

**IMPLEMENTATION OF INTERNAL AUDIT
RECOMMENDATIONS IN THE LOCAL GOVERNMENT
AUTHORITIES (LGAs):
A CASE OF DAR ES SALAAM REGION**

**IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS IN
THE LOCAL GOVERNMENT AUTHORITIES (LGAs):
A CASE OF DAR ES SALAAM REGION**

By

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**A Research Report Submitted in Partial /Fulfilment of the Requirement for
Award of Master Degree of Science in Accounting and Finance of Mzumbe**

University

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CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled “**Implementation of Internal Audit Recommendations in the Local Government Authorities (LGAS): A Case of Dar Es Salaam Region**”, in partial/fulfillment of the requirements for award of the degree of Master of Science in Accounting and Finance of Mzumbe University.

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Accepted for the Faculty Board

Signature

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I, **Hamadi Ibrahim Katuli**, declare that this thesis is my own original work and that it has not been presented and will not be presented to any other university for similar or any other degree award.

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DEDICATION

This dissertation is dedicated to my lovely mother Amina Omar Sadiki.

LIST OF ABBREVIATIONS

AC	Audit Committees
ACCA	Association of Chartered Certified Accountants
CAG	Controller and Auditor General
CIA	Certified Internal Auditor
CMT	Council Management Team
CPA	Certified Public Accountant
EA	External Auditors
IA	Internal Auditors
IAGD	Internal Auditor General Division
IIA	Institute of Internal Auditors
IPPF	International Professional Practice Framework
LGAs	Local Government Authorities
MOF	Ministry of Finance
SPSS	Statistical Package for Social Science

ABSTRACT

This study investigated the implementation of Internal Audit Recommendations in the Local Government Authorities (LGAs) in Dar es Salaam Region. The study employed survey design in which structured research questionnaire was involved. We applied drop and pick technique which resulted into 54 usable questionnaires. The researcher used Descriptive Statistics and Multiple Regression Analysis to examine the implementation of internal audit recommendations in the LGAs.

The study found that, there is a satisfactory degree of Implementation of Internal Audit Recommendations. It was further found that, unclear IA Recommendations, shortage of qualified staff and inadequate management support hinders implementation of IA Recommendations in the selected LGAs in Dar es Salaam Region. The study also revealed that, factors which significantly influence implementation of IA recommendations are Involvement of Senior Management, Annual CPD hours, IA trainings, Size of IA Unit and Non-performance of non-audit activities.

From the findings of the study it was concluded that, factors which influence implementation of IA Recommendations in the LGAs are Involvement of Senior Management, Annual CPD hours, IA trainings, Size of IA Unit and Non-performance of non-audit activities.

Finally, the study recommends that, the rest of the LGAs should learn from the Dar es Salaam Region on how the Internal Audit Recommendations are implemented. In addition, further studies should be carried on in relation to Implementation of Internal Audit Recommendations not only in Dar es Salaam Region, but also in the rest of the LGAs. This could involve District Councils and not Municipal Councils.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

This research examines the Implementation of Internal Audit Recommendations in the LGAs by considering Dar es Salaam Region as our case study. Basing on how study, under this chapter, the researcher presents preliminary parts of the study and problem setting. Specifically, this chapter contains background problem, statement of the problem, objectives of the study, research questions and significance of the study as well as the scope of the study.

1.1 Background to the Study

The insist for strong corporate governance emerged after the financial collapse of largest entities in the world (Stewart & Munro, 2007). Most of such collapse took place in 2000s leading to crash-down of investors and stakeholders confidence in the stock markets (DeZoort, 1997; DeZoort & Reed, 2002). This led to the global attention regarding the roles played by IA and audit committees. In response to the requirement of corporate governance, stakeholders needed the establishment of strong and effective functioning internal audit departments and audit committees. As the result, much concentration has been placed to the functions of IA and audit committees (Alzeban & Gwilliam, 2014).

For the purpose of adhering to the requirements of corporate governance, both developed and developing countries established IA departments, board of directors and audit committees (Cohen & Sayag, 2010). Developed countries were the pioneer in introducing audit committee and internal audit departments followed by developing countries. In response to this, United Republic of Tanzania amended its Public Finance Act 2004.

Following the amendments of the Public Finance Act 2004 in 2010, the Internal Auditor General Department (IAGD) was introduced. Effectively from July 2011, the IAGD was established. Its main responsibilities are supervising and monitoring internal audit functions in the Local Government Authorities (LGAs), Ministries, Departments, Regional Secretariats, Executive Agencies and Donor Funded

Development Projects. In discharging its functions, the IAGD delegates responsibilities to the Internal Auditors in every LGAs, Ministries, Departments, Regional Secretariats and Executive Agencies.

The introduction of Internal Audit Service in the LGAs is in line with the Public Finance Act 2004 as amended in 2010 and the LGAs Act 1982. The stated acts provide mandate to the internal auditors to examine and evaluate the effectiveness and adequacy internal controls, corporate governance and risk management in the LGAs. In discharging their responsibilities, at the end of each internal audit, the internal auditors must issue a periodic report to the Management, Audit Committee and Internal Auditor General (MOF, 2012). Such periodic reports provide audit recommendations to the Management. The internal audit recommendations are issued from time to time to ensure that strong measures and necessary precautions have been taken to safeguard public resources.

According with the URT (2012), the Management of the LGAs must provide written responses to all internal audit reports and recommendations. Despite provision of internal audit recommendations, the managements in the LGAs have shown weaknesses in implementation of such recommendations (CAG, 2016 & 2017). As a result, some of the recommendations are only partially implemented while others are not implemented at all.

Long term unattended audit recommendations indicates weaknesses in those charged with governance (Alzeban & Sawan, 2015). In supporting this, Abbott & Parker (2000) concluded that, existence of weak audit committee, internal audit and the management drives non-implementation of internal audit recommendations. This leads to inefficiency in the management of the LGAs. Long outstanding recommendations lead to recurring of similar weakness in future, thereby, hindering the effectiveness of the management, internal controls and audit committee (Zain, Subramaniam, & Stewart, 2006). Other studies have documented that, it is the responsibility of internal auditors to establish follow-up mechanism regarding management responses on internal audit findings (Ahmad & Yismaw, 2007). In line

with this, our study intends to examine implementation of internal audit recommendations in the LGAs in Dar es Salaam region.

1.2 Statement of the Problem

Internal audit plays a crucial role in helping organizations achieve their planned objectives. It has constantly been viewed as fundamental part in corporate governance, and improving the performance of the public and private institutions(Haimon, 1998). On the other hand, unsatisfactory consideration has been given to the study of the internal audit compared to the external audit(Gendron & Bédard, 2006). Most of the studies have paid much attention on external audit while ignoring internal audit (Debreceeny & Gray, 1999; Felix, Gramling, & Maletta, 2001; Goodwin-Stewart & Kent, 2006; Schneider, 1985; Stewart & Munro, 2007; Taylor & Baker, 1981).

In addition, some of the researches which have examined internal audit have grown massively in developed countries and only few in developing countries (Ahmad et al., 2009; Ahmad & Taylor, 2009; Alzeban & Gwilliam, 2014, 2014; Carcello & Neal, 2003; Felix et al., 2001; Goodwin, 2003; Soh & Martinov-Bennie, 2011; Stewart & Munro, 2007; Turley & Zaman, 2007). These studies have focused on the effectiveness of internal audit, internal audit and corporate governance, risk management and internal controls. But, studies regarding implementation of internal audit recommendations in developing countries, especially in the LGAs in Tanzania are sparse. Consistently with the researcher's best knowledge and understanding in internal audit services, researches on the implementation of internal audit recommendations in Tanzania, and in the LGAs, in particular, are in drought. It is this gap in the research which provides motivation for our current study.

1.3 Objective of the study

The main objective of the research was to examine the Implementation of Internal Audit Recommendations in the LGAs. More specifically, the study aimed at:

- a. Reviewing Internal Audit Reports on the implementation of internal audit recommendations in the LGAs.

- b. Determining the challenges and prospects on the implementation of Internal Audit Recommendations in the LGAs.
- c. Exploring the factors influencing effectiveness of Internal Audit on the Implementation of Internal Audit Recommendations in the LGAs.

1.4 Research questions

For the purpose of examining the Implementation of Internal Audit Recommendations in the LGAs, this study at the LGAs in Dar es Salaam region, intends to address the following specific questions:

- a. Does the LGAs implements the IA recommendations provided in the internal audit reports?
- b. What are the challenges and prospects on the Implementation of IA Recommendations in the LGAs?
- c. Which factors influence effectiveness of IA on the Implementation of Internal Audit Recommendations in the LGAs?

1.5 Significance of the Study

The main aim of our research was to examine the implementation of internal audit recommendations in the LGAs in Dar es Salaam Region. Since the studies about implementation of internal audit recommendations, particularly in the LGAs in Tanzania, are scarce. Therefore, the significance of this study is:

Firstly, to contribute to the literature by investigating the implementation of internal audit recommendations in the LGAs. Secondly, the findings of this research are of great value to the Internal Auditors, IAG, and Council Management Team (CMT), Controller and Auditor General (CAG) and stakeholders in the LGAs. This paper also adds value in the partial fulfillment for the award of my MSc. Accounting and Finance of Mzumbe University.

1.6 Limitation and Delimitation of the Research

Under these subsections, we present the possible limitations followed by delimitations of the current study.

1.6.1 Limitation of the Study

Since the main basis of data collection for this study was a self-administered questionnaire, it has been commonly claimed that respondents were biased in one way or another. This in another way may lead to non-representation of the whole population in the target field of study.

Another limitation was the traditional culture of most of the respondents in developing countries of not being willing to participate in research. This implies that most of respondents could not be ready to provide responses.

Also, we focused in the LGAs found in Dar es Salaam region. This could lead to obtaining common responses. This is due to the fact that, their environments are the same; meaning that the stated LGAs in are all under Municipal Councils.

Lastly, the model which was used for examining the implementations of internal audit recommendations in the selected LGAs in Dar es Salaam region was appropriate for Municipal Councils. It could not be applicable to district councils, unless modified.

1.6.2 Delimitation of the Study

Relying on the stated limitations above, the researcher recommends that further studies could be done employing other techniques of data collections including interviews and focus group discussion. In addition, the researcher insisted the respondents to provide cooperation in the whole process of data collection. To achieve this, we educated respondents on the significance of the study. Finally, we recommend future researches to consider the district councils in Tanzania, which have not been involved in our current study.

1.7 Scope of the Study

The main scope of our research was to examining the implementation of internal audit recommendations in the LGAs. It took into considerations the five LGAs in Dar es Salaam region. This includes the following Municipal Councils: Kinondoni, Ilala, Ubungo, Temeke and Kigamboni. These LGAs were taken into account due to researcher's convenience, budget and time factor.

1.8 Organization of the study

Our research proposal is organized in accordance with the requirements of Research Guidelines issued by Mzumbe University. In particular, our study is structured as follows. The first chapter provides an overview of the whole report while the second chapter presents the review of the literature concerned with implementation of internal audit recommendations. The third chapter describes the manner of the research. Apart from that, the fourth and fifth chapters present the research findings and its discussion respectively. The final chapter ends with the summary, conclusion and recommendations for further studies.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter is devoted to the review of past studies concerned with Implementation of Internal Audit Recommendations in the LGAs. The chapter constitutes examination of theoretical and empirical literature. Theoretical literature review provides clear understanding of the main concepts and terms employed in the present study. The part of empirical literature review concentrates on the knowledge and ideas drawn from past scholars. After theoretical and empirical review, the development of conceptual framework begins.

2.1 Local Government Authorities (LGAs) in Tanzania

The LGAs in Tanzania are not new institutions of management at local level. They were introduced initially British rulers in then Tanganyika pursuant to the introduction of the three legislation. The first is the Municipality Ordinance, 1946 which introduced the establishment of the Dar es Salaam Municipal Council in 1946. This legislation was dedicated for the establishment of urban local authorities in form of municipal councils. The second is the LGAs Ordinance, 1953. The significance of this decree lies in the fact that it provided for the establishment of both urban and district local authorities thus upper limited up the slit which was left by the Municipality Ordinance, 1946.

For the purpose of complying with the Constitutional requirements of the United Republic of Tanzania, in 1982 Parliament of the URT enacted the LGA (District Authorities) Act, 1982 (No. 7 of 1982) and the LGA (Urban Authorities) Act, 1982 (No. 8 of 1982). These two pieces of legislation have put into effect the provisions of Articles 145 and 146 of the Constitution. The two Acts, among other things, set up local government authorities, specify types of local governments and provide for powers and functions of LGAs.

2.1.1 Types of LGAs in Tanzania

The LGA (District Authorities) Acts, 1982 establishes the following types of local government authorities:

The first one is the District Councils. This is established by the Minister responsible for the Local Government after making consultation with the President of the United Republic of Tanzania. This is in accordance with section 5 (1) of the Local Government (District Authorities) Act, 1982. The establishment of the district councils is necessary for the rationale of LGA development and bringing services to the citizen.

The second is Township Authorities. The Minister responsible for Local Government, for the purpose of establishing, promoting, developing and maintaining an effective and efficient system of LGAs; may establish a township authority in places or areas which are desirable in Tanzania Mainland (Section 13 (1) of the Local Government (District Authorities) Act, 1982).

The last one is the Village authorities which are created through registration of a village in accordance with the Local Government (Urban Authorities) Act 1982. Apart from the above stated types of LGAs, the LGA (Urban Authorities) Act, 1982 in its section 5(1) gives power to the Minister responsible for LGAs, by order published in the Gazette, to establish in any area of Mainland Tanzania an appropriate urban authority or authorities. However where the status of an existing municipality is to be raised to that of a city, the order must be made by the President. Urban authorities whom the Minister responsible for LGAs can establish are such as Town council whose urban area is known as a town; a Municipal council whose urban area is known as a Municipality, and a City council whose urban area is known as a city.

2.2 Internal Auditing Function in the LGAs in Tanzania

Every one over the world has the understanding that the IA activities have the imminent to provide matchless services to the management activities. This potential has been the focus for the establishment of the Institute of IA (Doyle, Ge, & McVay, 2007).

Conventionally, IA is recognized as an activity which is highly involved with internal control and internal check in an organisation. This is a narrow view to the role of IA in an organisation (Al-Akra, Abdel-Qader, & Billah, 2016). When it is professionally applied, IA leads to increased accountability, transparency and

improved risk management and decision making. It also adds value to tracking performance of those charged with management of an institution. In the past it was constantly held that IA is restricted to mainly ensuring that the accounting information and records have been properly maintained (Am Al-Twaijry, Brierley, & Gwilliam, 2003).

IA can be defined as an independent, objective assurance and consulting activity designed to add value and improve an entity's activities. IA helps an organisation achieve its objectives by bringing a systematic, closely controlled approach to evaluate and perk up the effectiveness of internal control, corporate governance and effective risk management (IIA, 2016). The role of IA in the effective performance of the LGAs is inevitable. This is because "no large business can run off internal auditing. If any organizations haven't adopted internal audit until now, they will do it so later or sooner, and, if events develop as they did until now, they will have to have it sooner"(Fıllıp & Szekely, 2017). The practice of internal auditing in the LGAs in Tanzania is governed by both professional standards and government regulations. The establishment and maintenance of an Internal Audit Function in LGAs is provided for under section 45(1) of the Local Government Finance Act No.9 of (1982). Consistent with this, it is the requirement of Local Authority Financial Memorandum (LAFM) of 2009 to have Internal Audit Function every LGA in Tanzania. For example, "Section 48 of the Local Government Finances Act (1982) states that every LGAs must employ its own Internal Auditors who shall work closely with the Council Management Team (i.e. Heads of Departments) and must report directly to the accounting officer" (i.e. District Executive Director, Municipal Director or City Director).

However, the overall activities and performance of internal audit unit in the LGAs in Tanzania Mainland, is governed by the laws, regulations and circulars. These includes but not limited to Public Finance Act (2001) as revised in 2004 and amended in 2010; Local Government Finances Act (1982); Public Finance Regulations (2001) and Local Authority Financial Memorandum (2009). In addition to that, others are such as Internal auditing standards and guides set out in the

International Professional Practice Framework (IPPFs) issued by the IIA; Code of Ethics for Internal Auditors issued by the Internal Auditor General; Circulars issued from time to time by the Permanent Secretary, Ministry of Finance (MOF) as well as the Internal Auditor General (IAG); and Circulars issued from time to time by the Permanent Secretary, President's Office- Regional Administration and Local Government (PO-RALG). Generally, it could be summarised that IA is set by the URT (2009) Order No. 13 and the LGAs Finance Act. This requires every LGAs to have their own employed IA who reports to the DED. The major purpose is to examining and evaluating the efficiency and satisfactoriness of internal control systems in the LGAs (Ashbaugh-Skaife, Collins, & Kinney Jr, 2007).

Specifically, IA has a significant role in the LGAs. First of all, it deals with examining and evaluating operations and financial activities of an organisation. This occurs through the day to day auditing of the concerned entity. Secondly, IA deals with ensuring the presence of three E's in an organisation. These are Efficiency, Effectiveness and Economy. IA is responsible for ensuring the achievement of such 3E's in any activity of LGAs (Carey, Subramaniam, & Ching, 2006).

In addition to that, it is involved in reviewing compliance with laws, regulations, policies and established procedures in an entity. Apart from that, it is also the activity of IA to provide recommendations and advice on various activities which are implemented by the organisation.

2.3 Internal Auditor and Audit Committees in the LGAs

Apart from the requirements of Corporate Governance, a committee known as Audit Committee should exist in every ministry, region, agency or LGAs (Public Finance Regulations, 2004). In addition to that, Local Authority Financial Memorandum (2009) states that, every LGA should establish and maintain Audit Committee in order to have effective, efficient and economical management of the LGAs. The next sub-sections show the functions of the audit committees in the LGAs.

2.4 Functions of the Audit Committee in the LGAs

According to MOF (2013) the chief functions of the Audit Committee in the LGAs includes: The first function is to provide assurance that all financial and non-financial internal control and risk management activities are operating as required. Another function is to give independent review of the LGAs reporting functions to ensure integrity of the financial reporting (Am Al-Twajjry et al., 2003). Also, it provides strong and effective oversight of the LGA's Internal Audit Unit. In addition to that, it is also responsible for making sure that internal and external audit recommendations are implemented by the respective LGA. Finally, the audit committee provides effective liaison and facilitate communication between Council Management Team, internal and external auditors (Afify, 2009).

2.5 Theoretical literature review

There are several theories that explain internal audit functions in the organizations. The subsequent section provides a wide discussion of the various theories which relates to the implementation of internal audit recommendations in the LGAs:

2.5.1 Agency theory

The connection between the owners of the organization and top management is known as agency relationship. Owners normally delegate authorities to managers who undertake various activities on their behalf. The top management can misuse authorities for personal gain. For the purposes of helping organizations to achieve its objectives, internal audit functions, audit committee and external audit exist. This makes the managers (top management) execute their activities accordingly. Internal auditors are taken as monitors and agents for the top management, board of directors and audit committees (Endaya & Hanefah, 2013). Existence of inefficient audit committees and board of directors leads to top management to exercise influence over internal audit functions. This leads to occurrence of agency problem.

The employment of internal auditors is normally under the top management while at the same time, they act as agents of the audit committees and board of directors. Internal audit recommendations are reported to the audit committees and top management (Carcello & Neal, 1997). Implementation of internal audit

recommendations is vested to the top management of the organization. Existence of a strong audit committees leads to effective implementation of internal audit recommendations by the management (Badara & Saidin, 2013). This reduces agency problem in the organization. In turn the internal audit departments are placed in a good position to issue and report internal audit recommendations to the management (Zain & Subramaniam, 2007). For example, challenges concerned with implementation of internal audit findings by the top management could be resolved due to existence of strong audit committees and internal audit departments. This makes the management to ask all departments which have been audited to implement and respond accordingly to the internal audit recommendations. Therefore, relying on the above arguments, it is clear to affirm that agency theory could be used by our current study.

2.5.2 Institutional theory

This theory explains how the organizations practices and structures respond to the changes brought by internal and external pressures (Arena, Arnaboldi, & Azzone, 2006). This includes changes caused by professions, laws and regulations (Abbott & Parker, 2000). Past studies in internal audit have employed institutional theory; See for example, (Abbott & Parker, 2000; Arena et al., 2006; Endaya & Hanefah, 2013) and Getie & Yismaw (2007). The establishment of internal audit functions in various organizations was the result of institutional theory. In supporting this, Arena et al., (2006) confirmed that establishment of internal audit departments is influenced by institutional theory.

According to Getie & Yismaw, (2007) implementation of internal audit findings is affected by the effectiveness of audit committees and internal audit. Generally, basing on the above discussions, institutional theory is employed in the examining the Implementation of IA recommendations in the LGAs.

2.6 Empirical Literature Review

This study is an attempt to examine the implementation of internal audit recommendations in the LGAs. IA functions have attracted various researchers from both developing and developed countries in different environments. There are many studies on IA functions in both private and public sectors. This part of the research

intends to value empirical evidence in implementation of internal audit recommendations in the LGAs:

The study on the effectiveness of internal audit functions by Getie & Yismaw (2007) revealed that management support and quality of internal audit departments strongly influence internal audit effectiveness. The study added that there is no strong association between effectiveness of IA functions and the audited attributes and organizational settings. In agreement with this, Alzeban & Gwilliam(2014)suggested that experienced internal auditors, adequate resources and existence of independent internal audit unit were the factors which affect internal audit functions. Moreover, presence of management support in an organization affects effectiveness of internal audit functions(Alzeban & Sawan, 2015). Supporting this, Getie & Wondim (2007) added that audit recommendations and findings will be useless unless the concerned management is willing and committed to implement them. In addition to that, Arena & Azzone (2007) recommended that organizational links, characteristics of the internal audit team and audit activities and process influence IA effectiveness.

Apart from that, Alzeban & Gwilliam (2014) highlighted that expertise of the audit committee members in auditing and accounting are highly associated with the perception of implementation of internal audit recommendations. The study also reported that independence of audit committee members positively influences the auditee in the implementation of internal audit findings. This research also stated that frequency of meeting between the chief internal auditors and audit committees affects implementation of internal audit findings in those companies which are listed in the United Kingdom. Supporting this study, Goodwin (2003) stated that accounting experience and independence of the audit committee members are strongly related with IA functions including review of internal audit findings and recommendations.

Another research on the determinants of clients adoption of audit findings reported that, tracking and documentations of audit findings, auditors relationship with clients, professional qualification of the auditor and adequate follow-up of the findings; influence adoption of audit findings and recommendations in the public sector

(Kwamena, 2012). Consistent with such findings, Zain & Subramaniam (2007) found that, limited private meetings and informal frequent communications between the chief internal auditors and audit committees affects implementations of internal audit findings.

Botez (2012) suggested that it is very essential for any economic entity to have adequate internal audit unit. The study concluded that internal audit function adds value to transparency, better resources management and achievement of entity's intended objectives. In addition, the same research found that, audit committee members must be appointed from among professional accountants and auditors. This will help to achieve company objectives.

Finally, Arena & Azzone (2007) documented that; companies in Italy are increasing attention regarding internal audit functions. The paper added that presence of isomorphic pressures influences companies to support establishment, allocation of resources and competences of internal audit staff. This research developed its constructs and conceptual model from institutional theory.

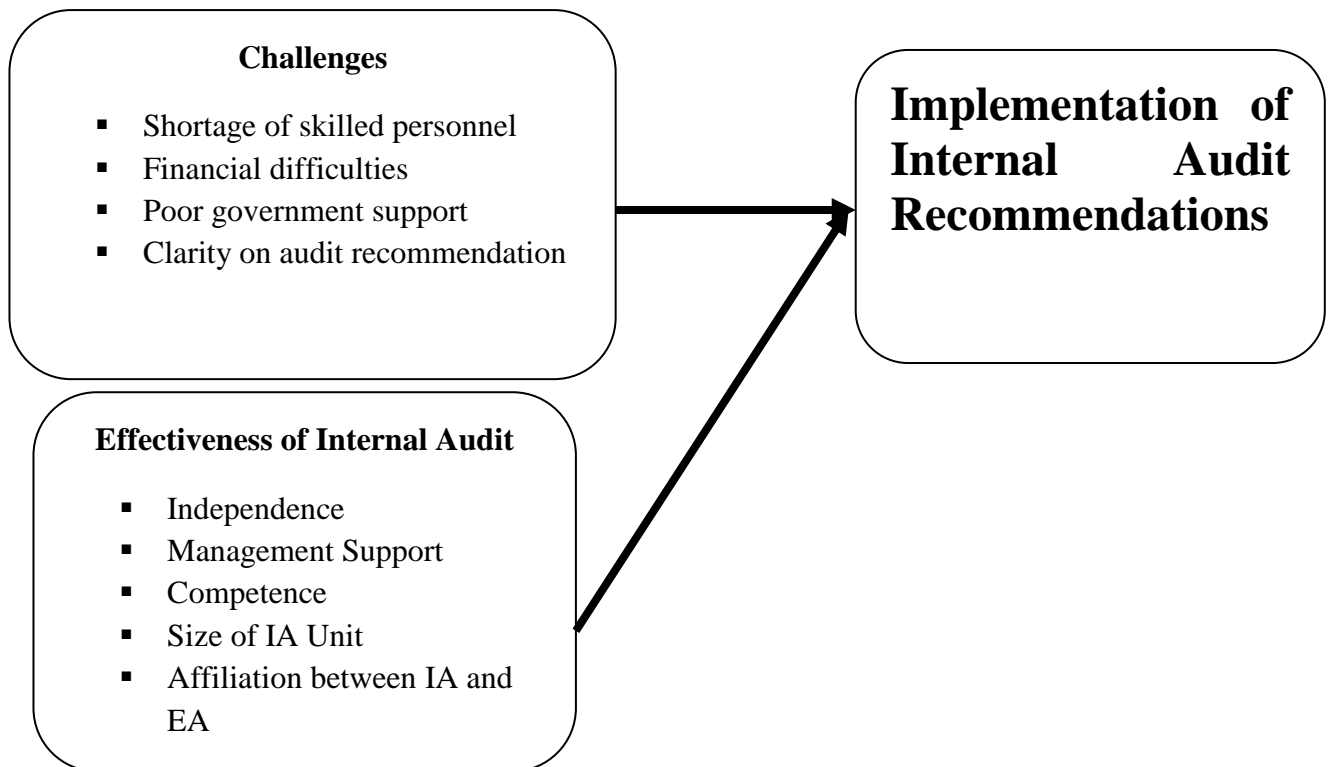
2.7 Conceptual Framework for the Study

For the purposes of examining the connection between independent and dependent variables in our study, it is vital to consider the conceptual framework. The conceptual framework refers to the framework which is employed in the study in order to explore the possible courses of action and to present a chosen approach to conduct the study. Specifically, it shows the basis in which the whole study is built (Christopher, Sarens, & Leung, 2009; Kothari, 2004).

Basing on the reviewed theories and the empirical literature, the implementation of internal audit recommendations in the LGAs is explored in four aspects. These are reviewing Internal Audit Reports on the implementation of internal audit recommendations in the LGAs, determining the challenges and prospects on the implementation of Internal Audit Recommendations in the LGAs, exploring the factors influencing effectiveness of Internal Audit on the Implementation of Internal Audit Recommendations in the LGAs, while implementation of internal audit recommendations was employed as dependent variable. Figure 2.1 shows our

proposed conceptual framework followed by the description of the depicted variables.

Figure 2.1 Illustration of the Conceptual Model for the Study



Source: Researcher, (2019)

2.8 Development of the Study Hypotheses

Under this sub-part, we present the explanation of the research variables followed by the development of research hypotheses resulting from the study objectives and questions. Our study examines the implementation of internal audit recommendations in the LGAs in Dar es Salaam region. According to the framework of this study, “implementation of internal audit recommendations” constitutes the dependent variable. Our independent variables constitute Reviewing IA Reports, Challenges in Implementation of IA Recommendations and Effectiveness of IA. The section underneath describes the relationship between the dependent and independent variables and followed by hypothesis formulation.

2.8.1 Reviewing Internal Audit Reports

Under this objective, the researcher explored how internal audit recommendations are implemented in the given LGAs. Hence this involved determination of the percentage of implementation of IA Recommendations in the LGAs. To achieve this, the researcher employed descriptive statistics.

2.8.2 Challenges and Prospects

In this objective, we intended to examine challenges and prospects on the implementation of Internal Audit Recommendations in the LGAs in Dar es Salaam region. We applied descriptive statistics in order to determine the challenges facing LGAs in implementation of IA Recommendations.

2.8.3 Effectiveness of Internal Audit

There are different views among researchers in the way in which internal audit effectiveness is measured, evaluated and determined (Alzeban 2015). Previous researches have paying attention on the way in which internal auditors comply with professional standards and requirements (Arena & Azzone, 2009; Badara & Saidin, 2013; Baharud-din, Shokiyah, & Ibrahim, 2014; Carcello & Neal, 1997, 2003). But the main weakness of this measure is that, it doesn't take into consideration the outcomes in terms of the requirements of the most important stakeholders. Others have focused on its ability to meet the needs of auditees and the manner in which they directly satisfy the need of the clients. Apart from that, there is indirect measure which has been used by (Arena et al., 2006; Mihret, James, & Mula, 2010; Samaha, Khlif, & Hussainey, 2015; Sarens & Beelde, 2006a; Sarens, Beelde, & Everaert, 2009). Such indirect measure considers the way in which internal audit recommendations are implemented and endorsed by the management.

By considering the indirect measure of the internal audit effectiveness, our study examined the relationship between effectiveness of internal audit and implementation of internal audit recommendations. For this purpose, effectiveness of internal audit is measured by the following sub-constructs; independence of internal auditors, management support, competence of internal auditors, size of internal audit unit and

affiliation between internal auditors and external auditors. The next part briefly deals with these variables:

2.8.3.1 Management Support

This is among the principal factors influencing effectiveness of internal audit in an organization(Sarens & Beelde, 2006c; Turley & Zaman, 2007). The way in which top management exhibit their support to the internal auditors provides vital signal to the activities of internal auditors. Since internal audit unit provide internal audit recommendations to the top management team, the management team should report on how such recommendations have been addressed.

It was reported that, presence of top management support to the internal auditors facilitates implementation of internal audit findings(Cohen & Sayag, 2010). This leads to provision of better resource to the internal audit unit. In addition to that, it was found that presence of appreciation and acceptance of the management adds value to the internal audit activities(Liu, Tiras, & Zhuang, 2014). Also, when there is no management support, poor altitude exist to the activities of the internal audit (Hay & Cordery, 2018). This means that absence of management support negatively affects the activities of internal audit. When internal audit recommendations are not implemented, it indicates existence of negative support to the work of internal auditors (Alzeban & Sawan, 2015).Considering such discussions, we hypothesize as follows:

- *H1: Management support positively influences implementation of internal audit recommendations in the LGAs.*

2.8.3.2 Size of Internal Audit Unit

For the internal audit to be effective, it should be manned with the required resources (IAA, 2013). Past studies concluded that, the quality of internal audit activities is guaranteed when there is adequate staff in the department (Abbott, Parker, & Peters, 2004; Alzeban & Gwilliam, 2014). Some of the notable challenges in the internal audit includes: lack of qualified personnel, understaffing and inadequate

management support(DeZoort, 1998). These factors hinder the effectiveness of the internal audit functions in an organization. Considering this background, it is stated that:

- *H2: Size of Internal Audit Unit negatively affects implementation of internal audit recommendations.*

2.3.8.3 Internal Auditors Competence

According to the Institute of Internal Audit (2006) internal auditors should be competent in order for them to undertake their activities. It was determined that competence of internal auditors was one of the indicators for the quality and reliance on their activities(DeZoort et al., 2002). Past researches indicated that most of the internal audit units in developing countries are characterized by inadequate staff training, lack of qualified staff and low knowledge regarding internal auditing(DeZoort & Salterio, 2001; Endaya & Hanefah, 2013; Getie Mihret & Wondim Yismaw, 2007; Kalbers & Fogarty, 1993). Such studies show that, most of the internal auditors are not professionally qualified and insufficient continuing professional development programmes are not provided to them. This negatively affects the role of internal auditors(Alzeban & Sawan, 2015). By relying on these arguments, our study hypothesizes that:

- *H3: Internal Auditors Competence negatively influences implementation of internal audit recommendations.*

2.8.3.4 Internal Auditors Independence

Most of the studies have focused on the independence of external auditors, while ignoring internal auditors (Alzeban & Gwilliam, 2014). But there has been increasing demand for the internal auditors to be independent in their activities and reporting (IIA, 2006). Apart from the fact that, internal auditors are mostly employees of the auditee, they are required to independent and objectivity (Abbott, Daugherty, Parker, & Peters, 2016; Arena & Azzone, 2009). This means that, internal auditors are independent when: they have unrestricted access to employees, documents and departments; having direct contact with board of directors, audit committee and top management; not involved in undertaking non-audit activities; and when their appointment and removal is not under the power of the top management.

Studies have reported that, one of the limiting factors for implementation of internal audit findings is absence of internal auditors independence (Alzeban & Gwilliam, 2014). This affects the strength of the unit. This discussion leads to our hypothesis that:

- *H4: Internal Auditors Independence negatively affects implementation of internal audit recommendations.*

2.8.3.5 Affiliation between internal auditors and external auditors

Organizations and stakeholders benefits from the existence of strong collaboration and coordination between external auditors and internal auditors (Alzeban & Sawan, 2015). This includes sharing of information and coordination in their daily activities. The opinion of external auditor is enhanced by the information received from the external auditors(Arena & Azzone, 2009). Nonexistence of the affiliation between them impairs the quality of audit-work. This contributes to our final hypothesis that:

- *H5: Existence of affiliation between internal auditors and external auditors positively affects implementation of internal audit recommendations.*

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

In this chapter we present a thorough assessment of the methodologies which was used to investigate implementation of internal audit recommendations in the LGAs in Dar es Salaam region. Distinctively, this component presents the methods which was be taken into consideration in collecting data from the study area, methods used in selecting the sample and the area in which the research took place. Furthermore, this section shows the operationalization and measurements of the study variables, statistical methods and tools for analyzing the data. It also provides the reliability and validity of the research data.

3.1 Research design

The general strategy which is chosen to incorporate the various components of the study in a reasonable and logical way is known as research design (Kothari, 2004). This ensures on how the researcher effectively and efficiently addressed the problem of the research (Mihret et al., 2010). This constitutes the blueprint for the data collection, measurement, and data analysis. Since the main objective of our study was to explore the implementation of internal audit recommendations in the LGAs in Dar es Salaam region, a structured questionnaire was developed and employed. Due to this, a survey design was the appropriate method to answer our research questions and to obtain data from the diverse population.

The structured questionnaire is the most excellent and systematic way for obtaining information for variables which are difficult to monitor and inexpensive access in the LGAs(Kothari, 2004). It is also considered as an appropriate way of investigating and meeting the large and diverse population of the research, in order to get the relevant answers of the study questions (Spira, 2003). For the purpose of obtaining answers to our research questions and objectives, the study involved LGAs Directors, Internal Auditors, Treasurers, and Accountants as well as Audit Committees. The reason for this is that, they are the most involved in the implementation of internal audit recommendations in the LGAs. Our study collected data from them. Therefore, this constituted to our unit of analysis.

3.2 Area of the study

Our research took place in Dar es Salaam region. This region consists five municipal councils namely Kinondoni, Ilala, Ubungo, Tememe and Kigamboni. The researcher has considered financial restriction, limitation of time and accessibility as the factors for selecting Dar es Salaam region. The subsequent part describes the geographical location of the Dar es Salaam region, which is our study area.

3.2.1 Geographical Location of Dar es Salaam Region

The Dar es Salaam City is the Commercial City of the United Republic of Tanzania. It is located at 6°48' South, 39°17' East (-6.8000, 39.2833)¹, on a natural harbour on the eastern coast of East Africa, with sandy beaches in some areas. Being the largest city in Tanzania, it has a total population of 2,698,652.

3.3 Population of the Study

Since we expect to collect data from the five LGAs in Dar es Salaam region, these LGAs was our intended population for our research. Generally, the LGAs Council Management Team, Members of Audit Committees, Accountants and Internal Auditors, were be part and parcel of the study population. All these were taken from the Dar es Salaam Region, which constituted our case study.

3.4 Sampling Technique

The course of action which helps the researchers to reach small part of the population in order to use them to portray conclusion regarding the entire population is recognized as Sampling. This process includes the use of probability sampling methods and non-probability techniques (Kothari, 2004; Lapsley, Mussari, & Paulsson, 2009). Under probability sampling methods, every unit in the whole population has equal opportunity of being selected to represent the population. When there is the use of human judgments to select sample size, this is known as non-probability sampling procedures. For the purpose of this study, non-probability sampling procedures were used. This is due to the fact that, such method helps us to obtain respondents in a straightforward-way as they are readily available and accessible by the researcher (Jonas & Blanchet, 2000; Kothari, 2004). For the aim of

¹<https://www.worldatlas.com/af/tz/02/where-is-dar-es-salaam.html> visited 5th Nov 2018

collecting data from the selected LGAs in Dar es Salaam region, our study employed purposive sampling method. This procedure was used due to time saving, quick and easier method for data collection.

3.5 Sample Size

This involves the special subset of a population chosen for the aim of making inferences about the total population (Sarens & Beelde, 2006d). In order to obtain data from the field, the study proposed to use 100 respondents from the LGAs in Dar es Salaam region which considered the number of the staffs whose direct add necessary information to the study (Sarens & Beelde, 2007b). Basing on this, the researcher distributed 120 questionnaires employing drop and pick system. The drop and pick system was used to the nature of the respondents and required follow-up by the researcher. The actual questionnaires which were collected were 76 questionnaires. Out of 76 collected questionnaires, 12 were totally not usable due to missing necessary parts of the data. We decided to drop them. After applying data cleaning, 10 questionnaires contained large variations, hence discarded. This resulted to 54 usable questionnaires.

3.6 Strategies of Data Collection

This means the procedure which is considered after the researcher has formalized the sampling procedures and sample size of the research (Kothari, 2004). When determining the methods of data collection, the researcher took into consideration the main study objective and response ratio. Data collected may be either from primary or secondary data. Each one is described as follows:

3.6.1 Primary data

This refers to the data which are collected straight from respondents of the research. Primary data in their nature are original in nature and character (Lenz & Sarens, 2012). They are normally collected by using research questionnaires. As shown in **Appendix 1**, the research used structured questionnaire in order to collect primary data from the respondents.

3.6.2 Secondary data

These are the data which are collected by the researcher through the review of published or unpublished policies, documents, regulations, manuals, and papers from academic arenas (McMullen, 1996). To obtain secondary data, we reviewed various documentations related with internal audit and audit committees.

3.7 Development of the Survey Instrument

In order to collect data from the field, the researcher developed a structured questionnaire. The process of developing the study instrument involved stages such as creation and selection of constructs, confirmatory analysis and the use of content validity (Zain & Subramaniam, 2007). From the extensive literature conducted in chapter two, a questionnaire was developed in conformity with our specific research objectives and questions.

3.7.1 Format of the Structured Research Questionnaires

In order to collect data for our research objectives and questions, the research designed survey instrument. As shown in **Appendix 1**, the questionnaire is categorized into five parts. The first part deals with demographic characteristics of the respondents whereas part two stands reviewing Internal Audit Reports on the implementation of internal audit recommendations in the LGAs, determining the challenges and prospects on the implementation of Internal Audit Recommendations in the LGAs. The last section shows the effectiveness of internal auditors in implementation of internal audit recommendations.

3.8 Reliability and Validity of the Research Data

For the purpose of ensuring reliability and validity of the research data, any collected data from the study should be valid and reliable. This adds value to data application in our research. Due to the significance of these terms in our study, they are clearly elaborated as follows;

3.8.1 Reliability of the Research Data

This involves the repeatability of research findings, implying that when the same research will have to be done on the subsequent time, it should provide analogous outcomes (Patton, 2005). Generally, the research data are reliable when more than

one person is observing the behavior of particular respondents, all observers should agree on what is being recorded so as to claim that the data is reliable(Kothari, 2004). In order to ensure reliability of the data in our research, the survey instrument was developed and employed. This was in agreement with our specific objectives and research questions (Lenz & Hahn, 2015).

3.8.2 Validity of the Research Data

Data validity refers to the degree to which the constructs measured by the researcher, are in fact being measured by a particular index or scale (Kothari, 2004; Patton, 2005). To be in accord with data reliability, the survey instrument was considered to obtain views from the selected participants Dar es Salaam region. On the other hand, reevaluation; rewording and pretesting of the study questionnaire and use of experts was involved before embarking into collecting data (Sarens et al., 2009).

3.9 Strategies for Data Analyses

When the process of collecting data from field was completed, the researcher prepared data for analysis to take place. This process was necessary in order to find answers to our research questions. By considering our study objectives, the main methods of data analysis were descriptive statistics and multiple regression analysis. The subsequent part describes how the data was prepared followed by the methods of data analyses.

3.9.1 Data Preparation

The collected data using the structured questionnaires was coded and then recorded into computer software. This is the analysis package which is called Statistical Package for Social Science (SPSS -Version 23). The researcher applied SPSS due to familiarity and convenience in application. Thereafter, we considered data analyses as explained below:

3.9.2 Descriptive Statistics

For the purpose of providing the general description of the sample, we conducted various descriptive analyses. This included running of the frequency distribution and determination of the out of range variables, missing values and outliers. Such analysis provided useful insights for our collected data. Descriptive Statistics were

applied to data collected for the first and second objective. This was mainly due to the nature of the collected data and available means of data analysis.

3.9.3 Multiple Regression Analysis

The most common method of data analysis is Regression analysis method. It is used to explore the relationship between dependent and independent variables. It is based on the fact that; linear relationship prevails among the two variables. If the relationship deals with predicting the dependent variable by considering one independent variable, it is called as simple regression (Lenz & Hahn, 2015; Sarens & Beelde, 2006b). But, when there are numerous independent variables it is called multiple regressions. For the purposes of determining the factors which influence implementation of IA Recommendations in the LGAs, we employed Multiple Regression Analysis. This method was employed due to the nature of the collected data and the study objectives. Generally, when examining the correlation between two or more independent and one dependent variable, Multiple Regression Analysis is relevant (Samaha et al., 2015).

3.10 Measurement of the Study Variables

Under this sub-section, the researcher shows how the independent and dependent variables were measured in our study. In agreement with our study hypotheses developed in chapter two, the subsequent part describes how our constructs were operationalised in this research.

3.10.1 Measurement of the Independent Variables

It should be recalled that, our study constitutes three independent variables as described in chapter two. These variables are such as reviewing Internal Audit Reports, challenges and prospects, effectiveness of Internal Audit. The ensuing part describes the measurements of each component of the independent variables.

3.10.1.1 Reviewing Internal Audit Reports

Under this construct, the research explored how internal audit recommendations are implemented in the LGAs. Specifically, this involved determination of the level of the percentage in which IA Recommendations are implemented in the LGAs. Accordingly, the percentage of annual implementation was employed to measure the

Implementation of IA Recommendations. This percentage was categorised into four groups as follows:

- 0% to 30% annually
- 31% to 50% annually
- 51% to 80% annually
- 81% to 100% annually

Basing on these categories, the respondents were requested to state the extent in which the IA Recommendations are implemented in the selected LGAs.

3.10.1.2 Challenges and prospects

In this construct, we intended to examine challenges and prospects on the implementation of Internal Audit Recommendations in the LGAs in Dar es Salaam region. To achieve this, the researcher used likert scale to measure the challenges in the implementation of IA Recommendations in the LGAs.

3.10.1.3 Effectiveness of Internal Audit

This involved sub-constructs such as independence of internal auditors, management support, competence of internal auditors, size of internal audit unit and affiliation between internal auditors and external auditors. Each of these constructs was measured by in our study as follows:

Firstly the Internal Auditors Independence was measured by using nine items accompanied with the use of five point likert scale. These items includes degree of independence; unrestricted access to all employees and departments; reporting level, removal and appointment of chief internal auditors, direct contact with the top management and audit committee/board; and non-involvement in non-audit functions.

Secondly, the Management Support to the internal auditors was measured by five point likert scale. Specifically the following indicators were used to measure support from the management: resources provided to the internal auditors, responses of the management to the internal auditors reports, support to the auditors in their activities and involvement in developing internal audit plans.

Thirdly the Internal Auditors Competence was measured by using indicators namely: professional certification, education level, experience in internal auditing and continuing professional development.

Fourthly the Size of Internal Audit Unit was measured the internal audit size by using the number of employees in the internal audit department/unit.

Apart from that, Affiliation between Internal Auditors and External Auditors was measured by the researcher by using various indicators such as: sharing working papers; reliance on the work of internal auditors; frequency meeting; altitude towards the external auditors; and coordination between internal and external auditors. In addition five point likert scale was also employed.

3.10.2 Measurement of Dependent Variable: Implementation of Internal Audit Recommendations

As shown in table 2.1, Implementation of Internal Audit Recommendations stands for our dependent variable in this research. We measured this variable by using the frequency and percentage of implementation. To achieve this, interval scale was employed. In this case, respondents were required to reply to the given questions depending on their perceived level of implementation of internal audit recommendations. This was provided in a likert scale or multiple choice questions. For more details, please refer to Appendix 1.

CHAPTER FOUR

PRESENTATION OF FINDINGS

4.0 Introduction

Under this section, the researcher presents findings of the study. Basing on our main objective, this research was involved three specific research objectives. These are as follows:

- a. Reviewing Internal Audit Reports on the implementation of IA recommendations in the LGAs.
- b. Determining the challenges and prospects on the implementation of IA Recommendations in the LGAs.
- c. Exploring the factors influencing effectiveness of IA on the Implementation of Internal Audit Recommendations in the LGAs.

The following subpart presents findings of the study, which are in accordance with these specific objectives.

4.1 Demographic Characteristics

According with the descriptive statistics and analysis of the data, the following are the findings for the demographic attributes of the respondents.

4.1.1 Gender

Table 4.1 shows that 64.8% equivalent to 35 respondents were male. The same table also depicts that 35.2% equivalent to 19 respondents were female. This means that, our sample size in the research was mostly male respondents.

Table 4.1 Respondent's Gender

	Frequency	Percent
Male	35	64.8
Female	19	35.2
Total	54	100.0

Source: Researcher's Survey (2019)

4.1.2 Age

As shown in table 4.2, the researcher categorised respondents age into three groups. 38.9% equivalent to 21 respondents felt between 20 to 35 years while 35.2% representing 19 respondents were under 36 to 45 years. 14 Respondents represented by 25.9% felt under 46 years and above. This indicates that the majority of the respondents were under the age category between 20 to 35 years followed by 36 to 45 years.

Table 4.2 Age of the respondents

	Frequency	Percent
20-35 years	21	38.9
36-45 years	19	35.2
46 years and above	14	25.9
Total	54	100.0

Source: Researcher's Survey (2019)

4.1.3 Marital Status

Table 4.3 below shows that 18 respondents represented by 33.3% were single whereas 30 respondents equivalent to 55.6% were married. The divorced respondents were 6 equivalents to 11.1%. This suggests that, most of our sample size was characterised by married respondents.

Table 4.3 Marital Status

	Frequency	Percent
Single	18	33.3
Married	30	55.6
Divorced	6	11.1
Total	54	100.0

Source: Researcher's Survey (2019)

4.1.4 Academic Qualification

In accordance with table 4.4, the academic qualifications of the respondents were captured in three groups. 15 respondents' holds diploma in accounting or finance; equivalent to 27.8% while 24 respondents equivalent to 44.4% holds bachelor degree in accounting or finance. In addition to that, 15 respondents' posses master degree. This stands for 27.8% of the whole population. This could be concluded that, our sample samples are dominated by holders of first degree in accounting or finance.

Table 4.4 Academic Qualification

	Frequency	Percent
Diploma in Accounting/Finance	15	27.8
Bachelor Degree in Accounting/Finance	24	44.4
Master Degree	15	27.8
Total	54	100.0

Source: Researcher's Survey (2019)

4.1.5 Professional Qualification

According with table 4.5 below, respondents with CPA(T) were 11 standing for 20.4% while only 2 respondents had ACCA equivalent to 3.7%. Also 2 respondents were CIA standing for 3.7%. Apart from that, 72.2% standing for 39 respondents don't hold and professional qualification. Generally in our sample size, most of the respondents are not professionally qualified.

Table 4.5 Professional Qualification

	Frequency	Percent
CPA(T)	11	20.4
ACCA	2	3.7
CIA	2	3.7
Not certified/Non of the above	39	72.2
Total	54	100.0

Source: Researcher's Survey (2019)

4.1.6 Working Experience in the LGAs

Analysis of the table 4.6 indicates that 33 respondents equal to 61.1% had experience between 1 to 4 years of service while 21 respondents equal to 38.9% had 5 years and above. This means that most of the respondents were under the working experience between 1 to 4 years of service.

Table 4.6 Working Experience

	Frequency	Percent
1-4 years	33	61.1
5 years and above	21	38.9
Total	54	100.0

Source: Researcher's Survey (2019)

4.2 Statistical Analysis and Results for Objective One

As stated earlier, our first specific objective was reviewing Internal Audit Reports on the implementation of internal audit recommendations in the LGAs. The research employed descriptive statistics in order to analyse the internal audit report. The variables which were involved are such as Percentage of Implementation of IA Recommendations and Level of Implementation of IA Recommendations. Respondents were also asked to indicate their level of agreements or disagreements regarding the implementations of internal audit recommendations. The findings were as follows:

4.2.1 Percentage of Implementation of IA Recommendations

As indicated in table 4.7 below, we collected data regarding the percentage of implementation of internal audit recommendations in the selected LGAs. From the stated table, 11 respondents equivalent to 20.4% replied that, the percentage of implementation were between 0% to 30% annually; while 21 respondents equivalent to 38.9% stated that, the percentage of annually implementation of internal audit recommendations were between 31% to 50%. In addition to that, 33.3% equivalent to 18 respondents replied that 51% to 80% of the internal audit recommendations are implemented annually whereas only 4 respondent equivalents to 7.4% replied that the percentage of implementations of internal audit recommendations lied between 81% to 100% annually.

Table 4.7 Extent of IA recommendations being implemented

	Frequency	Percent
0% to 30% annually	11	20.4
31% to 50% annually	21	38.9
51% to 80% annually	18	33.3
81% to 100% annually	4	7.4
Total	54	100.0

Source: Researcher's Survey (2019)

4.2.2 Level of Implementation of IA Recommendations

For the purpose of determining whether the IA recommendations are implemented or not, we asked the respondents to state their opinions. As depicted in table 4.8 below, 16 respondents equivalent to 29.6% stated that IA recommendations are never

implemented whereas 27.8% equivalent to 15 respondents agreed that IA recommendations are rarely implemented. On top of that, 20.4% equivalent to 11 respondents replied that IA recommendations are usually implemented while 10 respondents represented by 18.5% stated that IA recommendations are always implemented. Respondents who had no information regarding implementations of IA recommendations 2 equivalents to 3.7%.

Table 4. 8 Opinion of internal audit recommendations implementations in the LGAs

	Frequency	Percent
Never implemented	16	29.6
Rarely implemented	15	27.8
Usually implemented	11	20.4
Always implemented	10	18.5
I have no information	2	3.7
Total	54	100.0

Source: Researcher’s Survey (2019)

4.2.3 Respondents Agreements or Disagreement on Implementation of IA Recommendations

Table 4.9 shows the respondents agreements or disagreements in response to the implementation of IA recommendations in the selected LGAs. Basing on the stated table, 5 respondents representing 9.3% strongly disagreed that IA recommendations are implemented while 20 respondents equivalent to 37% disagreed. Apart from that, respondents with neutral responses were 7 equivalents to 13%. Also, 21 respondent’s equivalents to 38.9% agreed that IA recommendations are implemented while only 1 respondent (1.9%) strongly disagreed.

Table 4.9 Are the internal audit recommendations implemented?

	Frequency	Percent
Strongly Disagree	5	9.3
Disagree	20	37.0
Neutral	7	13.0
Agree	21	38.9
Strongly Agree	1	1.9
Total	54	100.0

Source: Researcher's Survey (2019)

4.3 Statistical Analysis and Results for Objective Two

The next part presents the findings for our second research objective. Under this objective, we intended to determine the challenges and prospects on the implementation of IA Recommendations in the stated LGAs. The researcher measured this objective by using four variables namely financial difficulties, clarity of internal audit recommendations, shortage of skilled personnel and poor government support. We applied descriptive analysis on the collected data, and the following were the outcomes.

4.3.1 Financial Difficulties

According to table 4.10, 17 respondents equivalent to 31.5% disagreed that financial difficulties is not the challenge which affect implementation of IA recommendations in the LGAs. They were also supported by 7 respondents equivalent to 13% who strongly disagreed. Apart from that, 15 respondent's equivalents to 27.8% agreed while 4 respondents equivalent to 7.4% strongly agreed. There were 11 respondents (20.4%) who had neutral responses. It could be stated that, generally financial difficulties is not the main challenge in the implementation of IA recommendations in the LGAs found in Dar es Salaam Region.

Table 4.10 Financial difficulties in implementation of IA recommendations

	Frequency	Percent
Strongly Disagree	7	13.0
Disagree	17	31.5
Neutral	11	20.4
Agree	15	27.8
Strongly Agree	4	7.4
Total	54	100.0

Source: Researcher's Survey (2019)

4.3.2 Clarity of IA recommendations

The researcher collected data regarding the clarity of IA recommendations provided by IA in the LGAs. As shown in table 4.11, 31.5% equivalent to 17 respondents and 3.7% equivalent to 2 respondents, were in agreement that IA recommendations are clear. Apart from that, respondents who disagreed were 12 equivalents to 22.2% while 5 respondents represented by 9.3% strongly disagreed that IA recommendations are not clearly provided by IA. Respondents without any direction (neutral) were 18 equivalents to 33.3%.

Table 4.11 Clarity on Audit recommendation

	Frequency	Percent
Strongly Disagree	5	9.3
Disagree	12	22.2
Neutral	18	33.3
Agree	17	31.5
Strongly Agree	2	3.7
Total	54	100.0

Source: Researcher's Survey (2019)

4.3.3 Shortage of Skilled Personnel

For the aim of collecting data on whether the selected LGAs don't have skilled personnel in the implementation of IA recommendations, the researcher obtained and analyzed respondents responses as indicated in table 4.12. Most of the respondents (21) equivalents to 38.9% agreed that there is shortage of skilled staff while 9 respondent's equivalents to 16.7% strongly agreed. Apart from that, respondents who disagreed were 7 equivalents to 13%; also 2 respondents represented by 3.7% strongly disagreed. 15 respondents (27.8%) had neutral answers.

Table 4.12 Shortage of Skilled Personnel

	Frequency	Percent
Strongly Disagree	2	3.7
Disagree	7	13.0
Neutral	15	27.8
Agree	21	38.9
Strongly Agree	9	16.7
Total	54	100.0

Source: Researcher's Survey (2019)

4.3.4 Poor Government Support

Analysis of table 4.13 regarding inadequate government supports in the implementation of IA recommendations indicates that, 14 respondent's equivalents to 25.9% disagreed, 24.1% equivalent to 13 respondents strongly disagreed. Contrary to that, 25.9% equivalents to 14 respondents agreed and 5.6% equivalents to 3 respondents strongly agreed that there is inadequate government support in the implementation of IA recommendations in the selected LGAs in Tanzania. Apart from that, 10 respondents represented by 18.5% had neutral responses.

Table 4.13 Poor government support

	Frequency	Percent
Strongly Disagree	13	24.1
Disagree	14	25.9
Neutral	10	18.5
Agree	14	25.9
Strongly Agree	3	5.6
Total	54	100.0

Source: Researcher's Survey (2019)

4.4 Statistical Analysis and Results for Objective Three

The final objective was about exploring the factors influencing effectiveness of IA on the Implementation of IA Recommendations in the stated LGAs in Dar es Salaam City. The research considered six constructs in order to collect data under this objective. Such constructs are independence of internal auditors, management support, competence of internal auditors, size of internal audit unit and affiliation between internal auditors and external auditors. As described in chapter three, we applied Descriptive Statistics and Multiple Regression Analysis in order to determine the factors which influence implementation of internal audit recommendations in the

LGAs. The next part discusses the regression methods and variables involved in our analysis.

4.4.1 Outcomes of Multiple Regression Analysis

It should be recalled that, implementation of IA recommendations consisted our dependent variable. For the aim of carrying out Multiple Regression Analysis, we measured our dependent variable (Implementation of Internal Audit Recommendations) by using Percentage of Implementation of Internal Audit Recommendations in the LGAs. Independent variables considered were independence of internal auditors, management support, competence of internal auditors, size of internal audit unit and affiliation between internal auditors and external auditors. The findings are as follows.

4.4.2 Independence of Internal Auditors

We performed multiple regression analysis by using Extent of IA recommendations being implemented as dependent variable against independence of IA as independent variable. The sub-variables considered under independent variables were CIA reports to the CEO, Direct contact to the BOD, Absence of Conflict of interest, free access to all employees and departments, BOD approves the appointment and replacement of CIA and Non-perform non-audit activities. As indicated in Table 4.14, the analysis shows strongest regression model (66.7%) and the overall association is significant ((F)=1.971; Sig=0.0001). A positive significant relationship exists between Implementation of IA Recommendations and Direct contact to the board of directors and Absence of Conflict of interest. The results also show insignificant positive association between Implementation of IA Recommendations and CIA reports to the CEO and free access to all departments and employees. Apart from that, table 4.14 shows existence of negative association of Implementation of IA Recommendations and BOD approves the appointment and replacement of the CIA and Non-performance of non-audit activities. For more details, refer to the table 4.14 below.

Table 4.14 Independence of Internal Auditors

Dependent Variables	Independent Variables	Beta	t-value	Sig.
Extent of IA recommendations being implemented	Constant		(0.202)	0.841
	CIA reports to the CEO	0.194	1.597	0.117
	Direct contact to the BOD	0.004	.022	0.982
	Absence of Conflict of interest	0.002	0.003	0.765
	Free access to all departments and employees	0.329	2.355	0.003
	BOD approves the replacement and appointment of CIA	(0.008)	(1.608)	0.000
	Non-perform non-audit activities	(0.117)	(0.898)	(0.374)
R2=0.667; ANOVA(F)=1.971; Sig=0.0001				

Source: Researcher's Survey (2019)

4.4.3 Management Support

We measured the Management Support in the implementation of IA recommendations by using three sub constructs namely Senior Management Involvement, Responses by Senior Management and Provision of Sufficient Budget. This was regressed against extent of IA recommendations being implemented as dependent variable. As revealed in table 4.15, the general relationship in the model is strong (64%). The stated table shows existence of negative link between Implementation of IA Recommendations and Senior Management Responses and Sufficient Budget. Involvement of Senior Management has insignificant correlations with Implementation of IA Recommendations.

Table 4.15 Management Support

Dependent Variable	Independent Variables	Beta	t-value	Sig
Extent of IA recommendations being implemented	Constant		2.834	0.007
	Senior Management Involvement	0.519	3.832	0.000
	Senior Management Responses	(0.278)	(1.674)	0.100
	Sufficient Budget	(0.036)	(0.215)	0.831
		R2=0.64, ANOVA(F)=2.035; Sig=0.004		

Source: Researcher's Survey (2019)

4.4.4 Competence of IA

In order to examine the influence of competence of the IA in the implementation of IA Recommendations in the LGAs, the competence of the IA was measured by using four sub-variables. These are CPD hours attained, internal audit trainings attended, Professional Certification and Working experience in the LGAs. We applied multiple regression analysis. The findings for each sub variable are shown in table 4.16. There is a significant negative relationship between Implementation of IA Recommendations and Annual CPD hours attained and IA trainings attended. Working experience and professional qualification had positive insignificant association with IA Recommendations in the LGAs. The overall regression model is poor (14.2%). For more details, refer to table 4.16.

Table 4.16 Competence of Internal Auditors

Dependent Variables	Independent Variables	Beta	t-value	Sig.
Extent of IA recommendations being implemented	Constant		3.247	0.002
	Annual CPD hours attained	(0.339)	(2.210)	0.002
	IA trainings attended	(0.005)	(0.037)	0.001
	Professional Qualification	0.192	1.409	0.165
	Working Experience	0.049	0.319	0.751
		R2=0.142; ANOVA(F)=2.035; Sig=0.104		

Source: Researcher's Survey (2019)

4.4.5 Size of Internal Audit Unit

Table 4.17 suggests that Size of IA Unit has significant negative correlation with the implementation of IA Recommendations in the LGAs. The regression model is strong at 63%. The Size of IA Unit was measured by the numbers of IA in the stated LGAs.

Table 4.17 Size of Internal Audit Unit & Affiliation between IA and EA:

Dependent Variables	Independent Variables	Beta	t-value	Sig.
Extent of IA recommendations being implemented	Constant		1.391	0.171
	Size of IA Unit	(0.005)	(0.301)	0.000
	Affiliation between IA and EA:			
	Friendly and Supportive	0.038	0.237	0.000
	EA Consultation	(0.394)	(1.619)	(0.113)
	Reliance on the work of IA	0.173	0.872	0.388
	Sharing Working Papers	(0.304)	(1.234)	(0.000)
R2=0.63; ANOVA(F)=2.318; Sig=0.000				

Source: Researcher's Survey (2019)

4.4.6 Affiliation between IA and EA

We carried out Linear regression analysis in for the objective of establishing the connection between Implementation of IA Recommendations and Affiliation between IA and EA. Independent variable under this case was the Affiliation between IA and EA, which was constituted four sub-constructs namely Friendly and Supportive, EA Consultation, EA Consultation, Reliance on the work of IA and Sharing Working Papers. Analysis of table 4.17 proves that the regression model is good (63%). Furthermore, Implementation of IA Recommendations has insignificant negative association with EA Consultation and Sharing Working Papers. Contrary to that, Friendly and Supportive and Reliance on the work of IA exhibit significant positive correlation with Implementation of IA Recommendations in the LGAs. Remember that, these results are shown in table 4.17 above.

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.0 Introduction

This chapter discuss the findings obtained after carrying out statistical data analysis as presented in chapter four. Basing on the study objectives, our research is guided by the following specific research questions.

- a. Does the LGAs implements IA Recommendations provided in the IA Reports?
- b. What are the challenges and prospects on the Implementation of IA Recommendations in the LGAs?
- c. Which factors influence effectiveness of IA on the Implementation of Internal Audit Recommendations in the LGAs?

As described in chapter four, we applied Descriptive Statistics in order to analyses the data for the first and second research questions. In addition to that, for the purposes of determining the factors influencing implementation of Internal Audit Recommendations in the stated LGAs in Dar es Salaam Region, the researcher employed Multiple Regression Analysis. The researcher discovers the weakness on the performance of the auditing works in the LGAs concerning the gender issues whereby the findings shows the large number of men are involved in performing the audit work rather than me. In presentation of findings on table 4.1 shows many respondents are male which is 35 persons equal to 64.8% compared to female which is 19 respondent's equals to 35.2%, this means the gender equality is not considered. Also there is a problem on the age group in performing this auditing task which is resulted from the presentation of findings, the researcher categorized age into three groups from 20 – 35, 36 – 45 and 46 – above the result shows the auditing works in LGAs are mainly performed higher in two groups which are middle aged and young. This result indicate that the elder group is not considered. If the LGAs considered this group, there is possibility of increasing the implementation of internal audit recommendation in the LGAs. The researcher observed the large number of educated respondent in the LGAs which are supposed to increase the implementation of internal audit recommendation in LGAs and exceed the output result whereby now is

51% - 80% which is not sufficient compared to the level of education of the personnel involved in the work, table 4.5 on the presentation of findings shows respondents with bachelor degree were 24 equal to 44% while 15 respondents possess master degree equal to 27.8% and 11 respondents have professional qualification equals to 20.4% this result is supposed to give the best result up to 95% on the implementation of internal audit recommendation in LGAs. The presentation of findings depicts the large number of respondents have working experience in auditing works as shown in the table 4.6 whereby 33 respondents equals to 61.1 % which is more than 50 % having experience of 1 – 4 years, for this result the implementation of internal audit recommendation is supposed to be more than the result now. Also the ensuing part discuss the findings for each research questions.

5.1 Implementation of Internal Audit Recommendations

For the aim of determining whether the IA Recommendations are implemented in the concerned LGAs in Dar es Salaam Region, we applied Descriptive Statistics. The research measured the implementation of IA Recommendations by using two variables namely Extent of Implementation and Level of Agreements or Disagreements in the implementation of the IA Recommendations. The findings were presented in chapter four. The next sub-part describes such findings.

Firstly, the study reported high percentage of implementation of IA Recommendations in the LGAs. This implies that most of the respondents agreed that IA Recommendations in the selected LGAs are being implemented. According to our findings, the percentage of implementation lied between 31% to 50% annually followed 51% to 80%. This means that, most the recommendations given by the internal auditors are being implemented. Our findings are consistent with previous studies (Sarens, Allegrini, D'Onza, & Melville, 2011; Sarens & Beelde, 2006c; Soh & Martinov-Bennie, 2011). Basing on the percentage of implementation of IA Recommendations in the stated LGAs, it is true to conclude that, IA Recommendations are implemented.

Secondly, the level of agreements regarding implementation of IA Recommendations was somehow mixed. This means that, half of the respondents generally opted that IA Recommendations are rarely implemented in the LGAs while the other part stated that they are always implemented. This indicates that, respondents' perception about implementation of IA Recommendations in the LGAs differs significantly. Such findings are inconsistent with other researchers (George, Theofanis, & Konstantinos, 2015; Sarens et al., 2009; Zain et al., 2006).

Generally, it could be summed up that; implementation of IA recommendations in the selected LGAs is in a good progress. Basing on the findings presented in chapter four and discussed above, most of the recommendations are implemented in the given LGAs in Dar es Salaam Region.

5.2 Challenges and prospects on the Implementation of Internal Audit Recommendations

In order to determine the challenges facing LGAs in the implementation of IA Recommendations, we applied Descriptive Statistics in the collected data. The findings for this objective were presented in chapter four. The following part discusses such challenges.

One of the challenges determined was unclear internal audit recommendations. This means that, most of the internal audit recommendations given to the LGAs were not clear. This possess a difficult on how to implement such recommendations. When the recommendations are not clear, the management of the LGAs faces obstacles on how to implement them. It is recommended by past researches that, IA Recommendations should be clear for the proper implementation (Ahmad et al., 2009; Alzeban & Sawan, 2015; Hailemariam, 2014; Kalbers & Fogarty, 1993).

Shortage of Qualified Personnel was another challenge. Our findings indicate that, most of the LGAs Accountants and Internal Auditors are not professionally certified. Such findings lead to inadequate functioning of the accountants and internal auditors (Zain et al., 2006). Emphasizing this, Ahmad et al., (2009) concluded that, the management of the auditee should take necessary efforts to ensure that their accountants and auditors are professionally qualified.

Apart from that, presence of inadequate government support inhibits implementation of IA Recommendations in the LGAs. Respondents agreed that, existence of inadequate government support in terms of professional development, capacity building and inadequate budget in the IA Unit hinders implementation of IA Recommendations. For the LGAs to ensure proper implementation of IA Recommendations, past studies have indicated that management support is necessary (Alzeban & Gwilliam, 2014; Arena et al., 2006; Hongtao, 2010; Jokipii, 2010).

Finally, financial difficulties were somehow reported to be a challenge in the implementation of IA Recommendations. Although most of the respondents disagreed that, the selected LGAs in Dar es Salaam are not facing financial difficulties. This could be contributed by the factor that, all the selected LGAs are Municipal Councils in Dar es Salaam City; therefore, they have adequate funding from their own sources. Financial difficulties could not be challenge in our selected samples but in other District Councils, financial difficulties exist in the implementation of IA Recommendations (Alzeban & Gwilliam, 2014; Arena & Azzone, 2009; Badara & Saidin, 2013; Klamm, Kobelsky, & Watson, 2012; Morrill & Morrill, 2003).

5.3 Factors influencing effectiveness of IA on the Implementation of Internal Audit Recommendations in the LGAs

As stated in chapter three and four, we applied multiple regression analysis in order to examine the factors influencing implementation of IA Recommendations in the selected LGAs in Dar es Salaam Region. To achieve this, we developed five hypotheses as stated in chapter three. The findings of this objective were presented in chapter four. The following sections discuss such findings.

As per the findings reported in table 4.15, Involvement of Senior Management has been reported as one of the factor which positively influences Implementation of IA Recommendations in the LGAs. Our findings show that, such factor strongly affects Implementation of IA Recommendations. This makes acceptances of hypothesis H1. Contrary to this, Responses by Senior Management and Sufficient Budget have negative and insignificant influence to the Implementation of IA Recommendations

in the concerned LGAs. In this case, our outcomes lead to partially acceptance of hypothesis H1. These results are somehow consistent with Arena & Azzone, (2009) and (Alzeban & Gwilliam, 2014; Raghunandan & Rama, 2007; Rice & Weber, 2012).

In addition, Annual CPD hours and IA trainings have been reported to have negative and significant relationship with the Implementation of IA Recommendations in the LGAs in Dar es Salaam Region. Such findings are in line with hypothesis H3. Other sub-constructs under IA Competences such as Professional Qualification and Working Experience have insignificant positive influence towards Implementation of IA Recommendations. In my opinion, the occurrence of these mixed results may be due to the fact that, most of the respondents in our sample size are not professionally qualified (See table 4.5). This is in agreement with Ahmad et al., (2009) who concluded that, professional certification and attendance of Continuing Professional Education negatively affects internal auditors (Schneider, 2009).

Another factor is, Size of the IA Unit. The researcher found the existence of negatively and significant correlation between size of IA unit and the extent to which IA Recommendations are being implemented. Our findings are in agreement with Alzeban & Gwilliam, (2014) and Cohen & Sayag, (2010). Such researchers collectively highlighted that, adequate manning of the IA unit impacts internal auditing. Therefore, our hypothesis H2 is accepted. This is practically true since existence of enough staff in the IA Unit leads to effective and efficient IA Unit. In turn, this makes easy implementation of IA Recommendations.

Moreover, friendly and supportive EA and sharing working papers significantly influence implementation of IA Recommendations in the LGAs. This concurs with hypothesis H5. When EA are friendly and supportive, LGAs implement IA Recommendations positively. Also, when EA shares their working papers with IA, it means effective follow-up of their recommendations results to implementation of IA recommendations in the LGAs (Baharud-din et al., 2014; Dellai & Omri, 2016; Sharma, Naiker, & Lee, 2009).

Finally, Non-performance of non-audit activities and BOD approves the appointment and replacement of CIA has strong influence towards implementation of IA Recommendations in the LGAs. This means that, when the IA are independent in terms of their activities, and when the appointment of CIA is under the BODs; their independence in mind and in appearance leads to effective implementation of IA Recommendations in the LGAs (Zhang, Zhou, & Zhou, 2007). Previous authors such as Badara & Saidin, (2013), Arena & Azzone, (2007) and Alzeban & Gwilliam, (2014) supports our findings.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.0 Introduction

It should be remembered that, we investigated the implementation of IA Recommendations in the LGAs in Dar es Salaam Region. It involved three specific objectives namely:

- a. Reviewing IA Reports on the implementation of internal audit recommendations in the LGAs.
- b. Determining the challenges and prospects on the implementation of IA Recommendations in the LGAs.
- c. Exploring the factors influencing effectiveness of IA on the Implementation of IA Recommendations in the LGAs.

Consistent with the above objectives, the next sub-parts deal with presentations of summary of significant outcomes, conclusions, recommendations and ends up with proposing gaps for expected studies.

6.1 Summary of Findings

The outcomes of this paper about implementation of IA Recommendations in the LGAs can be briefly presented as follows.

The level of implementation of IA Recommendations in the LGAs particularly in Dar es Salaam Region is at good stage. Our findings have revealed that, 51% to 80% of the IA Recommendations are implemented annually. This indicates that, most of the IA Recommendations are taken into consideration.

In addition to that, the unclear IA Recommendations, shortage of qualified staff and inadequate management support hinders implementation of IA Recommendations in the selected LGAs in Dar es Salaam Region. It was found that, most of the LGAs face such challenges.

Finally, some of the factors which significantly influence implementation of IA Recommendations are Involvement of Senior Management, Annual CPD hours, IA trainings, Size of IA Unit and Non-performance of non-audit activities. Others factors identified were Sharing Working Papers, Existence of friendly and supportive

EA and BOD approval and appointment of the CIA. According to our outcomes, these factors were determined to have considerable influence towards implementation of IA Recommendations in the LGAs.

6.2 Conclusion

The main objective of this study was to examine implementation of IA Recommendations in the LGAs. Our first objective aimed at examining the level of implementation of IA Recommendations in the selected LGAs. Our findings have indicated high degree of implementation of IA Recommendations; however, this could not be the same in the remaining District Councils. This may arise due to the fact that, our study sample involved Municipal Councils which are all found in Dar es Salaam City, hence ignoring District Councils from other Regions.

The second objective intended to explore the challenges in implementation of IA Recommendations in the LGAs. According to our collected data, we applied Descriptive Statistics to determine the challenges. The determined challenges somehow don't reflect the environments in which our selected samples are found. These challenges may exist in most of the District Council and not in Municipal Council, as indicated.

Finally, the researcher examined the factors which influence implementation of IA Recommendations in the LGAs. We applied Multiple Regression Analysis as stated in chapter three and four. The researcher revealed some factors which influence implementation of IA Recommendations in the LGAs. Such factors are like Involvement of Senior Management, Annual CPD hours, IA trainings, Size of IA Unit and Non-performance of non-audit activities. Such factors have significant influence. Our findings provide some empirical evidence to concur with our research hypotheses H3, H1 and H2. However, according to the nature of the selected samples, such factors could have reported very strong correlation with the implementation of IA Recommendations.

6.3 Recommendations

According to our research outcomes, the study presents the following recommendations:

Firstly, the LGAs should keep on implementing IA Recommendations. This makes them to have good governance and avoid unnecessary audit quarries from the EA.

Secondly, the LGAs should involve the whole Council Management Team in the Implementation of the IA Recommendations. This will assist in reducing presence of mixed perception regarding implementation of IA Recommendations as revealed in our findings.

Thirdly, the LGAs Management should provide necessary support to the IA in terms of budget, training for attainment of CPD hours and CPA. This recommendation will help in bridging the gap for the shortage of qualified accountants and auditors in the LGAs in Tanzania. For the aim of increasing the number of qualified and competent personnel in IA Unit, the management should support and encourage professional development to all staff.

Fourthly, strengthening the Audit Committees in the LGAs. This will add value in the work of IA and help in the avoidance of the unclear IA Recommendations.

In addition, the size of the IA Unit should be improved. More staff should be added in the unit. As indicated in our findings, most of the IA units are understaffed. This hinders effectiveness of the IA functions in the LGAs.

Moreover, there should be positive cooperation between IA and EA. This will add value in the Implementation of IA and EA Recommendations in the LGAs.

On top of that, the Council Management Team should be trained on the necessity of the Implementation of IA and EA Recommendations in the LGAs. As indicated in our findings, some of the recommendations are not implemented due to lack of knowledge among the LGAs Management.

Therefore, for effective implementation of IA Recommendations, the LGAs must consider the stated recommendations.

6.4 Areas for Further Research

Our study gives a room and opportunity for future studies to be conducted in relation to Implementation of IA Recommendations not only in Dar es Salaam Region, but also in the rest of the LGAs in Tanzania which can enable the other researcher to become with new findings, these are including:

Firstly, studies considering the influence of LGAs Audit Committees in the Implementation of IA Recommendations. This could assist in determining the way in which the audit committees help implementation of IA Recommendations in the LGAs.

Secondly, increasing the number of sample size, in order to obtain wider responses from the LGAs. This will lead to the consideration of the remaining LGAs in Tanzania Mainland. For the better increase the number of sample size the researcher may take a chance to select a zone rather than region in order to increase the sample size.

Also, applying other regression methods not only basing on Descriptive Statistics and Linear Regression Methods. In addition to this, other strategies for data collection including observation, interview and focus group discussion should be employed.

Moreover, further researches should be done in assess the effectiveness of Audit Committees in the LGAs. This could assist to improve and strengthen the supervisory function of Audit Committees over IA unit in the LGAs.

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APPENDICES

APPENDIX 1: RESEARCH QUESTIONNAIRE

Dear Respondent!

My name is **HAMADI IBRAHIM KATULI**, a Master of Science in Accounting and Finance Student at Mzumbe University, School of Business. This is part of my research work entitled “**Implementation of Internal Audit Recommendations in the LGAs. A Case of Dar es Salaam region**”. Specifically our study is guided by three objectives namely: Examining the effect of Audit Committee Characteristics on the Implementation of the Internal Audit Recommendations; determining the relationship between Audit Committee and the Internal Audit on the implementation of Internal Audit Recommendations; and Exploring the factors influencing effectiveness of Internal Audit on the Implementation of Internal Audit Recommendations.

You are kindly requested to respond to the set of questions here below, by giving relevant information. Please keep in mind that, your involvement in this survey is highly valued and your responses shall be treated ethically.

With best regards,

Katuli

The contact details of the researcher are: Hamadi Ibrahim Katuli, Student Msc. Accounting & Finance, Mzumbe University School of Business, Email: hakatuli17@mustudent.ac.tz. Mob: +255 654722 277 **OR** researcher’s supervisor Dr Andwilile Mwakibete, Mzumbe University School of Business, Email: amwakibete@mzumbe.ac.tz, Mob: +255 719 341 327.

PART 1: RESPONDENTS DEMOGRAPHIC INFORMATION

Please **CIRCLE** the option that best describes your answer.

1. What is your gender?
 - A. Male
 - B. Female

2. What is your age?
 - A. 20 – 35 years
 - B. 36– 45 years
 - C. 46 years and above

3. What is your marital status?
 - A. Single
 - B. Married
 - C. Divorced

4. What is your academic qualification?
 - A. Diploma in accounting/finance
 - B. Bachelor Degree in accounting/finance
 - C. Masters Degree

5. What is your professional qualification?
 - A. CPA
 - B. ACCA
 - C. CIA
 - D. None of the above

6. For how long have you worked in the Internal Audit Unit in the LGAs?
(Please state in number of years.....)

7. Internal Audit courses attended for the current financial year
 - A. One course
 - B. Two courses
 - C. Three courses
 - D. Four or more courses
 - E. None

8. Number of Internal auditors in your departments
 - A. 1 to 3
 - B. 4 to 6
 - C. 7 and above
9. Annual training hours attained through Continuing Professional Development (CPD)
 - A. 40 hours
 - B. 30 hours
 - C. 20 hours
 - D. 0 hours
10. Basing on your own perceptions and experience in the LGAs, to what extent is the internal audit recommendations being implemented?
 - 0% to 30% annually
 - 31% to 50% annually
 - 51% to 80% annually
 - 81% to 100% annually
11. What is your job title?
 - A. Assistant Accountant
 - B. Assistant Internal Auditor
 - C. Principal Accountant
 - D. Chief Internal Auditor
 - E. Municipal Treasurer
12. In your opinion, how often are internal audit recommendations implemented in the LGAs?
 - A. Never implemented
 - B. Rarely implemented
 - C. Usually implemented
 - D. Always implemented
 - E. I have no information

PARTII: Implementation of internal audit recommendations

The following statement relate to perceptions about the on implementation of audit recommendations

Please **CIRCLE** how strongly you agree or disagree with each of the following statements on a scale of 1 to 5, as indicated towards the extent on which the management implements internal audit recommendations.

NO.	STATEMENTS	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	Are the internal audit recommendations implemented?	1	2	3	4	5
2.	Are there outcome for the implementation of internal audit recommendations?	1	2	3	4	5
3	Does the implementation of internal audit recommendations effective?	1	2	3	4	5
4.	Does the implementation of internal Auditors recommendations has increased accountability in your council?	1	2	3	4	5
5.	Do you agree that implementation of Internal audit recommendations has improved health and education service delivery in your council?	1	2	3	4	5
6.	Do you agree that implementation of Internal Auditors recommendations has improved quality of infrastructures in your Council?	1	2	3	4	5

PART III: Challenges faced by management on implementing internal audit recommendations

Below are series of questions regarding challenges faced by management on implementing internal audit recommendations in the LGAs. Kindly respond to them accordingly.

1. Does the management of the organization face challenges during implementation of audit recommendations?

- a. Yes
- b. No []

If you agree, respond question 2

2. The following statement relate to perceptions about the management’ challenges on implementation of audit recommendations

Please **CIRCLE** how strongly you agree or disagree with each of the following statements on a scale of 1 to 5, as indicated towards the extent on which you believe the management face challenges on implementations of audit recommendations.

STATEMENTS	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Management’ challenges on implementation of audit recommendations					
Financial difficulties	1	2	3	4	5
Clarity on audit recommendation	1	2	3	4	5
Shortage of skilled personnel	1	2	3	4	5
Poor government support	1	2	3	4	5

PART IV: EFFECTIVENESS OF INTERNAL AUDITORS

Below is a series of statements about **effectiveness of internal auditors** in relation to implementation internal audit recommendations in the LGAs. Please **CIRCLE** how strongly you agree or disagree with each of the following statements on a scale of 1 to 5, as indicated.

STATEMENTS	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Management Support					
Senior management supports internal audit to perform its duties and responsibilities	1	2	3	4	5
Senior management are involved in the internal audit plan	1	2	3	4	5
Internal audit provides senior management with sufficient, reliable and relevant reports about the work they perform and recommendations made	1	2	3	4	5
The response to internal audit reports by the senior management is reasonable	1	2	3	4	5
Internal audit department is large enough to successfully carryout its duties and responsibilities	1	2	3	4	5
Internal audit department has sufficient budget to successfully carry out its duties and responsibilities	1	2	3	4	5
Internal Auditors Independence					
Internal audit staff are sufficiently independent to perform their professional obligations and duties	1	2	3	4	5
The head of internal audit reports to a level within the organization that allows the internal audit to fulfill its responsibilities	1	2	3	4	5
The head of internal audit has direct contact to the board of directors	1	2	3	4	5
The internal audit department has direct contact with senior management other than the finance director	1	2	3	4	5
Conflict of interest is rarely present in the work of internal auditors	1	2	3	4	5
Internal auditors rarely face interference by management while they conduct their work	1	2	3	4	5
Internal audit staff have free access to all departments and employees in the organization	1	2	3	4	5
The board of directors approves the appointment and replacement of the head of internal auditing	1	2	3	4	5
Internal audit staff are not requested to perform non-audit activities	1	2	3	4	5
Affiliations between internal auditors and external auditors					
External auditors are friendly and supportive	1	2	3	4	5
External auditors have a good attitude towards internal auditors	1	2	3	4	5
External and internal auditors consult on the	1	2	3	4	5

timing of work in which they have a mutual interest					
External auditors rely on internal audit work and reports	1	2	3	4	5
External auditors are willing to give internal auditors in opportunity to explain their concerns	1	2	3	4	5
External auditors discuss their audit plans with internal audit	1	2	3	4	5
External and internal auditors meet on a regular basis	1	2	3	4	5
External and internal auditors share their working papers	1	2	3	4	5
Senior management helps to promote effective co-operation between internal and external audit	1	2	3	4	5

*******Thank you for participating*******