Contribution of Internal Audit in Procurement of Goods and Services at the President's Office (PO), Constitution, Legal Affairs, Public Service and Good Governance-Zanzibar

CONTRIBUTION OF INTERNAL AUDIT IN PROCUREMENT OF GOODS AND SERVICES AT THE PRESIDENT'S OFFICE (PO), CONSTITUTION, LEGAL AFFAIRS, PUBLIC SERVICE AND GOOD GOVERNANCE-ZANZIBAR

By

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A Dissertation Submitted to School of Business in the Partial Fulfillment of the Requirement for Award of the Degree of Master in Accounting and Finance of Mzumbe University

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CERTIFICATION

We, the undersigned, certify that, we have read and hereby recommend for the acceptance by the Mzumbe University (MU), a research report entitled ***"Contribution of internal audit in procurement of goods and services at President's Office Constitution, Legal Affairs, Public Service and Good Governance-Zanzibar",*** in partial fulfillment of the requirements for the award of Master Degree in Accounting and Finance (MSc. A&F) of Mzumbe University

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DECLARATION AND COPYRIGHT

I, Abdalla Kh. Kheir, declare that this dissertation is my own original work, and that it has not been presented and will not be presented to any other institution, college or university for a similar or any other degree award.

Signature: ---

Date: ---

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DEDICATION

I dedicate this dissertation to my brothers, sisters and my family for their support and encouragement while conducting this study and throughout the MBA in accounting and finance course.

LIST OF ABBREVIATIONS AND ACRONYMS

AO	Accounting Officer
CAG	Controller and Auditor General
CEO	Chief Executive Officer
IA	Internal Audit
IAF	Internal Audit Function
IAG	Internal Auditor General
IIA	Institute of Internal Audit
LGA	Local Government Authority
MDAs	Ministries Department and Agencies
MOF	Ministry of Finance
PAA	Public Audit Act
PFMA	Public Finance Management Act
POCLAPSGG	President's Office, Constitution, Legal Affairs, Public
PPA	Public Procurement Act
PPDPAA	Public Procurement and Disposal of Public Assets Act
RM	Risk Management
	Service and Good Governance
SPSS	Statistical Package for Social Science
TB	Tender Board
TCO	Total Cost of Ownership
VFM	Value for Money

ABSTRACT

Procurement is very essential, sensitive and has become major concern of unit in various aspects of the public entities in Zanzibar (Public Procurement Act, 2016). The study intended to assess the contribution of internal audit in procurement of goods and services in public entities. Specifically, the study aimed at addressing three objectives namely: To assess the extent to which internal audit evaluate the effectiveness of internal controls in procurement process; to assess the extent to which internal audit evaluate policies and procedures of the procurement management unit and; to assess the effectiveness of internal audit in risk assessment and management in procurement management unit.

Data were collected from both primary and secondary sources. The study used Questionnaires, interviews, and observations as a data collection instruments. Documentary reviews were used to complement the primary data. The data were analyzed through the statistical package for social science **(SPSS)**. The study used descriptive or qualitative research methodology, employing a case study research design. A sample size of 91 respondents was selected from internal audit unit, procurement unit, and tender board members. Officers in charge from other departments of the Ministry of States, President's Office, Constitution, Legal Affairs, Public Services and Good Governance were also involved.

The study found out that the effectiveness of internal audit in Internal control of procurement process at President's Office, Constitution, Legal Affairs, Public Service and Good Governance is effective and adequate by 74% of its average to present errors and irregularities. The extent to which internal audit evaluate policies and procedures as clear indicated by 56% of its average, provides clear guidance toward the Procurement Unit. The study also found that the effectiveness of internal audit in risk assessment and management in procurement management unit is also adequate by 65% of its average. The study recommends for the adherence of the policy and procedure and proper implementation of internal control system.

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter discusses the problem, which is *"Contribution of internal audit in procurement of goods and services at President's Office Constitution, Legal Affairs, Public Service and Good Governance-Zanzibar"*. The chapter entails the background information, problem statement, the objective of the study, the research questions, and significance of the study, scope and limitations of the study.

1.2 Background Information

Historically, a unit of internal audit was considered as a unit, which is administratively aimed at checking both financial and non-financial documents, counting of assets, and reporting on past events in order to serve management purposes. Internal audit improves practices of risk management audit in both private and public entities. Arena and Azzone (2009) posit that the use of public funds in providing economic services to citizens should be efficient, effective but also transparent. This is what the democracy requires in any Country. This is because if no transparency, for example in the delivery of services to citizens, then the democracy will no longer be there.

A country cannot be democratic if things that happen in that country are not according to the pillars of a democratic country. For the government to exercise the democracy properly it should ensure effectiveness, efficiency and transparency on the service that the government provides to its citizens. The achievement of the government objectives is realized when the governments have in place better strategies that will make sure that the objectives are achieved. If the government does not adhere into that, the achievement of the objectives will be a dream (Cohen and Sayag, 2010).

In Tanzania, it is a fact that public entity procurement management has a significant role in improving the communities. The government is the one whose management has a direct impact on people's lives (Chacha, 2006). In this way, improving the manner in which these local institutions are managed is likely to be significant not only on the way they deliver goods and services to population but also provide a good image of the public sector institutions within and on outside Tanzania.

Given this importance of public entity in the current moment, the government of Tanzania has put much attention on developing and strengthening the audit department and Procurement Management Unit in the central and local government authorities. The logic behind in this initiative is that, in doing so there is a likelihood of improving the management of these institutions and hence being able to serve better the people in this era of decentralization. Therefore, this research set to look at the current development in the management of the public entity, especially the initiative to strengthen the internal audit function in the public entity.

The study aimed at assessing the contribution of internal audit in procurement of goods and services in public entities. The assessment of public procurement process in Zanzibar using public expenditures as well as financial accountability is a crucial element of the strengthened approach to public procurement process, which recognizes the need for strong government ownership. The study assessed the effectiveness of current system and procedures but did not assess the national policy or capacity. The scope reflects the existing situation and therefore acts as baseline against which future reforms can be monitored.

1.3 Problem Statement

The clearness of procurement process depends on the strength of internal audit unit in terms effectiveness of internal controls, compliance with policies and procedures, and assessment and management of risks. Even though, internal control system of an organization are identified, and the manager have awareness of the importance to facilitation of risk management together with the procedures and operations of the audited body (Arena and Azzone, 2009; Cohen and Sayag, 2010). The strength of internal control system depends of the effectiveness of internal audit unit. In spite of various guidelines used by internal audit in public entity, the literature provides abroad view, although the majority of public enterprises have unsuccessful to bring on the operations that they were recognized, mainly due to the poor procurement process (Dittenhofer, 2001).

According to Public Finance Management Act (2016), internal auditors are entitled to review and appraise the management on the compliance laid down laws, regulations, standards, system and procedures in Public Institutions. Similarly, Smet and Mention (2011) described that Compliance to the laws and regulations as settled by the corporate governance system that puts stakeholders in better position of getting benefits from their organizations. This results on having internal audit function that is stronger. The Procurement laws and regulations set, internal auditors are allowed to access all information at any time without any objection (Smet and Mention, 2011). Whatever the corporate governance system puts in place, the auditors have the right according to the law to get information needed for audit purposes within the entity. Moreover, internal auditors can make top management, line managers understand their responsibilities, and in this regards, the manager may act as the consultant who ensures that risks in the organization are monitored (Cohen and Sayag, 2010). But some managers do not accept that due to their own interests they have and even sometime cause conflicts of interests.

Risk assessment and management in public entities were ineffective and inefficient in terms of resources controls, supervision of policies, procedures, regulations and other financials manuals as well as determination risk managements. People debate that, no best use of internal audit policies, procedures and system results to improper acquisition of goods and services (Mihret &Yasmaw, 2007).

Therefore, to avoid people losing their jobs and other legal actions that may occur to them, the management in public entities now rely much on the role and advice played by internal audit in decision-making. Ideally, it’s the right time for internal auditors in public organization to become effective by conforming to the enhanced contribution of internal audit as defined by (IIA, 2017) particularly in internal audit scopes.

Generally, to ensure effectiveness of internal auditors in public sector particularly in control activities, risk management and complying with policies and procedures this study suggests the imperative focus on assessment of the internal audit contribution of internal audit in procurement of goods and services in public entities at president office, constitution, legal affairs, public services and good governance-Zanzibar.

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of this research was to assess the contribution of internal audit in procurement of goods and services in public entities.

1.4.2 Specific Objectives

i. To assess the extent to which internal audit evaluate the effectiveness of internal controls in procurement process.
ii. To assess the extent to which the internal audit evaluates policies and procedures of the Procurement Unit.
iii. To assess the effectiveness of internal Audit in risk assessment and management in Procurement Unit

1.4.3 Research Questions

i. To what extent is the internal audit evaluates the effectiveness of internal controls in procurement process?
ii. To what extent is the internal audit evaluates policies and procedures of Procurement Unit?
iii. To what extent is the internal audit assesses the effectiveness of risk assessment and management in Procurement Unit?

1.5 Scope of the Study

The research study assessed contribution of internal audit in procurement of goods and services in public entities. In order to realize this focus of this study president's office constitution, legal affairs, public service and good governance was selected as a case study. The study was conducted at Zanzibar president's office, constitution, legal affairs, public service and good governance. The study assessed the contribution of internal audit in procurement of goods and services in public entities. The resources used like human, time, funds and ignoring extra information or else would be of no importance with regard to requirements of the topic. This enabled the researcher to make comprehensive analysis and drawn good conclusion.

1.6 Significance of the Study

The study is very essential due to the fact, it is helpful for both public and private entities managers, auditors, procurement personnel, researchers, academicians and other stakeholders as the shortcomings identified in it are drawn with strategic recommendation that are relevant to the improvement of the respective areas.

1.7 Limitation of the Study

The researcher examined issues that in one way or another are expected on affecting the methods and the research findings due to the limitations of the study. Respondents’ information was slow to obtain because of different negative perception about the study. Large sample was not covered due to the limited time as well as cost problem. The researcher encountered the problem of financial difficulties, especially in areas of printing, transportation, library fees, and internet costs and feeding among others. This constraint was sometime averted by seeking financial sponsorship from friends as well as wishers.

1.8 Organization of the Study

In addition to first page, this report comprises of five chapters. The initial chapter with its sub topics forms preliminary parts, which include the introduction, problem statement, research objectives, research questions, significance of undertaking the study, scope and limitation of the study, and methodologies used to conduct the study. Chapter two describes the detail reviews of related literature with regard to internal audit contribution in procurement of goods and services in public entities and the variables which affect the internal audit roles.

Chapter three expresses the information regarding the sampling techniques used to conduct the research. Chapter four express the presentation of research findings. Chapter five entails the discussions of research findings, whereas chapter six describe about the summary, conclusions and policy implications of the study, followed by the references and appendixes.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter discusses definition of key terms of the study followed by the discussion of theoretical part and empirical reviews. The chapter demonstrates the conceptual structure or framework of the study

2.2 Theoretical Review

2.2.1 Definition of the Key Terms

2.2.2 Internal Audit

In 1999, the institute of internal auditors reviewed the meaning of internal auditing for both consulting and assurance activities on three associated scopes of risk management, control activities and governance processes. Even though, about five years later, the committee of sponsoring organizations (COSO) of the Trade Way Commission released its incorporated framework for enterprise risk management (COSO, 2004). Since then the world is not static concerning the enterprise broad technique to ward risk management, therefore internal auditors playing important role contributing more in providing both consulting and assurance services in collaboration with management within the organizations (Saren and De Beelde, 2006).

According to Public Finance Management Act (2016), internal audit as an independent assessment activity established within a ministry, department or agency or any other reporting unit which operates as a service to controls activity by examining and evaluating the suitability of the internal control's efficiency and effectiveness. It used to assess measure, estimate and verify the internal control system efficiency and validity of the financial information.

According to IIA (2009), internal audit is an independent, objective assurance and consulting activities, designed with the purpose of value adding and develop the operations of the organizations. It is more useful for an association to achieve its objectives by bringing systematic, disciplined approach in order to evaluate and improve the effectiveness of risk management, control activities and governance processes. From this conception, the term internal audit has to be autonomous, free from bias that should be clear designed so as to assess and upgrade the chance administration viability, control exercises and administration procedures expected to give affirmation and counseling administration to the association.

According to Badara (2012), internal audit is defined as an additional safeguard and maintain appropriate and appropriate monetary control in the public. Inner review is likewise in charge of both the review of all money related and non-monetary exchanges via completing a consistent examination of all books of bookkeeping and keeping up appropriate records in the association with a perspective on distinguishing and checking cheats and interfacing blunders. It implies that inside review is essentially (Sumbana, 2004) connected with the examination of the framework and strategies set up thus, to guarantee an extraordinary consistence with the guideline and the sufficiency on adequacy of internal control system.

2.2.3 Procurement and Procurement Process

According to Lysons (2000), the term procurement means that the acquirement made by purchase, franchise, rental, hire purchase, tenancy or any other means of contract for goods, services, works or any combination of the two, which are required by an organization for further production use, service provision or even for resale.

Procurement may also be described as the process that creates, manages and fulfills contracts. This mean that it is the function associated with purchase, lease or other means of legal acquisition of right goods (equipment, material, consumables), works (construction repairs, rehabilitation), and services (individual consultants, consulting firms, training workshop) required to satisfy certain wants (needs) at the right quantities and at the right price (Sumbana, 2004). It is the management of the sustainable purchase of goods, services and work in order to optimize the value for money through the professional, auditable and transparent framework (Mbaruk, 2008).

Procurement process is described as progressive stages in acquisition cycle including arranging, selection of strategies, and measure to request offers in which obtained from the bidders, inspection as well as assessment of those expected offers, grants of agreement, and contract the executives (PPDPA, 2016). As such, the obtainment procedure covers the existence cycle from recognizable proof of requirements, all through provider determination to post-contract grant the executives including transfer (Sarfo, 2011). The transparent and consistent of the proper process of procurement are practically required to be strong enough so as to be well and clear document for proper decision making in the organization (Mlinga, 2008).

2.2.4 Goods and Services

According to the Act No. 11 of the 2016 of procurement and disposal of public assets of Zanzibar, defines the term Goods and services respectively as, the term **goods** means, things of every kinds and descriptions whether tangible or intangibles including: commodities, agricultural crops, raw-material, product and equipment; matter in solid liquid, or gasses form and service incidental to the supply of such things. Whereas the term **service** is also defined as anything or object of disposal and procurement apart from the supplies as well as works, and involves skilled and non-skilled and the types of business goods as well as supplies and works which is accidentally to, the services values are not exceeding at all.

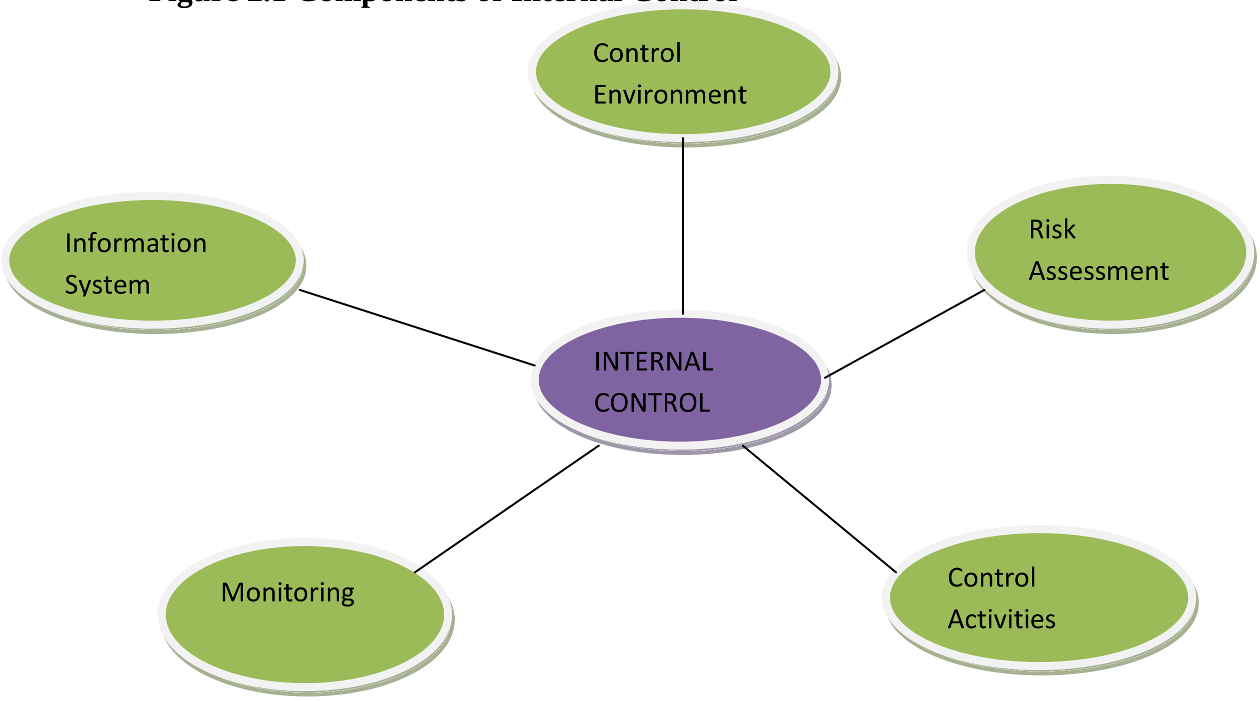
2.2.5 Public Entity

According to the Zanzibar Public finance act of 2016, public entity means a public corporation or a board, commission, company, constitutional institution, fund or other entities other than a public corporation established in terms of an act of House of Representatives. This has to be fully or substantially funded either by consolidated fund or by way of a tax, levy other money imposed in terms of a laws enacted by a house of representative.

2.2.6 Internal Control

According to Millichamp (2002), Inward control as the entire arrangement of controls, budgetary and something else, built up by the administration in order to assume the matter of the association in a deliberate and efficient way, guarantee adherence to the board approaches, protect the benefits and secure the likelihood on fulfillment and exactness of the records. The inner review assumes the significant job as autonomous evaluation capacity set up by the administration to audit the inside control framework of the particular organisations.

Figure 2.1 Components of Internal Control



Source: Busara, (2012)

The figure above represents five internal control components in as briefly described belows: -

- **The control environment:** This component involves the executive's capacities and governance and the attitude, mindfulness and activities of those accused of administration and the board inward control and its significance concerning to the element.

- **The entity's Risk Assessment:** entity's risk assessment describes as the process in which identify and respond to business risk and the result thereof. Here the auditor better understands the nature of the entity for identifying business risks in financial reporting and can decide on action to take to address those risks, and come up with the results.

- **The information system:** The information system applicable to money related revealing destinations, which include the bookkeeping framework, involves methods and records set up to start, records, procedure and report the exchanges of the element and keep up the responsibility for the related resources, liabilities, and value.

- **Control activities:** These are policies and procedures that that help to ensure that management directives are carried out. The role of the auditor is to have sufficient understanding toward the control activities for risk assessment of material misstatement at the assertion stage and further to design audit procedures relative to the assessed risks.

- **Monitoring control:** Monitoring is the process consisting of an ongoing consideration and assessment of quality control system of the firm, including a periodic evaluation of effectiveness of internal control performance over the time.

2.2.7 Types on Internal Control

Every organization has its own internal control based on the nature of the business undertaken. Example controls placed in financial industries are quite differing with those employed in production industries. However, there are various ways of categorized internal control to the extent that virtually all organizations accommodated in whether directly or indirectly. According to Millichamp, (2002) the types of internal control can be categorized as follows: -

- **Organization control:** This enterprise ought to characterize and assign the duties – for each task ought to be accountable for a predetermined individual who may be known as the capable authority for that particular function.

- **Physical control:** This concern to physical supervision of assets and therefore it includes the designed procedures in accessing limit to the responsible personnel only.

- **Authorization and approval control:** a responsible person should approve and authorize all transactions.

- **Accounting and arithmetic control:** These controls in recording function may checks the function whether have been transactions are controls in the recording functions which check that the transactions have been authorized, that they are all included and that they are correctly recorded and accurately processed.

- **Segregation of duties control:** No one has to be accountable for the recording and processing of computed transaction.

- **Personnel control:** Procedure ought to be intended to guarantee that personnel operating a system are capable and motivated to complete the tasks allocated to them, as the proper functioning of a system relies on the capability and the integrity of the operating personnel.

- **Supervision controls:** All activities by all level of staff ought to be controlled. The responsibility regarding supervision should be clearly set down and imparted to individual being administered.

- **Management controls:** These are controls, practiced by the management which is outside and above the day-to-day schedule of the system. They incorporate commonly supervisory controls, a survey of the administration records, and relationship with the spending plan, inner review and some other exceptional audit methodologies.

2.2.8 Limitation of Internal Control

- Internal controls, regardless of how all around organized and worked, can give an entity just sensible confirmation about achieving the element's budgetary related announcing targets. The likelihood of achievement is impacted by constraints inborn to inner control as pursues:

- These incorporate the substances that human judgment in basic leadership can be broken and that breakdowns in inner control can occur because of human disappointments, for instance, fundamental blunders or slip-ups; the possibility of avoiding internal control through collusion by two or more people, mangers and or employees, with other parties inside or outside the entity.
- Internal control can be circumvented by unseemly administration supersedes of inner control. For instance, the board may go into side concurrence with a client that adjusts the terms and states of the element's principles deals, which may result in ill-advised income acknowledgement.
- Smaller substances regularly have fewer workers, which may confine the degree to which isolation of obligations is practicable.
- The needs to balance the costs of the control with its benefit
- Obsolescence of controls

2.2.9 Risk Assessment and Management

Risk evaluation is the identification and investigation of applicable dangers to the accomplishment of goals, shaping a reason for how the dangers ought to be overseen. As indicated by Lannoye (1999) this part of inner control features the significance of the board cautiously recognizing and assessing factors that can block it from accomplishing its central goal. Management of risk in terms of its meaning is an essential part of good governance which support the evidence approaches of the organizations in achieving both conformance and performance objectives. Whereas according to Barret (2004) shows the management of risk as including, identification, treatment, analysis, communicating and monitoring of risk.

By definition risk management is the process of identifying and managed all risks within the organization that may hinder success of intended goals. According to IIA

Position Paper, (2009) described the risk management as a structured, reliable and permanent process through the whole organization for identifying, assessing, deciding on responses to and reporting on opportunities and threats that affect the achievement of its objectives. Risk management is a management process that promotes the cost-effective achievement of organizational objectives (IIA, IPPF – Practice Guide, 2012).

2.2.10 Responsibility of Risk Management

The board has by and large duty regarding guaranteeing that dangers are overseen. Practically speaking, the board will appoint the task of the hazard the board structure to the supervisory group, will's identity in charge of finishing the exercises underneath. There might be a different capacity that co-ordinates and venture deals with these exercises and brings to hold up under expert aptitudes and learning. Everybody in the association assumes a job in guaranteeing fruitful endeavor wide hazard the board yet the essential duty regarding distinguishing dangers and dealing with those lies with the executives (IIA Position Paper, 2009).

2.2.11 Benefits of Risk Management

According to IIA Position Paper (2009), the benefits include greater likelihood of achieving those objectives; consolidated reporting of disparate risks at board level; improved understanding of the key risks and their wider implications. Others are identification and sharing of cross business risks; greater management focus on the issues that really matter; fewer surprises or crises; more focus internally on doing the right things in the right way; increased likelihood of change initiatives being achieved; capability to take on greater risk for greater reward and more informed risk-taking and decision-making. Risk management (RM) can make a major contribution towards helping an organization manage the risks to achieving its objectives.

2.2.12 Activities Included in Risk Management

The activities involved in risk management are as follows: -

Articulating and conveying the goals of the organization; determining the risk appetite of the association; Establishing a fitting interior condition, including a hazard the board structure; and identifying potential dangers to the accomplishment of the destinations; Assessing the risk (for example the effect and probability of the danger happening). Others are selecting and executing reactions to the dangers; Undertaking control and other reaction exercises; communicating data on dangers in a reliable way at all dimensions in the association; centrally observing and organizing the hazard the board forms and the results, and providing affirmation on the viability with which dangers are overseen (IIA Position Paper, 2009).

2.2.13 Role of Internal Audit on Risk Management

For internal audit to be valuable in public organizations, they must be in a position of providing objective assurance that the major organization risks are being managed appropriately and providing assurance that the risk management and internal control framework are operating effectively. However, by doing so internal auditors must be vigilant to make sure their independence and objectivity are not detriment in any how while doing these activities. While internal audit engagement in ERM can add value to the organization, there is also a risk that it could lead to a compromise of independence and objectivity (Zwaan & Stewart, 2011).

Therefore, according to IIA Position paper, (2009) the role of internal audit in RM has been categorized in three aspects as follows; The prescribed or center jobs of interior review in RM; The genuine inside review jobs with shields; and The jobs that ought not be undertaken. For more insight of the aforementioned roles and specific activity in each role let us focus our minds in the following table:

Table 2.1 Internal Audit Role in Risk Management

The recommended or core roles of internal audit in RM	The legitimate internal audit roles with safeguards	The roles that should not be undertaken
• Providing assurance on risk management processes. • Providing assurance that risk evaluation is made correctly. • Evaluating risk management processes • Evaluating the reporting of the key risks • Reviewing the management of key risks	• Facilitating identification and evaluation of risks • Coaching management in responding to risks • Co-ordinating RM activities • Consolidated reporting on risks • Maintaining and developing the RM framework • Championing establishment of RM • Developing RM strategy for board approval	• Setting the risk appetite • Imposing risk management processes • Management assurance on risks • Taking decision on risk responses • Implementing risk responses on management's behalf • Accountability for risk management

Internal audit role in risk management (Source: www.theiia.org)

The table 2.1 above clarifies the recommended job of internal auditing in connection to risk have to give assurance to the boards as well as the management concerning to the risk management on the effectiveness of the required entity. At the appropriate time internal auditor prolong its activities beyond the recommended or core function, where the use and consideration of the proper definite safeguards. This involves showing consulting services as the engagement and all international standards of internal auditing are relevant. In that approach, in which objectivity and independence protection as a matter of assurance service.

2.2.14 Precondition for Internal Audit to be Involved in RM

As asserted in the new definition of internal audit issued by IIA, risk management is one of the roles of internal audit. However, there are conditions which must be adhered for internal audit to be eligible for participating in organization risk management as provided in IIA Position paper, 2009. The conditions are: It should be clear that the administration stays in charge of risk management. The idea of inward examiner's obligations ought to be achieved in the inner review contract and endorsed by the review board. Interior reviewing ought not to deal with any of the dangers in the interest of the board. Inner reviewing ought to give exhortation, challenge and backing to the executives' fundamental authority, rather than risking everything organization decisions themselves. Inside auditing cannot in like manner give target assertion on any bit of the RM system for which it is proficient. Such affirmation should be given by other suitably qualified social events. Any work past the attestation practices should be seen as a directing duty and the utilization standards related to such commitment should be pursued.

2.2.15 Roles and Importance of Internal Audit

- Support senior management’s governance responsibility: Internal audit gives independent and objectives assessment of the data utilized for the basic decision-making and on the relationship between hazard, control and the accomplishment of the organization objectives.
- Reporting on the internal control system: The chief of internal audit is supposed to provide a view to the company through audit committee on the effectiveness and adequacy of the whole internal control system within the organisation for the extent to which can rely on it. The auditor has stockmen on other activities for which the company is accountable as well as to which the internal audit service has to evaluate. The head of internal audit unit gives opinions on whether the controls the arrangements including those for economy, effectiveness are adequate and properly applied (Delaney and Gleim 1991).
- Providing assurance on risk management: To give the required assurances the internal audit will carry out the program of work focused on a strategy authoritative by the governing body on the advice of the committee. The program will assess the arrangements in place as to their completeness and adequacy.
- Recommendation on decision making: Whittington (1992) focus in his study that internal audit plays its role by assisting members of the organization in

effective discharge of their responsibilities by furnishing analyses, appraisals, recommendation and counsel.

- Internal auditing, when effectively implemented, can unquestionably be considered the most important instrument in the quality system toolbox. It is the primary method for continuously improving the public sectors financial management. In fact, the feedback from internal auditing is critical to the growth of the central government authority.

The importance of internal audit is as follows:

(i) Internal audit is a part of the corporate governance structure inside an association. Corporate administration fuses those oversight activities attempted by the leading group of directorate and review council to guarantee the respectability of the money related announcing process (Public Oversight Board 1993). Three checking instruments have been recognized in the corporate administration writing. They are outside inspecting, inside evaluating, and directorships (Anderson et al. 1993, Blue Ribbon Committee 1999) just as the review board of trustees (Institute of Internal Audit [IIA] 2003).

(ii) In recent years, prominent corporate breakdown has concentrated consideration on corporate administration and furthermore underlined interior reviewing as a component of the administration procedure. The IIA sees the target of inner examining as both supporting and reinforcing an association's administration systems, assesses, and improves the viability of hazard the executives and control (IIA, 1999).

2.2.16 Concept of Procurement

According to Zanzibar public procurement and disposal of public assets act of 2016, defines Procurement as an acquisition of goods, services or works by any means including where applicable, by purchase, rental, lease, hire purchase, license, tenancy, franchise or any other contractual means of any type of works, services or supplies or any combination. Acquisition incorporates all exercises required so as to get the item from a provider to its last goal. It includes the obtaining capacity store, traffic and transportation approaching assessment and quality control and affirmation, enabling organizations to settle on provider determination choice dependent on the all-out expense of proprietorship (TPO) as opposed to cost. The acquisition is utilized when identifying with purchasing dependent on the absolute expense of possession in a decent venture condition.

2.2.17 Public Procurement

As per procurement act No. 11 of 2016, public procurement can be defined as the acquisition of goods, works and consultancy services with the government appropriated fund for public use through the ministries, Departments and agencies (MDAs) and the disposal government assets on behalf of the Government. It involves activities of obtaining goods, works and services for the public by the use of public funds. Generally, public sector procurement is aimed at obtaining value for money (VFM) in all procurement made by the public procuring

2.2.18 Role of Procurement and Disposal Management Unit (PDMU)

As per to PPDPA, 2016 in section 29 from sub section (a) to (n) addresses the function of the procurement unit as follows:

Deals with all obtainment or transfer exercises of acquiring and arranging element aside from arbitration and the honor of agreement; bolsters the working of the Tender Board; executes the choices of the Tender Board; and goes about as a secretariat to the Tender Board plan the acquirement and transfer exercises of securing and arranging substance. The unit also suggests acquisition and arranging systems; proposes individuals from the assessment and arrangement groups; checks and gets ready the articulation of necessities; gets ready offer reports; gets ready commercials of offer chances and issues offering reports. The unit further keeps up bidders' rundown, gets ready contract records and issues affirmed contract archives, keeps up and chronicle records of the acquisition and transfer process, gets ready month to month reports for the Tender Board, co-ordinates the acquirement and transfer exercises of the considerable number of branches of the getting and arrange element.

This also includes setting up some example of information of reports as might be necessary required from time opportunity.

2.2.19 Tender, Tender Board and Tendering Process

2.2.19.1 Tender:

The Kenya Procurement Act No. 33 of 2015 define tender as a written document of an offer by candidate so as to supply goods, works or services at a cost, or to obtain or store disposing, tool as well as other assets at cost, In agreement with tender invitation process, proposal or request for quotation for the entity concerning with procuring.

2.2.19.2 Tender Board:

A tender board implies a panel or organization engaged with the administration obtainment method. It details prerequisites for the planned buy of products and enterprises, assembles these definitions in a delicate record, and hands these reports out to intrigued providers, as a rule for a charge. After the end date for offers, the delicate board assesses the recommendations got and settles on granting of the delicate. Open segment associations are typically lawfully committed to discharge tenders for works and administrations. Guidelines fluctuate on whether to fundamentally grant the delicate to the minimal bidder, or grant it by any stretch of the imagination.

According to PPDPA Act, 2016 state that the AO has the duty of directing those acquirement exercises in his or her establishment are finished by methods in PPDPA 2016. Area 26 of the Act portrays the obligations and duties of the AO. Under that area the AO is met with the ability to build up the TB according to the second timetable of the Act. The individuals from TB will be named with respect to their specialized fitness and abilities required for release of their specialized capacities. The elements of TB are stipulated in area 27 subsection from (a) to (n) of the Act.

2.2.19.3 Tendering Process

How much contracting of organization offers preferred position to the open substance and the framework is logically reliant on the fit and abundance of the drawn in offering process. The offering is the basic bit of the acquisition system for accomplishing an inspiration for cash in the acquirement cycle.

2.2.20 Internal Control and Internal Auditing

These two terms are frequently misunderstood as a certain something. Nevertheless, they are distinctive in extension and targets. Interior control is a more extensive idea which incorporates inward review. The targets of inward examining are to help association, specifically supervisors and individual from the top managerial staff to release their duty successfully. Interior review outfits them with the examination, assesses, proposal, guidance and data concerning the exercises looked into (PPA, 2016).

IIA (2006) clarified that inner review can be viewed as the methods by which the executives learn in the event that it is inward control framework are properly planned and in actuality working. The foundation of interior control is inward examining. It is obligation of interior inspectors guarantee that the top administration and representatives agree to inward control frameworks and any shortcoming of the framework ought to be recognized and remedied. Subsequently, interior review is fundamental device for guaranteeing the task and suitability of inside controls.

2.3 Empirical Literature Review

Many other studies related to "*contribution of internal audit in procurement of goods and services"* have been conducted by various researchers as follows:

2.3.1 Effectiveness of Internal Control

Busara (2012) defines internal control as the procedure planned and influenced by those accused of administration, the executives and other staff to give sensible confirmation about the accomplishment of the element's goals concerning the unwavering quality of money related detailing, adequacy, and productivity of tasks and consistence with pertinent laws and guideline.

Wedhon (2002) argued that in order to ensure strong internal control over receipt, when cashier received, it should be acknowledging by means of printed receipt, which should have a counterfoil, or carbon receipt. The receipt should be consecutively numbered. The unused receipt should be cancelled and must not be separate from the remains. No blank counterfoils should be accepted. As soon as cashier is received, it should be entered in a rough cash book or diary. Internal audit activities help employees abide by corporate policies and regulatory guidelines.

The importance of internal control as far as the trends of professionals indicated in nowadays have obviously increased in terms of its evaluation as a part of evidence as cited by (O'Donnel et al., 2000; AICP, 2001; Bell et al., 1997; PCAOB, 2004; Bierstaker and Wright, 2004; CICA, 1999). By ensuring adequacy, effectiveness of internal controls is necessary since its reporting have to be accurate and timely maintained (JWG Report, 2000) and continuous auditing have to be facilitated (Greenstein and Vasarhely, 2002; Kogan et al., 1999 and CICA, 1999). The study conducted previously showed that support of items viewed by internal auditors as propagated by internal controls are more convincing than proof items propagated by internal controls that are weak (Marden et al., 1997; Asare and Davison, 1995; Mletta and Kida, 1993).

2.3.2 Effective Procurement Policies and Procedures

As per Mihret and Yismaw (2007), this segment of authoritative setting element rates decently as far as its impact on review of adequacy is concerned. IIA (2009) clarifies that the CEO must build up strategies and systems, which would determine the duties of interior inspectors, how the review of reports ought to be displayed, and who ought to get the reports. In order to make inside reviewing powerful, there should exist clear approaches and methodology against which hierarchical practices are to be checked. The arrangements and strategies ought to be surely known by internal auditors with the goal that they can enhance those policies and procedures.

However, various countries both developed and developing countries have instituted procurement reforms involving laws and regulations the restriction however, has been inadequate regulatory compliance. De Boer and Telgen (1998) confirm that non-compliance problem affects not only the third world countries but also countries in the European Union. Similarly, Gelderman et al., (2006) who contend that in public procurement is still a major issue further supported this. Hui et al., (2011) while analyzing procurement issue in Malaysia established that procurement offices were blamed for malpractice and non-compliance to the procurement policies and procedures. Citing Gelderman et al., (2006) stipulate that compliance occurs when the target performs a request action, uninterested about it, rather than excited and put s in only a minimum effort. However, the organizational outcome, compliance has traditionally been understood as conformity or obedience to regulations and legislation cited in Lisa, (2010).

Public sector governance encompasses the policies and procedures used to direct an organisation's activities to provide reasonable assurance that objectives are met and that operations are carried out in an ethical and accountable manner. In public sector, governance relate to the means by which goals are established and accomplished. It's also includes activities ensure government's credibility, establish equitable provision of services, and assure appropriate behavior of government officials-reducing the risk of public corruption. Moreover, good public governance requires fair and impartially enforced legal frameworks. The absence of good governance structure lack of adherence to basic governance principles increase risk of public corruption, which is defined as misuse of entrusted power for private gain.

The designed organizational procurement policy and procedure does not clearly justify the involvement of Internal Audit Unit. According to Zanzibar public procurement Act of 2016 sec. 27(4) shows that, the internal Auditor are not qualified for appointment to the tender board of that particular procuring and disposing of the required entity. According to Tutu et al, (2011) on his study on the level of compliance with public procurement, show that there are five challenges facing procurement process. This includes lack of transparency, which contributes to unfair tender processes, ineffective monitoring and auditing procedures, unpredictable estimates during the tender purchasing process, charges of corruption inside the framework that have brought up issue of polished methodology and wasteful works on causing delays in the acquisition procedure along these lines expanding industry cost. The outcome repudiating the benefit of offering process, in spite of the fact that the government acquirement approaches and methodology are clear, numerous contractual workers felt overburdened by formality and wasteful enlistment systems.

2.3.3 Risk Assessment and Management

The evaluation of risk plus identification of the areas with higher risks by the audit staff becomes easier if and only if there audit plans and procurement plans implementation in the organization being helpful (Mihret and Yismaw, 2007). The organization must make sure that they have the audit plans that will enable auditors to carry out their activities much better in the organization. Furthermore, the head of the internal audit is obliged from time to time to report functionalities of the audit office to the top management in the organization; this will make the office of audit to be effective. The role of the internal auditor is to support senior management government authority on implementation of procurement plan.

The study conducted by Allegrini and O'Donnel (2000), showed that the good contribution of internal audit to the process of risk management, in Italian as shown by large companies. The methods of risk management to the organization were involved in customizing, consulting services in managing risk activities were also carried out or risk and control assessments were facilitated itself. To present in brief, independents are seemed to be potentially to internal auditors as the important providers in risk management evaluation and internal control system, which is equivalent to assurance, where practice-oriented, were eventually collective in assisting which is equivalent to consulting to management in this part. In this research, we to a certain extent take broad insights foe approved and examine in a more descriptive and qualitative approach on the contribution played by internal auditor in not only risk assessment but also risk communication as well as risk management.

Various studies conducted by (Liu, 2012; De Zwaan et al., 2011; Odoyo et al., 2014) give sustaining proof On the contributing role that the function of internal audit wishes to act in accordance with enhancement of risk management as far as organizations concerned. The IIA provides clear direction to its member on the matter of proper activities that they should, could and should not carry out with respect to risk management as conducted by (IIA, 2009). Core functions comprise, first, provided that, generally, assurance supports the approach for strategy of management at a strategic level, and another core activity reviewing and evaluating the management of risks, whether the process of risk management are followed.

A further research in a certain manner conducted by Becaux and Saren (2015, p.57), means a less a sudden unexpected event for the management together with its board, attractive the sufficient risk management through with regard to the required organization, different part incorporates (as far as prominent role played by internal audit) but also to the management of risk.

According to the study conducted by Selim and McNamee (1999a) indicates that risk management attempt to calculate approximately likely consequences of both opportunities and threats (risk measurement, prioritization and identification), adopted by risk management, in which decisions need to be made about how to manage the supposed consequences of that particular risk. The only one way to manage key managerial risks is the clear internal control designed by the management of the entity and responsible personnel from other departments.

2.3.4 Empirical Studies for Assessment of Existing Literature

This section review studies hitherto conducted touching on internal control system and procurement procedures in general; and in particular studies that address responsibility and transparency that have therefore been attempted. The survey takes a worldwide point of view and afterward limits to territorial viewpoint before focusing on the nearby viewpoint. Responsibility and Transparency Segal and Summers (2002) considered how to upgrade straight forwardness in pharmaceuticals in Latin America and the Caribbean district. They contended that responsibility is an administration's commitment to exhibit viability in embraced the objectives, delivering the kinds of administrations that the open needs, and needs. Responsibility, they watch, includes three crucial measurements, that is, estimation of objectives and results, legitimization of results acquired to screens (interior or outside), and discipline or authorizes for poor execution of degenerate conduct. The researchers recommend relevant methodologies than could upgrade responsibility. These methodologies incorporate among others, data frameworks to gauge how sources of info are utilized to deliver yields, guard dog associations, significant sheets or city associations that request clarification of results, execution-motivating forces to compensate great execution, and authorizations for poor execution. It is significant that when there is no responsibility, a window of defilement is opened (Brinkerhoff, 2004).

The straightforwardness of an open acquisition framework is said to depend on various control instruments which incorporate a powerful control and review framework, a proficient interest's component, a far reaching data sharing framework that empowers common society and different partners to direct social review, and successful morals and hostile to debasement measures (PPOA, 2007).

Namusonge (2007) asserts that an open review is viewed as powerful when it achieves the proposed consequences of encouraging great administration and successful responsibility in the administration of open assets. It is, also, placed that a proper administrative framework is required to improve straightforwardness and non-unfair in the utilization of open assets.

It is contended that responsibility delineates how the open intrigue has been ensured in the use of open assets. In addition, maintaining trustworthiness in open acquirement is opined to International Journal of Economics, Commerce and Management, United Kingdom Licensed under Creative Common Page 1179 is a standout amongst the most essential reference points of present day national acquisition frameworks (Barret, 2000). In their investigation, Vian and Collins (2006) set that an area wellbeing arranging and announcing framework was utilized in South Africa with a perspective on upgrading the executives control and furthermore so as to consider government operators responsible for their choices.

The framework united the money related and administration information helped authorities to investigate the beginning for execution contrasts, which incorporate likely debasement.

As far as limit, it was seen that at all dimensions of the organization in Zanzibar, obtainment are dealing with, frequently inappropriately, by untrained, non-pro staff. The absence of limit is substantially more articulated at the dimensions of organization especially at the network level. With government's ongoing approach to advance network driven improvement (CCD), there will be a need to give substantially more consideration in the limit issue at this dimension. The absence of limit comprises a noteworthy shortcoming of the whole acquirement framework (CPAR, 2003).

The administration has been utilizing the administration stores (GS) for its ability in obtainment and furthermore to accomplish the economies of scale however GS has neither the assets nor the authoritative ability to do as such. It was additionally seen that directly obtainment is not perceived as a set up calling inside the open segment and does not rearrange at present an appealing profession way (CPAR, 2003). This circumstance hinders setting up the essential limit with respect to legitimate obtainment consistence with existing standards and it is significant that measures for limit building are deliberately conceived as quickly as time permits. Ruud (2003) asserted that the role of internal audit in an organization include assurance and consulting services. Meaning that it is the role of internal audit to have assurance on the accounting books that they are in accordance to the rules set. It also means that the internal audit has the role to act as the consultant as far as the accounting issues are concerned. The assurance service the meaning of internal audit is also defined as the capacity of the internal audit to make self-assessment to check the level of risk management, controlling as well as governing all the processes regarding the financial issues of the organization. The internal control also performance of the organization is given the first priority, checking the security of the system but also engagement on diligence.

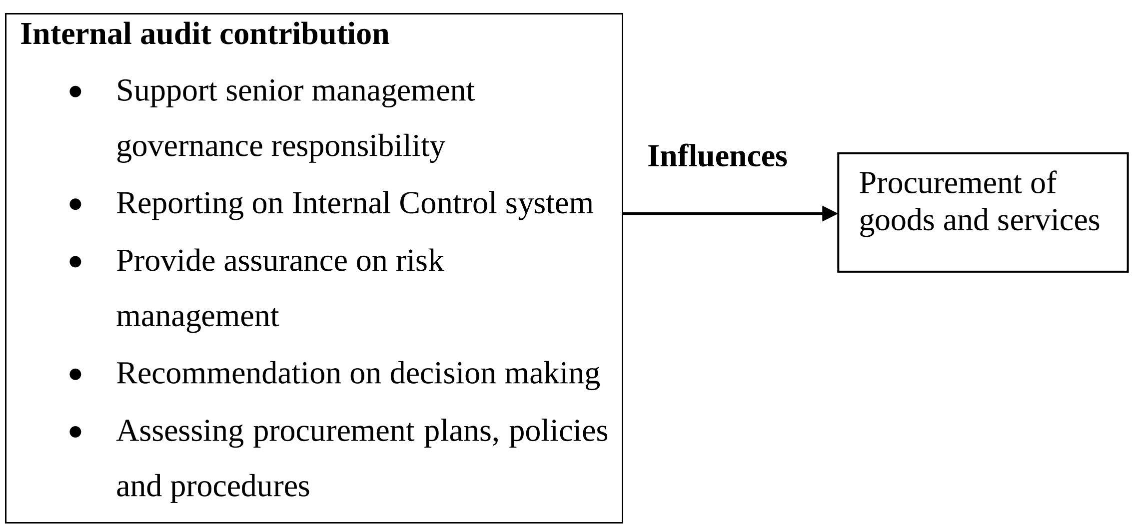
2.4 Conceptual Framework

Conceptual framework alludes to a lot of expansive thoughts and standards taken from important fields of enquiry and used to structure a resulting introduction (Reichel and Raney, 1987). Conceptual framework is formed of patterns of concepts and their interconnections. The diagrammatic presentation of the conceptual framework of this study helps to facilitate the understanding the relationship between variables that are going to be investigated.

The diagrammatic presentation shows a relationship between the variables of interests. The variables under study are the Internal Audit contribution on the area of the Procurement of Goods and services. The figure below shows that independent variables are internal audit contribution (support senior management governance responsibility, reporting on internal control system, provide assurance on risk management, recommendation on decision making and assessing procurement plans, policies and procedures) while the dependent variables is the procurement of goods and services.

Figure 2.2 Conceptual Model

Independent Variables **Dependent Variables**



Source: Researcher (2018)

2.5 Research Gap

Empirical studies and findings by the researchers have tried much to explain internal audit performance and its procurement activities, the effectiveness of internal audit in ensuring responsibility, which explored the relationship between internal Auditors, accountants and procurement personnel. The literature also explains the integrity, transparency and ethics consideration. If these issues exist, the internal audit not only in procurement of goods and services but also in many financial aspects becomes effective. Unfortunately, there are limited studies, which have been conducted within the Tanzanian context especially in Zanzibar to assess the contribution of internal audit in procurement of goods and services in public entities.

Given this gap of knowledge, the researcher explored the matter that have an effect on the role played by internal auditors in aspect of procurement of goods and services particularly for the public entities in Zanzibar. These include the criteria of quotations, costs determination, contracts, service delivery of goods and services, types and process of procurement, store verification, independence of the audit, follow-up of audit report by legislation, time examination of audit report, responsiveness of audit recommendation, and application of standards, planning the audit and procurement, and competency of audit staffs.

This study was carried to identify ways on how the internal audit contributes in aspect of goods as well as services procured can influences procurement process in terms of its effectiveness, compliance together with risk assessment and management. Indeed, the measures taken to enhance procurement effectiveness of purchasing function as procurement of goods and services has to contribute to improved internal audit function in public entities.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter presents the fundamental methods and tools applied for gathering and analysis of data. This chapter illustrates how information were collected and analyzed. The chapter comprises the area of the study, research design, and method of data collection as well as data analysis techniques.

3.2 Research Design

A research design is a plan or strategy used to get the expected study results (Kothari, 2004). The Ministry's internal audit department operates in different public entities in Zanzibar. This is very large area for a study of this nature due to time and financial constraints. The study was conducted in a descriptive and analytical cross-sectional survey because it facilitated the researcher to examine a section of the population at a single-time period (Kothari, 2004).

3.3 Descriptions of the area of the study

This research was undertaken in Zanzibar, particularly Unguja Island, whereby public entity like president's office constitution, legal affairs, public service and good governance was assessed towards the contribution of the internal audit performance on procurement process. This area covers Western and Urban District (Urban Region). The total population of Zanzibar is 1,303,569 where urban Region has 593,678, which is equivalent to 46% of the total population (Census, 2013). Zanzibar is a part of the United Republic of Tanzania whereby the factor such as political phenomena is an aspect in which a researcher has to put into consideration while conducting research work.

3.4 Type of Study

The effort of the researcher was built on the case study design, where this study was qualitative in nature. The study entails two variables, which are independent and dependent variables which connects the contribution of internal audit in procurement of goods and services in public entities.

3.5 Study Area

This study was practically taken at the ministry of State President's Office, Constitution, Legal Affairs, Public Services and Good Governance in Zanzibar municipality. The study was done for the aim of assessing the internal audit contribution contributes to the public entities in procurement of goods and services. On top of that, this study was conducted in the mentioned area for the reason of simple accessibility of data needed and reduction of cost from the researcher.

3.6 Study Population

According to (Kombo and Tromp, 2003) define the term population as an individual grouping, objects or things or items taken from the samples for the purpose of dimension or measurement. It's also well known to total collection or group of elements or persons that at least have one in common. The researcher was focused in five different kinds of personnel including internal audit unit, procurement unit, account unit, tender board members and officer in charge from other departments.

3.7 Units of Analysis

The study covered on the area of internal audit unit, procurement unit, account unit tender board and officer in charge from other departments. The researcher adopted such kind of analysis to avoid the cost structure during this study and time constraints, because other offices of the ministry are located in Pemba Island. Each sample enables to provide the appropriate and sufficient information for the data collection, because the researcher need appropriate technique for the sample for purpose data collection and analysis.

Table 3.1 Variables and their Measurements

Variables	Operational definition	Measurement
Internal control	(PFMA, 2016), defines Internal control as a set of systems to ensure that of financial and other records are reliable, complete and ensure adherence to the entity's management policies, the orderly and efficient conduct of the entity, and proper recording and safeguarding of assets and resources.	Percentage of internal control that is compliant with procurement processes. Percentage of internal control that is non-compliant with procurement processes.
Policies and Procedures.	Policies and procedures are intended to find out and make sure those most important decisions, actions, and activities are done inside their boundaries.	Percentages of procurement done according with policies and procedures
Risk assessment and Management	Risk assessment is the process of detecting actions to the risk of the business and the result. and Risk management is a process that helps the economically attainment of organizational objectives (IIA, IPPF–Practice Guide,2012)	Percentages of risks assessment and management.

Source: Field data (2018)

3.7.1 Sample Size

According to Kothari (2004) Sample size is a number of sampling units which are to be included in a sample. Yamane (1967:886) came up with easy method for calculating sample size. This method was applied to compute the sample sizes as shown on the in table 2.3 below. Ninety percent (90%) level of confidence and P= .1 are assumed for equation Hence, researcher decided to use the following formula and calculation in order to obtain the sample size.

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

$n = 1280/ ((1+ 1280(0.1)^{2})$

n = 93 sample size

Thus, **n** is defined as the sample size; **N** stands for population size, and the rest **i**ndicates the level of accuracy.

The sample size of the study was selected from sample population as follows; seventeen respondents selected from internal auditors, fifteen respondents from account unit, nineteen respondents from procurement personnel, five respondents from tender board members and thirty-five respondents officers from other departments.

Table 3.2 Sampling Size and Sampling Distribution

Category of Respondents	Expected Sample	Actual Sample	Percentage (%)
Internal auditors	17	17	18.7
Accountants	15	15	16.5
Procurement personnel	20	19	20.9
Tender board members	05	05	05.5
Officer in charge	36	35	38.5
Total	**93**	**91**	**100**

Source: Researcher's construct (2018)

3.7.2 Sampling Method

The sampling techniques used include both purposive and Quota sampling.

3.7.2.1 Purposive Sampling

Under this sampling procedure the researcher selects respondents based on his/her reasonable judgment that they are the ones who are most likely to provide the desired information. Purposive sampling officials were consisted with personnel selected including heads of internal auditors, heads of procurement personnel, tender board members, head of accounting sections and officer in charge from other departments as indicated from the table 3.2 above. Since the researcher considered that in order to obtain the required information pertaining procurement process, compliance with policies and procedures and risk management.

3.7.2.2 Quota Sampling

According to Kothari (2004), the definite choice of the element for the sample is upon to the interviewer's preference. The interviewees simply were presented with quotas to be completed from the different strata, with some restrictions on how they are to be filled. Under this study, researcher grouped staffs into quotas, 69 with high and 22 with low education level in which the sample was drawn from each quota.

The individual should be selected from each quotas using convenience sampling to get sample total number.

3.8 Types and Source of Data

3.8.1 Data Collection Methods

In order to achieve adequate, appropriate and dependable data, the researcher work utilized secondary and primary data. Questionnaire, interview and documentary review were the accompanying instruments that had been used.

3.8.2 Primary Data

These data were obtained straight from the respondents based on the needs of the researcher. Kothari (2004) explained that primary data are facts witnessed or composed straight from individual involvement.

3.8.2.1Questionnaires

These were straight conclusion to the staff concerned, regarding factors important to an examination. This was the least demanding method for gathering information from accessible people and give respondents sufficient opportunity to think and give thoughtful answers. Polls were conveyed to staffs concerned; and these surveys had both closed and open finished inquiries in order to encourage information investigation. The polls were given to staffs chosen from main office and branch levels to both finance and internal review unit. The scientist issued the survey to chosen staffs by hand in light of the fact that the subjects were physically reachable.

3.8.2.2 Interview

The technique was used to find information as it allows separate self-expression. The experts such as senior employees of the finance and internal audit unit were interviewed.

3.8.2.3 Observation

Participatory observation method was put into practice. The intention of this method was to acquire primary information that lay the stepping stone for the secondary data in order to give out a meaningful version for analysis. The researcher participated on day-to-day activities of internal auditor main office, finance unit to notice the activities of the offices.

3.8.3 Secondary Data

These were gathered information obtained from documentation included an assessment from former studies about on the point, from the books, diaries, reports, and a few archives. The researcher reviewed the Public Finance Management Act (2016) and the regulation, the Public Procurement and Disposal of Public Asset Act (2016) Finance Act (2005) and the Regulation Procurement Act (2005). This information assisted on determining the precise scope of the organization by considering at organization charter, internal control processes and how the effectiveness of the planed skill, knowledge and the auditor have influenced internal control system to the performance of the entity. The use of organization structure, report and plan facilitated to understand the extent to which the administration and the internal control act in accordance with guidelines given and recommendation.

3.9 Validity and Reliability

More consideration was necessary to be taken to the particulars on the design of the research, validity and reliability. This was done in order to minimize the chance of obtaining incorrect outcomes, (Saunders, et. al; 2003).

3.9.1 Validity

Validity emphasizes on with whether the results are accurate concerning what seem to be (Saunder, et. al;2003); validity is expressed as the degree to where data collection approaches precisely test what they were projected to measure (Saunder et al., 2003).

3.9.2 Reliability

According to Saunder et al. (2003), reliability refers to the extent where by data collection technique will give out reliable results. Comparable perceptions would be done or choices come to by different scientists. Cooper and Schindler (2003) have clarified unwavering quality the same number of things to individuals, yet in most prominent settings the perspective on consistency develops.

3.9.3 Reliability and Validity of the Data Collected

The essential objective of legitimacy and unwavering quality is to reduce the danger of obtaining error and avoid biasness in the study. To make it certain to the reliability and validity of the research, the researcher carefully translated all accumulated data through the whole research. Information that were gathered from separate cooking foundation was deliberately contrasted and assessed in order to get the most astounding conceivable dimension of unwavering quality and legitimacy. To guarantee that the information was solid and uncovered legitimacy specialist directed however, examination and perception of the fitting writing, articles and site that offered knowledge to the part of the investigation. Both reliability and validity are ensured for the data collection tool, the researcher, conducted pre-tested tools in which questionnaire as well interview were respectively guided in performing the task of the study, some respondents were organized in pilot study. Therefore, multiple techniques were employed by the researcher which indicate that, one instrument the researcher employed multiple techniques in which one instrument will complement others. The researcher also sought assistance of supervisor to go through tools to see if they were actually measures what the researchers planned to measure. Then the researcher makes essential changes to develop the tools. The research tools applied were valid enough since they were passed through authorized publishers. The results of interviews, questionnaires and other methods of data collection were used and tested without producing different answers. Therefore, the results obtained from this study are reliable and can be used as a source of further references.

3.10 Data Analysis and Presentation Technique

Data analysis is the methods for arranging the data in order to establish statistical pattern and identification of relationship. These incorporate rates, frequencies and tables for actual categories of distinctively measurable investigation of the examination. The gathered information/data from essential sources were altered, abridged and investigated by utilizing factual bundle of social science (SPSS) and tabulation likewise were utilized to pass in data gathered through questionnaire.

3.10.1 Quantitative Technique

Quantitative approaches for analysis have implications gotten from numbers, numerical and institutionalized information. That information was acquired in the analysis from previous research works, diary, magazines, articles, and reports. Utilizing this technique, the numerical information was investigated through measurable strategy rates, cross-organization, and frequencies. The SPSS was utilized to enter information gathered from respondents.

3.10.2 Qualitative Technique

Qualitative techniques were utilized for non-standardized data elucidation and importance communicated in words. The data analysis in these methods presented the quality of data such as good, for example, great, genuine and numerous different characteristics. This is a strategy that manages non-quantitative information and can help in adaptable approaches to perform information gathering, consequent examination and elucidation of information accumulation data. The wellsprings of the data incorporated the research works of the past, diaries, magazines, and articles.

CHAPTER FOUR

PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

This chapter focuses on presentation of research findings obtained from the field area. Data collected under this study were centered in five main categories within the public organization, which are directly affected by the Public Procurement Act, 2016. This comprise of procurement unit, accounting unit, internal audit unit, tender board members and the officers responsible in other departments. This was primarily prepared to evaluate the level of contribution of internal audit in acquisition of goods and services in public entities. However, it's also essential to consider issues relating the performance as well as challenge facing the public entities in Zanzibar.

4.2 Characteristics of Respondents

4.2.1 Working Experience

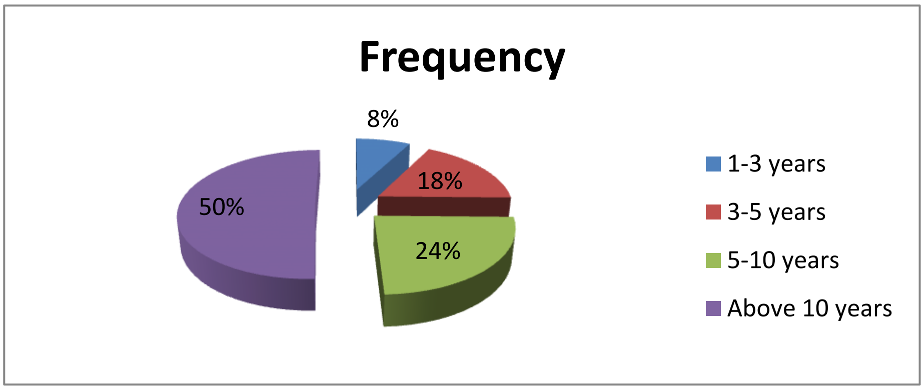
The employees were required to specify their working experience in line with their current position within the institution. The study shows that, 7.7% of staff from the institution have an experience of one to three year; 17.6% of the staff have three to five years' experience; 24.2% of the staff has five to ten years; 50.5% of staffs have above ten years of the employment. Table 4.1 gives out the summary as indicated below.

Table 4.1 Classification of Working Experience in years

Experience (years)	Frequency	Percentage
1-3 years	7	7.7
3-5 years	16	17.6
5-10 years	22	24.2
Above 10 years	46	50.5
Total	**91**	**100.0**

Source: Field data (2018)

Figure 4.1 Staff's Working Experience



Source: Primary data (2018)

The findings indicate that, 46(50.5%) ministry staffs have worked with enough experience in organization for the duration of more than ten years. This implies that staffs who were dealing with procurement at the POCLAPSGG have enough experience on procurement. This was due to the technical proficiency on the scopes as indicated in the definition of the internal auditor that enable procurement unit staff to attain the objectives of the organization.

4.2.2 Level of Educations

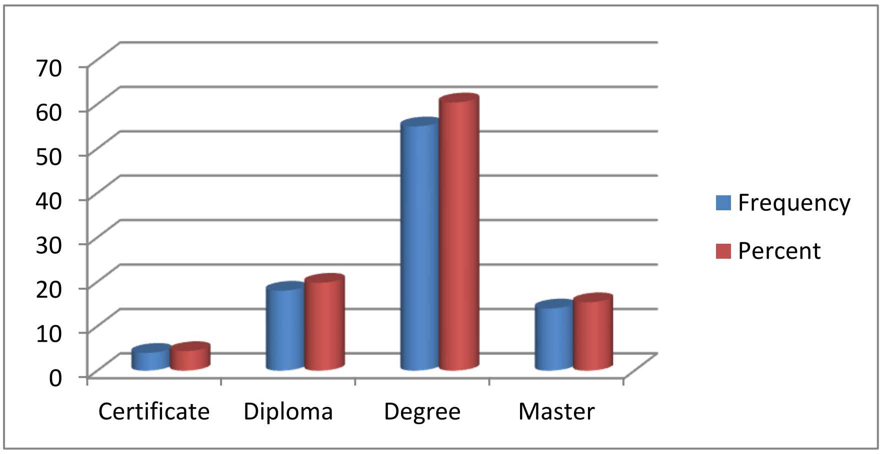
The ministry staffs were asked to state their highest education level. The results indicate that, 4.4% of the staffs have certificate level, 19.8% has diploma, 60.4% has first degree and, 15.4% has master degree. This gives impression that majority of the ministry staffs are degree holders which suggests an adequate experience in matters of their profession and public procurement procedures, and therefore a greater chance to perform efficiently and effectively their duties, as seen in Table 4.2 below.

Table 4.2 Respondents' Educational Level

Responses	Frequency	Percent
Certificate	4	4.4
Diploma	18	19.8
Degree	55	60.4
Master	14	15.4
Total	**91**	**100.0**

Source: Field data (2018)

Figure 4.2 Staffs' Level of Education



Source: Primary data (2018)

The majority (60.4%) of staffs hold first-degree level while the lowest level of education i.e. certificate possessed by 4.4% of the staffs. The results show that most of the public servants are bachelor degree holders. This implies that the degree holders were fully participated in the study because they are front line participator's in public sectors, in which master holders act as decision makers of the institution.

The reason behind is that respondent's level of education was put in practice because of the competence base which prevent procurement to contribute effectively to corporate strategy. Kisinga (2011) upholds this on the investigation difficulties applying inclination treatment of neighborhood firm in public acquirement where he presumed that absence of satisfactory information by Public Entities and ineffectively prepared workforces in PMU are a portion of the hindrances.

The practical example is that, the government established strategies to different employment opportunities that require that for any applicant to qualify for the position, he/she must be a graduate from the institutions, colleges and universities, which are well known by Zanzibar government. The researcher observed that, the quality of procurement and procurement workforce depends upon their personnel skills and competencies that influence the procurement process efficiency to the level of policies, laws and regulations compliance. During discussion under interview, respondents replied that:

> *We, as management, will make sure that we settle for the purpose of making all staffs including internal auditors acquire knowledge and competitive skills by providing both assurance and consulting service in a manner of adding value to the institution*

4.3 The extent to which internal audit evaluates the effectiveness of internal controls in procurement process

The research intended to know whether the internal auditor evaluates the effectiveness of internal controls in procurement process in terms of organization control, physical control on purchase and disposal of public assets, approval and authorization controls, segregation of duties, management controls, personnel control, supervision control, budgetary control, internal audit control and review of internal control in POCLAPSGG. Further interactions with management and other key employees indicated that quality relationship between effectiveness of internal control practices and quality service delivery of POCLAPSGG may be mediated by employee behaviors and attitudes.

4.3.1 The Organization Control

The Ministry defines and allocates responsibilities according to function for a specified person who might be called the responsible official. The team includes Principal Secretary, Deputy Principal Secretary, Directors, Head of Department and Head of Section. The implementation of Objectives and Internal Control System in the Ministry is evaluated and reviewed by internal auditors on quarterly basis by the management Committee where by activity planed and implemented are discussed every week. The staffs are requested to state whether there is organization control in the Ministry. The results show that, 31.9% of the interviewed strongly agreed; 33% agreed that there is organization controlling the Ministry; 11.0% were undecided, 16.5% of the staff interviewed were disagreed on the existence Organization control and 7.7% strongly disagreed.

Table 4.3 The Organization Control.

Responses	Frequency	Percent
Strongly agree	29	31.9
Agree	30	33.0
Undecided	10	11.0
Disagree	15	16.5
Strongly disagree	7	7.7
Total	**91**	**100.0**

Source: Field data (2018)

The findings show that, 33% was the highest percent showing that Organization control exists as indicated by the respondents; while 7.7% of respondents represent the lowest percent of the respondents who did not recommend for the existence of Organization control. The practice shows that, parts of the general control (Government Controlling system) management team are the key personnel in designing of the internal control system of the ministry. The main practical controlling systems executed in ministerial level are staff control, budget control, inventory control, and Procurement control. The role of internal auditor in controlling system of POCLAPSGG is to support senior management's governance responsibility and to report the adequacy on the inward control framework to the administration. Independent objectives assessment of the data undertaken by IA are utilized for the basic decision making in relationship between hazard, control and the accomplishment of the organization objectives. The controlling the arrangements and Auditor opinion should be based in economy, effectiveness and properly applied as supported by Delaney and Gleim (1991).

4.3.2 Physical Control on Purchase and Disposal of Public Assets

The physical custody of assets involves procedures designed to limit access to authorized personnel. The asset records are maintained in Asset register of Ministry which assigned solely for personnel in handling of the record. The role of internal auditor physically audits and review assets register on quarterly basis, even though there are some assets were not recorded. The data show that 65% of the staff assure to the existence of the asset register for proper record of the physical asset. The asset register keeps detail of the physical asset including depreciation rate and disposal value. These controls incorporate limitations on access to structures, indicated office or production line territories or gear, for example, gates at the passage to the premises, swipe and passwords. They likewise incorporate physical limitations, for example, fixing non-current resources for counteract evacuation. Internal auditor's role to that particular organization perform continuous review, assessment and evaluation by auditing fixed assets registers quarterly and propose the action to be taken by the management. Those assets with disposal value were also counted for sale by considering depreciation figures. The control of Purchases and Disposal of Public Assets are taken through procurement procedure as directed by the procurement act no.11 of 2016 section 36 subsection 3. The data shows that, 27.5% of management staff strongly agrees on proper control of Public Asset, 39.6% agreed, and 12.1% of the management staff are not clear on proper control of acquisition and disposal of public Asset; 14.3% disagreed and 6.6% strongly disagreed on whether there is proper control on purchases and disposal of assets. The findings are also summarized in table 4.4 below.

Table 4.4 Physical Control on Purchase and Disposal of Public Assets

Responses	Frequency	Percent
Strongly agree	25	27.5
Agree	36	39.6
Undecided	11	12.1
Disagree	13	14.3
Strongly disagree	6	6.6
Total	**91**	**100.0**

Source: Field data (2018)

The research findings show that, majority (39.6%) of the staffs indicated that good internal control system ensures for purchase and disposal of public assets, while 6.6% strongly disagree. This implies that, 61% of the management staff agreed that the internal control system ensured proper control on purchase and disposal of public assets.

4.3.3 Approval and Authorization Control

All transactions should require authorization or approval by an appropriate person. The internal audits were previously conducted through both pre and post audit style on financial issue, whereas to large extent, the effective internal control system were practiced. However, the examiner is responsible for making dipper on pre-examined (pre-audited) financial documents by examining all financial documents which are approved and authorized by responsible persons i.e. Accounting Officer, director and responsible personnel. The role of internal auditors, during the period of audit evaluates all financial and non-financial documents dealing with procuring either assets or stationeries, which are inserted in “stores” for the purpose of recording events before distribution to the users. Another Internal auditor’s role is to make sure on the effectiveness of internal control for procured goods and services are made with respect to laws, policies and procedures and improve the effectiveness within the organization. However, all related payments documents are authorized and approved by the responsible person. The staffs of the ministry were asked to state whether there is a proper approval and authorization of transactions and activities. The findings show that 30.8% of the staffs strongly agree on proper approval of activations and authorization; 34.1% of the staffs agreed, 13.2% of the staffs are undecided, 17.6% of the staffs disagreed. In the same question, 4.4% of the staffs strongly disagreed that there is a proper authorization of transactions and activities.

Table 4.5 Approval and Authorization Control

Responses	Frequency	Percent
Strongly agree	28	30.8
Agree	31	34.1
Undecided	12	13.2
Disagree	16	17.6
Strongly disagree	4	4.4
Total	**91**	**100.0**

Source: Field data (2018)

The research findings reveal that, majority (34.1%) of the staffs indicated that there is a proper authorization of transactions and activities. However, 4.4% of the staffs indicated that there is no proper authorization of transactions and activities. This implies that 59% of staffs agreed that the public sectors practice a proper authorization of transactions and activities in Zanzibar as required by procedures and guidelines. Mawanda (2008) recommended that proper approvals and authorizations such that no end one person should hold all aspects of transaction from the beginning to the end.

4.3.4 Segregation of Staffs Duties Control

Ministry staffs were asked to state whether the duties of staffs are adequately segregated. Internal auditor's significant role was clearly assessed and evaluated in order to establish if people are working under their specified responsibilities as part of determining the effectiveness of internal control system as required doing so in their job description. The study reveals that, 23.1% of the staff strongly agreed, 40.7% of the staff agreed, 13.2% of the staff were undecided. Otherwise, 15.4% of the staff disagreed and 7.7% of the staff strongly disagreed on whether the duties of staffs are adequately segregated. The summary of findings is presented on the table 4.6

Table 4.6 Segregation of Duties for Staffs Control

Responses	**Frequency**	**Percent**
Strongly agree	21	23.1
Agree	37	40.7
Undecided	12	13.2
Disagree	14	15.4
Strongly disagree	7	7.7
Total	**91**	**100.0**

Source: Field data (2018)

The research findings show that majority (40.7%) of the staff indicated that the duties of staffs are adequately segregated, while 7.7% of the staff strongly disagreed that staff's duties are adequately segregated. This implies that the duties are adequately segregated among the staff in most of public entities in Zanzibar.

Shandly (2004) suggests that segregation of responsibility is a big indicator of good internal control system in the organization. This will guarantee that one individual cannot be an in-charge of and conceal mistakes and abnormalities in the ordinary course of obligations. Isolation of obligations is not constantly conceivable because of restricted staffs. Solid inner controls require isolation of duties regarding approving exchanges, physical custody of assets and the related keeping.

4.3.5 Management Control

The controls exercised by management, which is outside and over, and above the day-to-day routine of the system. They include overall supervisory controls, Personnel control, accounts control, budgetary control, internal audit control and any other special control. These controls were mostly operated by managers/Directors/Head of Department themselves. The ministerial performance reports are done to measure the actual performance with projected performance. Management to consider differences between planned outcomes and actual performance conducts variance analysis. These controls are done by the management to insure effectiveness of controlling tools, which plays important role in management position. Furthermore, the chain of command and supervision controls is exercised in respect of day-to-day transactions. Organization controls operates according to the configuration of the organization chart and line/staff responsibilities. The study finds out the effectiveness of management controlling tools and revel that, ministry has strong controlling tools which is supervises at the respective level of management, the weakness of these tools like regulations, Act, policy and procedure were totally reviewed, but not timely. Internal auditor's role on quarterly or semi-annually provides proper consultations to management to update the internal control within the organization. The results show that 41.8% of staffs were strongly agreed, 49.5% agreed, 2.2% undecided, 3.3%disagreed, 3.3%were strongly disagreed on management control as indicated on table 4.7 below

Table 4.7 Management Control

Responses	Frequency	Percent
Strongly agree	38	41.8
Agree	45	49.5
Undecided	2	2.2
Disagree	3	3.3
Strongly disagree	3	3.3
Total	**91**	**100.0**

Source: Field data (2018)

The findings show that 49.5% was the highest percent that indicates the existence of control to the management, 3.3% were the highest percent indicates that internal audit unit staffs and procurement staffs were not aware of the control activities undertaken by the management. This implied that the strangeness of management to follow the advice given from the internal auditor were timely considered and implemented.

4.3.6 Personnel control

The Ministerial operating system of personnel was design with competence level and well-motivated to ensure that tasks assigned to staff are properly functioning. The role of internal auditor's consultation activity adds more value to management, in terms of training personnel from short and long courses, to effectively and efficiently perform the tasks and meet the objectives of the organization mission by providing services to their customers. The data show that, 35.2% of the personnel agree, 54.9% agree, 4.4% undecided 3.3% disagree and 2.2% strongly disagree on the control of operating personnel.

Table 4.8 Personnel Control

Responses	Frequency	Percent
Strongly agree	32	35.2
Agree	50	54.9
Undecided	4	4.4
Disagree	3	3.3
Strongly disagree	2	2.2
Total	**91**	**100.0**

Source: Field data (2018)

The findings show that, 54.9% was the highest percent indicates that there is great control from personnel contribution while 2.2% was lowest percent that shows there was no control personnel within the organization. This implied that the contribution of internal audit toward organization's performance was positively accepted in which the system depends upon the competence and the integrity of the operating personnel.

4.3.7 Supervision Control

The responsibility for supervision was clearly laid down and communicated among personnel. Controls on supervision are practically undertaken by top management of the ministry. Line management for directors are supervised by principal secretary and minister to ensure the objectives of the ministry are well implemented at their level while the functional management are supervised by the officer in charges wither Department Directors or head of section. The good supervision system of internal auditors gives a great attention to the ministry was and provides the supervision report which gives the internal Auditor the details of the system. The results show that 31.9% of employees in internal audit unit strongly agree, 58.2% agree, 4.4% undecided, 1.1% disagrees and 4.4% strongly disagree on existence of supervision control within the organization.

Table 4.9 Supervision Control

Responses	**Frequency**	**Percent**
Strongly agree	29	31.9
Agree	53	58.2
Undecided	4	4.4
Disagree	1	1.1
Strongly disagree	4	4.4
Total	**91**	**100.0**

Source: field data (2018)

The findings show that, 58.2%, which is the highest percent, indicates that those functions undertaken by employees were strictly supervised; while 1.1% disagree on that. This implied that internal audit unit plays important role to ensure that management take in practice the applicability of assurance given from the internal audit activity

4.3.8 Budgetary Control

Budgetary control is an administration practice where spending plans are utilized as a method for arranging and controlling an association's tasks. A budgetary control arrangement of this Ministry incorporates spending readiness and explanation of spending control periods, assurance of fluctuations (difference investigation) and taking of restorative activities particularly where troublesome changes are concerned. The data show that, the execution of the budget for the POCLAPSGG used accordingly. The role of internal auditor is to ensure all expenditures are done with respect to the program-based budget as planned before. When the budget is not enough as per the activities to be implemented, budget re-allocation is done to ensure the accomplishments of activities. According to the Public Finance Management Act Sec.50 and Sec.51, the Minister Allowed re-allocating the fund from one program/activity to another program/activity within the same vote where the program has not sufficient fund for budget execution. The practice shows that, there was a minimum budget reallocation for 2016/2017 and 2017/2018.

Table 4.10 Budgetary Control

Years	Total Approved Budget	Total Actual Received	Percent (%)
2016/2017	19,073,300,000	13,094,802,554	69
2017/2018	21,563,210,200	15,773,157,034	69

Source: field data (2018)

The findings show that, 69% of the budget were exactly approved under the control of management and internal auditor within the public entity. In budgeting, the focus is not to prepare the budget, but more importantly to produce a budgeting that management is able to use budgetary control system to monitor and compare the actual results. Budgetary control as a proven management tool (chandler, 1990) helps the organization management, and enhance improved performance of any economy in different ways. Its primary function is to serve as a guide in financing operators; it also establishes limits for departmental excesses. It helps administrative officials to make careful analysis of all existing operations, thereby justifying expanding eliminating or restricting present practice (Musselman and Hughes, 1981). Where components of budget relate to the responsibilities of individual executives, the budgetary control may act as a means of securing adherence of those executives to corporate objectives.

4.3.9 Internal Audit Control

This control focuses on the whole departments of the ministry working on operating daily activities. This includes the implementation of internal auditors provided services on consulting and assurance control via audit committee technique to the organization for adding value to the organization. Internal auditor's objectivity and independence fall on this category. Maintaining their ethics by doing substantive test of controls on quarterly basis help the organization to minimize the area of risks and improve good governance process. Audit committee control helps the supported internal auditor queries to be reduced send to management and its departments clearly reduced to understand their weakness identified before included in final draft report. The study shows that, 31.9% of respondents strongly agree, 33.0% agree, 11.0% undecided, 16.5% disagree and 7.7% strongly disagree on the existence of internal audit control within the organization.

Table 4.11 Internal Audit Control

Responses	Frequency	Percent
Strongly agree	29	31.9
Agree	30	33.0
Undecided	10	11.0
Disagree	15	16.5
Strongly disagree	7	7.7
Total	**91**	**100.0**

Source: field data (2018)

The findings show that, 33% of respondents indicate that internal audit control exists as observed by employees in internal audit and procurement unit while 7.7% did not recommend on the existence of internal audit control in the organization. This implies that internal auditors are not working beyond their scope of audit.

4.3.10 Review of Internal Control of POCLAPSGG

The Internal Audit reviews the internal control within the organization on quarterly basis as specified by audit plan. The chief internal auditor tells assistance to identify all material weakness during the course of audit exercise. This includes the work of internal auditors to provide services on consultation and assurance control via audit technique to the organization. The internal Audit controls are supervised by Audit committee, which helps to reduce the weakness identified in other controlling system before final draft report. Internal auditor's objectivity and independence in the Ministry undertake substantive test of controls on quarterly basis, which help the organization to minimize the area of risks and improve good governance process. The data shows how internal auditors reviewed practiced the audit function on quarterly basis as the data were collected in terms of internal control system.

The staffs of the ministry were asked to state whether there is the time to review internal control in POCLAPSGG. The data shows that 33.0% of the staffs strongly agree, 35.2% of the staffs agreed, and 9.9% of the staffs were undecided. A 15.4% of the staffs disagreed and 6.6% of the staffs strongly disagreed on whether there is

The time to review internal control in POCLAPSGG as summarized in table 4.12 below.

Table 4.12 The Review Of Internal Control In POCLAPSGG

Responses	Frequency	Percent
Strongly agree	30	33.0
Agree	32	35.2
Undecided	9	9.9
Disagree	14	15.4
Strongly agree	6	6.6
Total	**91**	**100.0**

Source: Field data (2018)

The research findings show that, majority (35.2%) of the staffs indicated that there is the time to review internal control, while 6.6% of the staffs interviewed strongly disagreed on whether the internal control system reviewed. This implies that, the internal Audit controls are reviewed timely on quarterly basis in order to ensure proper control of Ministry.

Results presented in section 4.3.1 to 4.3.10 indicates that the average results of the responses from the respondents, indicates that internal control in procurement process as evaluated by 54% of the respondents agreed compared to non-agreed respondents. As indicated in the table 4.13 below

Table 4.13 Presents the Results of Objective One

Internal Control on Procurement Process	**Strongly agree**	**Agree**	**Undecided**	**Disagree**	**Strongly disagree**	**Total**
Organization control	31.9	33	11	16.5	7.7	100.1
Physical control	27.5	39.6	12.1	14.3	6.6	100.1
Approval and authorization control	30.8	34.1	13.2	17.6	4.4	100.1
Segregation of staffs duties control	23.1	40.7	13.2	15.4	7.7	100.1
Management control	41.8	49.5	2.2	3.3	3.3	100.1
Personnel control	35.2	54.9	4.4	3.3	2.2	100.1
Supervision control	31.9	58.2	4.4	1.1	4.4	100
Internal audit control	31.9	33	11	16.5	7.7	100.1
Review of internal control	33	35.2	9.9	15.4	6.6	100.1
Total percent	**287.1**	**378**	**81.4**	**103.4**	**50.6**	**900.5**
Average percent	**32**	**42**	**9**	**12**	**6**	

Source: Field data (2018)

The results of the of the objectives one were presented on the table 4.13 above

4.4 The extent to which internal audit evaluates policies and procedures of the Procurement Unit

The extent to which internal audit evaluates procurement policies and procedures of the procurement unit, the presentation of the results are as described below including the organisation strategic plan, procurement were made on the basis of budget allocation, the place and time for submission of quotation, transparency in supplier selection as Act stipulated, procurement unit standards considerations, tender board consists of Procurement Knowledge Personnel, evaluation committee consist of technical team, the results are presents as follows.

4.4.1 The Organization Strategic Plan

The role of internal auditor within the ministry is to evaluate and contribute to the improvement of organization governance. The staffs were asked to state whether there is effective strategic plan. The findings in Table 4.8 shows that 35.2% of the staffs strongly agree, 24.2% of the staffs agree, 19.8% of the staffs were undecided. A 16.5% of the staffs disagreed and 4.4% of the staffs strongly disagreed on whether there is effective strategic plan.

Table 4.14 The Organization Strategic Plan

Responses	Frequency	Percent
Strongly agree	32	35.2
Agree	22	24.2
Undecided	18	19.8
Disagree	15	16.5
Strongly disagree	4	4.4
Total	91	100.0

Source: Field data (2018)

The findings further show that, majority (35.2%) of the staffs indicated that there is effective strategic plan. Otherwise, 4.4% of the staffs show that strongly disagreed on the effectiveness of strategic plan. This implies that there are equal opportunities for bidders to compete without biasness as everyone has enough time for the preparation of tender documents before submitting. The internal audit department/unit in collaboration to management responsible persons in order to periodically evaluate and review the laws, regulations, manuals, policies, procedures as well as all documents relating project and tender conducted by procurement unit.

4.4.2 Procurements were Made on the Basis of Budget Allocation

The role of internal auditor is to see how the budgets are allocated against procurement unit given most of expenditures in the organization base on procurement of goods and services. The internal auditors were asked to state whether procurements were made on the basis of budget allocated. The findings show that,23.1% of the staffs strongly agree, 34.1% of the staffs agreed, 20.9% of the staffs were undecided, 18.7% of the staffs disagreed and 3.3% of the staffs strongly disagreed on whether procurements were made on the basis of budget allocation as indicated on the table 4.15 below.

Table 4.15 Procurements were Made on the Basis of Budget Allocation

Responses	Frequency	Percent
Strongly agree	21	23.1
Agree	31	34.1
Undecided	19	20.9
Disagree	17	18.7
Strongly disagree	3	3.3
Total	**91**	**100.0**

Source: Field data (2018)

The research findings show that, 34.1% of the staffs indicated that, procurements were made based on budget allocation. Up to 3.3% of the staffs were strongly disagreed on procurements were made based on budget allocation. This implies that the existing controls are practiced and monitored as stipulated procurement act.

Internal auditors and other staffs from other department of the institution have a common view that:

> *The annual institutional budget before brought to the house of representative for further discussion every department and unit include its portion of budget in the ministry budget including the budget of internal audit unit, so there is no reason of leaving internal auditors behind without giving them enough participation by even a short training*

The matter of training staffs increases the effort to develop the institution to the best practice especially in procurement unit because of its sensitivity to both public and private sectors in measuring the performance.

Hinks (2005) demonstrates that planning in associations benefits as a benchmark against which genuine outcomes are estimated and execution of individual administrators assessed. Noteworthy, varieties from arranged outcomes may require clarifications and at times, remedial activity by the people in charge of the outcomes. One advantage of benchmark is that chiefs will realize what expect of them.

4.4.3 The Place and Time for Submission of Quotations

The ministry staffs were asked to state whether there is a place and time the submission of Quotations. Internal auditor's significant role to make sure assess and evaluate if the procuring transactions conducted considers and follows proper procurement policies and procedures as well. The data from the table shows that 24.2% of the staffs strongly agree, 35.2% of the staffs agreed: 16.5% of the staffs were undecided, 16.5% of the staffs disagreed and 7.7% of the staffs strongly disagreed on whether the place and time the submission of Quotations as indicated on the table 4.16

Table 4.16 The Place and Time for Submission of Quotations

Responses	Frequency	Percent
Strongly agree	22	24.2
Agree	32	35.2
Undecided	15	16.5
Disagree	15	16.5
Strongly disagree	7	7.7
Total	**91**	**100.0**

Source: Field data (2018)

The research findings show that, majority (35.2%) of the staffs agreed for the place and time of submission of Quotations; while 7.7%, the lowest percent of the staffs are undecided on whether there is place and time the submission of Quotations. This implies that professionalism is considered in doing procurement activities by adopting international standards as working tools and performance measurements.

The procurement Act No. 11 of 2016 section 70(1) describes that domestic competitive bidding is a procurement and disposal procedure of the public assets that bidders are obtained following the direct procurement notice. In the same section subsection 2 domestic competitive bidding for highest competitive such as much as possible subject to quality provided based on value for money or there is an emergence that allowed following open bidding procedure.

The public procurement Act No. 11 of 2016 section 67(1) states that, in emergence situation, where the accounting officer considers that it is for the public that procurement should be made, the value of which exceeds the powers granted under this Act and time does not permit to obtain in the usual way, he may on his responsibility effect the procurement. However, he shall immediately report to the paymaster general, explaining the reasons that induced him to depart from the ordinary course and a copy of such reason shall be sent to the respective approving body.

Section 73 of the same act describes that, the procuring entity may, in accordance with the prescribed procedure engage in a single source procurement only where under 73(b) the situation is one of the emergency or extreme agency. The engagement in any other methods of procurement would be in practicable because of the time involved in using any such method.

4.4.4 Transparency in Supplier Selection as the Act Stipulate

The staffs were asked to state whether there is transparency of supplier selection as stipulated in procurement act. Internal auditor has the role to evaluate the tender board on procurement to establish if the process is complied with standards or criteria for obtaining the required supplier. The data shows that, 24.2% of the staffs strongly agree, 36.3% of the staffs agreed, 15.4% of the staffs are undecided, 15.4% of the staffs disagreed and 8.8% of the staffs were strongly disagreed on transparency of supplier selection as stipulated in procurement act as indicated in Table 4.17

Table 4.17 Transparency in Supplier Selection as the Act Stipulate

Responses	Frequency	Percent
Strongly agree	22	24.2
Agree	33	36.3
Undecided	14	15.4
Disagree	14	15.4
Strongly disagree	8	8.8
Total	**91**	**100.0**

Source: Field data (2018)

The research findings show that, 36.3% of respondents is the highest percent of the staffs who indicated that the transparency of supplier's selection is as stipulated in procurement act; while 8.8% is the lowest percent of the staffs who strongly disagreed on the transparency of supplier's selection as stipulated in procurement act. This implies that procurement Act and procedures are followed since one personnel in the tender board has at least knowledge of procurement. This also means that organizations need to keep management oversight on the procurement control. It was quoted in the interview discussion where some of the respondents replied that:

> *But the obligation for invitation of tender, the transparency of the procedures used in awarding contracts and the right which the agreement would give to aggrieved suppliers to challenge the decisions would restrain both domestic and foreign suppliers from making under- the table payments and deter public officials and political parties from receiving such payments*

4.4.5 Procurement Unit Standards Considerations

The ministry staffs were asked to state whether Procurement Unit considers the application of standards. Internal auditor is the agent within the organization to make sure standards are clearly maintained and followed. The data presented in table 4.18 shows that 29.7% of the staffs strongly agree, 25.3% of the staffs agree, 19.8% of the staffs are undecided; 19.8% of the staffs disagree and 5.5% of the staffs strongly disagree on whether Procurement Unit considers the application of standards.

Table 4.18 Procurement Unit Standards Considerations

Responses	Frequency	Percent
Strongly agree	27	29.7
Agree	23	25.3
Undecided	18	19.8
Disagree	18	19.8
Strongly disagree	5	5.5
Total	**91**	**100.0**

Source: Field data (2018)

The research findings show that, majority (29.7%) of the staffs indicated that PMU considers the application of standards; while 5.5% of the staffs strongly disagreed on whether the Procurement Unit considers the application of standards. This implies that internal auditors in doing their activities not only applied on procurement unit but also in other departments consider the best practices of the standards as a source of guidance.

From the interview discussion one of the respondents replied:

> *Of course this act will help the organization on ensuring that the items purchased are in good condition in terms of quality standard that meet the customer's needs and will be getting on the right time this is because once we enter into a contract with the supplier he/she should act in a good manner*" *said the director*

From the interview on less awareness concerning to the use of standards, it was quoted from one of the internal audit staff that:

> *Having little awareness in the application of Standards may hinder the reliability of opinion to the intended users of the service oriented in most of both public and non-public entities especially in the image of procurement management unit*

The procurement officer supports the same view: *"It is better to consider the qualified supplier source and selection because it will help us on getting the product on the right quality, on a right time and right place"*. The quotation shows how important it is to consider the supplier source and selection of supplier in the procurement process. The PPDA (2016), section 37 explains that all public procurement and disposal shall be conducted in accordance with the following principles as in section 37(b) transparency, accountability and fairness.

4.4.6 Tender Board consists of Procurement Knowledge Personnel

The staffs were required to state whether the tender board consists of personnel with procurement knowledge. The internal auditor's role is to evaluate if the tenders meeting is conducted or not, and if not why. The procurement act does not require internal auditor to be included in tender board meeting but it can act as an inviter. Findings show that, 17.6%of the staffs strongly agree, 37.4% of the of the staffs agree, 24.2% of the staffs are undecided; 17.6% of the staffs disagreed, and 3.3% of the staffs presents that the tender board consist of personnel with procurement knowledge as shown by the Table 4.19

Table 4.19 Tender Board consists of Procurement Knowledge Personnel

Responses	Frequency	Percent
Strongly agree	16	17.6
Agree	34	37.4
Undecided	22	24.2
Disagree	16	17.6
Strongly agree	3	3.3
Total	**91**	**100.0**

Source: Field data (2018)

The research findings show that, 37.4% of the staffs indicated that the tender board consist of personnel with procurement knowledge while 3.3% of the staffs shows that the tender board consist of personnel with procurement knowledge. This implies that tender board of the ministry is more appropriate and realistic for measuring performance of the organization whose result lead to minimizes the carry-over of past inefficiencies and reflect changes applicable to the current period. This means that procurement is authorized and involves user department before item procured.

4.4.7 Evaluation Committee consist of technical team

The ministry staffs were required to state whether the evaluation committee consists of technical team. Internal auditor's function is to evaluates and consults the evaluation team should be technicality. Findings have shown that 18.7% of the staffs strongly agreed, 22.0% of the staffs agreed, 24.2% of the staffs are undecided,25.3% of the staffs disagreed, and 9.9% of the staffs strongly disagree on the evaluation committee consist of technical teams shown by the table 4.20 below.

Table 4.20 Evaluation Committee consists of Technical Team

Responses	Frequency	Percent
Strongly agree	17	18.7
Agree	20	22.0
Undecided	22	24.2
Disagree	23	25.3
Strongly disagree	9	9.9
Total	**91**	**100.0**

Source: Field data (2018)

The research findings show that, majority (25.3%) of the staffs indicated that the evaluation committee did not consist of technical team. Otherwise, 9.9% of the staffs show that the evaluation committee did not consist of technical team as indicated by respondents. This implied that procurements are made according to the plan and unplanned procurement.

The table below show summary of the results found on objective number two

Table 4.21 Represents the Results of the Objectives Number Two

Procurement Policies and procedures evaluation	**Strongly agree**	**Agree**	**Undecided**	**Disagree**	**Strongly disagree**	**Total**
Organization strategic plan	35.2	24.2	19.8	16.5	4.4	100.1
Procurement made on the basis of budget allocation	23.1	34.1	20.9	18.7	3.3	100.1
The place and time for submission of quotation	24.2	35.2	16.5	16.5	7.7	100.1
Transparency in supplier selection as the act stipulate	24.2	36.6	15.4	15.4	8.8	100.1
Procurement unit standards consideration	29.7	25.3	19.8	19.8	5.5	100.1
Tender board consist of procurement knowledge personnel	17.6	37.4	24.2	17.6	3.3	100.1
Evaluation committee consist of technical team	18.7	22	24	25.3	9.9	100.1
Total percent	**172.7**	**214.5**	**140.6**	**129.8**	**42.9**	**700.5**
Total average (%)	**25**	**31**	**21**	**19**	**6**	

Source: Field data (2018)

4.5 The extent to which internal Audit is effective in risk assessment and management in Procurement Unit

The extent to which internal audit is effective in risk assessment and management in procurement unit mainly including the role of internal audit on risk management, whether internal audit to understand business risk in procurement unit, identification of risk in POCLAPSGG, internal auditor assess types of risks, internal auditors ensure the risks of PMU are mitigated.

4.5.1 The Role of Internal Audit on Risk Management

Internal auditor performs different activities not beyond its scopes of audit by considering audit plan in public organizations. It provides objective assurance to manage risks appropriately and providing assurance that the risk management and internal control framework are operating effectively. However, by doing so internal auditors must ensure that their independence and objectivity are not impaired in anyhow while doing these activities. While internal audit engagement in RM can add value to the organization, there is also a risk that it could compromise the independence and objectivity. The results show that 17.6% of respondents strongly agree, 74.7% agree, 5.5% disagreed, 2.2% strongly disagreed, as presented in Table 4.22.

Table 4.22 The Role of Internal Audit on Risk Management

Responses	Frequency	Percent
Strongly agree	16	17.6
Agree	68	74.7
Disagree	5	5.5
Strongly disagree	2	2.2
Total	**91**	**100.0**

Source: Field data (2018)

The findings show that, 74.7% respondents indicate that internal auditors plays great role on risk management; while 2.2% indicates that there is less role practiced by internal auditors on risk management.

4.5.2 Internal Auditors Understand Business Risks in Procurement Unit

The internal auditor employees understand business risks in procurement process. The findings show that,22.0% of the staffs strongly agreed, 37.4% of the of the staffs agreed, 20.9% of the staffs were undecided, 16.3% of the staffs disagreed, and 3.3% of the staffs presents that the internal auditors understand business risks in procurement process as shown by the table 4.22

Table 4.23 IA Understand Business Risks in Procurement Unit

Responses	Frequency	Percent
Strongly agree	20	22.0
Agree	34	37.4
Undecided	19	20.9
Disagree	15	16.5
Strongly disagree	3	3.3
Total	**91**	**100.0**

Source: Field data (2018)

The research findings show that, majority (37.4%) of the staffs indicated that the internal auditors understand business risks in procurement process; while 3.3% of the staffs show the internal auditors do not understand the business risks in procurement process. This implies that there are high levels of understanding of the business risk to the internal Auditors result in proper management of the risk and their effects.

4.5.3 Risks identification in the POCLAPSGG

The ministry staffs were required to state whether the management identify effects of risks in the procurement process. The role of internal auditor is to identify the concerns of IA unit within the organization. Procurement personnel have to identify risk facing procurement unit and the rest of units within the organization. The identified risks should be well known by management in order to eliminate them. Internal auditors' role is to make follow up by asking management list of all risks faced by the organization to take care of it. Internal audit unit should strategically frame risk register as if the guidance that will give help in terms of risk avoidance. Internal auditors within the organization must conduct a preliminary assessment of the risk under review by updating risk register periodically. The findings show that, 16.5% of the staffs strongly agree, 40.7% of the staffs agree; 19.8% of the staffs are undecided, 17.6% of the staffs disagreed, and 5.5% of the staffs present that the management assess effects of risks in the procurement process. The findings are summarized in the Table 4.23

Table 4.24 Risks Identification of POCLAPSGG

Responses	Frequency	Percent
Strongly agree	15	16.5
Agree	37	40.7
Undecided	18	19.8
Disagree	16	17.6
Strongly agree	5	5.5
Total	**91**	**100.0**

Source: Field data (2018)

The research findings show that, 40.7% of the staffs indicated that management assess and identify the risks in the procurement process; while 5.5% of the staffs indicated that management do not assess and identify the risks in the procurement process. This implies that, the existence of procurement process, compliance of procurement rules and regulations of procurement plan enhance the effectiveness of procurement activities hence enabling management of public sectors to assess the effects of risks.

4.5.4 Internal Auditors assessment of the types of risks in PMU

The ministry staffs were required to state whether internal auditor assess types of risks in the procurement process. The findings show that, 27.5% of the staffs strongly agreed, 35.2% of the of the staffs agreed, 17.6% of the staffs were undecided, 15.4% of the staffs disagreed, and 4.4% of the staffs presents that the internal auditor assess types of risks in the procurement process as shown by the table 4.24

Table 4.25 Internal Auditor assess the Types of Risks in PMU

Responses	Frequency	Percent
Strongly agree	25	27.5
Agree	32	35.2
Undecided	16	17.6
Disagree	14	15.4
Strongly disagree	4	4.4
Total	**91**	**100.0**

Source: Field data (2018)

The research findings show that, 35.2% of the staffs indicated that internal auditors assess the types of risks in the procurement process; while 4.4% of the staffs said that internal auditor do not assess types of risks in the procurement process. This implies that internal auditor has good contribution to PMU concerning the area of risks.

4.5.5 Internal auditor ensure Risks of PMU are mitigated

The internal auditor's important role according to the scope is to make sure that all risks are evaluated. Internal auditors were required to state whether the risks in the procurement unit are mitigated. Findings show that, 22.0% of the staffs strongly agreed, 33.0% of the staffs agreed, 15.4% of the staffs were undecided, 22.0% of the staffs disagreed, and 7.7% of the staffs presents that the management ensures that risks in the procurement process are mitigated. The summary of findings is presented in table 4.25

Table 4.26 Internal Auditor ensure Risks of PMU are Mitigated

Responses	Frequency	Percent
Strongly agree	20	22.0
Agree	30	33.0
Undecided	14	15.4
Disagree	20	22.0
Strongly disagree	7	7.7
Total	**91**	**100.0**

Source: Field data (2018)

The research findings show that, 33.0% of the staffs indicated that the management ensures that risks in PMU are mitigated; while 7.7% of the staffs shows the management does not work to ensure that the risks in PMU are mitigated as indicated by respondents. This implies that management of the Ministry State President's Office Legal Affairs and Good Governance is aware on the risk mitigation and the effect of non-controlling risk in procurement process.

The results of objective three are presented in the table 4.27 as follows

Table 4.27 Results of Objective Number Three

Risk assessment and management in PMU	Strongly agree	Agree	Undecided	Disagree	Strongly disagree	Total
The role of internal audit on risk management	17.6	74.7	0	5.5	2.2	100.1
Internal auditor understand business risks in procurement unit	22	37.4	20.9	16.5	3.3	100.1
Risk identification in the POCLAPSGG	16.5	40.7	19.8	17.6	5.5	100.1
Internal auditor assess the types of risks in PMU	27.5	35.2	17.6	15.4	4.4	100.1
Internal auditor ensure risks of PMU are mitigated	22	33	15.4	22	7.7	100.1
Total percent	**105.6**	**221**	**73.7**	**77**	**22.8**	**500.1**
Average percent	**21**	**44**	**15**	**15**	**4.4**	

Source: Field data (2018)

CHAPTER FIVE

DISCUSSION OF RESEARCH FINDINGS

5.1 Introduction

This chapter presents the discussion of research findings. This discussion relates with the contribution of internal audit in procurement of goods and services in public entities with respect to the case of POCLAPSGG-Zanzibar. The discussion here draws from the findings organized based on study objectives.

5.2 Level of Education and Experience

The extent to which internal audit evaluates the characteristics of the procurement staffs in procuring activities seems to be very good. The data shows that a significant number of staffs working in institution are adequately experienced. The study conducted by Kiage (2013) revealed that staffs who have experience on carrying out their duties in a professional manner lead to reduced wastage of resources. That means poor performance in both auditing and procurement profession reduces the quality of assurance result in organizational performance. He further justifies that the competencies of procurement staff affect the procurement performance for both procurement unit and the whole Entity. Kisinga (2011) augments this on the investigation challenges in applying inclination treatment of neighborhood firm in open acquirement where he reasoned that absence of sufficient information by PEs and inadequately prepared workforces in PMU are a portion of the hindrances.

The competences of procurement staff depend on the level of education and experience. This study has noted that majority of the procurement staffs are highly experienced compared by the Institution Auditors. Up to 50.5% of the staff has experience above ten years. This means that they are knowledgeable on the subject matter and they would discover situation and could improve working practice.

The relationship between procurement and audit units according to the study is not based on standard but on organization practice. The PPD Act, 2016 section 27(1) (2) (3) and (4) identify the members of Procurement Board which exclude the Internal

Auditors. The impact of this exclusion of internal auditor is the reversal of the quality and financial value. The study conducted by Sarfo (2011) revealed that inexistence of Internal Auditor which is a key to internal control system that leads to poor performance of the works as far as contracts contract of the workmanship as concerned, conveyance standard merchandise, deferrals of advantages foreseen by recipients and encourage component of defilement in acquirement procedure.

5.3 The extent to which internal audit evaluate the effectiveness of Internal Controls in Procurement Process

The extent to which internal audit evaluates the internal control effectiveness in procurement process of the institution was exhausted. The findings revealed that about 74% of the respondents agreed on proper contribution of internal audit on effectiveness of internal control in procurement process. This includes the design of internal control system, segregation of duties, approval and authorization of activities and control on purchase and disposal of public assets. Specifically, among the function of internal auditor is to evaluate the system of Internal Control in procurement process as well as to report the entirely of operation responsible to the Organization based on internal control system of the POCLAPSGG.

Hilton (2011) described that the events of senior management are essential to the effectiveness of internal controls. Goods communication from management to the workers is probable to formulate strong controls than otherwise. Management plays an important role in the effectiveness of internal controls. Management can strengthen internal controls through the following segregation of duties, recruitment of staff, and good communication of policies and programmes of the organization. This can only be possible whether senior management lead the way by leading example.

A poor public procurement process due to poor internal Control System results to higher costs to the public entity. It outcome is to delays in executing undertakings or conveyance of merchandise and enterprises which results to cost acceleration, poor venture execution and postpones the conveyance of advantages to the recipient of the obtainment prerequisite (Shirima, 2009).The design of internal controlling system of the Ministry is participatory approaching which is not difficult to supervise, evaluate and conduct its monitoring. The effectiveness of Internal Control System and the proper procurement process results to clear and excellent contracts, substandard of goods delivery, providing high profit expected by beneficiaries as well as to remove aspect of fraud in the procurement process as supported by Sarfo (2011).

5.4 The extent to which internal audit evaluate Policies and procedures in Procurement Unit

The extent to which internal audit contributes in compliance with procurement policies of the organization was explored. The results from the findings have shown that 56% of the respondent agreed on average function played by internal auditors in contribution of the effective adherence of procurement policy does not only apply in public entities but other organization. Policies and procedures, which include the implementation of strategic plan, review of procurement regulations, budget allocation, place and deadline for submission of quotations. Others include transparency of supplier's selection as stipulated in the procurement act; Procurement Management Unit standards consideration, composition of tender board consists of at least one with knowledge of procurement and evaluation committee consists of technical team.

The PPA (2005) section 71 describes procurement method based on comparison of price quotations from several suppliers; usually at least three Quotations are used to ensure competitive prices among suppliers and appropriate method for procuring of goods or standard specifications of commodities. It further describes that the place and deadline for the submission of quotations which generally allows not less than 30 days from the date of distribution of the letter of invitation.

According to IIA, 1990 it is a condition for the internal auditors to make consideration on the application of the general standards for all procured goods and services. It was observed that the elements in the general standard are procedural in nature and that they are clear and complete. On the other hand, the Internal Audit manual showed that applicable standard was conforming to the policies and procedures that are in place. Study also reveals that; the internal auditors take consultative positions to the top management regardless of advancements in carriers of the finance or accounts department.

This has been one of the obstacles for adequate compliance of regulations in most of the Pubic Institution. Non-compliance problem affects the developing country's economies (Hui et al., 2011). The reasons behind public procurement regulations are the promotions of fairness, transparency and non-discrimination of procurement in public sectors. This is because transparency, fairness and non-discrimination will ensure efficient use of public funds. The only prevailing challenge is that, although public procurement act is in place, there is however, a misuse of public funds during procurement process as part of management is not fully involved in the process.

5.5 Effectiveness of internal audits in risks assessment and Management in Procurement Unit

The effectiveness of Internal Auditors in assessing and managing risks in Procurement Unit was investigated. The findings revealed high risk in procurement process. The findings have shown that 65% of the respondents are good and agreed that, internal audit could assess risk in the organization and provide opinion toward risk management. The PFMA requires the Internal Auditor to undertake continuous audit for risk management in respective pubic institution. The continuous risk assessment includes procurement process, planned activities and program. The procurement Act No.11of 2016 remains silent of risk matters.

KPMG (1999) undertaken the study in US make out one essential method to supply in nowaday's dynamic trade on the ground of locating internal auditors throughout the important risks and exposures that can focus on the determination of an organization's success or failure. This allows internal auditors to get a enhanced understanding of the key business risks and the impact they can have on the organization's ability to build shareholder value (risk assessment). Internal auditors must also be able to evaluate the responses to key exposures (e.g. internal controls) and find out if those responses are adequate or appropriate (risk management). At that time, there was a high level of agreement among executives that internal auditors should shift part of their focus to strategic risk rather than focusing only on compliance.

The internal auditors contributory role in the three areas concerning to risk management (risk assessment, communication and management) recommended by Selim and McNamee (1999a). Therefore, internal auditors to a certain extent are limited in their participation in risk assessment activities. Specifically, management remains eventually accountable for risk assessments. Internal auditors regularly executes their own risk assessments, but mainly based on input coming from management and other risk management functions. Internal auditors are playing a kind of integration role. For those internal auditors working in a risk based way, the output of these risk assessments is an important input for the global internal audit planning as well as for individual audit assignments. In other words, internal auditors' role in risk assessment can be considered as a necessary input for their evaluation of the internal control system, an integral part of their assurance role. The consulting role of internal auditors in risk assessments is in both groups of cases rather limited.

CHAPTER SIX

SUMMARY, CONCLUSIONS AND POLICY IMPLICATIONS

6.1 Introduction

This chapter presents the summary and conclusion as drawn from the major findings of this study. The chapter thereafter presents some policy implications.

6.2 Summary

Procurement function plays as a key supporting role on daily operations of institution. The procedures should be obviously regarded in the course of action plans, which are actually stagnant. Suitable monitoring and evaluation of goods and services purchased helps achieve VFM adequately and properly and thus guarantee efficient and effective services delivery.

The research intended to assess the contribution of internal audit in procurement of goods and services in public entities which has become a worldwide problem. The study used descriptive design with a study population of 91 respondents at the ministry headquarters in Zanzibar. The study was conducted to test three specific objectives connected to the contribution of internal auditor in procurement process for goods and services. The primary data was collected using structured questionnaire, interviews and observation while secondary data was collected using documentary reviews, regulation and prevailed act in Zanzibar.

The major contributory function of Internal Audit is to assess the effectiveness of procurement process as part of internal Control system of Organization. Study investigated the effectiveness of procurement process and reveal that there was positive contribution of the internal audit in procurement of goods and services. The researcher suggests that internal audit adds value of organization on process due to planned choice and market characteristics of the organization. On other hand contribution of internal audit in procurement of goods and services comply with act prevailed standard on Auditing and procurement. Internal Auditor independent proving assurance and improves compliance of the entities. The study revealed that auditor adhered by act, laws, regulation, and plan and budgeting to insure the organization performance. A researcher specified the good elements used to complying with standards as identification of minimum requirement, which needs for maximum competition (competitive bids), identification of the test methods to be used to verify compliance with the requirement, contribution in obtaining best value at the lowest price costing using a fair, equitable, and transparent. The implementation of procurement plan is effective as described in CAG report of 2015/2016 but the most important factor that affect the implementation of procurement plan in the government of Zanzibar was delays of fund from treasurer for the budget execution and bureaucratic process in procurement. Public institutions in Zanzibar operate the activities performed and implemented by using Program Based-Budget (PBB).

6.3 Conclusion

The extent to which internal audit evaluate the effectiveness of Internal Control in procurement process at the Ministry is effective and adequate to procurement of errors and irregularities where 74% was its average evaluated and reviewed on quarterly basis by the management Committee and that the activities planned and implemented are discussing every week. The public sectors practice a proper authorization of transactions and activities in Zanzibar as required by the law, policy, procedures and guidelines. The researcher concludes that proper approvals and authorizations such that no one person should handle all aspects of transaction from the beginning to the end. The study found that, there are proper control procedure designed and adhered by the management and staff in public sector in Zanzibar. It further concludes that Strong internal controls system require segregation of responsibilities, proper authorization of transactions, physical custody of assets and the related recoding keeping

The extent to which internal audit evaluates policies and procedures in procurement unit was effectively adequate by 56% in average as indicated on the table 4.21 above. Based on the findings, the study concludes that internal audit has adequate contribution of proficiency in terms of knowledge and experience on procurement of goods and services in public sectors in Zanzibar. The study also concludes that the quality of procurement process was effective due to the degree of compliance to the laws, regulations and policies but there is some area need closely supervision because of the nature of risk involved such as emergence purchases and singly sources procurement.

Finally, to assess the effectiveness of internal audit in risk assessment and management is adequate as described by 65% of its average. Based on study findings of risk assessment and management, the internal auditors assess and evaluate the effectiveness and adequacy on how risks are well acknowledged and managed in procurement unit as shown on in chapter four on the table 4.27. The (PFMA,2016) requires the Internal Auditor to undertake continuous audit risk management in Respective Pubic institution. The continuous risk assessment includes procurement process, planned activities and program. In this view, the procurement Act No.11of 2016 remains silent of risk matters. The findings have shown that, the major role of risk mitigation and control fall to the management while Auditors require to understand and asses the types business risk and provide opinion on cause and effect and advise on ways for the management to control it.

6.4 Policy implications and recommendations

6.4.1 Policy implications

The findings suggest a need for the government to revise the regulatory system in governing procurement of goods and services particularly in public entities. The procurement Act should involve the Internal Auditor as part of Management team to enable the effective internal control system within an institution. This can help to increase their ability to address the role they play for attractive performance of organization.

Improvement in public procurement regulations: The public procurement service providers are now working in the areas and they have disregarded the development of rural community and neighboring area of region, i.e. decentralization. The reforms in public procurement regulation are essential with the intention of facilitating the registered companies to work in different areas and teach their personnel management of a particular entity.

The study also has indicated the need to establish procurement manual to keep clear justification of the procurement procedures. The findings imply that, the procurement should be established and owned by management team instead of procurement units.

6.4.2 Recommendations

i. The government via public procurement authority should establish clear strategies that affect the performance of procurement for high level. The research recommends that strategic plans are not stagnant and that implementation of yearly procurement plans should be of participatory approach, often reviewed to develop the ministry's performance on the angle of procurement.
ii. The management should administer procurement process in order to improve qualifications, competencies and experiences of procurement professionals. This will ensure maintained good procurement standards and targets.
iii. In addition, to stay away from deferrals in supply and arrangement of administrations, courses of events must be regarded since most undertakings would be overwhelming. For the achievement of the agreements under execution, the administration of the service of POCLAPSGG ought to guarantee that legitimate instruments for task checking and assessment are set up with the contribution of work force and the client division with advancement reports raised for essential activity.
iv. There should be assurance of conformity with laws and regulations, policies and procedures, contracts and financial tools, good quality business practices and ethical cultural norms when conduction compliance audit internal auditor review compliance with various regulations applied by organization in its daily routine.
v. Internal audit functions gradually increase to cope with changes and needs of various stakeholders. Recent internal audit functions among others include

risk management and consulting activities designed to add value and improve an organization's operations.

6.5 Recommendations for further research

The researcher recommends further researches to investigate the other factors that affect procurement performance; assessment of the contribution of internal audit in public entities payroll system and; the improvement on auditing assessment of employees in public funds. Similarly essential, more study should be carried out in the rest of PEs to determine whether these results are worldwide. Other areas further studies are:

i. Internal audit contribution assessment in public entities' payroll system
ii. The improvements on auditing assessment of employees in public funds

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APPENDICES

APPENDIX I

QUESTIONNAIRES

Dear Sir/Madam

This questionnaire intends to assess the contribution of Internal Audit in procurement of goods and services in public entities. The aim of this study is to see whether internal auditor has a complementary contribution in government sectors as well as private sector especial on the matter of procurement of goods and services. This questionnaire is basically designed for the intended research to fulfill the requirements of the Master of Science in Accounting and Finance (MscA&F) program at Mzumbe University, Morogoro main campus Business School. All information provided by respondents will be treated as confidentially.

Therefore, you are requested to answer the following questions honestly and openly as you can. It is my sincere hope to receive maximum cooperation.

Instructions

Do not sign your name on this questionnaire

SECTION A: BACKGROUND INFORMATION

1. For how long have you been working with your organization? (circle or tick the answer/s)
   a) 1- 3 years
   b) 3 – 5 years
   c) 5 – 10 years
   d) Above 10 years
2. What is your educational level? (circle or tick the answer/s)
   i) Certificate
   ii) Diploma
   iii) Degree
   iv) Maste

SECTION B: TO ASSESS THE EXTENT TO WHICH INTERNAL AUDIT EVALUATE THE INTERNAL CONTROL IN PROCUREMENT PROCESS.

To what extent is the internal audit evaluating the effectiveness of internal control in procurement process? Please tick the appropriate response

S/N	**STATEMENTS**	**Strongly agree**	**Agree**	**Undecided**	**Disagree**	**Strongly disagree**
		1	**2**	**3**	**4**	**5**
3.	The one who design of internal control of the entity.					
4.	Duties of the staffs are adequately segregated.					
5.	There is a proper approval and authorization of transactions and activities.					
6.	Control on purchase and disposal of public assets.					
7.	The review internal control system of the organization					

SECTION C:TO ASSESS THE EXTENT TO WHICH INTERNAL AUDIT EVALUATE POLICIES AND PROCEDURES OF PMU.

To what extent is the internal audit evaluating policies and procedures of the PMU? Please tick the appropriate response

S/N	STATEMENTS	Strongly agree	Agree	undecided	Disagree	Strongly disagree
		1	2	3	4	5
8.	The review of strategic plan with regard to the implemented objectives					
9.	The place and deadline for the submission of quotations, generally allowing enough time					
10.	Procurement were made on the basis of budget allocation					
11.	Transparency in the selection of supplier as stipulated in procurement act					
12.	PMU considers the application of standards in procurement of goods and services.					
13.	Composition of tender board consist at least one personnel with the knowledge of procurement					
14.	Evaluation committee consist of technical team and involve user department					

SECTION D: TO ASSESS THE EFFECTIVENESS OF INTERNAL AUDIT IN RISK ASSESSMENT AND MANAGEMENT IN PMU.

To what extent is the internal audit effective in risk assessment and management in PMU? Please tick the appropriate response

S/N	STATEMENTS	Strongly agree	Agree	undecided	Disagree	Strongly disagree
		1	**2**	**3**	**4**	**5**
15.	Internal auditors understand and identify the business risks of PMU					
16.	Management assesses and detects the effects of risks					
17.	Internal auditors assess and evaluate the types of risks of PMU					
18.	Internal auditor mitigates the risks of PMU					

Thank you for corporation

APPENDIX II Interview Guide

Interview guidelines for tender board members and officer in charge from other departments

1. What are the positions of internal auditors in tendering process?
2. Does auditor have valid contribution in tendering discussion?
3. How internal auditors participate in delivering process?
4. Does internal auditor being participated in procurement of goods and services?
5. What does internal auditor evaluate in procurement process?
6. Does the internal auditor have any contribution in procurement process?
7. Do you think internal auditor have effective involvement in tender board?
8. What are the contributions of internal auditor in tender document?
9. How does internal auditor participate in procurement of goods and services delivering process?

Interview guide for head of organization and procurement personnel

1. Why it is important to have a good procurement process in the organization?
2. What are the consequences of operations in purchasing in your organization?
3. Procurement unit considering procurement plan in performing their work effective?
4. Why it is important to consider on supplier selection in your organization?
5. Why supplier source is important in the procurement process?
6. What cause delays in the procurement process?
7. What can be done to minimize delays in the procurement process?
8. Why it is important to avoid delays in the procurement process in relation to existing procurement Act?
9. What are the encountered challenges in procurement process in relation to the existing procurement act?
10. How does financial budget constraint affect function in your organization?

Thank you for corporation