UNIVERSITY OF SIENA

AUDITING AND FINANCIAL REPORTING RELEVANCE TO CORPORATE GOVERNANCE: A CASE STUDY OF SELECTED PUBLIC INSTITUTIONS IN GHANA

BY

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DECLARATION

I do hereby declare that this work is the result of my own research and has not been presented by anyone for any academic award in this or any other university. All references used in the work have been fully acknowledged. I bear sole responsibility for any shortcomings.

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EMMANUEL OWUSU ANSAH **DATE**

DEDICATION

To the glory of God, my lovely family, friends and all my loved ones

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My heartfelt gratitude is to my supervisor, Prof. Roberto Di Pietra for his time, expertise, assistance, submissions, and critiques from the commencement of the study to the successful completion of it.

To my mother –Gifty Brobbey; my brothers – Kelvin and Sarfo. I say thank you for your moral support, patience, and prayer throughout my academic journey.

To all my friends and loved ones I say a special thank you for your invaluable love and may God bless you all.

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LIST OF ABBREVIATIONS

OECD	Organization for Economic Co-operation and Development
ECGI	European Corporate Governance Institute
GSE	Ghana Stock Exchange
IFAC	International Federation of Accountants
IAASB	International Auditing and Assurance Standards Board
GRA	Ghana Revenue Authority
DVLA	Driver and Vehicle Licensing Authority
ICAG	Institute of Chartered Accountant Ghana

IAS International accounting standards

ABSTRACT

Globally, there has been a surge in studies focussing on the relevance of auditing and financial reporting to corporate governance. Most of these studies have found a positive connection between auding, financial reporting and corporate governance. This current study digresses from previous studies by focussing on three important objectives in respect of corporate governance: To determine the level of independence by auditors in public institutions, to assess the capacity of auditors in carrying out their duties in public institutions and to find out the extent to which recommendations by the auditors are used towards improving operations in public institutions. The study employed the qualitative approach and made use of semi structured questions. Purposive sampling was also used to select two institutions (National Insurance Commission and Driver and Vehicle Licensing Authority) for the study. In much the same way, purposive sampling was also employed to select 10 senior officers from the two public institutions for the study. Two (2) finance lecturers from the University of Ghana Business School were also recruited purposively to corroborate the data obtained from the technocrats. Using thematic analysis to analyse the data, the respondents scored high marks when benchmarked against all the cardinal indicators that enhances the independence of the internal auditor. This is indicative of the fact that the auditors within the assessed public institutions have the requisite conditions that guarantees their independence. In terms of the capacity of the auditors to carry out their duties, the study found that the auditors had suitable educational qualifications and experience but had minimal funding for their operations. In sum,

they had moderate capacity to carry out their obligations. In terms of implementation of auditor's recommendations, it was found that it depends on the type of institution and the leadership style of the institutional heads. The study therefore recommends that Government should put in place a mechanism aimed at ensuring that recommendations by internal auditors are examined and implemented. Again, government should find alternative ways of providing reliable funding and resources to the various audit units. There is also the need to invest heavily in the training of internal auditors. Lastly, the study recommends that senior managers within the various government institutions should undergo various trainings on the relevance of internal auditors in government operations. This will ensure sufficient support of senior management for the activities of internal auditors.

CHAPTER ONE

INTRODUCTION

1.0 Research Background

The competitive environment of today's business finds itself demanding for a proper financial structure that is apt for economic development. Irrespective of the type of business (i.e., private or public), there are different risks from different sources they face. Financial risks for instance can derail economic development. However, if the organisation has strong corporate governance set-up, the possibility of mitigating these risks is high (Okpara, 2011). Corporate governance simply involves the system of rules, practices, and processes by which an organization, institution or a firm is directed and controlled (Gogovie, 2019). The corporate structure of any business entity spells out the detailed rights and responsibilities of the individuals among in the corporation such as the board managers, shareholders and spell out the rules and procedure for making decision on corporate affairs (Erasmus, 2022). By assigning responsibilities to the various persons within a firm's corporation, it helps to provide the structure through which the company objectives are set and the basic procedures for achieving the set objectives and monitoring performance (Erasmus, 2022). This view was confirmed by Ghosh (2014). He asserts that corporate governance ensures that company attains its corporate objectives and monitor performance and ensures the firm is operating at its maximum.

Summarily, it can be said that the outcome of a formidable economy is bedded in the success of an organisation's forecast. It is therefore not misplaced to say that corporate governance plays a key role in building economic efficiency and growth and thereby attracting the right investors (Ibrahim, 2011). Even though it is important to note that corporate governance is primarily focused on defining the responsibilities of those in charge of the organisation, it is equally important to note that it also defines the responsibilities of all those working within (Shailer, 2004). Thus, corporate governance becomes the application of top management practices, acquiescence of laws and then the adherence to the principles and ideals of the organisation for operational circulation of wealth and discharge of social authority for workable development of all stakeholders (Sharma, 2020).

One major spine in effective corporate governance is the concept of inculcating audit practices (Mburra, 2013). With both audit practices and corporate governance aimed at ensuring a clear level of accountability, it is imperative that managers present the organisation appropriately to the public. In the words of Rens and Leobbecke (2008), the concept of auditing is all about a process where one gathers and assesses evidence about quantifiable information, which relates to a particular economic unit for the main aim of determining and reporting on the degree of communication between the quantifiable information and established career.

Auditing can also be defined as an independent examination into the financial data in an organisation that is conducted with aim of expressing an opinion thereon (Gupta, 2004). Auditing practices are also aimed at ensuring that the books are properly maintained. ISO 19011:2018 defines an audit as a "systematic, independent, and documented process for obtaining evidence (records, statements of facto or other information which are relevant and verifiable) and evaluating it objectively to determine the extent to which the audit criteria (a set of policies, procedures or requirements) are fulfilled". Auditing can also be defined as an authentication activity in the form of inspection or examination of a particular process or system that is focused on compliance to the basic requirements (American Society for Quality, 2020).

An audit may be related to a whole organisation or a particular function or process. For instance, the purpose of some audits may be for administrative purposes like auditing documents, risks or performance. Others may be for the follow up on a total corrective action. Auditing thus, becomes an important part of an organisational process that needs much commitment to ensure that activities are in accord with laid down principles and regulations. According to PWC (2010), auditing is defined as an assessment of a financial report of an enterprise as presented in the annual report by an entity outside that entity. From this definition, one can deduce that the financial strength of an organisation, to a large extent, has everything to do with how effective auditing in organisation may be.

The effectiveness of an auditing system in an organisation has thus become a major concern for several business organisations (both private and public) (Mburra, 2013). This is as a result of the critical role the various departments of auditing play in protecting the funds of the organisation. To this end, the auditing system is very important because it does not only (safeguards the funds of the organisation) but also (and may be mainly) externally (protecting the interests of investors and lenders) (Bedi, 2014).

Financial reporting includes a balance sheet, an income statement, a statement of changes in equity, a cash flow statement, and notes, which are made up of important accounting policies and other explanatory notes. The basic purpose of an audit is to form an overview on whether the financial information presented in the report, be it in whole, truly reflects the financial position of the entity at that given time (Bedi, 2014). The level of confidence of in the financial statements is boosted if it is reviewed by a skilled group of auditors (Okpara, 2011). Even though both private and public institutions cherish auditing very much, this study is focused on comparing auditing and financial reporting reliance to corporate governance in public institutions in a developing economy, such as Ghana.

1.1 Research Problem

The role of the public sector in developing the economy cannot be overemphasized (Tatum, 2013). The products and services these public institutions offer are aimed at easing the financial burden of the economy from the citizenry on one end and to generate funds to support the running of the economy by the government (Okpara, 2011) on another end. The public sector can raise revenue for the government to support the socio-economic development of the country. For instance, in Ghana, the Ghana Revenue Authority is mandated to raise tax to support the governmental projects. The public sector seems to employ the highest number of persons in Ghana. That is to say that the Ghanaian public sector employs the highest number of persons. The Business and Financial Times (2020) estimated a total of 52.9% of formal employment representing the public sector while the rest are within the private sector. This has put so much demand on the wage bill. However, the public sector is perceived to be the most corrupt because it is also perceived to have weaker audit units, seriously under resourced, dependent, and understaffed (Mburra, 2013). This has created low confidence as far as financial reporting in public institutions (Bedi, 2014). For instance, the Auditor General's report in Ghana has continually showed some form of weaknesses in areas of cash management, irregularities in governmental expenditures, inadequate payroll controls (especially paying non-existing individuals), etc. This does not speak well of public institutions especially those within developing economies. These and other problems point out to the fact that there are several loopholes within the audit systems (both internal and external) that need to be checked.

Ghana, just like many countries within the Sub-Saharan Africa, as reported by Moynihan (2019), has weak auditing systems. Despite the Public Accounts Committee and several Auditor General Reports implicating many public officers, the practice of activities of financial malfeasance for instance is still on the increase. There are concerns about the independence of auditors in the public sector. Many perceive that there have been several breaches in the public's audit processes, making the whole process weak (Bedi, 2014). There are others who also indicate that auditors are not well resourced to carry out their respective duties, making their work porous and difficult to even prosecute officers whose work do not comply to the standards and principles of the Public Sector Act (Okpara, 2011). Finally, most documents on auditing in the public sector are those from developed countries (Bedi, 2014). In the light of this, the study looks at assess the relevance of auditing and financial reporting to corporate governance.

1.3 Objectives of the study

The main objective of the study is to assess the relevance of auditing and financial reporting to corporate governance in Ghana. The specific objectives are as follows:

a) To determine the level of independence by auditors in public institutions.
b) To assess the capacity of auditors in carrying out their duties in public institutions; and
c) To find out the extent to which recommendations by the auditors are used towards improving operations in public institutions.

1.4 Research Questions

We aim to address the following questions:

a) What is the level of independence by auditors in public institutions?
b) What is the current capacity of auditors as far as carrying out their obligations are concerned institutions?
c) To what extent are recommendations by the auditors used towards improving operations in public institutions?

1.5 Justification of the Research

The findings of the study would expose the challenges associated with auditing in public institutions in both developing economies. Developing countries in general and the Government of Ghana in particular, financial ministries as well as other stakeholders should predictably be anxious to appreciate and adopt appropriate audit to effectively manage the public institutions.

It is against the foregoing that this study hopes to analyse and discuss the role of audit and financial reporting in identifying, detecting, and preventing acts of misappropriation and embezzlements of funds for effective management of public institutions in Ghana. Last but certainly not the least, this research would also serve as a source of reference for future research that have link with auditing and financial reporting.

1.6 Scope of the Research

The theme of this study is the “The Relevance of Auditing and Financial Reporting to Corporate Governance”. Lots of projects have been written in line with audit (both internal and external alike). However, only few of them have been linked to the public institutions in developing countries (Bedi, 2014). This study was limited to the Driver and Vehicle Licensing Authority (DVLA) and the National Insurance Commission (NIC) of Ghana.

1.7 The Structure of the Thesis

Basically, this thesis is divided into six (6) distinct chapters. The first chapter opened up the research by providing a background to the current study. The chapter commences with a background to the study, which is targeted at explaining the relevance of auditing and financial reporting relevance to corporate governance. Essentially, it gave out some relevant insights and overviews of the theme and attempts to build relevance for the topic. The research problem of the study is then discussed which spells out the problem necessitating the study. The research problem basically addresses the problem which the research intends to solve. This problem is situated within specific objectives: to determine the level of independence by auditors in public institutions, to assess the capacity of auditors in carrying out their duties in public institutions; and to find out the extent to which recommendations by the auditors are used towards improving operations in public institutions. The next issue discussed in chapter one is the justification of the research as well as its scope. The justification of the research essentially provided a justification for conducing the research whiles the scope of the study specified the perimeter within which the research was conducted.

The next chapter will be a literature review where focus will be on reviewing what writers have put together as far as the idea of auditing and financial reporting are concerned. It will build a conceptual framework on which this study will revolve. The literature review section will also discuss the both the empirical and theoretical underpinnings of the study. The empirical review will assist the researcher to come out with the specific gap in the literature, which the study seeks to address.

The content of the third Chapter is fully devoted to the methodology issue. It will focus on providing the various working methods the researcher will use in carrying out the research. Issues that will be discussed under this chapter will be the research design, research population, sampling procedure and sampling size. The research design discusses the researcher’s selection of either quantitative or qualitative methodology for the study. Again, the research population will highlight the specific members who possess similar characteristics who are important for a specific study. The chapter ends with the ethical considerations of the study. Which has to do with the regulations that spell out permissible and improper behaviour when carrying out research.

Chapter four of the study will dwell on data presentation and discussion of findings. This will be discussed in themes reflecting the objectives of the study (See: thematic analysis as discusses by Creswell 2007). Additionally, the findings of the study will be related to empirical literature to ascertain variations. Chapter five will provide a summary of the findings, establish conclusions based on the findings and make suitable recommendations. As part of the chapter 5, the key findings of the study will be summarised in line with the study objectives. Additionally, conclusions will be drawn from the findings of the study.

1.8 Chapter Summarily

The chapter discussed the background, the problem statement (based on which the study was carried out and the research gaps were derived). Other important areas captured by the section included the research objectives, research questions, justification of the study and scope of the study. the final part of the study also focused on how the study is organised. The ensuing chapter 2 will discuss both theoretical and empirical literature relevant to the topic after which the methodology of the study will be discussed in much detail.

CHAPTER TWO

LITERATURE REVIEW

1.0 Introduction

In the previous chapter, it was argued that regardless of the operations of the Public Accounts Committee and several Auditor General Reports implicating many public officers in Ghana, financial malfeasance is still on the rise in Ghana. This Chapter however reviews theoretical and empirical literature relevant to the subject of this study. The chapter begins with a discussion on the concept of corporate governance. It discusses the various definitions of corporate governance and details what corporate governance is all about. The chapter then moves on to discusses the standards and principles of good corporate governance. The various local and international principles of good corporate governance are discussed under this section. This is directly followed by a discussion of the concept of auditing and financial reporting. Under this heading, the various definitions of auditing and financial reporting are outlined and discussed. This discussion is immediately followed by an explanation of the benefits associated with financial reporting. The study also devotes attention to an empirical literature review where studies related to this study is discussed with the intent of identifying a gap in the literature. The empirical review is however preceded by discussions such as corporate governance, internal audit quality and financial reporting, corporate governance issues from the Ghanaian perspective, the framework of Financial Reporting in Ghana and corporate Governance and Financial Reporting in perspective.

2.2 The Concept of Corporate Governance

Available literature points to various definitions of corporate governance. As noted by Castrillón (2021), these definitions are in line with widely acclaimed projections made around 1992 premised on the need to put in place regulations for the management and handing of firms, managing the conduct of firms to ensure that the investments of investors are effectively managed to ensure profitability.

Corporate governance activities within firms have been on the rise in contemporary times and its significance to firms have been amply documented. As noted by Castrillón (2021) other countries that has not even regulated the acceptance of corporate governance has adopted this concept. The single largest reason for the wide acceptance of corporate governance is because it forms the building block of the operations of firms. Consequently, the acceptance and implementation of corporate governance is deemed to be of immense benefit to firms since most firms are burnt on using its principles and mechanisms (Grantham, 2020). Overall, it is worth mentioning that these principles lead to an active monitoring of the operations of a firm, especially when the principles of full disclosure and transparency are imbibed by the firm. In effect, the implementation of corporate governance in firms has the potential of impacting positively on the firm’s current investors and potential investors at large (Hebble and Ramaswamy, 2005).

Corporate governance has also been deemed an absolute antidote to fraud and the numerous cases of accounting scandals in organizations (See: Tipurić et al., 2016). Tipuric et al., (2016) further indicates that such happenings make corporate governance worth studying in academia. Essentially, the predominant reason for financial malfeasance in firms is bas corporate governance (Larcker and Tayan 2011). To curb the occurrence of corporate governance infractions there have been various formal laws, recommendations and codes by professionals and other professional bodies (example; OECD, ECGI, IFAC, SAC, IAASB). As indicated by

Tipuric et al., (2016) the essence of these regulations is to put in place guidelines for regulating the operations of good governance in firms. The content of these regulations is always country specific, designed in line with the country's specific regulations. Regardless of this situation other research studies have found that corporate governance systems are sometimes converged for different countries (Martynova and Renneboog 2010).

Overall authors like Healy and Palepu (2001) have indicated that good corporate governance has the potential of reducing agency cost and information asymmetry because of happenings between ownership and control. The hall mark of an effective corporate governance structure is that it involves effective monitoring and disciplining measures that helps to prevent senior managers from exhibiting opportunistic tendencies. (Renders, Gaeremynck and Sercu 2010). Renders et al., (2010), further indicates that corporate governance ensures that resources are put to optimum use. This in effect leads to efficient company performance.

Available literature on corporate governance points to two corporate governance systems. These are the open system (Anglo American system) and the closed (Central European) system. The main features of the former are that it is has an uneven ownership structure, an active market for corporate control, strong shareholder's rights, and short-term equity financing. In the same manner, the closed type of corporate governance has a longer debt financing plan, concerted block holder ownership, dormant markets for capital control, and a significant role of banks (Larcker and Tayan 2011; Renders and Gaeremynck 2012). Tipurić et al. (2016) further establishes that the solutions to the problems associated with corporate governance reflects the above descriptions. In the same manner, the open system of corporate governance has common mechanisms such as corporate control and managerial compensation within its market. In the closed system however, the control mechanism of the firms' shareholders and the board are the main tools for matching the interest of managers and the owners (Larcker and Tayan, 2011).

2.3 Standards and Principles of good corporate governance

The Organization for Economic Co-operation and Development (2015) are the body that set up various standards, principles, and recommendations for good corporate governance. The best way for management team members to properly conduct their activities are explained in divers' corporate codes around the world. In much the same way, Professional accounting, auditing, and other bodies (IFAC, IASB, etc.) put in place the right accounting and auditing standards that should be adhered to by both internal and external auditors of a firm. This helps to properly execute the competences of the various management team members within the firm (Tipurić et al., 2016).

Additionally, there are quality standards such as ISO 9000, ISO 14000 and ISO 26000 that are employed to examine the quality of standards of a specific production process. In a broader sense, the ISO 14001 basically has to do with environmental management systems and environmental performance evaluation. The issues bother on the attitude and behaviour of the management of public firms as it relates to the environment. It also involves reporting to shareholders and ensuring that sustainable development directives are complied with (Tuperic et al., 2016).

ISO 2600 which was introduced by the International Organization for Standardization 2010, also involves the implementation of social responsibility by firms (Tuperic et al., 2016).

This regulation became more pronounced in 2010 and provided clear guidelines for management operations. Overall, it enables firms to abide by the dictates of social responsibility and interpret them into best management practices in the area of social responsibility (ISO 26000). As further indicated by Tuperic (2016) all the issues must as well be reported to shareholders.

The provisions of OECD 2015 on corporate governance speaks to equitable and fair and treatment in the following guidelines:

1. Ensuring the basis for an effective corporate governance framework;
2. The rights and equitable treatment of shareholders and key owner- ship;
3. Institutional investors, stock markets, and other intermediaries;
4. The role of stakeholders in corporate governance;
5. Disclosure and transparency;
6. The responsibilities of the board.

In addition to the above, the OECD (2015) principles emphasizes the relevance of high ethical standards. The OECD (2015) guidelines points to the fact that it is in the firm's long-term interest to abide by high ethical standards to enable it to become credible. Summarily, it must be noted that the framework for ethical conduct goes beyond compliance with available laws and guideless (Tuperic, 2016).

2.4 The Concept of Auditing and Financial Reporting

Available literature points to various definitions of financial audit. Lozano et al. (2020) explain that financial auditing has to do with an evaluation and assessment of the financial details displayed by a firm in its financial statement. In most instances, these audits are carried out by private firms through a financial report after a careful examination of the financials of the firm (Emprende, 2018). Similarly, they can be defined as the assessment of basic financial statements displayed by a legally mandated person of a firm, with the sole objective of providing opinion about whether information is organized in line with applicable auditing norms based on the descriptions of their transactions (Sánchez, 2006). Arens, Alvin, Shailer, and Fielder (2011) also define auditing as the compilation and assessment of evidence about information to regulate and provide report on the degree of correspondences between the information and recognized criteria. Messier (2008) equally indicate that auditing is a systematic process of objectively obtaining and evaluating evidence regarding claims about financial decisions to ascertain the degree of correspondence between claims and laid down regulations and making the outcome known to concerned parties.

Generally, regardless of the size of the firm, financial audit can be institutionalized. However, it must be mentioned that owing to the characteristics of the firm, the complexities changes and the processes involved in auditing is also altered. Lozano et al. (2020) explains that planning and the procedure associated with the financial audit preparation will however remain unchanged regardless of the size of the firm. As a result, it is important for firms to take measures to embark on financial audits to enable them benefit from:

a) dependable financial information;

b) greater competitiveness capacity;

c) to increase the trust of acquiring external financial;

d) to acquire some more value from process improvements; e) ensure business continuity;

f) institute a stable financial culture; and

g) assist in minimizing illegal activities and frauds within firms (Lennox, 2011; Mire La Solucion, 2016).

Financial audits must therefore be seen as a tool that ensures business growth and sustainability. Once audits are seen as such, businesses will see auditing not just as a legislation compliance tool but as a necessary weapon that foster business development (Lozano et al., 2020). The sole objective of financial auditing is to present an honest and professional view about the fairness of a financial statement that are drafted by a firm. Be it a public or private firm, the guiding principles for conducting audits are contained in the Generally Accepted Auditing Standards (GAAS) and the International Auditing Standards (IAS). As a general principle, the dictates of GAAS are fundamental to every auditing procedure. They are deemed the underlining tenets, rules and procedures of auditing. Lozano et al., (2020) indicates that auditors should adhere to these principles as they ensure the authenticity of the auditors' works. Basically, ten regulations of auditing are spelt known, according to Lozano et al., (2020). However, these regulations are categorized into three groups: a) general regulations; b) regulation for execution of activities; and c) regulations of information (Tu Guía Contable, 2016).

International auditing regulations (IAR) are basically rules, standards and procedures that are adhered to during preparation of financial audit statements, which must be explained with regards to the context and time within which the audit statement was prepared (Tu Guía Contable, 2016). These regulations are mostly easier to take on board because of the characteristics of the financial audits and the reasons ascribed during the preparation of the financial statement. IAR are incorporated into series of regulations that must be considered. Some of which include global objectives of the independent auditor as well as the information that forms part of the documents that contain audited financial statements (AOB Auditors, 2018).

2.5 Benefits associated with financial auditing

Available literature points to several benefits associated with auditing. A study conducted by Lozano et al (2020) on the "Financial auditing benefits: Perspective of the SME in Celaya, Guanajuato" found that most SMEs perceived the cost associated with auditing to be high. Regardless of this incidence, Collis (2010) is of the view that auditing results in immense benefits, which far outweigh the cost associated with the auditing process. Knechel, Niemi and Sundgren (2008) for example notes that auditing enables managers to regulate their firms. This is largely because the information provided by the audit report will enable firms identify which areas of the firm's operations to concentrate more attention and resources. In much the same way, independent auditors provide significant advice based on their experiences that go a long way to help improve the profitability of firms (Niemi, Kinnunen, Ojala and Troberg, 2012).

In much the same way, auditing helps to increase the confidence in the management of a firm's resources. This benefit is associated with the study of Lozano et al (2020). Summarily, the study reports that when a quality financial audit is made available to firms, it provides them with the requisite knowledge regarding the areas where the firm has opportunities. Again, it brings forth a firm's weaknesses and enables the firm to put in place the requisite strategies that will help prevent risk such as corporate bankruptcy.

Similar benefits associated with auditing documented in literature include: 'reliable financial information, higher competitiveness capacity, trust to get external financial support is increased, added value is gained from the improvement of their process, continuity in business, develop a stable financial culture, and contribution to reduce illegal activities and frauds in the enterprise' (Lozano et al., 2020).

Auditing makes financial information reliable in the eyes of interested parties (Lozano et al., 2020). The report generated by auditors constitute the primary means by which the firm communicates its performance to its stakeholders (Uchenna, 2019). The increased interest in financial reports and the level at which investors can trust the report is ample indication of the fact that the report should be prepared factually and audited by a neutral body. As a general principle, reliability of an audit report has to do with a situation where interested parties deem the audit reports and opinions within it dependable and credible (Uchenna, 2019). Additionally, as indicated by Uchenna (2019) reliable audit reports indicates whether there are no errors and biases within an accounting report and whether the going concern assumptions underpinning the reports are accurate. Essentially, for an audit report to be reliable, it must provide the requisite information bothering on the quality and accurateness of the report to enable interest parties take decisions on the extent they can rely on the report for decision-making (Uchenna, 2019).

2.6 Corporate governance, internal audit quality and financial reporting

Generally, the sole objective of financial reporting is to provide the relevant financial information needed for making decisions (Kaawaase et al., 2021). To ensure that the firm makes valid decisions, the information in the firm's financial report should be a true reflection of the firms' finances; it should additionally be important, timely and verifiable. As indicated by the International Accounting Standards Board (2013) the quality of financial reporting is important as far as making decisions regarding the distribution of resources in the organization is concerned. Additionally, it is also important to stress that that the ability of the organization to be able to seek external funding and render accountability is largely dependent on the quality of financial reporting (Chan-Jane et al., 2015; Chen et al., 2011).

Most of the time, financial information users make decisions on prospects for future net cash inflows to the entity and management's stewardship of the entity's economic resources (IFRS, 2020). Consequently, the quality of financial reporting is of great concern to the firm's shareholders, lenders, and suppliers as well.

Further emphasizing the relevance of corporate financial reporting, Anning and Adusei (2022) equally indicate that the overall essence of corporate financial reporting is to make known the true situation of an organization to its stakeholders. This is principally because those who use financial reports make economic choices based on information in financial reports (Kanapickienė and Grundienė, 2015). It is based on the relevance of financial statement that financial fraud is deemed a serious legal offence within the accounting profession. Issues of financial misreporting have become very rampant in financial literature. For instance, the Global Economic Crime and Fraud Survey undertaken by the Price Water House Coopers (2018) revealed that 49% of financial reports provided by organizations fall short of the global quality standard. The PWC itself suffered a two-year ban in India for their failure to notice inflated amounts by Satyam (Mundy, 2018). In much the same way, the Security and Exchange

Commission of Uganda found that the financial reports of renowned firms like Miller Energy and Hertz Global Holdings were misquoted. In the case of Miller Energy, the firm's financial report contained inflated values of their assets to an amount of over US$ 400 million. Similarly, Hertz Global Holdings Inc. financials materially misquoted pre-tax income of about US$235 million (SEC, 2017, 2019). In Ghana for example the delisting of firms like Golden Web Ltd, Cocoa Processing Company and Pioneer Kitchenware Limited (GSE Press release 2017) as well as the revocation of licenses of UT and Capital Bank (Bank of Ghana Press Release, 2017 and 2018) after their financial reports indicated that they were fast expanding raises critical financial statement credibility issues.

2.7 Corporate governance issues from the Ghanaian perspective

Generally, the practice of contemporary corporate governance can be traced far back to the development of capitalism and modem stock organisations, international trade, and the significant development of multinational firms during the industrial revolution (Erismann-Peyer et al., 2008). Corporate governance discussions have for some time now assumed much prominence and taken a centre stage in contemporary literature owing to the massive cases of corporate frauds, accounting scandals, deceptive disclosures, and other criminal liabilities of corporate entities (Agyemang and Castellini, 2015). These issues have prompted internal and external stakeholders to strengthen their inspection of issues concerning corporate governance in organizations (Mark, 2011). In much the same way, several countries are equally putting in measures aimed at introducing reforms within corporate governance practices to raise corporate governance standards and offer firms both financial and investment benefits (Grimminger and Benedetta, 2013).

As indicated by McGee (2009), it must be noted that issues pertaining to corporate governance are very useful to emerging countries because most of these countries do not have effective financial institutions that can deal with corporate governance matters (McGee, 2009). In much the same way, Oman et al (2003) indicates that the availability of small firms that are not listed as well as the numerous family, international and government organizations that are not listed on the domestic market is equally responsible for the lack of corporate governance issues in emerging economies.

Authors such as Berglof and Claessens (2004) have also indicated that the widely held assumption that corporate governance issues are not important to countries that do not have huge corporate entities is largely flawed. In as much as public governance ensures that the interest of citizens is served, firms (regardless of their size) must work to strengthen their corporate governance activities to enable their shareholders meaningful investments. In contemporary times, all developing emerging market economies are battling with one predominant issue: the way firms can put in place measures to ensure long-term economic performance and competitiveness through various means (Agyemang and Castellini, 2015). However, setting up the right framework to carry out such responsibility cannot be done without putting in place a reliable corporate governance structure. This has encouraged governments and business entities in developing countries to realize importance of corporate governance (Agyemang and Castellini, 2015).

In Ghana, firms are now compelled to put in place good corporate governance to enable them to stand a better chance in the international market. There are recommendations in various legal instruments in Ghana that specifies the role of the board, directors, and auditors within a firm. Some of these legislations are the Companies Code 1963 (Act 179), Security Industry Laws 1993 (PNDCL 333) as amended by the Securities Industry Act, 2000 (Act 590) and regulations 1990 (LI 1, 509) of Ghana Stock Exchange (GSE). These laws equally provide relevant corporate government details such as the rights of shareholders and the requisite framework for putting in place effective corporate governance system. Other bodies such as the Institute of Directors, the Private Enterprise Foundation and the State Enterprises Commission are critical stakeholders in ensuring effective corporate governance within firms.

Several programmes have been geared towards dealing with issues of corporate governance in Ghana. For instance, between 1999 and the year 2000, the Ghana Institute of Directors hosted various seminars where issues of corporate governance was discussed. In some of these conferences, there was a presentation bothering on a survey of Ghana's top 100 corporate firms and certain public institutions. The survey was aimed at ascertaining the issue of corporate governance within private and state-owned enterprises in Ghana.

The outcome of the survey illustrated that the practice of corporate governance was becoming an essential part of organisations in Ghana. In the wake of these happenings, Institute of Directors put forward some corporate governance recommendations such as: 'the strengthening of existing legal and regulatory frameworks that demand more transparency to back solid and stable corporate governance practice; and the clarification of governance roles and responsibilities (Agyemang and Castellini, 2015).

Another conference was held in 2001 to discuss the importance of good corporate governance for the development of West Africa. This conference was sponsored by the International Private Enterprise. The conference produced a report that stressed on the key issues confronting the practice of corporate governance by public institutions in Ghana. One issue that came to light during the conference was the fact that interference by government often disrupts the corporate practices of these enterprises (Agyemang and Castellini, 2015). Agyemang and Castellini, (2015) further indicates that Government interference in the affairs of state institutions ultimately create rarity of good corporate governance in these firms. Etukudo (1999) also reports that the scarcity of good corporate governance in most developing countries is because of the undefined relationship that exist between the state, senior management, and board of State-owned enterprises. The lack of good corporate governance in public enterprises is directly responsible for the poor performance and unsustainability of these firms. As observed by Agyemang and Castellini (2015) the absence of institutional and government reforms that ensures that corporate firms have the requisite independence is largely responsible for the poor performance of state firms. There has however been attempts by the Ghanaian government to ensure the practice of good corporate governance. In 1983 for example, the government embarked on reforms in the public sector with the introduction of the Economic Recovery Programme. The details of the Economic Recovery Programme were as follows:

- To see to it that public entities function like commercial entities;
- To put in place the requisite institutional and legal framework;
- Streamlining state-owned enterprises through divestiture and mergers;
- Restructuring profitable state-owned enterprises;
- Improving the management of state-owned corporate organizations; and
- Restoring financial creditworthiness.

The State Enterprise Commission Law, 1987 validated the reforms. Additionally, the divestiture implementation programme was also started in 1987. This was essentially to privatize unprofitable. As a result, some of the firms became successful whiles a significant number of them were largely unsuccessful (Agyemang and Castellini, 2015).

2.8 The framework of Financial Reporting in Ghana

The framework of Financial Reporting in Ghana is a two-stage type (Aboagye-Otchere, 2014). Firstly, all firms issuing financial statements must abide by stipulated accounting standards, which serve as the bedrock of financial reporting in Ghana. Secondary, there is a financial reporting regulation, which firms within a specified group must adhere to. However, the Registrar General's Department, the Securities and Exchange Commission, Chartered Accountants - Ghana and the Ghana Stock Exchange have the sole responsibility of ensuring compliance with financial reporting requirements amongst listed firms.

2.8.1 The Registrar General's Department (RGD)

Firms in Ghana are required by law to register with the Registrar General's Department (RGD) before they commence operations. Regardless of this legal requirement, most firms commence operations before they take steps to register (Segbefia, 2016). What the office of the RGD does is that they provide certificate of incorporation to businesses before they can start operations. In line with regulatory requirements, firms are to send their financial statements to the RGD on a yearly basis. The principal document that regulates the operations of firms however is the Companies Act 1963, Act 179 (Segbefia, 2016).

2.8.2 The Companies Act 1963 (Act 179)

The Company's Act of Ghana has its roots in the English law owing to Ghana's status as a British colony (Assenso-Okofo et al., 2011). All private and government entities are obliged to comply with the dictates of the Companies Act. Regardless of this the companies Act has come under public pressure for not being in line with Ghana's financial reporting laws (Segbefia, 2016). Its runs contrary to the dictates of International Financial Reporting Standards since it has not been updated as far back as 1963. Consequently, the regulators require firms by law to abide by the full dictates of either the IFRS or the IFRS for SMEs (Aboagye-Otchere, 2014). In Much the same way, the Institute of Chartered Accountant Ghana (ICAG) is strictly responsible for overseeing financial reporting activities in Ghana. The body also determines financial reporting standards and providing training services for firms (Aboagye-Otchere, 2014).

2.8.3 Adoption of International Financial Reporting Standards in Ghana

The financial reporting area of Ghana has mainly been dominated by the Ghana National Accounting Standards and the Companies Act (Aboagye-Otchere, 2014). There is however limited space for managerial judgments as a result. The high demand for quality accounting information has exposed the weaknesses in Ghana's reporting system. This has basically been since it has always been in line with international accounting standards (IAS) that were applied in the mid-nineties and had become outdated (World Bank, 2004).

As a result of these manifested weaknesses, Ghana lunched its implementation of the IFRS in January 2007 without making alterations to it. As explained by Aboagye-Otchere (2014), though Ghana adopted the IFRS in 2007 several firms begun compliance a year later owing to issues with conversion. Regardless of the tremendous change in Ghana's financial reporting, scholars like Assenso-Okofo et al (2011) indicate that the change from the GNAS to IFRS is not a guarantee of quality accounting and reporting. They further indicate that the quality of reporting is largely influenced by legal, political, institutional, and economic factors.

2.9 Corporate Governance and Financial Reporting in perspective

Effective corporate governance and financial reporting is important to deal with the increasing cases of accounting scandals. Corporate governance provides direction for the firm by ensuring that there are laws and policies in place. It equally has implications for managing the relationships between the firm and its stakeholders (OECD, 2004; Economiesuisse, 2002). In times past, the emphasis of corporate governance was on the various regulations and polices aimed at regulating the role between principals and agents in a business sense. In contemporary times, it has become apparent that financial reporting is an integral part of corporate governance (Leibfried, 2007). In the absence of transparent and reliable information, the firms' stakeholders will not know the performance of the firm's management to enable them to make various investment decisions. In Ghana, the revocation of the licenses of capital banks, Royal bank, Heritage bank and Unibank sparked public controversy because their audited financial statements looked perfect until the revocation. Consequently, financial reporting in contemporary times is a very important exercise. It is no longer perceived as a ‘low-priority bookkeeping’ activity, but an integral part of the firm’s corporate governance principles (Leibfried, 2007).

Another significance of financial reporting is that it offers information about the firm’s financial and economic situation. It is equally essential for decision-making and ensuring quality management at the workplace (Muttakin et al. 2020). Investors need business information concerning the amounts, timing, and uncertainty of the firms’ future economic inflows and outflows. (Muttakin et al., 2020). As indicated by Leibfried (2007), the investor basically needs information for two important reasons: Economic wise, financial reporting helps the investor to allocate capital very effectively. Where there is misleading information, the investor will direct their scare resources into firms that are not efficient. The viability of capital markets is even weakened business decision makers are starved of information or are given misleading information. Essentially, the role of financial reporting is that it reduces information asymmetry between a firm and its investors (Leibfried, 2007). The performance of the capital market is not solely affected by financial reporting information. The performance of the market also influences the financial reporting information in divers’ ways.

The second relevance of information to the investor is that it protects the investor. As noted by Leibfried (2007) when a firm provides misleading information, it does not only misdirect funds into nonperforming firms, but the individual who put up the misleading information is made to face the law. When investors are given minimal information, they are less protected because they lack the requisite information to make informed decisions (Leibfried, 2007). Consequently, it is apparent that a good corporate governance system requires a reliable information system, which is derived from a financial reporting system (Baker and Wallage, 2000). It can therefore be concluded that financial reporting is an integral part of corporate governance (McBarnett and Whelan, 1999).

2.10 Empirical Literature review

This section is aimed at reviewing literature on studies related to this current study. overall, studies relating to the benefits of auditing and financial reporting, corporate governance, and the relevance of auditing on corporate governance was reviewed. The essence is to identify gaps within the literature.

A study related to this current study was carried out by Agyei-Mensah (2018). The study was aimed at examining the impact of corporate governance attributes and financial reporting lag on corporate financial performance. The study employed 90 firm-year data for the period 2012–2014 for companies listed on the GSE. The study examined each yearly report separately and coded them to obtain the financial reporting lag. The study also employed descriptive analysis to provide the background statistics of the variable. Additionally, regression analysis was used as the main data analysis. The study found that over the three years, the mean value of timeliness of financial reporting (ARL) is 86 days (SD 21 days), minimum is 55 days and maximum is 173 days. The regression analysis results indicate that financial reporting lag has a negative statistically significant relationship with firm performance. The negative sign symbolizes the fact that in instances where financial performances of firms are high the firm is more likely to inform its publics ahead of time.

Another study was also carried out by Appiah et al (2016). The study was aimed at examining the relationship between five firm-specific characteristics and the level of compliance with International Financial Reporting Standards (IFRS) by companies listed on Ghana Stock Exchange. These five firm features were firm size, profitability, leverage, auditor type and firm age. The study used 31 listed Ghanaian firms from 2008 to 2012. The study employed the

Random effect method to examine the influence of the predictive variables on the level of IFRS corporate compliance. The study found a positive relationship between the level of compliance and firm size, auditor type, cross-listing and sector and agro-forestry. On the other hand, the level of compliance exhibits a negative significant association with leverage and firm age.

A similar study was carried out by Pucheta-Martinez et al. (2018). The study is aimed at reviewing previous research based on board gender diversity as a corporate governance mechanism and its effect on some firms' business decisions: financial reporting quality (FRQ), firm performance and corporate social responsibility (CSR) reporting. The study employed the agency and stakeholder theory to examine the link between female directors on boards and FRQ, CSR disclosure and firm performance. The study identifies the benefits and disadvantages of including female directors on boards regarding three corporate outcomes (FRQ, firm performance and CSR reporting).

Another study was carried out by Nasir & Ahmed (2019). The study was aimed at examining the relationship between the presence of a Malay director on the board and financial statement fraud in Malaysia. Additionally, the study delved into whether financial statement fraud firms improve their governance mechanisms compared to non-fraud firms after the fraud year. The study examined a total of 76 financial statement fraud and 76 non-fraud firms over a period of eight years from 2001 to 2008. The study made use of a univariate and logistic regression model. The study found a significant positive relationship between the proportion of Malay directors on the board and the financial statement fraud.

Another related study carried out by Uwuigbe et al., (2018) researched into the influence of corporate governance on the timeliness of financial reports of listed banks in Nigeria. The study relied on data generated from yearly reports of listed banks on the Nigerian Stock Exchange between 2008–2015. The corporate governance proxies relied on by the study were Board size, Board Independence, and Foreign Executives. Using descriptive statistics, correlation matrix and panel data regression for the analysis, the study observed that board size had a non-significant negative relationship with the timeliness of financial reports. Additionally, the study found that the independence of the board had a non-significant negative relationship with the timeliness of financial reports. Lastly, the study also found that foreign executives on the board had a significant positive relationship with the timeliness of financial reports.

Another study was carried out by Jayanimitta et al., (2020). The study was aimed at examining how good corporate governance influences timeliness for publishing financial statements. The study carried out the research on all companies listed on the Indonesia Stock Exchange and included in 2016-2018 Corporate Governance Perception Index rank. Using a nonprobability sampling method (purposive sampling technique) the Sample criteria was made up of CGPI rank for 2016 to 2018 period. The study additionally Samples made up of 19 companies with 41 observations. Again, regression was used for the data analysis. The study found that Good Corporate Governance had no effect on the timeliness of the publication of financial statements and the quality of the public accounting firm.

Another study related to this current study was carried out by Ogoun and Perelayefa (2020). The study was aimed at assessing the role of corporate governance in determining the audit quality of firms. The study employed 71 non-financial firms between the periods 2008 to 2015. The study employed dummy variable of “1” and “0”, with 1 representing the use of a big four auditor by the firm and 0 otherwise to measure audit quality. Board independence was employed as a proxy and measured using the ratio of non-executive directors to total directors. The study additionally used binary regression to analyse the data. The study found that board independence is negatively related to audit quality. The study therefore stressed on the importance of having proper mix of competences on the board.

Firnanti and Pirzada (2019) also undertook a study on how company characteristics, corporate governance, and audit quality affect earnings management. The study used manufacturing companies listed on the Indonesian Stock Exchange between 2013 and 2015 as its population. The study also employed purposive sampling as its sampling technique. In all, 64 firms were assessed with 192 items of data being obtained. The study used multiple regression to analyse the data collected. The study found that return on assets, financial leverage, free cash flow, and sales growth have influence on earnings management. At the same time, other variables such as managerial ownership, institutional ownership, board size, the presence of an audit committee, firm size, and audit quality have no significant effect on earnings management.

Another study was also carried out by Vadasi, Bekiaris and Andrikopoulos (2019). The study was aimed at exploring the internal audit effectiveness through its contribution to corporate governance. This encapsulates the authors attempt to investigate the impact of internal audit professionalization on internal audit's contribution to corporate governance. The study employed institutional theory as its framework. Delving into the issues, the study combined data from a survey of 49 listed companies in the Athens Stock Exchange. The study found that internal audit professionalization affects internal audit effectiveness, as internal audit's contribution to corporate governance is improved for organizations where internal audit function complies with internal auditing standards and internal auditors hold professional certifications.

A similar study was also carried out by Salehi, Ajel & Zimon (2022) on the relationship between corporate governance and financial reporting transparency. The study employed a regression model to test the hypotheses of the study. The research hypotheses were tested on a sample of 35 companies listed on the Iraqi Stock Exchange from 2012 to 2018 using a multivariate regression model based on panel data technique. The study found a significant correlation between the board independence, audit committee independence, management team stability and remuneration of the board of directors and financial reporting transparency. Additionally, the study found a positive and significant correlation between the board expertise, audit committee expertise and managerial ownership, with financial reporting transparency.

Based on a review of the empirical literature above, an issue gap is identified. Available literature about auditing, financial reporting and corporate governance have often neglected an examination of the relevance of auditing and financial reporting to corporate governance. To fill this gap, this study is aimed at examining the auditing and financial reporting relevance to corporate governance.

2.11 Chapter Summary

This section discussed the theoretical and empirical literature relevant to the study. more importantly, a review of previous studies (empirical review) was undertaken in the concluding part of the study based on which the gap of the study was pointed out. Regarding the gap of the study, this section found that little attention has been paid to the relevance of auditing and financial reporting to corporate governance particularly in the Ghanaian context. This therefore is the main task of this study. The ensuing chapter 3 will discuss the methods employed to carry out the study.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter spells out the methodology of the study. The chapter starts with an analysis of the research of the research approach adopted for the study. The Sampling design is then discussed based on which a suitable design for the study is chosen. The chapter also highlights the data collection method and the instruments used in collecting data for the study. The chapter ends with a discussion on reliability of the study.

3.1 Research Design

Saunders (2009) explains that research approach encapsulates the researcher's selection of either qualitative, quantitative, or mixed methods techniques in collecting and analysing the data collected (Saunders, 2009). Creswell, (2009) however emphasizes that the recent acceleration in the application of computer technology has changed the way the various approaches are applied. The three approaches are discussed here below.

Quantitative Research

Creswell (2013) explains that Quantitative research involves the collection of numerical data that are analysed using mathematically based methods. Saunders, (2009) indicates that Quantitative Research essentially represents data that is numeric in nature and employs data collection techniques such as graphs or statistics. This form of research makes room for the evaluation of the extent of association or relationship between variables (Creswell and Creswell 2017). Quantitative designs mainly make use of questionnaires, polls, surveys, regression, structured equation modelling and other statistical tools like AMOS, SPSS and Smart PLS. A major limitation of Quantitative technique is its usage of close ended questions which often limits the choices of respondents. Thus, Quantitative Method may not be suitable for research that aims to gather adequate insight and a thorough understanding of consumer behaviour.

Qualitative Research

This technique, as emphasized by Saunders et al. (2009) is used for gathering, analysing, and presenting nonnumeric data. Qualitative Research uses in-depth interviewing, ethnography participant observation, and conversational interviewing to analyse data collected (Bryman and Bell, 2011). A major critique of qualitative research is that the answers provided by the respondents are mostly subjective in nature. As a result, qualitative research is often deemed subjective and challenging to generalize.

Mixed Method Research

The mixed method as evidenced by its name is a combination of both quantitative and qualitative data collection techniques. Truscott et al., (2010) indicates that mixed method focuses on the combining strengths of the two methods (Quantitative and Qualitative methods). The blend of the two methods is very useful if they enhance the ability of the researcher to provide adequate answers to a research question (Saunders et al., 2009).

3.1.2 Research Design of the Current Study

As a result of the above discussion, this study utilises the qualitative method to examine the relevance of auditing and financial reporting to corporate governance. Qualitative research is chosen for the study because it is in line with the objective of the researcher to holistically understand, determine and describe the relevance of auditing and financial reporting to corporate governance.

3.2 Purpose of the Study

Green, (2008) posits that the purpose for conducting social research may either be relatively simple to very complex. He adds that such research may encompass both basic and applied research. In sum, a research purpose plays the essential role of providing a clear direction for conducting the research. Saunders et al. (2011) identifies three types of research purpose: exploration, description, and explanation.

Descriptive Studies

In conducting descriptive research, the researcher presents a precise account of a phenomenon, population, the sequence of relationships in some social contexts at a particular time, or the changes in those characteristics over a period (Bulmer, 1986). In research, descriptive studies are analysed in words or in numbers and may involve developing a set of categories (Blaikie, 2010). Descriptive research is often used to provide a vivid picture of the observed persons, events, situations, and environments. Descriptive research is generally carried out to describe situations and events. Babbie (2004) adds that under descriptive research the researcher observes and describes what has been observed. It is more suitable when the problem of the research is very well structured.

Explanatory Studies

Explanatory research often seeks to account for patterns in observed social phenomena, attitudes, behaviour, social relationships, social processes, or social structures (Bulmer, 1986). Marshall and Rossman, (2006) further explains that explanatory research is focused on ascertaining cause-and-effect relationships and aims to develop accurate theory that can be used to definitively explain the phenomena. These descriptions remove complexities and provides intellectual contentment (Corbin and Strauss, 2008). Explanatory research focuses on studying a problem aimed at explaining the relationships among variables (Saunders et al. 2011).

Exploratory Studies

Blaikie, (2010) asserts that exploratory research is mostly applied when little is known about a phenomenon being investigated. Exploratory research becomes more suitable when a researcher identifies a new research area or when the area to be studied is relatively new. Saunders et al. (2011) adds that exploratory research predominantly seeks to unearth ideas and insights. In this type of study, ample information is needed to explain the concept and scope of the study and to ensure that the researcher understands the problem. Emphasizing the techniques for conducting exploratory research, Cooper, and Schindler (2006) indicates that literature review, interviews, focus group and case study, aids the researcher to conduct exploratory research.

Having delved into the various research purposes, this study will be conducted in line with the dictates of exploratory research. The choice of exploratory research is in consonance with the aim of the researcher to fully understand, determine and describe the relevance of auditing and financial reporting to corporate governance.

3.3 Research strategy

Cross-sectional study design is a type of observational study design. In a cross-sectional study, the investigator measures the outcome and the exposures in the study participants at the same time. Unlike in case–control studies (participants selected based on the outcome status) or cohort studies (participants selected based on the exposure status), the participants in a cross-sectional study are just selected based on the inclusion and exclusion criteria set for the study. Once the participants have been selected for the study, the investigator follows the study to assess the exposure and the outcomes. Cross-sectional designs are used for population-based surveys and to assess the prevalence of diseases in clinic-based samples. These studies can usually be conducted relatively faster and are inexpensive. They may be conducted either before planning a cohort study or a baseline in a cohort study. These types of designs will give us information about the prevalence of outcomes or exposures; this information will be useful for designing the cohort study. However, since this is a 1-time measurement of exposure and outcome, it is difficult to derive causal relationships from cross-sectional analysis. We can estimate the prevalence of disease in cross-sectional studies. Furthermore, we will also be able to estimate the odds ratios to study the association between exposure and the outcomes in this design. Available literature points to three types of research strategy: Experiment, Survey or Case Study.

Experiment

Rogers and Revesz (2020) explains that experimental research designs seek to ascertain whether there is a causal relationship between independent and dependent variables. The independent variable represents the influential variable, and the dependent variable is the influenced variable (Loewen and Plonsky, 2016). In simple terms, the independent variable is projected to bring about some change in the dependent variable. Babbie, (2020) also explains that experimental research abides by all the telnets of scientific research. This usually includes hypothesis, a variable that can be manipulated by the researcher, and one additional variable that the researcher can measure and compare with the other variable.

Survey research

Survey research is widely used in the literature. This type of research involves "the collection of information from a sample of individuals through their responses to questions" (Check and Schutt, 2012). As Ponto, J. (2015) puts it gives room for a variety of methods to 'recruit participants, collect data, and utilize various methods of instrumentation'. Surveys often involves many participants and multiple variables (Van Thiel, 2014).

Case study research

Another research strategy is the cases study strategy. As Creswell (2014) explains, case study research is often qualitative in nature and goes hand in hand with narrative research or phenomenology. Creswell adds that the case study often includes a well-structured narrative that projects the complexities and inconsistencies of real-life. Yin, (2014) illustrates three situations where case study research is most useful: 1) the main research questions are "how" or "why" questions; 2) the researcher has little or no control over behavioural events; and 3) the concentration of the research is a contemporary. Even though case studies generally present deep and hidden facts of a particular phenomenon (Hollinshead, 2004) it has been criticised for its lack of objectivity and generalisability (Decrop, 2004).

This study employed the case study strategy to examine the relevance of auditing and financial reporting to corporate governance. The study was carried out using three public institutions in Ghana as a case study (State Insurance Commission, Driver and Vehicle Licensing Authority and State Housing Corporation). The use of the case study is in line with the researcher's quest to present detailed and hidden facts (Hollinshead, 2004).

3.4 Study Population

The population of a study is basically all the members who possess similar characteristics who are important for a specific study (Malhotra and Birks, 2006). As depicted by Malhotra & Birks, (2006) the population is mostly show as a figure and there is usually a criterion for measuring it. Bell & Bryman (2007) again specifies that the study population is the larger unit based on which the researcher selects a sample size. Kumekpor, (2002) further indicates that the study population has to do with the overall number of units to be researched. The Target population for this study comprises senior account and audit officers at the various public institutions in Ghana. Another important population for this study was corporate finance and accounting lecturers at the Universities of Ghana Business School.

3.4.1 Sample Procedure and Sampling Size

Sampling is where a few elements are obtained from the overall group (the population) to serve as a means of determining the behaviour of the overall population (Kumar, 2005). As earlier stated, the population of the study comprises senior account and audit officers at the various public institutions in Ghana. Another important population for this study was corporate finance and accounting lecturers at the Universities of Ghana Business School. However, owing to difficulty in sampling the entire population, the study used purposive sampling to select two institutions: National Insurance Commission and Driver and Vehicle Licensing Authority for the study. Additionally, purposive sampling was used to select 10 senior officers from the two public institutions for the study. In much the same way purposive sampling was employed to select 2 finance lecturers from the University of Ghana Business School to corroborate the data obtained from the government entities. The use of purposive sampling was to ensure that only those who are very knowledgeable about the subject matter of the study were contacted.

3.5 Sources of Data

This research made use of primary and secondary data. Primary data was obtained using semi-structured interviews whiles secondary data was based on available information on corporate governance.

3.6 Data Collection Instrument

This study basically adopted semi - structured interviews as a means of data collection. This type of interview is by far the most used data collection instrument in qualitative research (Alshenqeeti, 2014). Unlike structured interviews, this type of interview gives room to the researcher to pose enhanced questions which may not necessarily be part of the initial draft (Adhabi and Anozie, 2017). The semi structured interview was employed because it offers utmost flexibility to the researcher to ask pertinent questions based on the responses of the respondent (Adhabi and Anozie, 2017).

3.7 Data Analysis

Qualitative researchers have several data collection options at their disposal (Saunders, Thornhill and Lewis, 2007). They further provided options such as thematic analysis and template analysis, as some of how qualitative data can be analysed. The thematic analysis approach was utilized for this study. Creswell (2007) explains that the thematic analysis is where the responses of the respondents are categorized into themes in line with the study objective. The participants were represented with a code to conceal their identity and to enable them to provide honest answers. The code of the various respondents has been detailed in table 3.1 below:

Table 3.1 Code of respondents

Respondent	**Code**
National Insurance Commission 1 - 5	NIC1 – NIC5
Driver and Vehicle Licensing Authority 1-5	DVLA1 – DVLA5
Lecturers 1- 2	L1 to L2

Source: Field work, 2022

3.8 Ethical issues and considerations

Rogelberg (2004) indicates that Research Ethics are regulations that spells out permissible and improper behaviour when carrying out research. The three ethical principles of Denscombe, (2009) guided this study.

a) The interest of all the respondents were protected; several measures were put in place to safeguard the interest of all respondents. A letter was sent to the various government entities to explain the essence of the research and to seek their consent for the study to be undertaken. The interview guide questions were forwarded to the various respondents for their perusal. The respondents were notified that their responses will only be used for academic purposes.

b) The researcher tried as much as possible to avoid deception. All respondents were given prior notice about the essence of study. The analysis was equally done with careful attention to avoid a situation where the information provided by the respondents will be distorted.

c) Participant's gave notice of their decision to participate ahead of time. All the respondents willingly agreed to Participant in the study. None of the respondents were coerced by any means to participate.

3.9 Chapter Summary

This chapter discussed the methodology that the study applied in carrying out the research. Worthy of note is the fact that, the study is qualitative and employs a case study approach in the analysis. The ensuing chapter 4 is devoted to data presentation and analysis of the findings in line with available literature.

CHAPTER FOUR

PRESENTATION OF DATA AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter presents the analysis of data collected by the use of semi structured interviews purposely for providing answers to the research questions. As specified in the methodology the respondents for the study included senior accountants and audit officers within the National Insurance Commission (5) and the Driver and Vehicle Licensing Authority (5). Additionally, 2 finance lecturers from the University of Ghana Business School were also interviewed as follow ups. The responses of the respondents have been categorized into suitable subheadings reflecting the objectives of the study as follows**:**

4.1 Data presentation and discussion of findings

This section discusses the responses of the respondents in line with the research objectives of the study. As emphasized in the methodology section, the responses of the respondents have been coded in line with the research ethics of this study.

4.1.1 The level of independence by auditors in public institutions

The study first set out to examine the level of independence of auditors who operate within public institutions in Ghana using key informants from two public institutions in Ghana, National Insurance Commission (NIC) and the Driver and Vehicle Licensing Authority (DVLA) as a case study. To examine the level of independence of the internal auditor in the above-mentioned public institutions, the researcher obtained information from the respondents and benchmarked this information against best practices as contained in available literature. The independence of the auditors was assessed with elements such as the positioning of the internal audit unit in the organization in terms of organizational structure and reporting

(Institute of International Auditors 2004; Ofosuhene et al.,2021), whether the establishment of the internal audit unit is backed by legislation (Institute of International Auditors 2012), presence of an audit committee (Rittengberg and Schweiger, 2001; Muqattash, 2013), Top management support for the internal audit operations, Knowledge of penalty of non-compliance and Knowledge of ethical principles (Aveh, Aunyo-Vitor, Afriyie 2016).

On the issue of the organizational structure and reporting system of the various internal audit units, the study found that the study found that the internal auditor in both organizations are directly under the head of services and the Chief Directors. In terms of reporting, it was found that the audit units in the two public sectors report to the various ministers within their sector. These revelations were contained in responses to questions by some respondents as follows:

> *'We are placed under the Chief Director, but we report directly to the sector minister. That is in line with the dictates of the law. So that is the arrangement. I know some of you academics have your own doubt about whether that is a good practice but for now that is the law and the procedure' (DVLA 3 – 4th September 2022)*

> *Well, the practice is that we are under the Chief Director. That is in terms of organizational structure. The only difference here is that in terms of reporting, we do not report to him. We report to the sector minister. So that is how it has been structured (NIC 4 – 10th September 2022).*

The above responses summarize the positioning of the internal audit unit as well as the reporting structure of the unit. This view is affirmed by available literature. Ofosuhene et al., (2021) for example affirm that the internal audit unit in state owned enterprises report to the various sector ministers and operate directly under their respective Chief Directors. This arrangement seems to be in line with the prescription of the Institute of Internal Auditors (IIA). They indicate that the internal audit unit should be within the organizational structure so as to ensure that the chief audit executive report to an authority to enable it live up to its responsibilities (IIA, 2004). However other scholars have argued that this arrangement compromises the independence of the internal auditors. Ariga and Gathogo (2016) for instance indicate that to guarantee the independence of the internal audit unit, the chief audit executive should report administratively to the senior executives and functionally to the board.

The next element examined in terms of the independence of the internal auditor is the availability of relevant legislation backing the office of the internal audit unit. The study found that the operations of the internal audit unit in public institutions are backed by legislation. This was made known during a response to a question by a respondent as follows:

> *'Yes, the establishment of the internal audit unit is in line with available legislation. Apart from the Internal Audit Agency Act, 2003, the supreme law of the land, that is the constitution also supports audit of government entities like the DVLA' (DVLA1 – 3rd September, 2022).*

> *'Good question. But I am sure you know nothing can be down without recourse to the law. So, the internal audit unit is in line with the law. It is the IAA Act passed in 2003. You can get a copy. It details out all there is to know as far as the law establishing the internal audit service is concerned' (NIC – 7th September, 2022).*

The above corroborates available literature. The establishment of internal audit unit in state owned enterprises is backed by the Internal Audit Agency (IAA) Act, 2003 (Act 658). According to the IIA (2012), the presence of a legislation provides the requisite legal mandate and independence to act without being apprehensive. Scholars such as Sterck and Bouckaert (2006) have also indicated that the independence of the Internal audit unit becomes more pronounced when it is clothed with the relevant legal backing.

In similar fashion, the study also found that the top management (senior officers) of the two public entities are in full support of the operations of the audit unit. The various management team members (particularly the board and the CEO of the respective public organizations) provide the necessary support for the operations of the internal audit unit. This was made known during responses by respondents. Some notably views by the respondents are indicated below:

> *'We are very lucky. We have the full backing of the CEO and other senior management team members. The board is in full support of our operations. They seriously abhor interference in our operations. So, I can confidently tell you that if anything here is not done right the board and management can not be blamed in anyway. The CEO himself is a chartered accountant so he fully understands our operations' (NIC2- 7th September, 2022).*

> *'In terms of support from the top it is not lacking in anyway. Am yet to see any negative sign. They fully co-operate with us. I can single out the board and certain management team members for praise. The co-operation has not been bad. They support us in all our initiatives' (DVLA 1 – 10th September, 2022).*

> *'They are all very co-operative. They provide the requisite support. I have so far not seen any interference in any shape or form. This is my candid view' (DVLA – 9th September, 2022).*

The above responses reflect a situation of top management support at the various public institutions. This has been given significant attention by some scholars in the literature. Authors like Asare (2021) indicate that it is important for stakeholders to come to terms with the mission and import of the audit exercise so that they give it the needed support. Aveh et al (2016) is also of the view that top management support is very crucial for ensuring the independence of the auditor. Once top management understand and support the operations of the internal auditor, it helps to provide the independence needed to enable them carry out their operations.

The study also delved into two other elements critical for ensuring the independence of the internal auditor. These are their knowledge of ethical principles as well as their knowledge of penalties in terms of noncompliance with ethical standards. Overall, the study found that all the respondents had a fair appreciation of available ethical standards as well as the sanctions for noncompliance. The responses below summarises the views of the respondents in this regard:

> *'There are several ethical standards. You must discharge your obligations independently, objectively and with a high sense of honesty. These are the cardinal traits and that is what our ethics say. There are several others, but these are the key guiding principles' (DVLA1 – 9th September 2022).*

> *'The sanctions are numerous. The most profound are fines, revocation of license and prosecution by the attorney general in a competent court of jurisdiction. So, there are sanctions just as in any other profession. You only have to be cautious and abide by the ethical guidelines' (NIC – 10th September, 2022).*

The above are some notable responses regarding the knowledge of sanctions and ethical standards. The knowledge of the available ethical standards and sanctions have a significant impact on the ability of the auditor to comply with the available standards. Lubua (2014) for example notes that awareness and knowledge of the Code of Ethics affects compliance of the ethics. By deduction, knowledge of available sanctions is critical for ensuring that auditors act independently and objectively.

4.1.2 The capacity of auditors in carrying out their duties in public institutions

This section of the study delved into the capacity of the auditors to discharge their obligations in the public sector. Just as indicated earlier, this was done using the DVLA and the NIC as a case study. In line with available literature the study assessed areas such as their relevant experience,

level of education and Training and availability of funds for carrying out internal audit operations.

In terms of relevant experience, the study found that the chief auditors of the two state institutions have a combined experience of 42 years on the job. The DVLA Chief Internal Auditor had 24 years' experience whiles that of NIC had 18 years' experience. Apart from the years of experience of the auditors, the staff members within the various audit units had a significant level of experience as well. Apart from the interns, all the other staff members had more than 6 years' experience in auditing. This was largely reflected in responses by the various respondents as follows:

> *'I have 7 permanent staff members and 3 internship students from the University of Professional Studies. So, to a larger extent, I will say that our staff strength is very good. They are hardworking as well. In terms of experience, all the staff members in my department have more than 6 years' experience. I have taken out the interns. They are new from school and are learning on the job. Myself I have worked as an auditor for 24 years. We have not runed out of experience hands. We have them in abundance' (DVLA 1-10th September, 2022).*
>
> *'We have a lot of experienced hands. Currently we have 7 staff members. I can say in my department we all have more than 8 years' experience. I have known our head for so long. The last time I checked he had worked for 18 years in different capacities in*

various audit departments. We have the experience, and we are doing very well' (NIC2 – 7th September, 2022).

The above responses reflect the fact that the two public entities have adequate experience to carry out their responsibilities. Work experience is an important determinant of capacity to carry out task at work. Authors such as Quińones et al., (1995) and Uppal, Mishra & Vohra (2014) found a positive relationship between work experience and performance.

Another important variable used to assess the capacity of the audit unit in carrying out their responsibilities in this study was the level of education and training of the respondents. Overall, the essence was to ascertain if the auditors have the requisite academic background to enable them carry out their audit responsibilities. The study basically found that out of the 14 permanent members of the two audit units, 5 had certification (Certified Internal Auditors) whiles 7 were on a certification programme. The remaining 2 were yet to be certified or start any certification programme. However, the study found that the minimum qualification in the two department was a degree. The remarks below amply summarises the aforementioned facts:

> *'In terms of the relevant education, we are all qualified. Everybody in my department has at least a degree. Well, I know you will talk about certification. To answer that briefly, we have 2 certified staff members whiles 4 are currently undergoing the certification programme. So, we arrent doing bad at all. We will work to ensure each, and everyone is certified' (DVLA 2 – 8th September, 2022).*
>
> *'All my staff members have a degree and beyond. 5 have their masters and 3 are certified internal auditors. Some are still on the programme. The policy is to make sure that all the staff members are certified. So, our members are educated and resourced enough to carry out their responsibilities' (NIC – 10th September 2022).*

The study also found that management of the various audit units have a programme in place aimed at ensuring periodic training of the various staff members. The respective audit units have an arrangement with the Institute of Internal Auditors- Ghana, for the training of its staff members. This view was made known by a respondent as follows:

> *'We have an arrangement with the Ghana unit of the Institute of Internal Auditors where we undergo regular training. Even those of us who are certified are not excluded. I will say it's a government of Ghana initiative. It helps a lot' (DVLA 4 -8th September, 2022).*

> *'We meet at the Institute of Internal Auditors Ghana branch. We go there for training. They send as the training schedule, and it helps as to share ideas amongst ourselves. Like I already indicated some of my colleagues are undergoing training there. So that has been the task. That is what we have been doing for some time now'. (NIC5 – 10th September, 2022)*

The above illustrates that the audit unit takes training and development seriously. Education and training remain a cardinal tool for capacity building. The impact of training and development on the performance of employees is very well documented in empirical literature. Scholars such as Anitha & Kumar (2016), Appiah (2010) and Mozael (2015) have all reported on the positive relationship between training and employee performance.

The study also examined the issue of funding at the various audit units. In this regard, the study found that the Government provides annual budgetary support for internal auditing purposes. However, the respondents were of the view that this support is often not enough. Apart from the inadequacy of the funds from the government, the issue of delay in releasing funds for internal audit also came to the fore. Respondents indicated that funds meant for auditing is often delayed. This goes a long way to affect audit quality. The above remarks were captured in the responses of some respondents as follows:

> *'I believe funding is one of the impediments to our operations. It must be noted that these activities are carried out with funds. Staff training is not for free. You need to*

purchase laptops and other office equipment's and gadgets. Our vehicles have to be fueled and so on. So funding is a challenge' (DVLA 5 - 8th September, 2022)

The issue of lack of funds is a challenge. Another equally important issue is about delays in releasing funds. These are major challenges that affects the smooth progress of work. There are times staff members must embark on a certain relevant training. You are told funds are not available. So, the training never gets approval. Its either the funds are not available, or the funds are not yet ready (NIC 4 – 10th September, 2022).

The above illustrates that the issue of funding is of great concern to internal auditors in the two public institutions. Asare (2021) notes that internal auditors must receive adequate funding that reflects the size of their audit obligations. The issue of lack of funding is very symptomatic of Ghana. This is largely because as a developing economy, Ghana has been running a budget deficit for so long. This issue has culminated into the current economic stagnation of the country (Kurantin, 2017).

4.1.3 The extent to which recommendations by the auditors are used towards improving operations in public institutions

This section of the study examined the extent to which recommendations made by internal auditors are used for improving operations in public institutions in Ghana. Using the DVLA and the NIC as a case study, the study found that recommendations by internal auditors are partly implemented.

The study noted that the reactions of the respondents were mixed as far as the implementation of audit recommendations are concerned. The respondents at the NIC were of the view that their audit recommendations are largely implemented whiles those at the DVLA felt their report were not implemented to a higher extent. Some of the views in this regard were captured in responses as follows:

'We have the full backing of the board and management so I can confidently tell you that once they are very convinced about the recommendation, they take it on board. I tell you that what we do is for the broader good of the NIC'. There is no point wasting resources on an audit only for it to remain on the shelve. There are times our boss is invited to explain the rationale behind some of the recommendations to management and the board. In most instances, once the recommendations are explained they are taken on board' (NIC 3 – 8th September 2022).

'The sector minister receives our audit report. We report to the minster. There are times we work hand in hand with management and the board. We are not enemies. What we do is for the broader good of the firm. So, we enjoy so much co-operation. I have seen most of our recommendations taken on board and we feel good about it' (NIC 4 – 9th September, 2022).

The above is a reflection of the extent to which recommendations by internal auditors at NIC are implemented. The responses indicate that the audit unit at the NIC enjoys a significant level of cooperation by management and the board. As indicated in the work of Aveh et al (2016), this level of support by top management is very important for carrying out audit obligations. At the end of the day management is responsible for the day to day running of the organization. As a result, their understanding of the audit responsibility will ensure that audit recommendations are implemented.

On the other hand, the respondents at the DVLA were of the view that audit recommendations are not implemented to a higher extent. The responses below buttress this fact:

'I would not say all our recommendations are rejected. But most of them are not implemented. I mean majority of them. Otherwise, we would not be here. I think they must begin to take our recommendations on board. It will do all of us a lot of good. But that is the nature of the job we do. Management is not under any compulsion to swallow

our recommendations. But best practices demand that our recommendations are taken on board' (DVLA 1 – 8th September, 2022).

I am sure you are aware of the numerous scandals at the DVLA. A lot of them. So, I am not there but I can say that based on the numerous dubious operations at DVLA, am not sure the recommendations by the auditors are put to use (L1 – 12th September, 2022).

The above illustrates the level of implementation of the various recommendations by auditors at DVLA. As pointed out by one respondent, the DVLA in Ghana has been the subject of numerous corruption related discussions. In 2015 for instance, an investigation carried out by the Economic and Organized Crime Office revealed that the DVLA had inflated a contract by a whooping 278,758.66 United States Dollar (Graphic Online, 2015).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIOS

5.1 Introduction

Chapter four provides an analysis and discussions of the findings of the study. This chapter presents a summary of the findings of the study and provides recommendations for policy makers, stakeholders and the government. The chapter also draws significant conclusions based on the findings of the study.

5.2 Summary of findings

Overall, the study sought to examine the relevance of auditing and financial reporting to corporate governance in Ghana using the Driver and Vehicle Licensing Authority (DVLA) and the National Insurance Commission as a case study. In doing so the study sought to answer three significant questions:

d) What is the level of independence by auditors in public institutions?

e) What is the current capacity of auditors as far as carrying out their obligations are concerned?

f) To what extent are recommendations by the auditors used towards improving operations in public institutions?

The summary of the findings in relation to the research questions of the study are presented below:

The first question the study sought to answer was: What is the level of independence by auditors in public institutions in Ghana? Based on a review of available literature, the study employed five key indicators to examine the independence of internal auditors: the positioning of the internal audit unit in the organization in terms of organizational structure and reporting, the availability of a legislation backing internal auditing functions, top management support for the internal audit operations, Knowledge of penalty of non-compliance and Knowledge of ethical principles. Overall, the respondents scored high marks when benchmarked against all the cardinal indicators that enhances the independence of the internal auditor. This is indicative of the fact that the auditors within the assessed public institutions have the requisite conditions that guarantees their independence.

The second question the study sought to answer was: what is the current capacity of auditors as far as carrying out their obligations are concerned institutions? In line with available literature the study assessed areas such as their relevant experience, level of education and availability of funding for internal audit operations. Regarding the level of education and training the study found that the staff within that the heads and other senior members were certified internal auditors and the minimum level of education was a university degree. In the same manner, staff members were trained periodically. Additionally, the study found that all the staff had the requisite experience to carry out their task effectively. However, the department was challenged in terms of funding and resources. It is therefore safe to conclude, putting all the factors together that the audit unit has a moderate capacity to carry out its obligations.

The third and final question was: to what extent are recommendations by the auditors used towards improving operations in public institutions? Overall, the study found that whiles the NIC auditors had majority of their recommendations implemented, the DVLA had limited approval for the implementation of its recommendations. It can therefore be said that implementation of internal audit recommendations in the Ghanaian public sector depends on the type of institution in question.

5.3 Conclusion of the study

This study delved into the relevance of auditing and financial reporting to corporate governance in Ghana using the Driver and Vehicle Licensing Authority (DVLA) and the National Insurance Commission as a case study. The various findings of the study discussed in chapter four have equally been summarized in this chapter with suitable recommendations.

Overall, it can be concluded that the requisite conditions that guarantees the independence of internal auditors in public institutions in Ghana are prevalent. Consequently, there is a higher expectation of internal auditors within the Ghanaian public sector to exhibit a very high level of independence and act in line with their professional ethics. Additionally, this study has underscored a very critical fact in the internal audit unit within Ghanaian public institutions (Lack of funds and resources). These constraint as noted in the study can be largely due to the fact that Ghana is a developing country and has a limited resource envelope. In much the same way, the study has also brough to the fore the need to take a second look at the issue of lack of implementation of internal audit recommendation by certain government institutions.

It is also important to reiterate that challenges such as lack of funds and resources and minimal implementation of internal audit recommendations impeding the work of the internal auditor has been amply delt with in the recommendation section of the study. It is hoped that the recommendations put forward by this study will act as catalyst that will ensure that internal auditors operate optimally to the benefit of the corporate governance system within Ghanaian public institutions.

5.4 Recommendations

The following recommendations are offered in line with the findings of the study.

- The study recommends that government should find alternative ways of providing reliable funding and resources to the various audit units within public institutions in

Ghana. internal auditors play a crucial role towards the fight against corruption. Consequently, there is the need to prioritize the allocation of sufficient funds to these units.

- Government should also put in place a mechanism aimed at ensuring that recommendations by internal auditors are examined and implemented. It is not acceptable to fund the activities of internal auditors only for their reports to end up on the shelves. It is therefore important for government to set up a committee of senior auditors who will review recommendations of internal auditors and implement them accordingly.
- There is also the need to invest heavily in the training of internal auditors. Available internal auditors should be made to patronize a lot of training programmes aimed at bringing them up to speed with contemporary internal audit techniques.
- Senior managers within the various government institutions should undergo various trainings on the relevance of internal auditors in government operations. This will ensure sufficient support of senior management for the activities of internal auditors.

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Appendix

INTERVIEW GUIDE

The researcher is an MSc International Accounting and Management student at the university of University of Siena. This interview guide seeks to elicit a response on the topic 'Auditing and financial reporting relevance to corporate governance: a case study of selected public institutions in Ghana'. Information provided for this research will be treated confidentially and used for academic purposes only.

PART 1: General information

1. What is your role in this firm?

2. How long have you been with this organization?

3. What is your understanding of Auditor independence?

PART II: The level of independence by auditors in public institutions

4. What is the positioning of the internal audit unit in this organization in terms of organizational structure and reporting? Kindly explain

5. Is the establishment of the internal audit unit backed by any legislation? Kindly explain

7. What is your view about the underlisted with regards to the operations of the internal audit unit?

a. Top management support for the internal audit operations in your organization

b. Knowledge of penalty of non-compliance

c. Knowledge of ethical principles

PART III: The capacity of auditors in carrying out their duties in public institutions

8. What is your view about the current capacity of auditors to discharge their obligations?

9. Kindly comment on the capacity of auditors in carrying out audit obligations in respect of the following:

a. Relevant experience

b. Level of education and training

c. funding

PART IV: The extent to which recommendations by the auditors are used towards improving operations in public institutions

10. What is your view about the extent to which recommendations by the auditors are used towards improving operations in public institutions?