

**INTERNAL AUDIT AND CORPORATE GOVERNANCE IN LOCAL GOVERNMENT
IN TANZANIA**

A CASE OF MWANZA CITY COUNCIL

By

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**A Dissertation Submitted in Partial fulfilment of the Requirement for the Award of Degree
of Master of Business Administration (MBA - Corporate Management) of**

Mzumbe University

2013

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled “**Internal Audit and Corporate Governance in local Government in Tanzania: The Case of Mwanza City Council**”, in fulfillment of the requirements for award of the degree of Master of Business Administration of Mzumbe University

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DECLARATION

I, **Florian Njunwa** declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other University or High Learning Institution for a similar or any other degree award.

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DEDICATION

This work is dedicated to my lovely parents Mr&Mrs Njunwa, my lovely wife and my dear friends for their support which drove me positively and enabled the completion of my master's degree.

ABSTRACT

A considerable number of items were covered by this study on the analysis of factors contributing to ineffectiveness of internal audit function in promoting good corporate governance in Public Sectors in Tanzania.

The study employed a case study technique, where Mwanza City Council and few Staff and Councils were selected as sample size to provide information to this study a total of 136 (30%) of respondents out of 453 were drawn also all 17 councilors were drawn randomly . Both primary and secondary information were used in this study. Primary data through questionnaires was analyzed using Micro Soft Excel frequency tables. The results were presented using histograms, pie charts and tables.

The major argument was that, efficient functioning of internal audit require among other things independence of auditors and internal audit function; proficiency of internal auditors; high ethical behavior of auditors and good coordination of internal audit functions. Ethical values are fundamental for the internal auditors because of two important reasons. However, Tanzanian public sector faces a perception and, to some extent, a credibility problem as a value adding unit of the organization.

The results from the analysis of all respondents' responses revealed that factors plays a major role on contributing to ineffectiveness of internal audit function in promoting good corporate governance in Public Sectors in Tanzania. Thus, according to the conceptual model of this study, these factors are independent variables and dependant variable.

The study concluded that ineffectiveness of internal audit function in promoting good corporate governance in Public Sectors in Tanzania have influential factors. Recommendation was made to the Local Government Authorities and Central Government to take a leading role in the design and formulation of policy and standards and monitoring practices respectively. Also auditors to play their role of willingly improve their skills for the betterment of themselves and public at large.

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LIST OF ABBREVIATIONS AND SYNONYMS

CAG	-	Controller and Auditor General
COSO	-	Committee of Sponsoring Organizations
CSA	-	Control self-assessment
IFRS	-	International Financial Reporting Standard
IIA	-	Institute of Internal Auditors
IPPF	-	International Professional Practice Framework
IPPF	-	Professional Practices Framework
IPSAS	-	International Public Sector Accounting Standard
ISAs	-	International Standard on Auditing
NBAA	-	National Board of Accountants and Auditors
PFA	-	Public Finance Act
PPF	-	Parastatal Pensions Fund
TASs	-	Tanzania Auditing Standard
TFASs	-	Tanzania Financial Reporting Standard
UNDP	-	United Nations Development Programme
URT	-	United Republic of Tanzania

CHAPTER ONE

BACKGROUND OF THE STUDY

1.0 Introduction

This study is about analysis of factors contributing to ineffectiveness of internal Audit Functions in Promoting Corporate Governance in Public Sectors in Tanzania. This chapter provides the background information, problem statement, objective of the study, research questions and significance of the study, scope and limitation of the study.

1.1 Background information

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, Institute of Internal Auditors, (IIA, 1991; Taylor and Glezen, 1991; 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 (Committee of Sponsoring Organizations of the Treadway Commission, 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).

An important step was the new definition of Internal auditing issued by the IIA in June 1999, which clearly states that “the internal auditing activity should evaluate and contribute to the

improvement of risk management, control and governance” (IIA, 1999). The new definition shifts the focus of the internal audit function from one of assurance to that of value added and attempts to move the profession toward a standards-driven approach with a heightened identity (Bou-Raad, 2000; Krogstad *et al.*, 1999).

More recently, the Institute of Internal Auditors (2004) by stating that the internal audit activity should evaluate and contribute to the improvement of risk management, control and governance, recognizes the assurance and consulting role of internal auditing in corporate governance. The Internal Control moves within a greater scope of management philosophy and of practical application, and adds up value, offering at the same time a systematic scientific approach on the assessment and the improvement of the effectiveness of businesses (Papadatou, 2005; Karagiorgos *et. al*, 2006).

From the above definitions, it is clear that the internal control is not just an one-sided tool for controlling the order and rightness of certain situations, but it is a method of detecting the value added up to a company, achieving the index of effectiveness and profitability of the company (Nagy and Cenker, 2002; Goodwin, 2004, Karagiorgos *et. al*, 2007).

1.2 Evolution of Internal Audit in Public Sector in Tanzania

The Government of Tanzania has taken a proactive step in establishing the office of Internal Auditor General as a division under the Ministry of Finance and Economic Affairs by amending Public Finance Act in 2010. The Internal Auditor Generals’ Office is mandated to co-ordinate, facilitate and provide quality assurance for internal audit activities within the public sector institutions (the PFA 2010, Act 658). The Division has formulated three sub divisions which are s currently pursuing to improve the image of the Internal Audit function in the public sector.

These are as follows:

- i. Professional Practice Framework which aims at developing key documents and templates for use by the Internal Audit function such the Internal Audit Regulations, Internal Auditing Standards, Audit Programs, Internal Audit Charter and Annual Audit Planning templates.

- ii. Human Resource Development which seeks to facilitate the recruitment, training and development of internal auditors to be proficient in applying internal audit standards, procedures and techniques in performing engagements.
- iii. Quality Assurance and Improvement which addresses the issue of continues improvement in the performance of the internal audit activity.

The move by the Government was partly caused by reform initiated by Accounting and Audit Regulatory Authority in Tanzania, National Board of Accountants and Auditors (NBAA) to migrate into International Standard. Tanzania migrated to International Financial Reporting Standard (IFRS), International Public Sector Accounting Standard (IPSAS), and International Standard on Auditing (ISAs) with effect from 1st July 2004 (www.nbaa.go.tz). Before migration to International Standards in 2004, Tanzania had its own local standard known as Tanzania Financial Reporting Standard (TFASs) and Tanzania Auditing Standard (TASs) which were issued by NBAA. TASs contained internal Auditing Standard number 9 on the ‘Guidance of internal Auditors’ which was consequently withdrawn. The NBAA Governing Board on its 151st meeting held on 29th March 2011, approved the use of International Professional Practice Framework (IPPF) latest edition issued by Institute of Internal Auditors (IIA) instead of the withdrawn TAS 9 (www.nbaa.go.tz). NBAA further directed that the use of IPPF was effective from 1st July 2011 but encouraged earlier application (www.nbaa.go.tz).

All these efforts by Regulator and Government aimed at instituting a well performing Internal Audit Function in Public Sector. Well performing internal audit function is considered as one of the strongest means required to monitor and promote good governance system in Public Sector.

1.3 Problem statement

Good governance has been proven to be the most appropriate tool for achievement of the strategic objectives of both private and Public Organization. According to Belay (2007), globally, a growing number of earnings restatements by openly traded companies joined with allegations of financial statement fraud and lack of accountability in corporate governance of high-profile companies such as Enron, Global Crossing, WorldCom and Adelphia has helped to grinded the ever increasing attention on corporate governance in wide-ranging and the internal audit in particular. Efficient functioning of internal audit require among other things independence of

auditors and internal audit function; proficiency of internal auditors; high ethical behavior of auditors and good coordination of internal audit functions. Ethical values are fundamental for the internal auditors because of two important reasons.

First, internal auditors are regularly faced with various ethical problems which can confront their standards (Goodwin & Yeo 2001). They may face cases which involve and oblige them to speak out (Barrier 2003) and this is not always simple, for the most part when pressure is being exercised by senior management to go with the flow and not to make waves (Thompson 2003). Second, with the existing emphasis on corporate governance, it is becoming more and more familiar that internal auditors can play a key function in increasing business ethics and corporate honesty (Moelle 2004). As one of the important keystones and foundations of corporate governance, internal auditors are anticipated to work with audit committees, boards and senior management to assist put the right tone at the top and helps to guarantee that ethical behavior flows down all the way through the ranks to lower level employees (Bailey & Gramling 2003).

In Tanzania, Heads of Public sector do not support Internal Audit. The Internal Audit function in the Tanzanian public sector faces a perception and, to some extent, a credibility problem as a value adding unit of the organization. The Controller and Auditor General (CAG) believes that the Internal Audit Public Sector is not efficient and is "shrouded in obscurity" (URT, 2008).

Independence of Internal Audit Units Internal audit is a key source of independent and objective assurance advice on the council's risk framework and internal control. It can play an important role in assessing the adequacy of both the financial systems that underpin a council's financial statements, and the preparation process. The effectiveness of internal audit is enhanced when the internal function is operationally independent from the activities it audits and reviews. This helps to ensure internal audit acts in an objective, impartial manner and avoids any conflicts of interest or inherent bias or undue external influence. Operational independence is enhanced to the Heads of Internal Audit Units when reporting to the Audit Committee and be accountable to the Accounting Officer.

This unfortunate perception continues to play down the importance of Internal Audit as a key function that can strengthen the oversight responsibility of the governing body in Public Sector. This reflects in the management attitude towards the Internal Auditors and internal audit

functions. Most often than not Internal Auditors are seen more as fault finders rather than solution providers and partners in the Governments strive for organizational excellence and Good Corporate Governance.

Many studies on internal audit functions in Public Sector just focus on one or a few aspects of internal auditing. This is a narrow evaluation approach of internal audit functions. For example there is a study on the role of internal audit in corporate governance in a certain specified countries (Welch, 1998; Bulow, 1996; UN, 1993; Tanyi, 1997), a study on the quality of good internal auditor (Konings, 1998; Moshi, 2001) etc. There is no specific study which has been carried to analyze the weaknesses or ineffectiveness of internal audit functions in supporting good corporate governance in Tanzania.

In this study the ambition is to have a broader view and look at flaws in internal audit functions of Public Sectors in Tanzania. For example, in two years consecutively (2009/2010); that the recommendations which were given by Controller and Auditor General (CAG) and Parliamentary oversight committee on local Authorities have not been implemented by the Government including Mwanza City Council.

The observations made by the researcher as well as various public stakeholders for the past few years support the evidence that there were no significant changes in the situation after the amendment of Public Finance Act in 2010 which established the office of internal Auditor General. There are still many complaints among the Internal Auditors in Public Sector and other stakeholders that Internal Audit function in Public sector is not effectiveness and therefore poor corporate Governance in Public Sectors.

It is in view of the above noted shortfalls, the researcher has been prompted to explore the factors contributing to ineffectiveness of internal audit function in promoting Good Corporate Governance in Public Sector in Tanzania.

1.4 Objectives of the study

The main objective of this research was to understanding the factors contributing to ineffectiveness of internal audit function in promoting good corporate governance in Public Sectors in Tanzania.

1.4.1 Specific objectives

The following specific objectives were examined in the study:

- i. To examine how lack of independence by internal auditors and internal audit functions affect promotion of corporate governance in the Public Sector in Tanzania.
- ii. To examine the how lack of proficiency by internal auditors contribute to ineffective Corporate Governance in the Public Sector in Tanzania.
- iii. To assess the effect of unethical behavior of internal auditors to promotion of Corporate Governance in Public Sector in Tanzania.
- iv. To evaluate the consequences of coordination of internal audit functions on the promotion of corporate Governance of Public Sector in Tanzania.

1.5 Research question

- i. How does lack of independence to internal auditors and internal audit functions affects corporate governance in Public Sector in Tanzania?
- ii. What are the effects of lack of proficiency by internal auditors on promotion of Corporate Governance in the Public Sector in Tanzania?
- iii. What are the effects of unethical behavior of internal auditors on promotion of Corporate Governance in Public Sector in Tanzania?
- iv. What are the consequences of coordination of internal audit functions on the promotion of corporate Governance in Public Sector in Tanzania?

1.6 Significant of the Study

The study had significance to the formulation of policy that promotes effective internal audit function and its contribution to the Governance of Public Sectors in Tanzania.

The study has significance to the Government which may use the result to formulate good regulations to govern internal audit functions in Tanzania. CAG (2010) report that Government has been struggling to have effective internal audit functions in Local Government Authorities and other Public Sectors with a view of achieving accountability and transparency to stakeholders.

From academic point of view, the study would contribute to the knowledge to fulfil the existing gap of knowledge on effectiveness of internal audit function in Public Sector. This is crucial not only from Auditors point of view but also on fostering Accountability in the Government. Further-more, the results from this would form a good reference for other researchers who want to carry out further studies in this area.

1.7 Limitation of the study

The main limitations of study were from the following:

i. Data Confidentiality constraints

Some of the information was treated confidential by the respondents and also management staff were not available to participate in this study. Thus the researcher faced difficult to access such kind of data and this category of the respondent. In this regard, researcher used of the available information in order to complete the research study.

ii. Fund constraints

The researcher being self sponsored in the programme, was experiencing financial constraint. In this regard the researcher looked into the alternative ways to obtain additional financial sources in order to complete the study.

1.8 Organization of the research

The study was divided into five chapters. Chapter one was an introduction which presents background information, an overview of internal audit functions and corporate Governance, research problem, research objectives, significance of the study and the organization of the research work. Chapter two discussed both theoretical and empirical literature in internal audit and Corporate Governance. Chapter three covered extensively on the methodology of the study. Chapter four presented empirical findings where as chapter five discussed the research findings and lastly chapter six presented the conclusions, implications, limitation and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviewed the literatures from various authors regarding internal audit, internal audit function and its contribution to the corporate governance. It defines governance and further discusses the principles of good governance; corporate governance and its principles; internal audit; internal audit functions; Independency in internal Audit functions and finally the provide empirical literature on the same subject. The chapter also provides the conceptual framework of the study.

2.1 Governance

Governance is defined by Bowen (2004) as the rule of the rulers, typically within a given set of rules. This means that, governance is the process which conferred on rulers by authority. Therefore, governance requires an identification of the rulers and the rules, as well as devising various processes by which they are selected, defined, and linked together and with the society generally.

Within the context of governance, good governance is a concept surrounds the quality of governance. Good governance can be defined in terms of the mechanisms thought to be needed to promote it (Daines, and Klausner, 2008). Good governance for instance, in various places, has been linked with democracy and good civil rights, with transparency, with the rule of law, and with efficient public services.

Good governance has been also described as a more than mechanisms and proposes. It rather is associated with specific outcomes such as sense of assuring that everyone, irrespective of social or economic status, has a voice in governing and receives just, fair and equitable treatment.

UNDP (2008) defines good governance as, “among other things, participatory, transparent and accountable. It is also effective and equitable as well as promotes the rule of law”. UNDP (2008) further explains, good governance ensures that political, social and economic priorities are based

on broad consensus in society and that the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources.”

2.1.1 Principles of good governance

UNESCAP (2013) describes eight major principles of good governance. These principles are participatory, consensus oriented, accountable and transparent. Others are responsive, effective and efficient, equitable and inclusive and follow the rule of law. According to UNESCAP (2013) these principles are briefly explain as following:

i. Participation

Participation by both men and women is a key foundation of good governance. Participation could be either direct or through legitimate intermediate institutions or representatives. It is important to point out that representative democracy does not necessarily mean that the concerns of the most vulnerable in society would be taken into consideration in decision making. Participation needs to be informed and organized. This means freedom of association and expression on the one hand and an organized civil society on the other hand.

ii. Rule of law

Good governance requires fair legal frameworks that are enforced impartially. It also requires full protection of human rights, particularly those of minorities. Impartial enforcement of laws requires an independent judiciary and an impartial and incorruptible police force.

iii. Transparency

Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It also means that enough information is provided and that it is provided in easily understandable forms and media.

iv. Responsiveness

Good governance requires that institutions and processes try to serve all stakeholders within a reasonable timeframe.

v. **Consensus oriented**

There are several actors and as many view points in a given society. Good governance requires mediation of the different interests in society to reach a broad consensus in society on what is in the best interest of the whole community and how this can be achieved. It also requires a broad and long-term perspective on what is needed for sustainable human development and how to achieve the goals of such development. This can only result from an understanding of the historical, cultural and social contexts of a given society or community.

vi. **Equity and inclusiveness**

A society's well being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups, but particularly the most vulnerable, have opportunities to improve or maintain their well being.

vii. **Effectiveness and efficiency**

Good governance means that processes and institutions produce results that meet the needs of society while making the best use of resources at their disposal. The concept of efficiency in the context of good governance also covers the sustainable use of natural resources and the protection of the environment.

viii. **Accountability**

Accountability is a key requirement of good governance. Not only governmental institutions but also the private sector and civil society organizations must be accountable to the public and to their institutional stakeholders. Who is accountable to who varies depending on whether decisions or actions taken are internal or external to an organization or institution. In general an organization or an institution is accountable to those who will be affected by its decisions or actions. Accountability cannot be enforced without transparency and the rule of law.

The fundamental goal for good governance it to assure that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society (UNESCAP, 2013).

2.2 Corporate governance

Developed from the concept of good governance, corporate governance involves regulatory and market mechanisms, and the roles and relationships between a company's management, its board, its shareholders and other stakeholders, and the goals for which the corporation is governed (Tricker, 2009 and OECD, 2004).

Sifuna, (2012) defines corporate governance as "a system of law and sound approaches by which corporations are directed and controlled focusing on the internal and external corporate structures with the intention of monitoring the actions of management and directors and thereby mitigating agency risks which may stem from the misdeeds of corporate officers."

According to Goergen, (2012), corporate governance is concerned with mitigation of the conflicts of interests between stakeholders. Corporate governance provides ways of mitigating or preventing these conflicts of interests which include the processes, customs, policies, laws, and institutions which have an impact on the way a company is controlled. Cadbury Committee, (1992) and Financial Times (2011), provide that, corporate governance has an important theme which is the nature and extent of accountability of people in the corporate business.

Cadbury Committee, (1992) defines corporate governance simply as "the system by which companies are directed and controlled" More specifically, Cadbury Committee, (1992) provides that corporate governance is the framework by which the various stakeholder interests are balanced, or, "the relationships among the management, Board of Directors, controlling shareholders, minority shareholders and other stakeholders".

2.2.1 Principles of Corporate Governance

There are universally underlying principles of corporate governance. Different authors were wrote on these principles since 1990 when three documents about the same namely "the Cadbury Report (UK, 1992), the Principles of Corporate Governance (OECD, 1998 and 2004) and the Sarbanes-Oxley Act of 2002 (US, 2002)". Generally these authors provide principles around which businesses are expected to operate to assure proper governance. These are:

- i. **Rights and equitable treatment of shareholders:** OECD (2004) provides that, organizations should respect the rights of shareholders and help shareholders to exercise those rights. Organizations should help shareholders to exercise their rights by openly and effectively communicating information and by encouraging shareholders to participate in general meetings.
- ii. **Interests of other stakeholders:** Organizations should recognize that they have legal, contractual, social, and market driven obligations to non-shareholder stakeholders, including employees, investors, creditors, suppliers, local communities, customers, and policy makers.
- iii. **Role and responsibilities of the board:** The board needs sufficient relevant skills and understanding to review and challenge management performance. It also needs adequate size and appropriate levels of independence and commitment
- iv. **Integrity and ethical behavior:** Integrity should be a fundamental requirement in choosing corporate officers and board members. Organizations should develop a code of conduct for their directors and executives that promotes ethical and responsible decision making.
- v. **Disclosure and transparency:** Organizations should clarify and make publicly known the roles and responsibilities of board and management to provide stakeholders with a level of accountability. They should also implement procedures to independently verify and safeguard the integrity of the company's financial reporting. Disclosure of material matters concerning the organization should be timely and balanced to ensure that all investors have access to clear, factual information.

In this study integrity and ethical behavior of internal auditors together with their proficiency, independence and coordinated role of the organization will be assessed. Also disclosure and transparency of responsibilities of management to provide accountability in relation to financial reporting function will be assessed.

2.3 Internal audit

IIA defines internal audit as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. Internal audit enables an organization to

perform its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes (IIA, 2010).

As Bebachuk and Jesse (2004) observe, internal auditing is an important factor for improving an organization's governance, risk management and management controls by providing insight and recommendations based on analyses and assessments of data and business processes. Bebachuk and Jesse (2004) show that internal auditing enhances a commitment to integrity and accountability. Also according to Bebachuk and Jesse (2004) internal auditing provides value to governing bodies and senior management as an objective source of independent advice. To perform such activity an organization engages professional called internal auditor.

Internal auditing scope in an organization is broad and may involve areas such as an organization's governance, risk management and management controls over efficiency/effectiveness of operations which includes safeguarding of assets, the reliability of financial and management reporting, and compliance with laws and regulations (Shleifer, and Vishny, 2007).

According to Shleifer, and Vishny, (2007), internal auditing also involve proactive fraud audits which identify possible fraudulent acts; fraud investigations under the direction of fraud investigation professionals, and conducting post investigation fraud audits which identify control breakdowns and establish financial loss.

For the organization's internal auditor to be efficiency in execution of his/her duties should be free from responsible of executing company's activities. Internal auditor role is to advise management and the Board of Directors or similar oversight body regarding how to better execute their responsibilities (Tricker 2009). Based on the broad scope of involvement; internal auditor need to have a variety of higher educational and professional backgrounds.

2.3.1 Proficiency of internal auditor

According to Morash and Moynagh, (1998) auditing discipline continues to evolve with interaction contributing to the governance and accountability environment in which it operates. Therefore proficiency of auditing is inevitably importance. Morash and Moynagh, (1998)

establish that, proficiency requirements for comprehensive auditing is in the interests of both the audit community and the executive decision-makers being served. Such requirements form important benchmarks that the audit community can use to develop its professional cadre and satisfy itself that it is providing relevant and credible audit services and products to its clients.

Historically, the internal auditing profession was developed steadily after World War II with the progress of management science discipline. Conceptually the profession provides for financial auditing by public accounting firms, quality assurance and banking compliance activities. While some of the audit technique underlying internal auditing was derived from management consulting and public accounting professions (Sawyer, 2003). According Sawyer, (2003), the theory of internal auditing was conceived primarily by himself in between 1911 to 2002. Thus, he often referred to as "the founder of modern internal auditing"(Sifuna, 2012). According to Sifuna, (2012) the current theory, practice and philosophy, of the modern internal auditing as defined by the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors drawn much of ideas from Sawyer's vision.

However, in order to maintain global standards, the Institute of Internal Auditors (IIA) as the recognized international standard setting body for the internal audit profession and awards the Certified Internal Auditor designation, requires internal auditors to be recognized internationally through literal written examination. However, other similar designations are available in certain countries (Sawyer, 2003). For instance, in the United States the professional standards of the Institute of Internal Auditors have been codified in several states' statutes pertaining to the practice of internal auditing in government (For example, New York State, Texas, and Florida). There are also a number of other international standard setting bodies (Sawyer, 2003).

2.3.2 Internal Audit functions

Principally internal audit functions are centrally under management is responsible for internal control, which comprises five critical components namely the control environment; risk assessment; risk focused control activities; information and communication; and monitoring activities (Mallin, 2011).

For internal auditing to function properly, managers should establish policies, processes, and practices in the above components of management control so as to help the organization achieve the following four specific objectives (Mallin, 2011):

- i. Effectiveness and efficiency of operations.
- ii. Reliability of financial and management reporting.
- iii. Compliance with laws and regulations.
- iv. Safeguarding of Assets

Internal auditors perform audits to evaluate whether the components of management control are present and operating effectively, and if not, provide recommendations for improvement (Mallin, 2011).

Typically internal auditors issue reports at the end of each audit that summarize their findings, recommendations, and any responses or action plans from management. Each audit finding within the body of the report may contain five elements (Prawitt, 2012):

- i. Condition: What is the particular problem identified?
- ii. Criteria: What is the standard that was not met? The standard may be a company policy or other benchmark.
- iii. Cause: Why did the problem occur?
- iv. Consequence: What is the risk/negative outcome (or opportunity foregone) because of the finding?
- v. Corrective action: What should management do about the finding? What have they agreed to do and by when?

Under the IIA standards, the recommendations in an internal audit report are designed to help the organization achieve effective and efficient governance, risk and control processes associated with operations objectives, financial and management reporting objectives; and legal/regulatory compliance objectives (Prawitt, 2012).

According to Adams, (1994) in Prawitt (2012) regardless of the Internal Audit Function (IAF) to be in-house or outsourced, it should develop an understanding of the risks that may prevent the

organization from achieving its objectives. From this regard, the IAF should then plan its work to help measure and mitigate those risks. These responsibilities come as a natural result of the IAF's role as an agent employed to help ensure that the organization accomplishes established objectives. However, the internal auditor's role is unique because the internal auditor is an agent that monitors the actions of another agent (management), both of whom are employed by the same principal.

According to Standard (2010) in Prawitt (2012), internal auditing standards point out that "the chief audit executive should establish risk based plans to determine the priorities of the internal audit activity, consistent with the organization's goals". However, during the process of determining, monitoring, and mitigating the organization's risks, the IAF may provide assurance or consulting services.

Basically and customarily, internal auditors have identified and assessed organizational objectives and risks informally. Nevertheless, there is an emerging movement for internal auditors to become more deeply and actively involved in organizational risk management. As they become involved in risk management internal auditors are essential obtain management and board input and feedback. For instance, some auditors conduct one to two-day seminars together with key management personnel. During this session, the participants attempt to determine key business drivers and objectives, and the obstacles that may prevent management from utilizing these drivers and accomplishing their objectives.

Equipped with knowledge from the key management personnel, internal auditors can establish an internal audit plan that addresses the organization's needs (Homer and Holdren, 2001 in Prawitt 2012). Based on techniques such as seminars, which capture the real-time needed for the organization, help the IAF fulfill its corporate governance responsibilities.

Methodologies including interviews, surveys, etc, are often conducted on a predetermined time schedule that allows auditors to continuously align the internal audit plan with the organization's objectives (LaTorre, 2002 in Prawitt 2012). However, other auditors establish risk databases that catalog products and processes along with their associated risks, and some IAFs even use

complex algorithms to identify and calculate the organization's level of risk (Leithhead and McNamee, 2000 in Prawitt 2012).

Another important area that internal auditors may be called upon to assess and improve as observed by PricewaterhouseCoopers, (2002) is the "tone at the top." This is a basic component of the COSO Internal Control framework and its importance has been highlighted by recent high profile business failures and frauds perpetrated by top management. Boards can enlist the help of the IAF to ensure that the tone at the top is appropriate and effectively communicated to all levels of the organization.

2.3.3 Coordination of internal audit functions

Internal auditors and management usually work together to develop, assess, and improve internal controls to mitigate exposure to risk, once the organization's risks have been identified. Control self-assessment (CSA) is a tool internal auditors use to involve management and other employees in these processes. CSA requires internal auditors to become audit facilitators by helping employees identify and monitor control areas that are important in ensuring that business objectives are met (Morris, 2001 in Prawitt 2012).

IIA (2013) recently issued two new practice advisories related to risk management. The first practice advisory, titled "Using the Risk Management Process in Internal Audit Planning", deals with coordinating internal audit activity with risk management. The second practice advisory, titled "Assurance Maps", centers on identifying and addressing any gaps in the risk management process.

According to IIA (2013), in order to coordinate internal audit activity with risk management, risk identification within an organization must be clearly documented. Some organizations have developed risk registers that document risks based on inherent and residual risk ratings. Despite the method, organizations should have a process that systematically identifies high-risk areas. Since internal audit cannot review all these risks, those not chosen for the internal audit plan should be reported separately to the board. These most often include high inherent risk rankings

where the residual risk remains largely unchanged. Internal audit should also periodically include some lower risk items in their activity plan to ensure these risks have not changed.

Despite internal auditors have basically and customarily focused on providing assurance services aimed at mitigating risk, they have increasingly started to deliver a variety of consulting services that assist clients in developing solutions to mitigate risks. However, as internal auditors develop their skills in this area, related consulting services are becoming a significant component of internal audit work (Morris, 2001 in Prawitt 2012). This movement highlights the tension that may exist as internal auditors serve the board by assuring that risks are being identified and as they serve management by helping to develop procedures that mitigate these risks.

2.3.4 Independence in internal Audit functions

Being that, internal auditor plays an important role in his/her position as he or she is employed by the management but at the same time is required to review the conduct of management. This role can create significant tension since the internal auditor's independence from management is necessary for him/her to objectively conduct an assessment on the management's action. However, theoretically the internal auditor's dependence on the management for employment is very clear.

According to IIA standards the focus of internal auditing is on Sarbanes-Oxley compliance, the importance of maintaining the independence and objectivity of internal audit should never be underweighted. In fact, if the independence and objectivity of internal auditing is impaired, Sarbanes-Oxley compliance is impaired at the same time (Bowen, 2008).

IIA provides that, independence in the audit functions is the freedom from conditions that threaten objectivity or the appearance of objectivity. Such threats to objectivity must be managed at the individual auditor, engagement, functional, and organizational levels (Bowen, 2008). According to Bowen, (2008), "audit independence is essentially a state of mind". Internal auditors cannot be physically independent from the organization they are working for, but they can always stay objective.

It is also provided that, objectivity in audit functions, is a state of impartial, unbiased mental attitude and avoidance of conflicts of interest, allowing internal auditors to perform engagements in such a manner that they have a honest belief in their work product and that no significant quality compromises are made (IIA, 2010).

However, an internal auditor who is in a position of trust, might has a competing professional or personal interest. Such conflict of interest interests can make it difficult to an auditor to fulfill his or her duties independently. A conflict of interest might exist even if there are no unethical or improper act results. A conflict of interest can create an appearance of bad behavior that can undermine confidence in the internal auditor, the internal audit activity, and the profession. A conflict of interest could impair auditor's ability to perform his or her duties and responsibilities objectively (Tirole, 2009).

Objectivity requires that internal auditors do not accept any management responsibilities and should keep away from auditing anything that they have direct or indirect authority or responsibility for. However, threats to objectivity must be managed at the individual auditor, engagement, functional, and organizational levels (Tirole, 2009).

2.3.5 Ethical behavior of internal auditor

IIA (2013) provide the code of ethics which states the principles and expectations governing the behavior of individuals and organizations in the conduct of internal auditing. It describes the minimum requirements for conduct, and behavioral expectations from auditor practitioners. According to IIA (2013) 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. Therefore, it is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about governance, risk management, and control.

Also IIA (2013) provides that members and recipients of or candidates for IIA professional certifications, breaches of the Code of Ethics will be evaluated and administered according to The Institute's Bylaws and Administrative Directives. The fact that a particular conduct is not

mentioned in the Rules of Conduct does not prevent it from being unacceptable or discreditable, and therefore, the member, certification holder, or candidate can be liable for disciplinary action.

According to IIA (2013) internal auditors are expected to apply and uphold the following principles:

- i. **Integrity:** The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.
- ii. **Objectivity:** Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.
- iii. **Confidentiality:** Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.
- iv. **Competency:** Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.

2.4 Empirical literature

The study of Rick & Todd, (2008) conclude that internal auditing is an independent appraisal function established within an organization to examine and evaluate its activities as a service to the organization. According to them, internal audit 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. Rick & Todd, (2008) finally praise internal audit to have delivers greater value to an organization by championing good governance, supporting enterprise risk management rollout, consolidating compliance processes, and potentially coordinating various other corporate monitoring functions.

Zelege, (2007) observes the function of internal audit to corporate governance as set of processes, controls, and structures generally performed within the organization by, or on behalf of, stakeholders (including the board or other body directly appointed by stakeholders, to ensure that

their interests are protected and their goals are achieved. However, Norman, (2007) concludes that, over the past years, there has been a loud call for “good governance” of organizations.

In the wake of corporate scandals, Tumuheki, (2007) widespread unethical behavior, and illegal activity in some of the most respected organizations, audit functions has geared to corporate governance to become important in both public and private organizations. These accounting scandals and legislation highlight the critical role the internal audit functions plays in corporate governance (Deborah et al, 2008). Jan (2005) concludes that “*It is therefore not surprising that the Institute of Internal Auditors (IIA) puts a lot of effort in guiding its members to become corporate governance specialists, capable to assist both management and the board*”.

In the study of Tumuheki, (2007), comments that, Uganda, like other transition economies, now increasingly recognizes that corporate governance is an essential tool for prosperity and economic growth. On his study for Small and Medium Enterprises (SMEs), Tumuheki, (2007) observes SMEs especially those with a serious desire to grow and perhaps someday get stock exchange listings of their own, they should consider adopting key elements of corporate governance as this will help them gain access to information and resources for growth. Tumuheki, (2007) concludes that, “the presence of proper accounting and bookkeeping practices increases confidence in SMEs and makes them less risky to invest or finance”. However, according to Wee & Teck (2003), there has been a recent growing call for the application of corporate governance to SMEs. Wee & Teck (2003) argue that, corporate governance has similar benefits to SMEs as to listed companies and therefore similar guidelines that apply to listed companies should also be applicable to SMEs.

Conceptually Gerrit & Ignace (2006), observe internal controls more specifically and risk management have been considered fundamental elements of organizational governance and that, it is the job of internal auditors to help organizations accomplish their objectives by bringing systematic and disciplined approaches to evaluate and improve the effectiveness of risk management, control and governance processes.

Sawyer & Vinten, (2006) conclude that, internal auditors have an important role in the corporate governance process and therefore need to be out in front, leading organizations with regards to the internal control systems and also focusing on strategic business objectives. They also need to

establish themselves as vital cogs in their organizations, rather than as observers who watch from the periphery and wait for events to impact their functions (Sawyer & Vinten, 2006). Therefore their experience and skill in carrying out audit work is of great importance since constructive advice to the Board and management adds value to organizations.

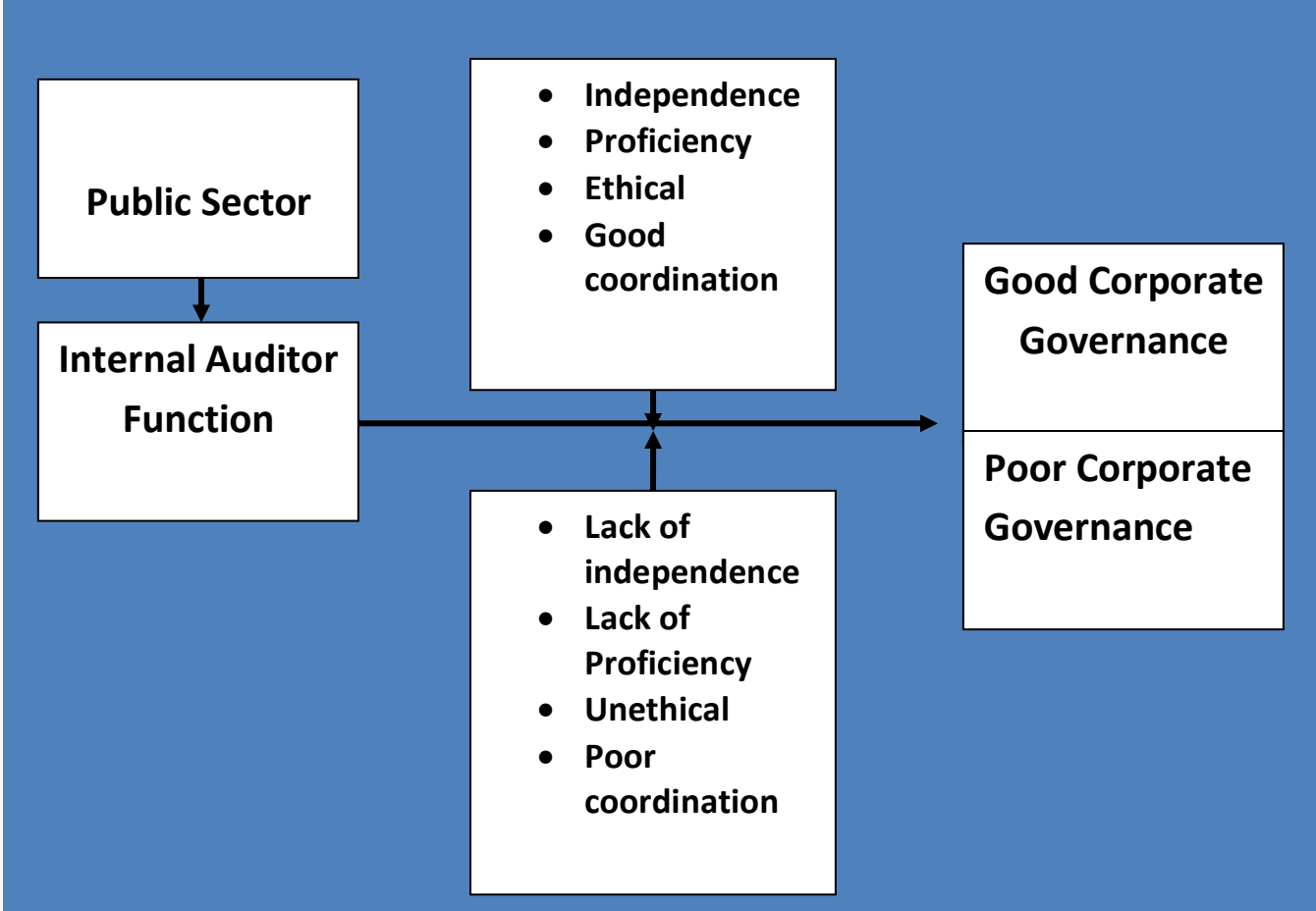
2.5 Conceptual Framework

The figure below shows the conceptual framework used in this study. The model suggests that corporate Governance in Public Sector is the function of effective internal audit services. The effective internal audit function is made possible by having independent internal audit function, proficient auditors, Good ethical behaviour of auditors and Good coordination.

Adequate independency of internal audit function, proficient auditors, Good ethical behaviour of internal auditors and good coordination when combined with good control environment, result into good corporate governance. In order to work properly, internal Audit functions require having independency from the clients who are being audited. Moreover, the efficiency of the function requires internal auditors to possess the knowledge, skills and other competencies needed to perform their responsibilities professionally. Also, for proper functioning of the internal audit, internal auditors need to be ethical and their activities need to be well coordinated with those of other assurance providers. When the Public Sector Internal Audit function is not independent, internal auditors are not proficient and ethical and when there is no coordination between internal auditors and other assurance providers, the Governance will be poor.

The variables that will be studied include independency of internal auditors, proficiency of internal auditors, and ethics of internal auditors and coordination of audit functions as independent variables. If the above factors are performing as required the expected results are Good governed Public Sector demonstrated by transparency, accountability, effectiveness and efficiency. However, when the above factors are opposite Governance in Public Sector will be poor and will be shown by lack of transparency, lack of accountability lack of efficiency and effectiveness. The relationship is represented as follows:

Figure 2.1: Conceptual Model



Researcher (2013)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Kothari (2004) defines research methodology as the way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. This chapter contains detailed information on methodological approach to this study. The chapter deals with research design, study area on which the study was conducted and the reason for selection, study population, sampling (sampling procedures, sample size and instrument), the method of data collection and lastly data analysis.

3.2 Research design

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Kothari, 2004). In this study a case study research design will be adopted. This type of research design is selected because; it helps to secure a wealth of information about the unit of study which may provide clues and ideas for further research (Krishnaswami, 2003). This design also selected because it employs a variety of techniques in data collection, such as historical method, descriptive method where a factual picture was needed, interviewing and questionnaires which were also used in this study.

3.3 Scope of the study

The study aimed at analyzing of factors contributing to ineffectiveness of internal Audit Functions in Promoting Corporate Governance in Public Sectors in Tanzania; a case of Mwanza City Council. The choice of Mwanza City Council based on the fact that the researcher wanted to explore flaws in internal audit functions of Public Sectors in Tanzania. Being the fact that Mwanza City Council has been identified that the recommendations which were given by CAG and Parliamentary oversight committee on local Authorities have not been implemented.

3.4 Population of the study

Population in research refers to individuals of more or less common characteristics that are of interest to a researcher (Creswell, 2003). The population of this study was 136 (30%) staff of Mwanza City Council and 17 councilors who directly involved in auditing function.

3.5 Sampling procedures

Two sampling techniques used in this study which were purposive and simple random sampling procedures. Purposive procedure is a method whereby sample elements judged to be typical representative are chosen from the population (Kothari, 2004). The chance that a particular case will be selected for the sample depends on the subjective judgment of the researcher. Purposive sampling was used to select the heads of sections, head of department, and Director of the Mwanza City Council. These were purposively being chosen because they were considered to possess vital information useful for the study by virtue of their positions. Simple random sampling as defines by Adam and Kamuzora, (2008) refer to probability sampling whereby all members in the population have equal chance of being selected to form a sample. Simple random sampling was used to select members of staff. Also Councilors of the Mwanza City Council will were chosen randomly.

3.6 Sample size

Kothari, (2004) defines sample as a small group of respondents drawn from a population about which a researcher is interested in getting the information so as to arrive at a conclusion. The sample size of this study was 30% of the total number of staff from each category of representation including head of sections and departments. Also 30% of the Councilors of Mwanza City Council was considered as representative sample size. The reason for 30% as representative sample size was based on the assumption that everything being equal, the larger the sample, the greater the precision. The effect of size represents the strength of the relationship among variables in the population. If other factors are controlled, the larger the effect size, the greater the degree that a phenomenon manifests itself (Baroudi and Orlowiski, 1989).

3.7 Types and sources of data

The study used two sources of data, i.e. primary and secondary data. Primary data means data directly collected from the area of study while secondary data means data from secondary sources like books, journals, reports and speeches. Mertens (1998) asserts that with regards to the nature of the study topic, types of data are usually distinguished between primary and secondary type of information.

Primary Data: Primary data are described as those items that are original to the problem under study (Cohen et al. 2000). This undertaking access and generate primary data from selected Mwanza City Council through interviews (face-to-face interviews). Primary data are necessary in order to get relevant, original and reliable first hand information about the problem under study.

Secondary Data: These are accounts offered by the second part, those who did not actually see the object or event but obtained information and provided descriptions of what they learned (Mason & Bramble, 1997). They are usually seen as text that is produced much later than the events being studied, offering an interpretation and conversion of the primary data into an account that may be consulted by others (Mertens, 1998). The present study collected and generated the secondary data through documentary search like office records, circulars, administrative files, reports and minutes of meetings related to the research problem. However, the secondary data were used in the absence of, or to supplement primary data.

3.8 Methods of data collection

To some extent, the kind of instrument used in data collection depends upon how the data was collected (Mason & Bramble, 1997). The study employed a variety of methods to facilitate the cross-checking of the accuracy of information collected from the field. The use of more than one method is aiming at obtaining adequate, original and relevant data about the study from a variety of respondents. The methods included the following:

3.8.1 Interview

Interviewing is basically about asking questions and receiving answers. It is a way of accessing people's perception, meaning and definitions of situations and construction of reality (Punch, 2005). Interview was done to key informants such as Heads of sections, departments and Director of City Council. Through in-depth interviews, the researcher able to ask questions related to

factors contributing to ineffectiveness of internal Audit Functions in Promoting Corporate Governance in Public Sectors in Tanzania. The interview method would quite flexible and could be easily adapted to a variety of situations (Mason & Bramble, 1997). This study would employ unstructured and semi-structured interviews. Interviews will would conducted face-to-face, or over the telephone, or with groups (Mason & Bramble, 1997). However, the respondents did not found disposable to the researcher during the period for data collection.

3.8.2 Questionnaire

One set of a structured questionnaire (Appendix 2) was prepared and pretested before being used as the main data collection instrument. The structured questionnaire was administered to the staff of Mwanza City Council. Structured questionnaire is that questionnaire which poses definite, concrete and preordained questions; that is they are prepared in advance (Rwegoshora, 2006). The purpose of pre-testing the questionnaire is to test wording, sequencing, questionnaire layout, and fieldwork arrangement, test analysis procedure and estimate response rate (Veal, 1997).

The questionnaire was divided into six parts. Part I comprised of questions focusing on personal particulars of the staff including age, sex, education level, working experience and designation. Part II questions asked information on independence by internal auditors and internal audit functions affect Corporate Governance in the Public Sector in Tanzania. Part III contained questions on how lack of proficiency by internal auditors contributes to Corporate Governance in the Public Sector in Tanzania. Part IV had questions on the effect of unethical behavior of internal auditors to Corporate Governance of Public Sector in Tanzania. Part V had questions on the consequences of poor coordination of internal audit functions on the corporate Governance of Public Sector in Tanzania. Part VI had questions on the corporate governance in the Mwanza City Council.

3.8.3 Secondary Information

Documentary data obtained from office records and documentation including minutes of the meetings, letters, reports and the administrative files and other related records. Other data were obtained from CAG report, government records and documents such as circulars, directives, policies, Acts, and reports. Data from documentary search complements the data and information

generated through interviews. Books and journals were also used to shape the direction of the research.

3.9 Validation and reliability of research instrument

Validation of data collection instruments aims at establishing indicators that provide evidence that information generated through selected instruments in the research is trustworthy and believable (Mertens, 1998). Mertens asserts that validity (measuring the intended one) and reliability (accurate estimate of the target attribute) are normally used in the quantitative approach. However, in qualitative research, validity stresses on internal consistency and a coherent logic across the study components and reliability focuses on dependability of the data (Punch, 2005). Thus, for the purpose of quality, the study instruments are refined through the comments from the research supervisor, some researcher's fellow Masters' students, and the researcher himself in the field. The purpose was to make the instruments focus on the purpose of the study.

Pilot testing of the reliability and validity of data gathering instruments is conducted within the Mwanza City Council. The responses derived from the pilot study enabled the researcher to redesign some of the research questions for ambiguity clarification and making necessary adjustments. For validity purposes, the researcher used triangulation of the data. In the field, the researcher increased the reliability of data by revealing the study purpose to the respondents. Confidentiality of respondents' information was highly regarded and ensured for them to freely express their views and uncover relevant information they were aware of and or they possessed.

3.9 Measurement of variables

The dependent and independent variables in this study will be measured as shown below:

3.9.1 Dependent variable

Good corporate governance was measured along with two principles of good governance namely integrity and ethical behavior of internal auditors and disclosure and transparency of responsibilities of management to provide accountability in relation to financial reporting function.

Data on integrity and behavior of internal auditors were obtained by asking respondents to respond on the two questions: first whether they perceive the internal auditors in Mwanza City Council have the traits of integrity such as honest, faithfulness, and free from corruption. The response for “yes” and “no” will be calculated into percentage. Results of more than 50% were taken as acceptance that there is enough integrity on internal auditors in Mwanza City Council. Results of less than 50% were taken as there is no enough integrity on internal auditors in Mwanza City Council. Second to what extent of integrity do the respondents perceive to be with internal auditors at Mwanza City Council? The responses of very large extent, large extent, somehow, low extent, very low extent and not at all will were calculated into percentage.

Data on disclosure and transparency of responsibilities of management to provide accountability in relation to financial reporting function was obtained by asking respondents to respond on the two questions: first whether the responsibilities of management in relation to their financial accountability is open the member of staff and Councils. The response for “yes” and “no” were calculated into percentage. Results of more than 50% were taken as acceptance that there was enough transparency in Mwanza City Council. Results of less than 50% were taken as there was no enough in Mwanza City Council. Second to what extent of disclosure and transparency do the respondents perceive to be with management of Mwanza City Council? The responses of very large extent, large extent, somehow, low extent, very low extent and not at all were calculated into percentage.

3.9.2 Independent variables

3.9.2.1 Personal attributes

Personal attributes of respondents measured were gender, age, education level, job category and work experience of respondents. The variables of sex, age, education level, job category and work experience were measured as follows: gender and job category were measured by two point scales: (1 = male, 2= female). Age group was measured b five point scales ranging from 1 to 5: (1 = below 20 years, 2= 21 -30 years, 3= 31-40 years, 4 = 41-50 years and 5 = above 50 years). Education level variable were measured by four-point scales ranging from 1 for secondary education level, 2 for vocational education level, 3 for diploma education level and 4 for post graduate education level. Job experience variable was measured by four-point scales as 1 for

below three years 2 for three years to five years, 3 for five years and ten years and 4 for above ten years. Then percentages were calculated.

3.9. 2.2 Internal audit functions

The internal audit functions were measured by two items: whether Mwanza City Council has an internal audit unit; and whether the audit unit performs its function accordingly. The response for “yes” and “no” were calculated into percentage. Results of more than 50% were taken as acceptance that there was internal audit unit in Mwanza City Council. Results of less than 50% were taken as there was no internal audit unit in Mwanza City Council. Also the response for “yes” and “no” were calculated into percentage. Results of more than 50% were taken as acceptance that the audit unit performs its function accordingly in Mwanza City Council. Results of less than 50% were taken as the audit unit does not perform its function accordingly in Mwanza City Council. The results of 50% were taken neither accepted nor rejected. Therefore, the researcher judgment was needed in conclusion. Then responses of respondents were calculated into percentages and index.

3.9.2.3 Independence by internal auditors

The independence by internal auditors was measured by four items. First by asking the respondents whether they consider the audit unit to perform its functions independently. The answer of “yes” or “no” were expected. Second to what extent they rate the audit to be independent, the responses of at very large extent”, “large extent, “some extent” very small extent and “not at all” were expected. Third, whether internal audit at Mwanza City Council perform other duties which do not related to Audit function. The responses of “yes” or “no” were expected. Forth, whether Mwanza City Council organization structure put the audit function independently from hierarchical authority reporting? The responses of “yes” or “no” were expected. Finally how much percent of independence of internal auditors and internal audit functions does Mwanza City Council provide? The responses of ranging from 0% to 100% were expected. Results of more than 50% were taken as acceptance of the variable asked in the subject question. Results of less than 50% were taken as rejection of variable asked in the subject question. The results of 50% were taken neither accepted nor rejected. Therefore, the researcher

judgment was needed in conclusion. Then responses of respondents were calculated into percentages and index.

3.9.2.4 Proficiency by internal auditors

The proficiency by internal auditors was measured by six questions: first, whether audit functions undertaken in professional manner at Mwanza City Council. The respondents answered by “yes” or “no”. Second, whether staff working in Audit Unit at Mwanza City Council have required professional qualification. The respondents answered by “yes” or “no”. Third, by asking respondents put the actual number of staff profession working in audit unit. The professional education level are ranging from certified internal auditor, certified public accountant, masters degree in accountancy and finance field, degree/advance diploma in accountancy, diploma in accountancy, technical certificate accountancy, basic accountancy certificate and work by experience. Forth, what is the effect of lack of proficiency by internal auditors to Corporate Governance in Mwanza City Council? The respondents were expected to check on one or more effect like lack of proper evaluating controls and advising managers at all levels, lack of evaluating risks, poor analysis of operations and poor compliance. Fifth, whether by lack of proficiency affects Corporate Governance in Mwanza City Council. The respondents answered in “yes” or “no”. Lastly the respondents will asked to rank at what extent does lack of proficiency affects Corporate Governance in Mwanza City Council. They were expected to respond on one of the following option: “at very large extent” “at large extent” “to some extent” “to a very small extent” or “not at all.” Results of more than 50% were taken as acceptance of the variable asked in the subject question. Results of less than 50% were taken as rejection of variable asked in the subject question. The results of 50% were taken neither accepted nor rejected. Therefore, the researcher judgment was needed in conclusion. Then responses of respondents were calculated into percentages and index.

3.9.2.5 Unethical behavior of internal auditors

The effect of unethical behavior of internal auditors will was measured by using Likert scale. The response categories included “strongly agree”, “agree”, “disagree” and “strongly disagree”. A Likert type of response scale will be used with 1 = strongly agree, 2 = Agree 3 = Disagree, 4 = strongly disagree, 5 = Not Sure. “Strongly agree” and “agree” responses will be categorized as

“agree” while “strongly disagree” and “disagree” responses was categorized as “disagree”. “Not sure” was taken either agreed or disagreed. Individual respondent was required to show their agreement or disagreement on the several proposition statements. The scoring of the propositions on was calculated into mean behavioral scores.

3.9.2.5 Coordination of internal audit functions

The consequences of coordination of internal audit functions on the promotion of corporate Governance of Public Sector in Tanzania were measured by questions. First, the respondents asked who was a facilitator of implementation of internal audit functions in Mwanza City Council. They are expected check on one or more of the following positions: director of the Council, Heads of Departments, heads of section/unit/programme, ordinary staff or councilors. Second, asked to what extent of they consider the implementation of Audit functions was coordinated at Mwanza District Council. They will be expected to check on one of the option: very large extent, large extent, somehow, low extent, very low extent or not at all. Third, whether they consider the Mwanza District Council management was committed to the implementation of audit function. They were expected to respond on ‘yes’ or ‘no.’ Lastly, they asked to check on the extent does Mwanza City Council’s management was committed on coordination internal audit functions: very large extent, large extent, somehow, low extent, very low extent and not at all. Results of more than 50% were taken as acceptance of the variable asked in the subject question. Results of less than 50% were taken as rejection of variable asked in the subject question. The results of 50% were taken neither accepted nor rejected. Therefore, the researcher judgment was needed in conclusion. Then responses of respondents were calculated into percentages and index.

3.10 Methods of data analysis

The study generated both qualitative and quantitative data. According to Cohen et al (2007) content analysis is a research technique for making replicable and valid inferences from the meaningful matter to the contexts of their use. Therefore, its use ed the researcher to summarize data from the field and report them as findings. This is done by coding the obtained data and categorizing them into themes for the purpose of creating meaningful units of analysis that appeared in terms of words, phrases and sentences. Quantitative data derived from documents and

questionnaires were first summarized in tabular form showing frequencies, sums, percentages and rank orders. Some of the quantitative data were used to construct grouped bar graph. In the second stage the summarized data from tables and bar graphs were then be analyzed and interpreted as findings of study context.

CHAPTER FOUR

PRESENTATION OF FINDINGS

4.0 Introduction

This chapter presents the research findings with the intention of covering factors contributing to ineffectiveness of internal audit function in promoting good corporate governance in Public Sectors in Tanzania, the case of Mwanza City Council. The study has been carried out by finding information from different people using two means of fact finding namely questionnaire and interview. Based on statement of the problem, four questions were drawn and these are:-

- i. How does lack of independence to internal auditors and internal audit functions affects corporate governance in Public Sector in Tanzania?
- ii. What are the effects of lack of proficiency by internal auditors on promotion of Corporate Governance in the Public Sector in Tanzania?
- iii. What are the effects of unethical behavior of internal auditors on promotion of Corporate Governance in Public Sector in Tanzania?
- iv. What are the consequences of coordination of internal audit functions on the promotion of corporate Governance in Public Sector in Tanzania?

Answers to these questions provide the means of achieving the study objective. However, three categories of respondents namely Staff Members, Head of Departments and Units and Councils participated in this study.

4.1 Respondents Analysis

Respondents were analyzed based on their age, their education level and their work experience. This section presents this analysis. However, it starts by presenting response rate of the two categories namely Staff respondents and Councils' respondents. Although the study intended to interview the Director of the Council, Heads of Department, Sections, Units and Programmes, the researcher did not managed to access them within time frame of this study. Hence they are not analyzed in this study.

4.1.1 Staff Respondents Rate

Table 4.1 below shows that out of the 136 respondents 120 (88.24%) responded while 16 (11.76%) did not respond on the questionnaire. The 136 number of Staff respondents were arrived by calculating 30% of the 453 total Staff of the Mwanza City Council. The non respondents were not analyzed this study.

Table 4.1 Staff respondents rate

	Frequency	Percent	Cumulative Percent
Respondents	120	88.24	88.24
Non Respondents	16	11.76	100
Total	136	100	

Field Data (2013)

4.1.2 Councils' Response Rate

Table 4.2 below shows that all 5 sampled Councils' Respondents responded to the questionnaire. The 5 number of Staff respondents were arrived by calculating 30% of the 17 total Councils of the Mwanza City Council.

Table 4.2 Councils' response rate

	Frequency	Percent	Cumulative Percent
Respondents	5	100	100
Non Respondents	0	0	100
Total	5	100	

Field Data (2013)

4.1.3 Staff Respondents Age Group

Table 4.3 presents age group of Staff Respondents. According to the data, majority of the respondents were between age group of 31 and 50 years old. 47 (34.56%) were aged between 31 and 40 years old and 44 (32.35%) were aged between 41 and 50 years old. Others were 24 (17.65%) with above 50 years old and 21 (15.44%) with age group of 21 to 30 years old. However, there were no respondents with below 20 years old. This implies that majority of the respondents were between age group of 31 to 40 years old who where 47 (34.56%) while respondents with the age group of 21 to 30 years old were found to be respectively few 21 (15.44) of all the respondents.

Table 4.3 Staff respondents age group

Year	Frequency	Percent	Cumulative Percent
Below 20	0	0	0
21 - 30	21	15.44	15.44
31 - 40	47	34.56	50.00
41 - 50	44	32.35	82.35
Above 50	24	17.65	100
Total	136	100	

Field Data (2013)

4.1.3 Education Level

The study also captured staff respondents education level. Table 4.4 below shows that 43 (32.62%) of the staff respondents had vocational education level, followed by 39 (28.68%) with diploma education level, 33 (24.26%) with secondary education level, 17(12.50%) with first degree and lastly 4 (2.694%) with post graduate education level. This implies that majority of staff respondents had vocational education 43 (32.62%) while staff respondents with post graduate education were found to be respective few 4 (2.694%)

Table 4.4 Staff respondents education level

Education Level	Frequency	Percent	Cumulative Percent
Secondary	33	24.26	24.26
Vocational	43	31.62	55.88
Diploma	39	28.68	84.56
First Degree	17	12.50	97.06
Post Graduate	4	2.94	100
Total	136	100	

Field Data (2013)

4.1.4 Work Experience

Work experiences of the staff respondents were also captured in this study. Table 4.5 below shows that 65 (47.79%) of the respondents had between 5 and 10 years of work experience in Mwanza City Council. 33 (24.26%) of the respondents in this category had between 3 and 5 years

of work experience in Mwanza City Council, 21 (15.44%) had above 10 years of work experience in Mwanza City Council and 17 (12.5%) had less than 3 years of work experience in Mwanza City Council. This implies that the trend assures the researcher that majority of the respondents 65(47.79%) in this category had enough experience with Mwanza Coty Council of 5 to 10 years working experience to provide reliable information regarding factors contributing to ineffectiveness of internal audit function in promoting good corporate governance in Public Sectors particularly in Mwanza City Council.

Table 4.5 Staff members' work experience

Years	Frequency	Percent	Cumulative Percent
Less than 3 years	17	12.5	12.5
3 years and 5 years	33	24.26	36.76
5 years and 10 years	65	47.79	84.56
Above 10 years	21	15.44	100
Total	136	100	

Field Data (2013)

4.1.5 Gender

The genders of the staff respondents were also captured in this study. Table 4.6 shows that 69 (50.74%) of the staff respondents were male while 67 (49.26%) were female. This implies that male were the majority by 69(50.74%) against female by 67(49.26%) of total number of respondents.

Table 4.6 Staff respondents gender

Gender	Frequency	Percent	Cumulative Percent
Male	69	50.74	50.74
Female	67	49.26	100
Total	136	100	

Field Data (2013)

4.1.6 Councils' Respondents Age Group

Table 4.7 presents age group of Councils' Respondents. According to the data, 3 (60%) of the respondents were above 50 years old. 2 (40%) were aged between 41 and 50 years old. This implies that, Councils of Mwanza City Council were matured grown individuals.

Table 4.7 Councils' respondents age group

Year	Frequency	Percent	Cumulative Percent
Below 20	0	0	0
21 – 30	0	0	0
31 – 40	0	0	0
41 – 50	2	40	40
Above 50	3	60	100
	5	100	

Field Data (2013)

4.1.7 Councils' Respondents Education Level

The study also captured Councils' respondents education level. Table 4.8 below 40 (40%) of the Councils' Respondents had diploma education level, followed by 1 (20%) with secondary education level, 1(20%) with first degree education level, and 1 (20%) with post graduate education level. This implies that, the education level of the Councils of Mwanza City Council is well mixed up with all levels.

Table 4.8 Councils' respondents education level

Education Level	Frequency	Percent	Cumulative Percent
Secondary	1	20	20
Vocational	0	0	20
Diploma	2	40	60
First Degree	1	20	80
Post Graduate	1	20	100
Total	5	100	

Field Data (2013)

4.1.8 Councils' Work Experience

Work experiences of the Councils' Respondents were also captured in this study. Table 4.9 below shows that 4 (80%) of the respondents had between 3 and 5 years of work experience in Mwanza City Council. 1 (20%) of the respondents in this category had between 5 and 10 years of work experience in Mwanza City Council. This implies that majority of the Council were serving their term in the very first elected.

Table 4.9 Councils' work experience

Years	Frequency	Percent	Cumulative Percent
Less than 3 years	0	0	0
3 years and 5 years	4	80	80
5 years and 10 years	1	20	100
Above 10 years	0	0	100
Total	5	100	

Field Data (2013)

4.1.9 Councils' Respondents Gender

The genders of the Councils' respondents were also captured in this study. Table 4.10 shows that 4 (80%) of the Councils' Respondents were male while 1 (20%) were female. This implies that, female are less involved in political leadership in the Lake Zone.

Table 4.10 Councils' respondents gender

Gender	Frequency	Percent	Cumulative Percent
Male	4	80	80
Female	1	20	100
Total	5	100	

Field Data (2013)

4.2 Lack of independence by internal auditors

Several items were used to measure the effect of independence by internal auditors and internal and functions on promotion of corporate governance in Public Sector in Tanzania. The findings of these items are here under presented:

4.2.1 Internal audit unit (Staff Respondents)

Table 4.11 below shows that all 136 (100%) of the Staff Respondents accepted that Mwanza City Council has audit unit. This means that, majority of the Staff at Mwanza City Council knows and recognizes the presence of audit unit in the Council.

Table 4.11 Internal audit unit (Staff Respondents)

Response	Frequency	Percent	Cumulative Percent
Yes	136	100	100
No	0	0	100
Total	136	100	

Field Data (2013)

As well table 4.12 presents that all 5 (100%) of the Mwanza Councils' respondents accepted that Mwanza City Council has audit unit. This means that, all of the Councils at Mwanza City Council knows and recognizes the presence of audit unit in the Council.

Table 4.12 Internal audit unit (Councils' Respondents)

Response	Frequency	Percent	Cumulative Percent
Yes	5	100	100
No	0	0	100
Total	5	100	

Field Data (2013)

4.2.2 Wether audit unit performs its function accordingly (Staff Respondents)

Respondents were asked whether they know if Mwanza City Council audit unit performs its function accordingly. Table 4.13 shows that, 68 (50%) of the respondents in the category of staff respondents accepted with the performance while another 68 (50%) of the respondents in the same category did not accept the performance.

Table 4.13 Mwanza City Council audit unit performs its function accordingly (Staff Respondents)

Response	Frequency	Percent	Cumulative Percent
Yes	68	50	50
No	68	50	100
Total	136	100	

Field Data (2013)

Table 4.14 shows that, 3 (60%) of the respondents in the category of Councils accepted with the proposition while another 2 (40%) of the respondents in the same category did not accepted the proposition. This implies that some Staff at Mwanza City Council does not honour the function of audit unit while some Staff does honour it.

Table 4.14 Mwanza City Council audit unit performs its function accordingly (Councils' Respondents)

Response	Frequency	Percent	Cumulative Percent
Yes	2	40	40
No	3	60	100
Total	5	100	

Field Data (2013)

4.2.3 Audit unit performs its function independently

Also respondents were asked whether Mwanza City Council audit unit performs its function independently. Table 4.15 shows that all 36 (52.94%) of the staff respondents who accepted the previous propositions (Mwanza City Council audit unit performs its function accordingly) disagreed that Mwanza City Council audit unit performs its function independently. However, 32 (47.06%) accepted the proposition.

Table 4.15 Audit unit performs its function independently (Staff Respondents)

Responses	Frequency	Percent	Cumulative Percent
Yes	32	47.06	47.06
No	36	52.94	100
Total	68	100	

Field Data (2013)

On the same proposition, Councils' Respondents who accepted that (Mwanza City Council audit unit performs its function accordingly) 1 (50%) accepted while another 1 (50%) rejected the proposition that Mwanza City Council audit unit performs its function independently. Following the trend of the respondents one can notice that audit unit at Mwanza City Council is interfered on performing its functions.

Table 4.16 Audit unit performs its function independently (Councils' Respondents)

Responses	Frequency	Percent	Cumulative Percent
Yes	1	50	50
No	1	50	100
Total	2	100	

Field Data (2013)

4.2.3 Extent does Mwanza City Council's Audit Unit is independent

In order to justify the results from the respondents, they were asked to rate the extent to which Mwanza City Council's Audit Unit is independent. Table 4.17 shows that all 32 respondents who accepted that Mwanza City Council performs its duties independently, indicated that Mwanza City Council Audit unit is independent to some extent.

Table 4.17 Extent does Mwanza City Council’s Audit Unit is independent (Staff Respondents)

Responds	Frequency	Percent	Cumulative Percent
At very large extent	0	0	0
At large extent	0	0	0
To some extent	32	100	100
To a very small extent	0	0	100
Not at all	0	0	100
Total	32	100	

Field Data (2013)

On the same line all of the Councils’ respondents who accepted that, the Audit Unit to have performed its function independently, indicated that Mwanza City Council Audit unit is independent to some extent (**Table 4.18**).

Independent auditor means that a certified public accountant who examines the financial records and business transactions of a company that he/she is not affiliated with. An independent auditor is typically used to avoid conflicts of interest and to ensure the integrity of the auditing process. When an audit is performed, it is the financial auditor's job to make sure that records are examined in an honest and forthright manner.

Table 4.18 Extent does Mwanza City Council’s Audit Unit is independent (Councils’ Respondents)

Responses	Frequency	Percent	Cumulative Percent
At very large extent	0	0	0
At large extent	0	0	0
To some extent	1	100	100
To a very small extent	0	0	100
Not at all	0	0	100
Total	1	100	

Field Data (2013)

4.2.4 Internal auditor perform other duties which do not related to Audit function

Respondents were asked whether Mwanza City Council internal auditor perform other duties which do not related to Audit function. Table 4.19 shows that all Staff Respondents (100%) accepted the proposition. This implies that despite the auditor is suppose to be independent, Mwanza City Council assign him/her with another duties.

**Table 4.19 Internal auditor perform other duties which do not related to Audit function
(Staff Respondents)**

Response	Frequency	Percent	Cumulative Percent
Yes	136	100	100
No	0	0	100
Total	136	100	

Field Data (2013)

The same as the staff respondents, all Councils' respondents accepted that Mwanza City Council internal auditor perform other duties which do not related to Audit function (Table 4.20).

**Table 4.20 Internal auditor perform other duties which do not related to Audit function
(Councils' Respondents)**

Response	Frequency	Percent	Cumulative Percent
Yes	5	100	100
No	0	0	100
Total	5	100	

Field Data (2013)

4.2.5 Organization structure put the audit function independently

Respondents were asked whether Mwanza City Council organization structure put the audit function independently from hierarchical authority reporting. Table 4.21 shows that all (100%) staff respondents accepted that Mwanza City Council organization structure put the audit function independently from hierarchical authority reporting.

Table 4.21 Organization structure put the audit function independently from hierarchical authority reporting (Staff Respondents)

Response	Frequency	Percent	Cumulative Percent
Yes	136	100	100
No	0	0	100
Total	136	100	

Field Data (2013)

Also Table 4.22 shows that all (100%) of the Councils' Respondents accepted that Mwanza City Council organization structure put the audit function independently from hierarchical authority reporting.

Table 4.22 Organization structure put the audit function independently (Councils' Respondents)

Response	Frequency	Percent	Cumulative Percent
Yes	5	100	100
No	0	0	100
Total	5	100	

Field Data (2013)

4.2.6 Independence of internal auditor and internal audit functions

In concluding to the independence of internal auditor and internal audit functions of Mwanza City Council, respondents were asked to rank in percentage how much does Mwanza City Council Auditor and Audit Unit is independence. Table 4.23 shows that 30 staff respondents rank it at 50% and 34 staff respondents rank it at 40% other 30 staff respondents rank it 10%, other 30 respondents in this category rank it at 0% and finally 4 rank it at 20%.

Table 4.23 Independence of internal auditors and internal audit functions

(Staff Respondents)

Percentage	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Staff Respondents	30	30	4	0	34	30	0	0	0	0	0

Field Data (2013)

Meanwhile Councils' Respondents rank the level of independence of internal auditor and internal audit functions of Mwanza City Council. Table 4.24 shows that 3 Councils' Respondents rank it at 0% while another 2 Councils' Respondents rank it at 50%.

Table 4.24 Independence of internal auditors and internal audit functions of Mwanza City Council (Councils' Respondents)

Percentage	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Councils Respondents	3	0	0	0	0	2	0	0	0	0	0

Field Data (2013)

4.3 Lack of proficiency by internal auditors

The study examined how lack of proficiency by internal auditors contributes to ineffective Corporate Governance. The findings of these items are here under presented:

4.3.1 Whether Audit function is undertaken in professional manner

Table 4.25 below shows that all 68 (50%) of the staff respondents accepted that audit function is undertaken in professional manner at Mwanza City Council. On the other hand 68 (50%) rejected that audit function is undertaken in professional manner at Mwanza City Council.

Table 4.25 Audit function is undertaken in professional manner at Mwanza City Council (Staff Respondents)

Response	Frequency	Percent	Cumulative Percent
Yes	68	50	50
No	68	50	100
Total	136	100	

Field Data (2013)

Table 4.26 shows that, 3 (60%) of the respondents in the category of Councils rejected with the proposition while another 2 (40%) of the respondents in the same category accepted the proposition that audit function is undertaken in professional manner at Mwanza City Council.

Table 4.26 Audit function is undertaken in professional manner at Mwanza City Council (Councils' Respondents)

Response	Frequency	Percent	Cumulative Percent
Yes	2	40	40
No	3	60	100
Total	5	100	

Field Data (2013)

4.3.2 Audit Unit at Mwanza City Council has required professional qualification

Also respondents were asked whether Audit Unit at Mwanza City Council has required professional qualification. Table 4.27 shows that all 78 (57.35%) of the staff respondents who accepted the previous propositions. However, 58 (42.65%) rejected that Mwanza City Council audit unit has required professional qualification.

Table 4.27 Audit Unit at Mwanza City Council has required professional qualification (Staff Respondents)

Response	Frequency	Percent	Cumulative Percent
Yes	78	57.35	57.35
No	58	42.65	100
Total	136	100	

Field Data (2013)

On the other hand when the Councils' respondents were asked whether, Audit Unit at Mwanza City Council has required professional qualification 100% of Councils' Respondent accepted that has required professional qualification (Table 4.28).

Table 4.28 Audit Unit at Mwanza City Council has required professional qualification (Councils' Respondents)

Response	Frequency	Percent	Cumulative Percent
Yes	5	100	100
No	0	0	100
Total	100	100	

Field Data (2013)

4.3.3 Mwanza City Council Audit Unit Staff Education Level

Respondents generally were asked to indicate the number of qualifications of the Staff performing audit functions in the Audit Unit of Mwanza City Council. Table 4.29 summarizes the report from the respondents.

Table 4.29 Mwanza City Council Audit Unit Staff Education Level

Level of professional education	Number of staff
Certified Internal Auditor	0
Certified Public Accountant	0
Masters degree in Accountancy and Finance field	0
Degree/Advanced Diploma in Accountancy	1
Diploma in Accountancy	1
Technical Certificate Accountancy	4
Basic Accountancy Certificate	0
Work by experience	0

Field Data (2013)

4.3.4 Effect of lack of proficiency by internal auditors to Corporate Governance in Mwanza City Council

Respondents were asked to vote for the effect of the effect of lack of proficiency by internal auditors to Corporate Governance in Mwanza City Council. Table 4.30 below shows that, lack of proper evaluating controls and advising managers at all levels scored 136 votes of the Staff Respondents, lack of evaluating risks scored 100 votes of Staff Respondents, poor analysis of operations scored 56 votes of the Staff Respondents and poor compliance scored 136 votes of the Staff Respondents.

Table 4.30 Effect of lack of proficiency by internal auditors to Corporate Governance in Mwanza City Council (Staff Respondents)

Challenges	Score
Lack of proper evaluating controls and advising managers at all levels	136
Lack of evaluating risks	100
Poor analysis of operations	56
Poor compliance	136

Field Data (2013)

Meanwhile, Councils' respondents were asked to vote for the same on effect of the effect of lack of proficiency by internal auditors to Corporate Governance in Mwanza City Council. Table 4.31 below shows that, lack of proper evaluating controls and advising managers at all levels scored 5 votes of the Councils' Respondents, lack of evaluating risks scored 4 votes of Councils' Respondents, poor analysis of operations scored 2 votes of the Councils' Respondents and poor compliance scored 5 votes of the Councils' Respondents.

Table 4.31 Effect of lack of proficiency by internal auditors to Corporate Governance in Mwanza City Council (Councils' Respondents)

Challenges	Score
Lack of proper evaluating controls and advising managers at all levels	5
Lack of evaluating risks	4
Poor analysis of operations	2
Poor compliance	5

Field Data (2013)

4.3.5 Lack of proficiency affects promotion of corporate governance in Mwanza City Council

Respondents were asked whether lack of proficiency affects Corporate Governance in Mwanza City Council. Table 4.32 below shows that, 100 (73.53%) of the staff respondents accepted with the proposition while 36 (26.47%) rejected the proposition.

Table 4.32 Lack of proficiency affects promotion of corporate governance in Mwanza City Council

Response	Frequency	Percent	Cumulative Percent
Yes	100	73.53	73.53
No	36	26.47	100
Total	136	100	

Field Data (2013)

Also Councils' respondents were asked whether lack of proficiency affects Corporate Governance in Mwanza City Council. Table 4.33 below shows that, all (100%) of the Councils' respondents accepted with the proposition.

Table 3.33 Lack of proficiency affects Corporate Governance in Mwanza City Council (Councils' Respondents)

Response	Frequency	Percent	Cumulative Percent
Yes	5	100	100
No	0	0	100
Total	5	100	

Field Data (2013)

4.3.6 Extent does lack of proficiency affects Corporate Governance in Mwanza City Council

In order to justify the results from the respondents, they were asked to rate the extent of does lack of proficiency affects Corporate Governance in Mwanza City Council. Table 4.34 shows that

120 (88.24%) Staff Respondents indicated that corporate governance of Mwanza City Council is affected at large extent due to lack of proficiency in the Audit Unit. 16 (11.76%) indicated that corporate governance of Mwanza City Council is affected to some extent due to lack of proficiency in the Audit Unit.

Table 4.34 Extent does lack of proficiency affects Corporate Governance in Mwanza City Council (Staff Respondents)

Response	Frequency	Percent	Cumulative Percent
At very large extent	0	0	0
At large extent	120	88.24	88.24
To some extent	16	11.76	100
To a very small extent	0	0	100
Not at all	0	0	100
Total	136	100	

Field Data (2013)

On the same justification, Table 4.35 shows that 4 (80%) Councils' Respondents indicated that corporate governance of Mwanza City Council is affected at large extent due to lack of proficiency in the Audit Unit. 1 (20%) indicated that corporate governance of Mwanza City Council is affected to some extent due to lack of proficiency in the Audit Unit.

Table 4.35 Extent does lack of proficiency affects Corporate Governance in Mwanza City Council (Councils' Respondents)

Response	Frequency	Percent	Cumulative Percent
At very large extent	0	0	0
At large extent	4	80	80
To some extent	1	20	100
To a very small extent	0	0	100
Not at all	0	0	100
Total	5	100	

Field Data (2013)

4.4 Effect of unethical behavior of internal auditors to promotion of Corporate Governance in Public Sector in Tanzania

On assessing the effect of unethical behavior of internal auditors to promotion of Corporate Governance in Public Sector, several items were measured in Likert of five scales with the

following criteria: “1 = strongly agree, 2 = Agree, 3 = Disagree, 4 = strongly disagree or 5 = Not Sure”. Tables below summarize the results:

4.4.1 Integrity

Respondents were asked if internal auditors perform their work with honesty, diligence, and responsibility 51.47% of respondents agreed while 25% disagreed, also if internal auditors observe the law and make disclosure expected by the law and profession 43% of respondents agreed while 39.71% disagreed. Respondents were also asked if internal Auditors engage in illegal activities which are discreditable to the professional of internal auditing, 56.62% disagreed while 39.71 agreed.

Table 4.36 Integrity

	Response	Frequency	Percent	Cumulative Percent
Internal Auditors perform their work with honesty, diligence, and responsibility	Strongly Agree	0	0	0
	Agree	70	51.47	51.47
	Disagree	34	25	76.47
	Strongly Disagree	10	7.35	83.82
	Not Sure	22	16.18	100
	Total	136	100	
Internal Auditors observe the law and make disclosures expected by the law and the profession	Strongly Agree	9	6.62	6.62
	Agree	59	43	50
	Disagree	54	39.71	89.71
	Strongly Disagree	14	10.29	100
	Not Sure	0	0	100
	Total	136	100	
Internal Auditors in knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization	Strongly Agree	0	0	0
	Agree	54	39.71	39.71
	Disagree	77	56.62	96
	Strongly Disagree	5	3.68	100
	Not Sure	0	0	100
	Total	136	100	

Field Data (2013)

4.4.2 Objectivity

Respondents were asked if internal auditors participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment 59% disagreed while 22.06% agreed, also respondents were asked if internal auditors accept anything that may impair or be presumed to impair their professional judgment 49% of respondents agreed while 41.18% disagreed, also if they disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review, 55.15% disagreed while 41.18% agreed.

Table 4.37 Objectivity

	Response	Frequency	Percent	Cumulative Percent
Internal Auditors participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization	Strongly Agree	0	0	0
	Agree	30	22.06	22.06
	Disagree	80	59	80.88
	Strongly Disagree	20	14.71	95.59
	Not Sure	6	4.41	100
	Total	136	100	
Internal Auditors accept anything that may impair or be presumed to impair their professional judgment	Strongly Agree	0	0	0
	Agree	67	49	49.26471
	Disagree	56	41.18	90.44
	Strongly Disagree	13	9.56	100
	Not Sure	0	0	100
	Total	136	100	
Internal Auditors disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review	Strongly Agree	0	0	0
	Agree	56	41.18	41.18
	Disagree	75	55.15	96
	Strongly Disagree	5	3.68	100
	Not Sure	0	0	100
	Total	136	100	

Field Data (2013)

4.4.3 Confidentiality

Respondents were asked if internal auditors are prudent in the use and protection of information acquired in the course of their duties, 58.82% of respondents agreed while 22% disagreed. They were also asked if internal auditors use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization, 49.26% of respondents disagreed while 41.18% agreed.

Table 4.38 Confidentiality

	Response	Frequency	Percent	Cumulative Percent
Internal Auditors are prudent in the use and protection of information acquired in the course of their duties	Strongly Agree	0	0	0
	Agree	80	58.82	58.82
	Disagree	30	22	80.88
	Strongly Disagree	20	14.71	95.59
	Not Sure	6	4.41	100
	Total		136	100
Internal Auditors use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization	Strongly Agree	0	0	0
	Agree	57	42	41.91176
	Disagree	67	49.26	91.18
	Strongly Disagree	12	8.82	100
	Not Sure	0	0	100
	Total		136	100

Field Data (2013)

4.4.4 Competency

Respondents were asked if internal auditors engage only in those services on which they have the necessary knowledge, skills and experience, 49.26% of respondents agreed while 46% disagreed. also if auditors perform internal audit services in accordance with the International standards for the Professional practice of internal auditing 75.74% of respondents they were not sure while 14.71 disagreed. They were also asked if auditors continually improve their proficiency and the effectiveness and quality of their services 74% of respondents were not sure while 16.9% disagreed.

Table 4.39 Competency

	Response	Frequency	Percent	Cumulative Percent
Internal Auditors engage only in those services for which they have the necessary knowledge, skills, and experience	Strongly Agree	0	0	0
	Agree	67	49.26	49.26
	Disagree	63	46	95.59
	Strongly Disagree	0	0	95.59
	Not Sure	6	4.41	100
	Total	136	100	
Internal Auditors perform internal audit services in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards),	Strongly Agree	0	0	0
	Agree	13	10	9.56
	Disagree	20	14.71	24.26
	Strongly Disagree	0	0	24.26
	Not Sure	103	75.74	100
	Total	136	100	
Internal Auditors continually improve their proficiency and the effectiveness and quality of their services	Strongly Agree	0	0	0
	Agree	13	9.56	9.56
	Disagree	23	16.91	26
	Strongly Disagree	0	0	26
	Not Sure	100	74	100
	Total	136	100	

Field Data (2013)

4.5 Consequences of coordination of internal audit functions on the promotion of corporate Governance of Public Sector in Tanzania

On assessing the consequences of coordination of internal audit functions on the promotion of corporate Governance of Public Sector in Tanzania several items were measured as following:

4.5.1 Facilitator of implementation of internal audit functions in Mwanza City Council

Respondents were asked to vote for the facilitator of implementation of internal audit functions in Mwanza City Council. Table 4.40 below shows that Director of the Council scored 141 votes of all respondents, head of departments scored 100 votes of all respondents, head of sections/units/programmes scored 91 votes of the all respondents, Ordinary Staff scored 7 votes of all respondents and Councilors scored 87 votes of all respondents.

Table 4.40 Facilitator of implementation of internal audit functions in Mwanza City

Coordinator	Scores
Director of the Council	141
Head of Departments	100
Head of sections/units/programmes	91
Ordinary Staff	7
Councilors	87

Field Data (2013)

4.5.2 Extent of does Mwanza City Council Audit functions is coordinated

Respondents were asked to the extent of coordination of internal audit function in Mwanza City Council by considering the implementation of Audit functions is coordinated. Table 4.41 shows that, 120 (88.24%) of the Staff Respondents indicated that, Mwanza City Council Audit functions is coordinated to some extent while 16 (11.76%) of the Staff Respondents indicated that, Mwanza City Council Audit functions is coordinated at large extent.

**Table 4.41 Extent of coordination of audit function in Mwanza City Council
(Staff Respondents)**

Response	Frequency	Percent	Cumulative Percent
At very large extent	0	0	0
At large extent	16	11.76	11.76
To some extent	120	88.24	100
To a very small extent	0	0	100
Not at all	0	0	100
Total	136	100	

Field Data (2013)

Meanwhile, table 4.42 shows that, all 5 (100%) of the Councils' Respondents indicated that, Mwanza City Council Audit functions is coordinated to some extent.

**Table 4.42 Extent of does Mwanza City Council consider the implementation of Audit
functions is coordinated (Councils' Respondents)**

Response	Frequency	Percent	Cumulative Percent
At very large extent	0	0	0
At large extent	0	0	0
To some extent	5	100	100
To a very small extent	0	0	100
Not at all	0	0	100
Total	5	100	

Field Data (2013)

4.6 Corporate Governance

Corporate governance as a dependent variable was also measured in this study. Respondents were asked several questions for the same purpose:

4.6.1 Internal auditors in Mwanza City Council have the traits of integrity

Respondents were asked to whether internal auditors in Mwanza City Council have the traits of integrity. Table 4.47 shows that 68 (50%) of the staff respondents accepted the proposition while another 68 (50%) did not accept.

Table 4.47 Internal auditors in Mwanza City Council have the traits of integrity (Staff Respondents)

Response	Frequency	Percent	Cumulative Percent
Yes	68	50	50
No	+68	50	100
Total	136	100	

Field Data (2013)

Also Councils' respondents responded to whether internal auditors in Mwanza City Council have the traits of integrity. Table 4.48 shows that 3 (60%) of the Councils' respondents did not accept the proposition while 2 (40%) accepted.

Table 4.48 Internal auditors in Mwanza City Council have the traits of integrity (Councils' Respondents)

Response	Frequency	Percent	Cumulative Percent
Yes	2	40	50
No	3	60	100
Total	2	100	

Field Data (2013)

4.6.2 Extent of integrity with internal auditors at Mwanza City Council (Staff Respondents)

In order to justify the results from the respondents, they were asked to rate the extent of does Mwanza City Council's auditors have integrity. Table 4.49 shows that out of 68 of those accepted that auditors of Mwanza City Council have integrity, 34 indicated that, auditors of Mwanza City Council's have integrity to some extent.

Table 4.49 Extent of integrity with internal auditors at Mwanza City Council (Staff Respondents)

Response	Frequency	Percent	Cumulative Percent
At very large extent	0	0	0
At large extent	0	0	0
To some extent	34	100	100
To a very small extent	0	0	100
Not at all	0	0	100
Total	34	100	

Field Data (2013)

Similarly, Councils' Respondents were asked to rate the extent of does Mwanza City Council's auditors have integrity. Table 4.50 shows that 2 respondents who accepted that auditors of Mwanza City Council have integrity, indicated that, auditors of Mwanza City Council's have integrity to some extent.

Table 4.50 Extent of integrity with internal auditors at Mwanza City Council (Councils' Respondents)

Response	Frequency	Percent	Cumulative Percent
At very large extent	0	0	0
At large extent	0	0	0
To some extent	2	100	100
To a very small extent	0	0	100
Not at all	0	0	100
Total	2	100	

Field Data (2013)

4.6.3 The responsibilities of management in relation to their financial accountability is open to the member of staff and Councils

Respondents were asked whether the responsibilities of management in relation to their financial accountability are open to the member of staff and Councils. Table 4.51 shows that 68 (50%) of the staff respondents accepted the proposition while another 68 (50%) did not accept.

Table 4.51 The responsibilities of management in relation to their financial accountability is open to the member of staff and Councils (Staff Respondents)

Response	Frequency	Percent	Cumulative Percent
Yes	68	50	50
No	68	50	100
Total	136	100	

Field Data (2013)

Similarly, Councils' Respondents were asked whether the responsibilities of management in relation to their financial accountability are open to the member of staff and Councils. Table 4.52 shows that 50% of the councils' Respondents accepted the proposition while another 50% did not accept.

Table 4.52 The responsibilities of management in relation to their financial accountability (is open to the member of staff and Councils delete) (Councils' Respondents)

Response	Frequency	Percent	Cumulative Percent
Yes	1	50	50
No	1	50	100
Total	2	100	

Field Data (2013)

4.6.4 Extent of disclosure and transparency of management of Mwanza City Council

Respondents were asked to rate the extant of disclosure and transparency of management of Mwanza City Council. Table 4.52 shows that out of 68 of those accepted that responsibilities of management in relation to their financial accountability are open to the member of staff and Councils indicated that, to some extent there is disclosure and transparency of management of Mwanza City Council.

Table 4.52 **Extent of disclosure and transparency of management of Mwanza City Council (Staff Respondents)**

Response	Frequency	Percent	Cumulative Percent
At very large extent	0	0	0
At large extent	0	0	0
To some extent	34	100	100
To a very small extent	0	0	100
Not at all	0	0	100
Total	34	100	

Field Data (2013)

Similarly, Councils' respondents were asked to rate the extent of disclosure and transparency of management of Mwanza City Council. Table 4.53 shows that 2 respondents who accepted that responsibilities of management in relation to their financial accountability are open to the member of staff and Councils indicated that, to some extent there is disclosure and transparency of management of Mwanza City Council.

Table 4.53 **Extent of disclosure and transparency of management of Mwanza City Council (Councils' Respondents)**

Response	Frequency	Percent	Cumulative Percent
At very large extent	0	0	0
At large extent	0	0	0
To some extent	2	100	100
To a very small extent	0	0	100
Not at all	0	0	100
Total	2	100	

Field Data (2013)

CHAPTER FIVE

DISCUSSION OF FINDING

5.0 Introduction

This chapter discusses the major results and conclusions of both quantitative and qualitative information derived from both primary and secondary information. While secondary data were collected using the various documents related to auditing in Mwanza City Council, primary data were captured through questionnaires from staff respondents, Councils' respondents as well as interview results from the head of departments, sections and units. Results were presented and discussed through frequencies and charts.

5.1 Lack of independence by internal auditors and internal audit functions

The effect of independence by internal auditors and internal and functions on promotion of corporate governance in Public Sector in Tanzania were measured in six dimensions:

i. Mwanza City Council has an internal audit unit

Based on the results it was observed that, Mwanza City Council has audit unit. The establishment of Local Government Authorities (LGAs) in Tanzania is per articles 146 and 147 of the Constitution of the United Republic of Tanzania of 1977. The LGAs are categorized as District Authorities and Urban Authorities under Local Government Authorities Act Nos. 7 and 8 of 1982 establishing District Authorities and Urban Authorities respectively.

These are autonomous corporate bodies under the central government vested with the following two main powers: Firstly, Political autonomy whereby a LGA have a council which is a body consisting of councilors who are policy makers that make decisions on the welfare of the community in the area of jurisdiction. Secondly, financial autonomy whereby a LGA have power to collect revenue from established own sources and decide on the use of the revenue to finance various activities as they may deem fit (Local government finance Act. No. 9 of 1982)

The revenue collected from the own sources contribute to the pool of LGA's financial resources which are budgeted for to finance operational costs and development projects annually. The

central government disburses funds to the LGAs to finance the greater part of the annual budget, because the revenue collected from the LGAs own sources cannot suffice to finance the budget. (Boex, 2003) Statistics shows that the central government grants to LGAs contribute to more than 95% of financial resources of most LGAs in mainland Tanzania (MOFEA, 2009/10). This means that, the ability of the LGA to effectively finance its activities to some extent depends on its ability to mobilize financial resources from own sources to supplement government grants. The more the LGA collects revenue from own sources the more it becomes financial independent and gains autonomy to finance its budget by supplementing the central government grants. Institution of such importance and accountability call upon to establish an autonomous Audit Unit as an oversight unit to oversee the financial functions of the Council and advise how to risks associating with operations.

ii. Level of Mwanza City Council Audit Unit on performing its functions

Despite Mwanza City Council audit unit has established Audit Unit according to laws, its performance its function partially. This is according to the responses as indicated in the figure 5.1 below, majority of Staff and Councils' Respondents cumulatively rejected that the Audit Unit of Mwanza City Council performs its functions accordingly. The implication of this poor performance leads the Mwanza City Council to fail to comply with the recommendation of CAG and Parliamentary oversight committee. Thus, Mwanza Audit Unit is not in line with IIA standards which recommends that, an internal audit unit should help the organization achieve effective and efficient governance, risk and control processes associated with operations objectives, financial and management reporting objectives; and legal/regulatory compliance objectives (Prawitt, 2012).

Therefore, it is obvious that in Mwanza City Council the basic objective of Audit Unit which is to ensure effectiveness and efficiency of operations, reliability of financial and management reporting, compliance with laws and regulations and safeguarding of assets is not met.

iii. Level of Mwanza City Council Audit Unit on performing its functions independently

Also, despite of its establishment, Mwanza City Council audit unit is performing its functions with little independency. As indicated in the figure 5.2 below, majority of Staff and Councils' Respondents cumulatively rejected that the Audit Unit of Mwanza City Council performs its

functions independently. This also impact on the poor performance which leads the Mwanza City Council to fail to comply with the recommendation of CAG and Parliamentary oversight committee.

As observed by Bowen, (2008), IIA standards the focus of internal auditing is on Sarbanes-Oxley compliance, the importance of maintaining the independence and objectivity of internal audit should never be underweighted. In fact, if the independence and objectivity of internal auditing is impaired, Sarbanes-Oxley compliance is impaired at the same time.

According to the finding in this study, it means that, Mwanza City Council audit functions is not independent and freedom enough from conditions that threaten objectivity or the appearance of objectivity.

iv. Level of Mwanza City Council Audit Unit on performing other functions not related to auditing

Despite of requirement of audit unit of being independent, Mwanza City Council audits are performing other functions which are not related to audit functions. As indicated in the figure 5.3 below, all of Staff and Councils' Respondents cumulatively accepted that the Audits of Mwanza City Council performs its functions independently. This might be a major reason for the poor performance which leads the Mwanza City Council to fail to comply with the recommendation of CAG and Parliamentary oversight committee.

v. Mwanza City Council organization structure put the audit function independently from hierarchical authority reporting

Despite of flaws observed above Mwanza City Council organization structure put the auditor independently from hierarchical authority reporting. Figure 5.4 below, all of Staff and Councils' Respondents cumulatively accepted that the Audit of Mwanza City Council is placed independently from hierarchical authority of reporting. As Tirole (2009) observes, an internal auditor who is in a position of trust, might has a competing professional or personal interest. Such conflict of interest interests can make it difficult to an auditor to fulfill his or her duties

independently. A conflict of interest might exist even if there are no unethical or improper act results. A conflict of interest can create an appearance of bad behavior that can undermine confidence in the internal auditor, the internal audit activity, and the profession. A conflict of interest could impair auditor's ability to perform his or her duties and responsibilities objectively. Despite of hierarchical independence, probably Auditor of Mwanza City Council has accepted management responsibilities which keep him away from auditing anything that has direct or indirect authority or responsibility for. This might be a major reason for why Mwanza City Council fails to comply with the recommendation of CAG and Parliamentary oversight committee.

vi General level of independence of internal auditor and internal audit functions of Mwanza City Council

In order to identify the general level of independence of internal auditor and internal audit functions of Mwanza City Council, respondents were asked to fill a score table of percentage. Figure 5.5 shows the level of independence of internal auditor and internal audit functions of Mwanza City Council was below 50% by 75% of cumulatively respondents. This results signifies that there is no enough independence by internal auditors and internal audit functions to enhance the promotion of corporate governance in the Public Sector particularly Mwanza City Council.

5.2 Lack of proficiency by internal auditors contribute to ineffective Corporate Governance in the Public Sector in Tanzania

The effect of lack of proficiency by internal auditors on Corporate Governance in the Public Sector in Tanzania was measured in six dimensions:

i. Level of undertaking Audit function in professional manner at Mwanza City

Despite of requirement of audit unit of being undertaking by professional manner, Mwanza City Council auditing functions are not undertaken in fully professional manner. As indicated in the figure 5.6 below, majority of respondents cumulatively rejected that the Audit functions of Mwanza City Council is undertaking in professional manner. This is contrary to the theory by Sawyer, (2003), which provides that, "in order to maintain global standards, the Institute of

Internal Auditors (IIA) as the recognized international standard setting body for the internal audit profession and all audit functions should be undertaken in professional manner”.

ii. Level of professional qualification at Audit Unit of Mwanza City Council

Despite the respondents indicated that the audit functions at Mwanza City Council are not undertaken in professional manner, they contrarily indicated that the Council audit unit had required professional qualifications. Figure 5.7 summarizes the results. These results comply with Sawyer (2003), that in order to maintain global standards, the Institute of Internal Auditors (IIA) as the recognized international standard setting body for the internal audit profession and awards the Certified Internal Auditor designation, requires internal auditors to be recognized internationally through literal written examination. This means that Mwanza had recognized qualified auditor despite of the flaws surrounding his performance.

iii. Composition of educational profession at Mwanza City Council Audit

Unit Respondents generally were asked to indicate the number of qualifications of the Staff performing audit functions in the Audit Unit of Mwanza City Council. Figure 5.8 summarizes the report from the respondents. It was revealed that 67% of the Staff at the Audit Unit of Mwanza City Council was technical certificate holders followed by 17% with diploma in accountancy and lastly 16% with degree level. There were no a certified public accountant nor masters holders. However, IIA recognizes the certified public auditor as a qualification standard for public auditor. By lacking such qualification can be attributed with the flaws in the auditing functions at the Mwanza City Council.

iv. Effect of lack of proficiency by internal auditors to Corporate Governance in Mwanza City Council

Respondents were asked to vote for the effect of the effect of lack of proficiency by internal auditors to Corporate Governance in Mwanza City Council. Figure 5.9 below shows that, corporate governance in Mwanza City Council is affected by 32% by lack of proper evaluating controls and advising managers at all levels. Also lack of proficiency affects Mwanza City Council by 32% on poor compliance. Lack of evaluating risks was another effect on lack of

proficiency by 23% and poor analysis of operations was another effect on lack of proficiency by 13% .

v. Level of lack of proficiency affecting Corporate Governance in Mwanza City Council

On the level of lack of proficiency affecting corporate governance in Mwanza City Council, it was indicated by the respondents that it affects corporate governance at large extent when asked whether lack of proficiency affects Corporate Governance in Mwanza City Council (Figure 5.10). This implies that, this level of lack of proficiency in audit unit of Mwanza City Council has something to do with governance and accountability. As Morash and Moynagh (1998) observes, auditing discipline continues to evolve with interaction contributing to the governance and accountability environment in which it operates. Therefore proficiency of auditing is inevitably importance. However, this is not observed in Mwanza City Council. It should be understood that, proficiency requirements for comprehensive auditing should be the interests of the Mwanza City Council and audit unit as well as audit community and the executive decision-makers being served (Councils). Such requirements form important benchmarks that the audit community could use to develop its professional cadre and satisfy itself that it is providing relevant and credible audit services and products to its clients.

5.3 Effect of unethical behavior of internal auditors to promotion of Corporate Governance in Public Sector in Tanzania

On assessing the effect of unethical behavior of internal auditors to promotion of Corporate Governance in Public Sector, items such as integrity, objectivity, confidentiality and competency were measured in Mwanza City Council by likert of five scales with the following criteria: “1 = strongly agree, 2 = Agree, 3 = Disagree, 4 = strongly disagree or 5 = Not Sure”.

i. Integrity

Three propositions were posed to the respondents regarding the integrity of the auditors on discharging their duties:

a) Internal Auditors perform their work with honesty, diligence, and responsibility

Respondents were asked whether Internal Auditors perform their work with honesty, diligence, and responsibility. 51.47% of the respondents strongly agreed with the proposition while 25% disagreed, 7.35% strongly disagreed and 16.18% were not sure. Under the acceptance criteria of

this study this proposition was accepted. Therefore, it implies that internal auditors in Mwanza City Council does perform their duties with their work with honesty, diligence, and responsibility

b) Internal Auditors observe the law and make disclosures expected by the law and the profession

Respondents were asked on whether, Internal Auditors observe the law and make disclosures expected by the law and the profession. 50% of the respondents accepted with the proposition while 50% disagreed. Under the acceptance criteria of this study this proposition was neither accepted nor rejected.

c) Internal Auditors in knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization

Respondents were asked on whether, Internal Auditors in knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization. Cumulatively 60.3% of the respondents did not accept the proposition while 39.7% accepted. Under the acceptance criteria of this study this proposition was rejected. This implies that, internal auditors in Mwanza City Council do perform their duties honesty, without engaging into acts that are discreditable to the profession of internal auditing or to the organization.

ii. Objectivity

Three propositions were posed to the respondents regarding the objectivity of the auditors on discharging their duties:

a) Internal Auditors participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization

Respondents were asked on whether, Internal Auditors participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization. Cumulatively 73.41% of the respondents did not accept the proposition while 22.06% accepted. Under the acceptance criteria of this study this proposition was rejected. This implies that, internal auditors in Mwanza City Council do not participate in any activity or relationship that

may impair or be presumed to impair their unbiased assessment. This includes those activities or relationships that may be in conflict with the interests of the organization.

b) Internal Auditors accept anything that may impair or be presumed to impair their professional judgment

Respondents were asked on whether, Internal Auditors accept anything that may impair or be presumed to impair their professional judgment. Cumulatively 51 % of the respondents did not accept the proposition while 49% accepted. Under the acceptance criteria of this study this proposition was rejected. This implies that, internal auditors in Mwanza City Council do not accept anything that may impair or be presumed to impair their professional judgment.

c) Internal Auditors disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review

Respondents were asked on whether, Internal Auditors disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review. Cumulatively 58.83% of the respondents did not accept the proposition while 41.17% accepted. Under the acceptance criteria of this study this proposition was rejected. This implies that, internal auditors in Mwanza City Council do not disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review. This might the reason for failure to comply with the CAG and other boards' recommendations.

iii. Confidentiality

Two propositions were posed to the respondents regarding the confidentiality of the auditors on discharging their duties:

a) Internal Auditors are prudent in the use and protection of information acquired in the course of their duties

Respondents were asked on whether, Internal Auditors are prudent in the use and protection of information acquired in the course of their duties. Cumulatively 58.82% of the respondents accepted the proposition while 36.71% did accept. Under the acceptance criteria of this study this proposition was accepted. This implies that, internal auditors in Mwanza City Council are prudent in the use and protection of information acquired in the course of their duties.

b) Internal Auditors use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization

Respondents were asked on whether, Internal Auditors use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization. Cumulatively 58% of the respondents did not accept the proposition while 42% did accept. Under the acceptance criteria of this study this proposition was rejected. This implies that, internal auditors in Mwanza City Council do not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

iv. Competency

Three propositions were posed to the respondents regarding the confidentiality of the auditors on discharging their duties:

a) Internal Auditors engage only in those services for which they have the necessary knowledge, skills, and experience

Respondents were asked on whether, Internal Auditors engage only in those services for which they have the necessary knowledge, skills, and experience. 49.26% of the respondents accepted the proposition while 46% did accept and 4.41% were not sure. Under the acceptance criteria of this study this proposition was neither accepted nor rejected.

b) Internal Auditors perform internal audit services in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards)

Respondents were asked on whether, Internal Auditors perform internal audit services in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards). Cumulatively 90% of the respondents accepted the proposition while 10% did not accept. Under the acceptance criteria of this study this proposition was rejected. This implies that, internal auditors in Mwanza City Council do not perform internal audit services in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards). These results signify that competency of internal auditors at Mwanza City Council is not enough to perform their duties on promoting corporate governance.

c) Internal Auditors continually improve their proficiency and the effectiveness and quality of their services

Respondents were asked on whether, Internal Auditors continually improve their proficiency and the effectiveness and quality of their services. Cumulatively 90.91% of the respondents did not accept the proposition while 9.09% did accept. Under the acceptance criteria of this study this proposition was rejected. This implies that, internal auditors in Mwanza City Council do not continually improve their proficiency and the effectiveness and quality of their services.

5.4 Consequences of coordination of internal audit functions on the promotion of corporate Governance of Public Sector in Tanzania

On assessing the consequences of coordination of internal audit functions on the promotion of corporate Governance of Public Sector in Tanzania several items were measured as following:

i. Level of facilitation of audit functions in Mwanza City Council

It was revealed that, Director of the Council play a major role in facilitation of audit functions as he/she shared 33% followed by heads of department who shared 24%, heads of sections/units/prigrammes shared 21% and Councils shared 20% while ordinary staff are insignificantly shared 2% (Figure 5.11). These results are in line with Morris, (2001) in Prawitt (2012) that, Internal auditors and management usually work together to develop, assess, and improve internal controls to mitigate exposure to risk, once the organization's risks have been identified. Control self-assessment (CSA) is a tool internal auditors use to involve management and other employees in these processes. In this juncture, Mwanza City Council plays its role effectively.

ii. Extent does Mwanza City Council Audit functions are coordinated

On the extent does Mwanza City Council Audit functions are coordinated, it was revealed despite the audit functions are coordinated, the extent of such coordination was to some extent. These results however, jeopardize the previous level of coordination indicated above. It seems the commitment on coordination is not sufficiently to ensure the efficiency of audit functions to enhance corporate governance in Mwanza City Council.

5.6 Corporate Governance

Corporate governance as a dependent variable was also measured in this study. Respondents were asked several questions for the same purpose:

i. Internal auditors in Mwanza City Council have the traits of integrity

In the assessment on whether internal auditors in Mwanza City Council have the traits of integrity, the study reveals that, majority of the respondents rejected the proposition (Figure 5.13). These results signify that in Mwanza City Council is not in line with Sarbanes-Oxley Act of 2002 on the principles of corporate governance that, integrity should be a fundamental requirement in choosing corporate officers and board members. Organizations should develop a code of conduct for their directors and executives that promotes ethical and responsible decision making.

ii. The responsibilities of management in relation to their financial accountability

Respondents were asked whether the responsibilities of management in relation to their financial accountability are open to the member of staff and Councils. Figure 5.14 shows that 50% of the respondents from both categories of the respondents accepted and another 50% did not accepted. This implies that half of the management in the Management of Mwanza City Council are accountable while half of them are not accountable. According to Goergen, (2012), corporate governance is concerned with mitigation of the conflicts of interests between stakeholders. Corporate governance provides ways of mitigating or preventing these conflicts of interests which include the processes, customs, policies, laws, and institutions which have an impact on the way a company is controlled. Therefore, in Mwanza City Council there is a partial responsibility of management in relation to their financial accountability.

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.0 Introduction

A considerable number of items were covered by this study on the analysis of factors contributing to ineffectiveness of internal audit function in promoting good corporate governance in Public Sectors in Tanzania. This chapter will focus, first on the summary of the study. It then draws up conclusions from previous chapters and finally makes some recommendations to the Local Government Authorities in particular and to other stakeholders in general.

6.1 Summary

This study was undertaken from the analysis of factors contributing to ineffectiveness of internal audit function in promoting good corporate governance in Public Sectors in Tanzania. Specifically the study examined how lack of independence by internal auditors and internal audit functions affect promotion of corporate governance in the Public Sector in Tanzania; how lack of proficiency by internal auditors contribute to ineffective Corporate Governance in the Public Sector in Tanzania; assessed the effect of unethical behavior of internal auditors to promotion of Corporate Governance in Public Sector in Tanzania; and evaluated the consequences of coordination of internal audit functions on the promotion of corporate Governance of Public Sector in Tanzania.

6.1.1 Lack of independence by internal auditors and internal audit functions affect promotion of corporate governance in the Public Sector in Tanzania

It was found that, despite of having an established auditing unit in Mwanza City Council, the unit perform it functions without enough independence and freedom from conditions that threaten objectivity or the appearance of objectivity. Also, audits are performing other functions which are not related to audit functions. However, despite of hierarchical independence, probably Auditor of Mwanza City Council has accepted management responsibilities which keep him away from auditing anything that has direct or indirect authority or responsibility for. Finally, 75% of the

respondents signify that there is no enough independence by internal auditors and internal audit functions to enhance the promotion of corporate governance in the Public Sector particularly Mwanza City Council.

6.1.2 Lack of proficiency by internal auditors contribute to ineffective Corporate Governance in the Public Sector in Tanzania

It was found that, lack proficiency by internal auditors contribute to ineffective Corporate Governance in the Public Sector in Tanzania. The study reveals that, despite of requirement of audit unit of being undertaking by professional manner, Mwanza City Council auditing functions are not undertaken in fully professional manner despite of having required qualifications in the Unit by Auditors. The study shows that, 67% of the Staff at the Audit Unit of Mwanza City Council was technical certificate holders followed by 17% with diploma in accountancy and lastly 16% with degree level. There were no a certified public accountant nor masters holders which might be the major reason for the flaws. Finally, it was revealed by the majority of the respondents that, lack of proficiency affecting corporate governance in Mwanza City Council, affects corporate governance at large extent.

6.1.3 Effect of unethical behavior of internal auditors to promotion of Corporate Governance in Public Sector in Tanzania

Out of the several items of integrity the study revealed by 58.83% of the respondents that, internal auditors in Mwanza City Council do not disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review. This might the reason for failure to comply with the CAG and other boards' recommendations. Also, 90% of the respondents indicated that, internal auditors in Mwanza City Council do not *perform internal audit services in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards)*. Also, 90.91% indicated that internal auditors in Mwanza City Council do not continually improve their proficiency and the effectiveness and quality of their services

6.1.4 Consequences of coordination of internal audit functions on the promotion of corporate Governance of Public Sector in Tanzania

It was revealed that, the audit functions were coordinated by Director of the Council by 33% followed by heads of department by 24%, heads of sections/units/prigrammes by 21% and

Councils by 20% while ordinary staff are insignificantly by 2%. However, such coordination was to some extent.

6.2 Conclusion

The study employed a case study technique, where Mwanza City Council and few Staff and Councils were selected as sample size to provide information to this study. Both primary and secondary information were used in this study. Primary data through questionnaires was analyzed using Micro Soft Excel frequency tables. The results were presented using histograms, pie charts and tables.

The major argument was that, efficient functioning of internal audit require among other things independence of auditors and internal audit function; proficiency of internal auditors; high ethical behavior of auditors and good coordination of internal audit functions. Ethical values are fundamental for the internal auditors because of two important reasons.

However, in Tanzania, Heads of Public sector do not support Internal Audit functions. The Internal Audit functions in the Tanzanian public sector faces a perception and, to some extent, a credibility problem as a value adding unit of the organization. Therefore, it is regarded that the Internal Audit in Public Sector is not efficient and is shrouded in obscurity.

The results from the analysis of all respondents' responses revealed these factors plays a major role on contributing to ineffectiveness of internal audit function in promoting good corporate governance in Public Sectors in Tanzania. Thus, according to the conceptual model of this study, these factors are independent variables and dependant variable.

6.3 Recommendations

In the light of the findings of the study, there are recommendations that can be drawn from this work.

6.3.1 Recommendations to the Local Government Authorities

The study aimed to identify areas, which could benefit policy makers. Based on the findings of this study, the Local Government Authorities are recommended to take a leading role in the

design and formulation of policy and standards which will be adopted and applied to effectively implementation and that will facilitate audit functions.

6.4.2 Recommendations to the Central Government

Central Government is hereby recommended to ascertain policy issues and strategies which will be implemented in recruitment, retaining and encourage trainings and skills development to the auditors. The Central Government has to take leading role in monitoring the practices in the local government authorities and other public sectors in terms of complying with underlying financial and risk management rules.

6.4.3 Recommendations to the Internal Auditors Staff

The study reveals factors such as lack of independence, proficiency and unethical behavior to be attributed to lack of enough skills. They are hereby recommended to play their role of willingly improve their skills for the betterment of themselves and public at large. Auditors should be free from anything that might affect their unbiased performance. They should have the ability to question the decision makers on how the public money and properties are used for the benefit of the public at large within the framework of laws.

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INTERVIEW GUIDE

Factors contributing to ineffectiveness of internal Audit Functions in promoting Corporate Governance in Public Sector in Tanzania

Dear respondent,

You have been selected to participate in the study on the role of internal Audit on risk management in Government Agencies in Tanzania. We believe that you have experience that would add value to us and we would like to have your views and opinion on the subject matter. The study is conducted in Partial fulfillment of the requirement for the MBA - Corporate Management of Mzumbe University of Tanzania. The Information you give will be used exclusively for academic purpose only. No source or individual will be identified or attributed to the originator. Thank you for your cooperation.

Yours sincerely

Florian Njunwa

1. On your own views how does lack of independence by internal auditors and internal audit functions affect promotion of corporate governance in Mwanza City Council?
2. On your own views, how does lack of proficiency by internal auditors contribute to ineffective Corporate Governance in Mwanza City Council?
3. And on your own views what are effects of unethical behavior of internal auditors to promotion of Corporate Governance in in Mwanza City Council?
4. What are the consequences of coordination of internal audit functions on the promotion of corporate Governance of Public Sector in Tanzania?

QUESTIONNAIRES FOR STAFF MEMBERS

Factors contributing to ineffectiveness if internal Audit Functions in promoting Corporate Governance in Public Sector in Tanzania

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Yours sincerely
Florian Njunwa

Part I

Personal Information

1. Please indicate your gender.

Male

Female

2. What is age group?

Below 20 years

21 -30 years

31-40 years

41-50 years

Above 50 years

3. What is your level of education?

Secondary education level

Vocational education level

Diploma education level

First degree education level

Post graduate education level

4. Work experience

Less than 3 years

3 years and 5 years

5 years and 10 years

Above 10 years

Part II

To examine how lack of independence by internal auditors and internal audit functions affect promotion of corporate governance in the Public Sector in Tanzania

1) Does Mwanza City Council has an internal audit unit

Yes

No

2) Does Mwanza City Council audit unit performs its function accordingly

Yes

No

3) If the answer above is yes, do you consider the unit to perform its functions independently?

Yes

No

- 4) To what extent do you rate the audit unit to be independent?
- At very large extent
 - At large extent
 - To some extent
 - To a very small extent
 - Not at all
- 5) Does the internal auditor at Mwanza City Council perform other duties which do not related to Audit function?
- Yes
 - No
- 6) Does the Mwanza City Council organization structure put the audit function independently from hierarchical authority reporting?
- Yes
 - No
- 7) On your own opinion, how much percent of independence of internal auditors and internal audit functions does Mwanza City Council provide?

0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%

Part III

To examine the how lack of proficiency by internal auditors contribute to ineffective Corporate Governance in the Public Sector in Tanzania

1. Does audit function undertaken in professional manner at Mwanza City Council?
 - Yes
 - No

2. Does staff working in Audit Unit at Mwanza City Council have required professional qualification?
 - Yes
 - No

3. If the answer is yes which level of professional education do they possess? Please put the actual number in the respective box:

Level of professional education	Number of staff
Certified Internal Auditor	
Certified Public Accountant	
Masters degree in Accountancy and Finance field	
Degree/Advanced Diploma in Accountancy	
Diploma in Accountancy	
Technical Certificate Accountancy	
Basic Accountancy Certificate	
Work by experience	

4. What is the effect of lack of proficiency by internal auditors to Corporate Governance in Mwanza City Council? (You can tick (√) more than one effect)
- Lack of proper evaluating controls and advising managers at all levels
 - Lack of evaluating risks
 - Poor analysis of operations
 - Poor compliance
5. Does lack of proficiency affects Corporate Governance in Mwanza City Council?
- Yes
 - No
6. If the answer above is yes, at what extent does lack of proficiency affects Corporate Governance in Mwanza City Council?
- At very large extent
 - At large extent
 - To some extent
 - To a very small extent
 - Not at all

Part IV

To assess the effect of unethical behavior of internal auditors to promotion of Corporate Governance in Public Sector in Tanzania

Please comment on the effect of unethical behavior of internal auditors to promotion of Corporate Governance in Mwanza City Council. Put (√) on the number that best represent your opinion. (Put (√) one box only)

1=strongly agree 2=Agree 3=Disagree 4=strongly disagree 5=Not Sure

Integrity

i. Internal Auditors perform their work with honesty, diligence, and responsibility,

1	2	3	4	5

ii. Internal Auditors observe the law and make disclosures expected by the law and the profession,

1	2	3	4	5

iii. Internal Auditors in knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization,

1	2	3	4	5

iv. Internal Auditors respect and contribute to the legitimate and ethical objectives of the organization

1	2	3	4	5

Objectivity

i. Internal Auditors participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization,

1	2	3	4	5

- ii. Internal Auditors accept anything that may impair or be presumed to impair their professional judgment,

1	2	3	4	5

- iii. Internal Auditors disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review

1	2	3	4	5

Confidentiality

- i. Internal Auditors are prudent in the use and protection of information acquired in the course of their duties,

1	2	3	4	5

- ii. Internal Auditors use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization,

1	2	3	4	5

Competency

- i. Internal Auditors engage only in those services for which they have the necessary knowledge, skills, and experience,

1	2	3	4	5

- ii. Internal Auditors perform internal audit services in accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*,

1	2	3	4	5

- iii. Internal Auditors continually improve their proficiency and the effectiveness and quality of their services

1	2	3	4	5

Part V

To evaluate the consequences of coordination of internal audit functions on the promotion of corporate Governance of Public Sector in Tanzania

- 4 Who is a facilitator of implementation of internal audit functions in Mwanza City

Council? (You may tick (√) more than one options please)

- Director of the Council
- Heads of Departments
- Heads of section/unit/programme
- Ordinary Staff
- Councilor
- Other (Specify please).....

- 5 At what extent of do you consider the implementation of Audit functions is coordinated at Mwanza District Council?

- Very large extent
- Large extent
- Somehow
- Low extent
- Very low extent
- Not at all

- 6 Do you consider the Mwanza District Council management is committed to the implementation of audit function?

- Yes
- No

7 If the answer is above yes, at what extent?

- Very large extent
- Large extent
- Somehow
- Low extent
- Very low extent
- Not at all

Part VI

Corporate Governance

1. Do you perceive the internal auditors in Mwanza City Council have the traits of integrity such as honest, faithfulness, and free from corruption.
 - Yes
 - No
2. To what extent of integrity you perceive to be with internal auditors at Mwanza City Council?
 - Very large extent
 - Large extent
 - Somehow
 - Low extent
 - Very low extent
3. Do you perceive the responsibilities of management in relation to their financial accountability to be open the member of staff and Councils?
 - Yes
 - No

4. To what extent of disclosure and transparency do you perceive to be with management of Mwanza City Council?

- Very large extent
- Large extent
- Somehow
- Low extent
- Very low extent

THANK YOU FOR YOUR COOPERATION

QUESTIONNAIRES FOR MEMBERS OF COUNCIL

Factors contributing to ineffectiveness if internal Audit Functions in promoting Corporate Governance in Public Sector in Tanzania

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You have been selected to participate in the study on the role of internal Audit on risk management in Government Agencies in Tanzania. We believe that you have experience that would add value to us and we would like to have your views and opinion on the subject matter. The study is conducted in Partial fulfillment of the requirement for the Mba degree in Corporate Management of Mzumbe University of Tanzania. The Information you give will be used exclusively for academic purpose only. No source or individual will be identified or attributed to the originator. Thank you for your cooperation.

Yours sincerely
Florian Njunwa

Part I

Personal Information

5. Please indicate your gender.

Male

Female

6. What is age group?

Below 20 years

21 -30 years

31-40 years

41-50 years

Above 50 years

7. What is your level of education?
- Secondary education level
 - Vocational education level
 - Diploma education level
 - First degree education level
 - Post graduate education level
8. Working experience
- Less than 3 years
 - 3 years and 5 years
 - 5 years and 10 years
 - Above 10 years

Part II

To examine how lack of independence by internal auditors and internal audit functions affect promotion of corporate governance in the Public Sector in Tanzania

- 8) Does Mwanza City Council has an internal audit unit
- Yes
 - No
- 9) Does Mwanza City Council audit unit performs its function accordingly
- Yes
 - No
- 10) If the answer above is yes, do you consider the unit to perform its functions independently?
- Yes
 - No

- 11) To what extent do you rate the audit unit to be independent?
- At very large extent
 - At large extent
 - To some extent
 - To a very small extent
 - Not at all
- 12) Does the internal auditor at Mwanza City Council perform other duties which do not related to Audit function?
- Yes
 - No
- 13) Does the Mwanza City Council organization structure put the audit function independently from hierarchical authority reporting?
- Yes
 - No
- 14) On your own opinion, how much percent of independence of internal auditors and internal audit functions does Mwanza City Council provide?

0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%

Part III

To examine the how lack of proficiency by internal auditors contribute to ineffective Corporate Governance in the Public Sector in Tanzania

7. Does audit function undertaken in professional manner at Mwanza City Council?
- Yes
 - No
8. Does staff working in Audit Unit at Mwanza City Council have required professional qualification?
- Yes
 - No

9. If the answer is yes which level of professional education do they possess? Please put the actual number in the respective box:

Level of professional education	Number of staff
Certified Internal Auditor	
Certified Public Accountant	
Masters degree in Accountancy and Finance field	
Degree/Advanced Diploma in Accountancy	
Diploma in Accountancy	
Technical Certificate Accountancy	
Basic Accountancy Certificate	
Work by experience	

10. What is the effect of lack of proficiency by internal auditors to Corporate Governance in Mwanza City Council? (You can tick (√) more than one effect)
- Lack of proper evaluating controls and advising managers at all levels
 - Lack of evaluating risks
 - Poor analysis of operations
 - Poor compliance
11. Does lack of proficiency affects Corporate Governance in Mwanza City Council?
- Yes
 - No
12. If the answer above is yes, at what extent does lack of proficiency affects Corporate Governance in Mwanza City Council?
- At very large extent
 - At large extent
 - To some extent
 - To a very small extent
 - Not at all

Part IV

To assess the effect of unethical behavior of internal auditors to promotion of Corporate Governance in Public Sector in Tanzania

Please comment on the effect of unethical behavior of internal auditors to promotion of Corporate Governance in Mwanza City Council. Put (√) on the number that best represent your opinion. (Put (√) one box only)

1=strongly agree 2=Agree 3=Disagree 4=strongly disagree 5=Not Sure

Integrity

iv. Internal Auditors perform their work with honesty, diligence, and responsibility,

1	2	3	4	5

v. Internal Auditors observe the law and make disclosures expected by the law and the profession,

1	2	3	4	5

vi. Internal Auditors in knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization,

1	2	3	4	5

iv. Internal Auditors respect and contribute to the legitimate and ethical objectives of the organization

1	2	3	4	5

Objectivity

iv. Internal Auditors participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization,

1	2	3	4	5

v. Internal Auditors accept anything that may impair or be presumed to impair their professional judgment,

1	2	3	4	5

vi. Internal Auditors disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review

1	2	3	4	5

Confidentiality

iii. Internal Auditors are prudent in the use and protection of information acquired in the course of their duties,

1	2	3	4	5

iv. Internal Auditors use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization,

1	2	3	4	5

Competency

iv. Internal Auditors engage only in those services for which they have the necessary knowledge, skills, and experience,

1	2	3	4	5

v. Internal Auditors perform internal audit services in accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*,

1	2	3	4	5

vi. Internal Auditors continually improve their proficiency and the effectiveness and quality of their services

1	2	3	4	5

Part V

To evaluate the consequences of coordination of internal audit functions on the promotion of corporate Governance of Public Sector in Tanzania

8 Who is a facilitator of implementation of internal audit functions in Mwanza City Council? (You may tick (√) more than one options please)

- Director of the Council
- Heads of Departments
- Heads of section/unit/programme
- Ordinary Staff
- Councilor
- Other (Specify please).....

9 At what extent of do you consider the implementation of Audit functions is coordinated at Mwanza District Council?

- Very large extent
- Large extent
- Somehow
- Low extent
- Very low extent
- Not at all

10 Do you consider the Mwanza District Council management is committed to the implementation of audit function?

- Yes
- No

11 If the answer is above yes, at what extent?

- Very large extent
- Large extent
- Somehow
- Low extent
- Very low extent
- Not at all

Part VI

Corporate Governance

1. Do you perceive the internal auditors in Mwanza City Council have the traits of integrity such as honest, faithfulness, and free from corruption.

- Yes
- No

2. To what extent of integrity you perceive to be with internal auditors at Mwanza City Council?

- Very large extent
- Large extent
- Somehow
- Low extent
- Very low extent
- Not at all

3. Do you perceive the responsibilities of management in relation to their financial accountability to be open the member of staff and Councils?

- Yes
- No

5. To what extent of disclosure and transparency do you perceive to be with management of Mwanza City Council?

- Very large extent
- Large extent
- Somehow

- Low extent
- Very low extent
- Not at all

THANK YOU FOR YOUR COOPERATION