and they can make a relevant and reliable report. But the respondents disagree with the protection of internal auditor independence and authority is adequate and internal auditors are sufficiently immune from any internal pressure to undertake audits and are report findings and recommendations objectively without fear of reprisal.

It indicates that the auditors have Independence but not at all it will affect the performance and the report will be biased. The first indicates that the protection of internal auditor independence and authority is

not adequate. Internal auditors don't have enough authority to perform the job independently this will cause an irrelevant and unreliable report. Also, internal auditors recommend the manager to take any action, but in the KolfeKeranio sub-city, the manger will not take action this may cause big damage in the organization. Like the organization faced with unnecessary loss. If internal auditors have fear of their job they cannot control and evaluate each action and report to the manager.

4.3.3. Internal auditor's competence

Table 4.3. Internal auditor's competence

	N	Mean	Std.Deviation
Internal auditors are aware of various principles of risk assessment and appraisal as well as risk management	101	2.9703	.75439
There is awareness of ministry's key related risks and how they impact their high-level objectives	101	2.8614	.84888
There is understanding of how higher-level objectives link with ministry's operational objectives	101	3.8317	.82546
There is understanding of performance measurement principles against output targets and these are designed to deliver objectives	101	4.0000	.00000
There is knowledge on financial analysis tools and techniques	101	4.0990	.65582
Internal auditors are proficient in the use of IT/ICT and tech- based audit techniques	101	4.4356	.49831
Internal auditors are proficient in forensic skills/fraud awareness	101	2.6337	1.05568
Internal auditors are proficient in problem-solving techniques and use of tools	101	3.2970	.45923
Internal auditors are proficient in both management and operation research skills	101	3.0000	.00000
Internal auditors are proficient in data collection and analysis tools and techniques	101	4.0000	.00000
Internal auditors are proficient in governance, risk, and control tools and techniques	101	3.8317	.37601
Internal auditors are proficient in techniques on control assessment and risk analysis	101	3.4356	.49831
Internal auditors are proficient in understanding business	101	2.9307	.97219
Internal auditors are proficient in internal audits frameworks and their link to the balanced scorecard	101	3.5347	.50129
Internal auditors are proficient in data mining	101	3.5347	.88954
Weighted mean		3.493073	

Source: From Survey Data

The internal auditor needs to have/ must have the qualification/competency better than the client to perform. Because they evaluate the performance of another they must have better knowledge. As it is indicated in table 4.2 above, the response of respondents towards competency on the performance of internal auditors is found to be above the average as indicated by the weighted mean value of 3.49. This indicates that the technical competency of the internal auditors was noticed by the respondents as agreement. All employees' work in the organization needs to understand the organization's objective and link their objective. Because after all each activity done is to achieve the organization's objective. IA has evaluated its performance every semiannually and annually. So, each IA performs its job as planned. IA needs to know different tools and techniques to evaluate other performance. Internal auditors are proficient in the use of IT/ICT this will make it easy and time-consuming to perform the job. First IA needs to know the relevant data on how to collect and analyze. they also need to identify the risk and develop those techniques that help to control and risk analysis.

It may suggest that majority of the respondents have been the required competency to performing their auditor's duties. However, there is a lack of competency on a few competency skills. For instance, the respondents had been gaps in computer skills and for using some financial analysis tools and techniques. The auditors need to have the competency of risk assessment and appraisal as well as risk management also the impact on the objective. Because the risk is unknown it will cause unnecessary loss

4.3.4. Internal auditor's working environment

Table 4.4. Internal auditor's working environment

	N	Mean	Std. Deviation
Internal auditors are given opportunities to attend attending audit conferences/seminars/exchange programs	101	3.5347	.50129
Internal auditors are provided with training opportunities in employer specific operations in a bid to enhance their output	101	3.5347	.50129
Internal auditors are accorded with on-job skills that suits their work in the internal audit unit	101	3.6040	.76262
The organization has future training plans for each internal audit staff	101	3.3366	.75203
Internal Auditor's recommendations are recognized and acted on	101	2.9010	.65582
The internal auditors are recognized at annual professional audit conference and given diplomas, awards, etc.	101	2.5743	1.08946
The internal auditors are praised and their role recognized in audit publications	101	2.9703	.75439
There are exchange programs participation (e.g. with the auditor- general)	101	2.5347	.88954
The audit committee has well laid out plans for managing major risks identified by internal auditors.	101	3.1683	.82546
Top management through its support and policies demonstrate their enthusiasm to cultivating trust, integrity and competence within the ministry	101	2.4653	.50129
The job description, segregation of duties, authority, coordination and accountability are clearly defined.	101	3.2970	.45923
The ministry shares upfront its set targets and what is expected of them and the scope of their freedom to act	101	3.1683	.37601
The internal auditors have the relevant skills, tools and knowledge to facilitate achieving set goals and manage risks effectively	101	3.8713	.99663
Controls are flexible to manage changing environment, new risks and new operational gaps	101	3.0000	.73485
Weighted mean		3.14	

Source: From Survey Data

As we all know IA have a bad image or they see as like they are fault finder on other employees this will affect mantas of IA. But they also have the same goal that makes the organization active the goal effectively and efficiently. As shown in table 4.4 the weighted mean is 3.14 these indicate almost all respondents agree. IA gets the opportunity to attend audit conferences, get relevant training, and also the organization is planned for future training for IA staff. This means the mangers understand the reliability of IA in the organization. If the IA gets the relevant training they can improve their skill and update their knowledge. To perform any activity the employee needs to know the job description, segregation of duties, authority, coordination, and accountability are clearly defined the same as for IA. It is important

because the auditors will set their goals based on their job specification and job description. They also need to have the qualification or the competence to identify, analyze, and manage the risk effectively.

However, some of them didn't agree with recognized at annual and Internal Auditor's recommendations are recognized and acted on. Internal Auditors recommend the manager and the manager must take an action based on the Internal Auditors' recommendation. If not take action he/she will not archive the goal he/she seat to the organization. Also, Internal Auditors need to be recognizing at the end of the year or semiannually, because the recognition is one of the tools that the manager used to motivate the employees and that will make the employees perform better than before.

4.3.5. The approved internal audit charter

Table 4.4. The approved internal audit charter

	N	Mean	Std. Deviation
An internal audit Charter defines the purpose, authority and responsibility, within the organization, consistent with the Definition of Internal Auditing, the code of ethics and the Standards	101	3.8317	.37601
The Charter defines the nature and scope of the assurance and consulting services provided to the organization (including any assurances provided to parties outside of the organization) is such that it can provide independent and objective assurance.	101	3.3960	.76262
The Charter clearly defines internal audit's role in evaluating and contributing to the development of risk management, control and governance processes Internal audit's role in relation to any fraud- related	101	4.0000	.00000
The purpose and authority of internal audit charter is in line with "Standards for the Professional Practice" formulated by the Institute of Internal Auditors	101	3.8317	.82546
Weighted mean		3.76485	

Source: From Survey Data

There is an internal audit standard that been prepared by the government of Addis Ababa city finance and economics and all internal auditors wore in the governmental sector use this standard. As shown in table 4.4 the weighted mean is 3.76 the means all respondents agree that the standard has set the purpose, authority, and responsibility. As IIA seat the standard had set the nature and scope of the assurance and consulting services provided to the organization. It helps the internal auditors to perform their job easily and to prepare clear, transparency, relevant, and reliable report.

4.3.6. Internal audit performance

Table 4.5 Internal audit performance

	N	Mean	Std. Deviation
The internal audit function issues the number of reports as indicated in the audit plan	39	4.3077	.46757
The actual time spent on specific activities compares to the budget	39	4.2051	.83286
The plan is implemented throughout the year	39	4.1538	.67037
There is a high number of key risks identified	39	3.8462	.36552
The internal audit covers a high percentage in the coverage (More than 70%) of the total population	39	3.0513	.75911
There is a high rate (more than 90%) of feedback against the requests issued	39	3.4615	1.09655
The function received results of public feedback which are considered in the plans	39	3.2564	.44236
There is timeliness in the undertaking of satisfaction surveys	39	3.4615	.50504
There is constant briefing on the significant findings to the audit committee	39	3.2821	.45588
Internal auditors have processes that monitor the status of recommendations	39	3.6923	.46757
There are regular discussions between the internal auditors across the year	39	4.1538	.36552
There is constant monitoring of the audit plan	39	4.0000	.00000
There is timeliness in issuing audit reports	39	3.5897	.75107
The standard of the internal audit reports can be compared with the best practices	39	3.4615	.50504
The internal audits cover areas of the priority and high risk	39	3.6154	.93514
Weighted mean		3.702553	

Source: From Survey Data

In one organization internal auditors are important because they review and evaluate the organization's performance. Also, follow up on each activity to make sure that they are on the right path. This question is distributed directly to the managers as shown in table 4.5 the weighted mean is 3.70. This means that all managers or respondents answer that IA performance meets expectation with each question like there are a clear set number of reports as indicated in the audit plan each auditor expected to prepare four reports annually. There are five types of IA performance each type

had a standard time. So after preparing the report the will be compared to the standard. And at the end of the year or semiannually there is evaluation of this evolution or mortaring is helps the IA to perform as planned. The mangers also respond above expectations for the plan and are implemented throughout the year. This means at the last month of the facial year the CAE will prepay the plan after that the plan will be implemented in the coming facial year. The IA is monitoring the report finding because they need to know if the manger is taking action or not. The respondents also agree with the internal auditors make that key risk identification. The report of IA must be a timeline because the manager needs to make the right decision at the right time. If the key risk is identified the manger can control it before it happened and also before it makes any damage in the organization.

4.4. Regression analysis

A regression analysis was conducted to determine how the top management supports to internal audit values, internal auditors independence authority, auditor’s competency on internal audit performance, internal auditors working environment and the presence of approved internal audit standard related to internal auditors performance. The statistical package for social sciences (SPSS) was used to code, enter, and compute the measurements of the multiple regressions for the study.

Table 4.6 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.965 ^a	.931	.925	1.03133	2.059

Source: From Survey Data

Table 4.6 shows a model summary of regression analysis between five independent variables: mangers' support, auditor’s independence, internal auditor’s competence, internal auditors working environment, and approve internal audit chart on the dependent variable performance of internal auditors. The value of R was 0.965; the value of R square was 0.931 and the value of adjusted R square was 0.925 from the findings, 93.1% of changes in the performance of internal auditors were attributed to the five independent variables in the study. The positivity and significance of all values of R show that model summary is significant and therefore gives logical support to the study model.

Table 4.7 ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	500.516	3	166.839	156.857	.000 ^b
Residual	37.227	35	1.064		
Total	537.744	38			

Source: From Survey Data

Above ANOVA, table 4.7 has shown that P-value is much less than 0.01, meaning that there is a significant impact on the variables. Hence, the model is accepted. So, it tells us that there is a strong impact on managers' support, auditor’s independence, internal auditor’s competence, internal auditors

working environment, and approve internal audit chart on the dependent variable performance of internal auditors.

Table 4.8 Regression Model (Coefficients)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	25.024	4.163		6.011	.000
IAC	.577	.078	.771	7.366	.001
Iawe	.668	15.605	.000	.933	-.791
IAS	.639	.026	.943	103.271	.006
IAI	.601	17.032	.000	.943	.998
MS	.564	8.406	.000	.814	.844

Source: From Survey Data

Where; is the dependent variable (performance of internal auditor);

β_0 is the regression constant;

$\beta_1, \beta_2, \beta_3, \beta_4,$ and β_5 are the coefficients of independent variables;

MS - X1 is top management support;

IAI -X2 is Auditor's independence;

IAC- X3 is Auditor's competencies;

Iawe -X4 is Internal Auditor's working environment;

IAS -X5 is an approved internal audit standard; and ϵ is the error term.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \epsilon$$

$$Y = 25.024 + 0.564X_1 + 0.601X_2 + 0.577X_3 + 0.668X_4 + .639X_5 + \epsilon$$

The beta (β) sign shows the positive impact of the independent variables over the dependent variable. As shown in the above table the beta sign of all independent variables shows there is a positive effect of independent variables over the dependent variables which are internal audit performance; meaning any change on the top management support will affect the Internal Auditor's performance in 56.4%. In the Auditor's independence will affect the Internal Auditor's performance in 60.1%. In the Auditor's competencies will affect the Internal Auditor's performance in 57.7%. In the Internal Auditor's working environment will affect the Internal Auditor's performance in 66.8%. Also In the approved internal audit standard will affect the Internal Auditor's performance in 63.9%.

4.5. Hypotheses testing

The regression analysis results which are presented in table 4.8 above help the researcher to make an accurate test of the research hypotheses proposed at the beginning of this study. The hypotheses sought to test for a significant positive association of top management supports internal audit values, internal auditor's independence authority, auditor's competency on internal audit performance, internal auditors working environment, and the presence of approved internal audit standard with internal audit Performance. The following hypotheses test were conducted based on the regression results of the internal audit effectiveness obtained from the regression output. As depicted in the above model, all independent variables except Independence are useful to predict the performance of internal auditors in the case of Kolfe Keranio sub-city.

In the above table (table 4.8) top MS has a positive β value of .564 at a significant level of .844. This means that one step improvement in top MS will have an effect of 56.4% changes on internal audit performance. But significant level shows that negative relationship between top MS and IAP. Hence, the result of the analysis stands for rejecting the alternative hypothesis (Ha2) that "There is positive and significant effect between top management support and internal audit performance in the in the Kolfe Keranio Sub-city" and accepting the null hypothesis "There is no a positive and significant effect between internal auditor Competency and the performance of internal auditors". It implies that the relationship between dependent and independent variables is indirect relationships.

According to (table 4.8) top, IAI has a positive β value of .601 at a significant level of .844. This means that one step improvement in IAI will have an effect of 60.1% changes on IAP. But significant level shows that negative relationship between IAI and IAP. The result of the analysis stands for rejecting the alternative hypothesis (Ha2) that "There is positive and significant effect between Internal auditor independence and internal auditor's performance in Kolfe Keranio Sub-city." and accepting the null hypothesis "There is no a positive and significant effect between Internal auditor independence and internal auditor's performance in KolfeKeranio Sub-city." .It implies that the relationship between dependent and independent variables is indirect relationships.

In the above table (table 4.8) top IAC has a positive β value of .577 at a significant level of .001. This means that one step improvement in IAC will have an effect of 57.7% changes on internal audit performance. It also shows the significant positive relationship between top IAC and IAP. According to the result of the analysis stands for rejecting the null hypothesis (Ho3) that "There is no positive and significant effect between Auditor's competency and internal audit performance." and accepting the alternative hypothesis "Auditor's competency has Strong positive impact on internal audit performance." .It implies that the relationship between dependent and independent variables is direct relationships.

According (table 4.8) top IA WE have a positive β value of .668 at a significant level of -.791. This means that one step improvement in IA WE will have an effect of 66.8% changes on IAP. It

also shows the significant positive relationship between IA WE and IAP. The result of the analysis stands for rejecting the null hypothesis (Ho4) that “There is no positive and significant effect between Working environment and internal audit performance in the KolfeKeranio Sub-city” and accepting the alternative hypothesis “Working environment has positively related to the internal audit performance in the KolfeKeranio Sub-city.” It implies that the relationship between dependent and independent variables is direct relationships.

According to approve IAS the result has a positive β value of .639at significant level of .006. This means that one step improvement in IAS will have an effect of 63.9% changes on IAP. It also shows the significant positive relationship between IAS and IAP. The analysis stands for rejecting the null hypothesis (Ho5) that “There is no positive and significant effect between Approved Internal audit standard and internal audit performance in the KolfeKeranio Sub-city.” and accepting the alternative hypothesis “The presence of Approved Internal audit standard is positively related to the internal audit performance in the KolfeKeranio Sub-city.” .It implies that the relationship between dependent and independent variables is direct relationships

CHAPTER FIVE

SUMMARY OF FINDING, CONCLUSIONS, AND RECOMMENDATION

5.1. Introduction

The chapter provides a summary of the findings, discussion, conclusions, and recommendations of the study based on the research questions of the study.

5.2. Summary of the major finding

The majority (65%) of the respondents have a degree and the rest (29% & 7%) of respondents have diploma and master. In working experience, the majority had 6-11 years' experience this indicates that the respondents had experienced those determinates of internal auditors' performance. In management support, the weighted mean is 2.61 it indicates that the respondents do not agree or they didn't get the necessary Facilities and they didn't get relevant training and by budgeting funds for certification to have relevant education that helps them to perform their job.

In independence the weighted mean is 3.30 this indicates that the internal auditors have Independence. But the protection of internal auditor independence and authority is not adequate and internal auditor reports to top management and those charged with governance. In competence the weighted mean value of 3.49. This indicates that the technical competency of the internal auditors was noticed by the respondents as agreement. However, there is a lack of competency on a few competency skills. For instance, the respondents have been gaps in computer skills and for using some financial analysis tools and techniques

In the working environment, the weighted mean is 3.14 these indicate almost all respondents agree. However, some of them didn't agree with recognized at annual and Internal Auditor's recommendations are recognized and acted on. In the presence of approved the internal audit chart, the weighted mean is 3.76 the means all respondents agree that the standard has set the purpose, authority, and responsibility. It also clearly set the nature and scope of the assurance and consulting services provided to the organization.

The multiple regression analysis of this study indicated that the overall contribution of top management supports internal audit values, internal auditor's independence authority, auditor's competency on internal audit performance, internal auditors working environment, and the presence of approved internal audit standards with internal audit Performance. The value of R was 0.965; the value of R square was 0.931 and the value of adjusted R square was 0.925 from the findings, 93.1% of changes in the performance of internal auditors were attributed to the five independent variables in the study. The positivity and significance of all values of R show that model summary is significant and therefore gives logical support to the study model.

5.3. Conclusion

All variables that concern the study had a great influence on the performance of the internal audit. Those are management support, independence, competency, working environment, and the presence of internal audit standards.

Management support can make the performance of internal audit easy, but in KolfeKeranio sub-city, the manager doesn't support the activity of internal audit. That will affect the performances and make it hard to perform the job. Also in the future, it will bring a huge risk to the organization, and also the manger cannot get the relevant, reliable, and timeline reports.

Independency is important to perform an internal audit. Because of the internal audit are much close than external audit to the client. To make the reliable report internal auditors must be free from any force or fear. In KolfeKeranosub-city, there is almost had independence but independence and authority are not adequate so it is hard to perform. Also, they cannot prepare a reliable and relevant report at the time. In this case, the manager will make the wrong decision based on the wrong information.

Internal auditors must have greatly qualified better than the client. So to have a great qualification the auditors must take relevant trading and also get an opportunity to upgrade them by education. Internal auditors need to evaluate the performance of the organization and identify the risk also manage those risks. But in KolfeKeranosub-city, the internal auditor doesn't have the competency of identifying risk and manage the risk will make the small risk to hug risk also it will be uncontrollable in the future.

The working environment will affect the performance of the internal audit. The internal auditor does also have the same goal making the organization achieve its goal effectively and efficiently. Internal audit is one part of the organization but some employees have a bad image on internal auditors. Also, the managers need to take the recommendation of internal auditors. If not it will affect the morality of internal auditors. It makes them feel the job is useless.

As another job internal audit also had an approved standard. That helps the internal auditors to perform their job. The standard has qualified all criteria that had been set by IIA. It had set the purpose, scope, right, reasonability, etc... The standard makes easy to the internal auditors to perform their job and also to express about their job for others.

5.4. Recommendation

- The managers of KolfeKeranio sub-city should support the internal audit performance because the internal audit had big value to the organization.
- The managers should recognize the internal audit department to motivate the employees
- Management should improve its internal audit performance by developing knowledge, skill, and other competencies of its internal auditors through training and certification.
- Top management of KolfeKeranio sub-city should take timely corrective action on internal audit findings and recommendations should show commitment to strengthen the internal audit function and should facilitate resources needed for internal audit activities in the company.
- The internal auditors in KolfeKeranio sub-city have a limitation on computer skills and using advanced analysis tools and techniques. Internal auditors should be fully trained on how to use the latest internal audit software which should be frequently upgraded to keep abreast of changing technology. Internal auditors should be getting continuous training on the advanced analysis tools and techniques it will help to introduce themselves with modern technologies and that improve their internal audit performance.
- Future researchers should including more variables that are relevant in explaining the determents of IA performance. The study should also be extended to other study institutions that are not necessary sub-city level such as federal auditors.

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APPENDICES

St. Mary's University

School Of Graduate Studies

Master of Business Administration Program

Dear Sir/Madam

This questionnaire is prepared to gather information on determinants of internal auditor performance in KolfeKeranio Sub-city. The purpose of this study is to collect data for the evidence which would support to write a research paper for academic purpose. Here I kindly request you to attempt all the questions in the questionnaire to meet the aim of the study. Whatever information is provided will be treated with utmost confidentiality and strictly will be used for academic purpose only. There is no need to write your name.

Thank you in advance Mekdes Musa, Tell: 0923-61-72-27, Email: musamekdes@gmail.com

If you have any question with regard to the questionnaire please contact me using the above address.

Part1. Demographic Information

1. Level of education

Certificate () Diploma () Degree () Masters () Others (please specify) _____

2. How many years have you been in the organization?

1– 5 years () 6 – 10 years () 11 – 15 years () 16 – 20 years () 21 years and above ()

Part2. Internal auditor's performance determinants

Rate the extent to which you agree or disagree that the following statements best describe the level of Management support in your organization. Use 5 scale rating whereby: 1. strongly Disagree 2. Partially Disagree 3. Agree 4. Strongly agree 5. Totally Agree

MANAGEMENT SUPPORT		1	2	3	4	5
1.	I can get the necessary resources (facilities) that help me to perform auditing activities as needed					
2.	The office/sector supports me by providing training in order to improve my skill and update with the field.					
3.	The office/sector supports me to introduce myself with new technology, policy or procedures when it is necessary.					
4.	The office/sector supports Internal Auditing staffs by budgeting funds					

	for certification to have relevant education in auditing that allows them to audit all of the organization's/sector's systems.					
AUDITORS INDEPENDENCE AND AUTHORITY						
5.	The protection of internal auditor independence and authority is adequate					
6.	Internal auditor reports to top management and to those charged with governance					
7.	Internal auditors are sufficiently immune from any internal pressure to undertake audits and are report findings and recommendations objectively without fear of reprisal					
8.	Legislation and the audit charter defines clearly and formally the roles and authorities of an internal auditor					
9.	Chief Audit Executive (CAE) has adequate powers in establishing internal audit plans					
10.	During recruitment of internal audit staff, the CAE is fully involved in the process					
11.	The CAE has unlimited and direct access to those charged with governance					
12.	Internal Auditor has free and unrestricted access to all operations, personnel, assets and transaction records					
INTERNAL AUDITORS COMPETENCE						
13.	Internal auditors are aware of various principles of risk assessment and appraisal as well as risk management					
14.	There is awareness of ministry's key related risks and how they impact their high-level objectives					
15.	There is understanding of how higher-level objectives link with ministry's operational objectives					
16.	There is understanding of performance measurement principles against output targets and these are designed to deliver objectives					
17.	There is knowledge on financial analysis tools and techniques					
18.	Internal auditors are proficient in the use of IT/ICT and tech- based audit techniques					
19.	Internal auditors are proficient in forensic skills/fraud awareness					
20.	Internal auditors are proficient in problem-solving techniques and use of tools					
21.	Internal auditors are proficient in both management and operation research skills					
22.	Internal auditors are proficient in data collection and analysis tools and techniques					

23.	Internal auditors are proficient in governance, risk, and control tools and techniques					
24.	Internal auditors are proficient in techniques on control assessment and risk analysis					
25.	Internal auditors are proficient in understanding business					
26.	Internal auditors are proficient in internal audits frameworks and their link to the balanced scorecard					
27.	Internal auditors are proficient in data mining					
INTERNAL AUDITOR'S WORKING ENVIRONMENT						
28.	Internal auditors are given opportunities to attend attending audit conferences/seminars/exchange programs					
29.	Internal auditors are provided with training opportunities in employer specific operations in a bid to enhance their output					
30.	Internal auditors are accorded with on-job skills that suits their work in the internal audit unit					
31.	The organization has future training plans for each internal audit staff					
32.	Internal Auditor's recommendations are recognized and acted on					
33.	The internal auditors are recognized at annual professional audit conference and given diplomas, awards, etc.					
34.	The internal auditors are praised and their role recognized in audit publications					
35.	There are exchange programs participation (e.g. with the auditor-general)					
36.	The audit committee has well laid out plans for managing major risks identified by internal auditors.					
37.	Top management through its support and policies demonstrate their enthusiasm to cultivating trust, integrity and competence within the ministry					
38.	The job description, segregation of duties, authority, coordination and accountability are clearly defined.					
39.	The ministry shares upfront its set targets and what is expected of them and the scope of their freedom to act					
40.	The internal auditors have the relevant skills, tools and knowledge to facilitate achieving set goals and manage risks effectively					
41.	Controls are flexible to manage changing environment, new risks and new operational gaps					
The Approved Internal Audit Charter						
42.	An internal audit Charter defines the purpose, authority and responsibility, within the organization, consistent with the Definition of					

	Internal Auditing, the code of ethics and the Standards					
43.	The Charter defines the nature and scope of the assurance and consulting services provided to the organization (including any assurances provided to parties outside of the organization) is such that it can provide independent and objective assurance.					
44.	The Charter clearly defines internal audit's role in evaluating and contributing to the development of risk management, control and governance processes Internal audit's role in relation to any fraud-related					
45.	The purpose and authority of internal audit charter is in line with "Standards for the Professional Practice" formulated by the Institute of Internal Auditors					

Part3. PERFORMANCE OF INTERNAL AUDITORS

Rate the internal Auditor’s performance in respect to the following Key Performance Indicators Use five point scale where; significantly below expectation 2.Below expectation 3.Meets (on average) expectation 4. Above expectation5.Exceptionally above Expectation.

PERFORMANCE OF INTERNAL AUDITORS		1	2	3	4	5
46.	The internal audit function issues the number of reports as indicated in the audit plan					
47.	The actual time spent on specific activities compares to the budget					
48.	The plan is implemented throughout the year					
49.	There is a high number of key risks identified					
50.	The internal audit covers a high percentage in the coverage (More than 70%) of the total population .					
51.	There is a high rate (more than 90%) of feedback against the requests issued					
52.	The function received results of public feedback which are considered in the plans					
53.	There is timeliness in the undertaking of satisfaction surveys					
54.	There is constant briefing on the significant findings to the audit committee					
55.	Internal auditors have processes that monitor the status of recommendations					
56.	There are regular discussions between the internal auditors across the year					
57.	There is constant monitoring of the audit plan					
58.	There is timeliness in issuing audit reports					
59.	The standard of the internal audit reports can be compared with the best practices					
60.	The internal audits cover areas of the priority and high risk					