

**THE INFLUENCE OF INTERNAL AUDITING ON THE
EFFECTIVENESS OF CORPORATE GOVERNANCE IN
PARASTATAL ORGANISATIONS IN TANZANIA**

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**MASTER OF SCIENCE IN ACCOUNTING AND
FINANCE**

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PARASTATAL ORGANISATIONS IN TANZANIA**

BY

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF
THE REQUIREMENTS FOR THE DEGREE OF MASTER OF
SCIENCE IN ACCOUNTING AND FINANCE**

THE UNIVERSITY OF DODOMA

OCTOBER, 2019

DECLARATION

AND

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I, **Museke Mulenga**, declare that this dissertation is my original idea and that it has not and will not be presented or conducted elsewhere in a similar manner for either award or as a research report.

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A handwritten signature in blue ink, appearing to read 'Museke Mulenga', written in a cursive style.

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CERTIFICATION

The undersigned certifies that she has read hereby recommends for acceptance by the University of Dodoma, a dissertation entitled “*The Influence of Internal Auditing on the Effectiveness Of Corporate Governance in Parastatal Organisations in Tanzania,*” in partial fulfillment of the requirements for the Degree of Msc. in Accounting and Finance of the University of Dodoma.

Signature: 

Dr. Pendo N.S. Kasoga

(Supervisor)

Date | 20th November 2019

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DEDICATION

To my husband, Mr. Dunstan N. Msamada, for his love, support and encouragement in all the time when I was undertaking my studies for Msc. in Accounting and Finance.

ABSTRACT

In Tanzania, internal auditing is relevant for the expansion of work and responsibilities of the parastatal organisations. However, it is argued that many internal auditors are not independent and lack relevant skills and management support for carrying out internal audit duties and assignments effectively. Therefore, this study examines the influence of internal auditing on the effectiveness of corporate Governance in parastatal organisations found in Dodoma City, Tanzania. The study was conducted in Dodoma City using 120 respondents who participated in the study through questionnaire and interviews. The data were analysed using multiple regressions and varimax rotation with Kaiser normalization. The findings showed that internal auditing in the corporate governance is not adequately performed. There is limited independence of internal auditors, presentation of internal audit function, and the performance of other duties do not match the capability of the internal auditors to function independently. In specific, internal auditing and auditing reports are not regularly issued. Further, many of the staffs are computer literate but could not run internal auditing software as required. Based on these findings, it is suggested that the capacity of the internal auditors should be developed and given enough freedom to perform internal auditing skillfully and professionally.

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LIST OF ABBREVIATIONS

COSO	Committee of sponsoring organizations
DUWASA	Dodoma Water Supply Authority
IT	Information and Technology
SPSS	Statistical Package for Social Sciences
UDOM	University of Dodoma
URT	United Republic of Tanzania
NSSF	National Social Security Fund
SIDO	Small industries Development Organization
TANESCO	Tanzania Electrical Supply Company

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presented the background information and problem of the study. It gives direction of the study through objectives that the study sought to achieve along with the questions that this research study want to answer, finally, the importance of the study is explained.

The chapter is structured in several sub-sections, section 1.2 contains information about the background of the study, section 1.3 informs of the statement of the study, section 1.4 contains information about the objectives of the study, and the research questions are pointed in section 1.5. Section 1.6 contains information about the significance of the study while the scope of the study is explained in section 1.7, section 1.8 informs about the limitations of the study while section 1.9 gives the summary of the study. Organization of the study is explained in section 1.10.

1.2 Background of the Study

Corporate governance has recently drawn the attention of many scholars in the world (Zargorchev, 2017). The significance of corporate governance is seen in its ability to allow companies to be directed and controlled in their own affairs. With corporate governance, resources, both materials and humans, are provided with special opportunities to be well managed and allocated for the affairs of the companies. One advantage of such governance is that each of the organisation members is clearly communicated and motivated towards the fulfillment of certain objectives (Zargorchev, 2017). Saying so, effective management of each organisation is an issue that requires a special attention for the survival of corporate

organisation. Dozens of researchers have converged to the point that effective internal auditing is essential and crucial for the prosperity of organisations which on the other hand contributes to the health of corporate organisations (Kisanyanya, 2018). For example, Turedi&Celayir (2018) argues that an internal audit unit forms an integral part for financial management in organisations in the globe. Verma (2018) have added that the internal auditing is there to create good corporate structure, within the organisation. This is argued to provide opportunities for organisation to be well controlled and managed for the existence of separation ownership and control (Verma, 2018).

Audit is an integral part of an institution. Once well planned and prepared to control financial resources, information is provided for making decision over the organisation to senior management. Relevant information is, therefore, important for effective and efficient internal control system (Mihret& Grant, 2017). Financial problems experienced by various companies in many parts of the world are basically associated with ethical and professional control (Kisanyanya, 2018). Specifically, this is required to increase assurance and trustworthiness in the information available regarding financial statement (Bilal &Twafik, 2018). Ability to enhance accountability and efficiency in well prepared system of internal auditing is related to quality financial reporting of the organisation (Eke, 2018). Among the reasons that the internal unit is advocated for the development of corporate governance is that good internal audit is a result of improved governance system (Bilal & Twafik, 2018). In most cases, internal auditing has indispensable contribution to the management of financial resources (Zargorchev, 2017). Further literature shows that internal audit unit has the right to provide advice, counsel, facilitation, process design and training. Even though there is a significant emphasis on the internal audit

unit for the prosperity of different organisations, the independency of internal auditing unity in discharging its functions, especially in the developing countries has remained in question (URT, 2019).

Some lessons from Tanzania to reinforce the aforesaid assertion come from different parastatal organisations, like SIDO, DUWASA and TANESCO, which have internal audit units but still there are several challenges associated with management of funds. The often cited challenges to be affecting the aforesaid organisations are mismanagement and misallocation of funds (URT, 2019). One may definitely question why would this happen in the place where there are internal auditors to supervise the monetary management within the organisations. A set of assumptions follow this question. First, the internal auditors lack skills and knowledge to discharge their functions. Second, the internal auditors lack capacity in terms of man power to effectively discharge their functions. Third, internal auditors have no freedom to discharge their duties. Fourth, internal auditors, purposively, withdraw from discharging their functions for personal or group gains against the interest of the public. Answers to these questions and other similar questions would help to define the contribution of internal auditors to corporate governance in Tanzania (URT, 2018). That the literature lacked the empirical information that would help to respond to these questions, research was required to fill the gap in the literature. This research is, therefore, a result of the pointed gap. However, it is important to acknowledge a little contribution made by the previous literature though it could not suffice to quit another research in the area.

The URT (2018) provides a general conclusion that internal audits decision is controlled and influenced by top staff which is considered as a threat of internal

auditing. The URT further argues that there is confusion in duties of internal audit and that of top management staff. This is, however, a general conclusion which lacks inferences from specific entities. One would need, for example, to conduct a study that would help to inform how the top management constrains the freedom of internal auditors and its effect to corporate governance (Unegbu& Kida, 2011). The audit unit need to be properly managed in such a way that internal audit staff qualifications, functions and duties are clearly set. The influence of internal auditing efficiency of corporate governance required a study, especially parastatal organisations in Tanzania. This study, therefore, scrutinizes the influence of internal auditing on the effectiveness of corporate governance in the parastatal organisation by drawings data from Dodoma City.

1.3 Statement of the Problem

The internal auditing is highly demanded because of the expansion of work and responsibilities in most of the parastatal organisation in Tanzania (URT, 2019). There is wide evidence that internal auditors can support the administration and panel of directors to promote effectual corporate governance (Eke, 2018). The contemporary internal auditor is now not a ticking auditor to confirm vouchers and accounting records for accurateness, comprehensiveness and consistency but as professionals who add value towards operations in organisations. In reality, internal auditors are expected to be competent enough to carry out duties, be independent and objective as a business experts and providers of solutions to problems (URT, 2017). It is argued, however, that many internal auditors are not independent and lack relevant skills and management support for carrying out internal audit duties and assignments effectively (URT, 2019).

While the internal auditors are seen weak, the literature available shows that the existence and prosperity of corporate governance depend heavily on the functioning of internal auditors (Koutoupis&Pappa, 2018). In a similar emphasis, corporate governance is seen a panacea to eliminating the economic challenges of Tanzania, especially in its drive to the 2021 technological and industrial advancement. The review of the literature existed prior this study showed lack of empirical evidence to inform the roles of internal auditing in achieving corporate governance in the country (URT, 2019). From these observations, it is quite imperative to assess the influence of internal auditing on effectiveness of corporate governance in parastatal organisations in Dodoma City.

1.4 Objectives of the Study

1.4.1 General Objectives

The principal objective of this study is to assess the influence of internal auditing on effectiveness of corporate Governance in Parastatal organisations.

1.4.2 Specific Objectives

- a) To examine the level of independence of internal auditing unit on the effectiveness of corporate governance in parastatal organisations
- b) To assess the influence of management on the efficiency of corporate governance in parastatal organizations.
- c) To find out the relevant skills in internal audit unit for effectiveness of corporate governance in Parastatal organisations.

1.5 Research Questions

- a) What is the level of independence on the efficiency of corporate governance in Parastatal organisations ?

- b) What is the power of management support on the efficiency of corporate governance in Parastatal organisations ?
- c) What are the relevant skills in internal audit unit for efficiency of corporate governance?

1.6 Significance of the Study

This study contributes to knowledge building, theoretical improvement and policy contribution. Knowledge contribution, this study will build knowledge on the internal auditing towards promoting effective corporate governance in Tanzania. Theoretically, the study will provide theoretical knowledge which will affect the function, operation and responsibility of internal audit towards the effectiveness of corporate governance of parastatal organisation.

To policy makers, the study will give relevant insights that could be used for positive improvements in the parastatal organisations that will definitely benefit the public. Parastatal organizations may build on the findings of this study to enlighten the functions under the internal audit unit to promote corporate governance. It is of significant to the government as it will help to formulate strong regulations to govern internal audit function in parastatal organisations. The government has been struggling to have effective internal function in local government and public sector with a view of achieving accountability and transparency to stakeholders (URT, 2019).

1.7 Scope of the Study

The study is limited to Dodoma City and particularly to parastatal organisations. Further, the study looked at the influence of auditing on effectiveness of corporate

Governance in parastatal organisations in Dodoma City. It is organized to focus on the parastatal organisations which are found in Dodoma City.

1.8 Limitation of the Study

Confidentiality of internal audit data: Internal audit data are treated confidentially by internal audit unit and thus the researcher faced challenge to access them. This was minimized by asking for special permission from chief internal auditor and organisation.

Fund constraint: Collection and analysis of data and writing of research report needs financial support. The researcher, being private sponsored, faced financial constraints (Unegbu& Kida, 2011). Also, the time given to collect data was limited to complete the task effectively and in time. All these challenges contributed to the restriction of the scope of this study to Dodoma City only.

1.9 Summary of the Chapter

The descriptions in the chapter emphasize that in the world today for its ability to allow companies to be directed and controlled in their own affairs. However, the internal auditors are most often cited to be weak in managing organisations while there is the lack of evidence to show if this helps corporate governance to develop. This study was therefore developed to assess the influence of internal auditing on the effectiveness of corporate governance.

1.10 Organization of the study

The report is featured into six chapters. The first chapter is about background of the study, statement of the problem, objectives, and research questions, significance of the study, delimitation of the study and limitation of the study. The second chapter

defines key terms, empirical studies, theoretical framework, research gap and conceptual framework. The third chapter is set to describe the methodologies that were used to collect data. Chapter four presents findings. Chapter five presents the discussion; whereas, the final chapter, chapter six, presents summary, conclusion and suggestions for actions and further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents literature review, which is divided into several subsection such as definition of key concept, it reviews the literature on the influence of internal auditing on effectiveness of corporate Governance in parastatal organisations. Also presents a description of the theoretical literature review and empirical literature reviewed and then the conceptual framework is provided to show the relationship between and among variables used in this study.

2.2 Definition of Key Concepts

2.2.1 Concept of Corporate Governance

Corporate governance is increasingly recognized as the important business management concept that evolved after subside of large companies. This term corporate governance appeared to have unified meaning (Badara, 2012). Various definitions of corporate governance are as follows; Corporate governance is defined as the system by which companies are heading for and proscribed (Mohammed, *et al.*, 2014). It is one of the most universally accepted definitions of corporate governance. It has some experience of both modern theory and practice in the area of corporate governance (Mahadeen, *et al.*, 2016). This concept, in the managerial perspective, is focused on the corporate governance as the principle used to control and direct resources and human to the best of company. Directing in corporate governance is highly associated to the communication and ability to motivate organisational members on the accomplishment of objectives (Zargorchev, 2017).

In view of that, it is connected to the process of achieving organisational objectives in the ability to motivate and guide subordinates. Controlling is highly connected to

the measurement and correction of performance to accomplish organisation objectives and plans (Weirich, Cannice& Koontz, 2010).

In view of that, control involves steps such as in the establishment, criteria for performance, measurement of performance. This is based on the comparison of performance in relation to the established standards. Also, it is based on the correction of deviations from standard and plans (Aikins, 2011). Control is directly based on the actual activities of employees based on the planned activities. Control takes into account on the important elements based on the demand of setting standards. It involves establishment of objectives and programmed level of performance against the main outcomes. This is directly related to the accessibility of internal capacity and relevant information, which are based on the monitoring of activities and performance standard (King, 2011).

Activities are monitored and observed according to the demand of employees; this is only done through auditing system, which is directly related to the review of subordinate activities. It is based on the appropriate corrective action which is based on the relevant measures for actual performance according to described standards (Badara, 2012).

From this perspective, corporate governance is termed as a procedure of leading, sharing information and motivating organisational members in the attainment of organisational objectives and plans. It is directly based on the activities of measuring performance and corrective actions to ensure actual performance are attained in the basis of set objectives (Irina &Nadezhda, 2009).

2.2.2 Internal auditing

Internal auditing is relied on the policies, procedures, and mechanisms put purposely to make certain directives of the administration are good carried out. The accurate and appropriate records of insurance policies and bureaucratic tips help to decide how the inside management is operated. It is clear that control things to do are put in place with the useful resource of the management to make financial records true and consistent. For instance, debtors can't be written off besides authorization of finance director or any exceptional person given to w authorities to write off debts. Also, savings rating income cannot be developed but recommendation is sought from savings Auditing department. Such control activities are always no longer be in the nature of authorization. A legalization test is done in the database desktop to make superb that contact volume of dealer can be held in numbers or email address in a unique format. All such assessments will make positive facts be correct (Magu, 2016).

There are various delineations in which internal auditing can be defined; these include: Internal auditing is also viewed as an objective assurance, independent, and consulting activity developed to add value and improve organization operations. The institution to accomplish its objectives by realizing ga disciplined and systematic means to assess and strengthen the efficiency of risk management, control, and governance processes. The internal auditor must have enough knowledge to recognize the indicators of deception but is not predictable to have the expertise of a person whose primary accountability is detecting and examine fraud but adequate knowledge to carry out the responsibility on behalf of the organization (Munro, 2009).

According to Lin (2011) internal auditing is a steady independent assessment of the organization behavior that intends to make sure the operation is in a systematic manner and with proper internal control that seek efficiently to control the management. Munro (2009) defined internal auditing as a review of different operations of the organization and of its records by the staff specially agreed for this purpose.

The ingredients that are required in internal audit unit to clearly discharge its duties consist: good working relationship, training, auditor's independence, and proper staffing, exercising due care, proper reporting, evaluation of internal control systems, and follow-up. Clearly internal audit unit seeks to give free and objective guarantee to the accounting officer or corresponding officer, and the effectiveness of the risk management programmes in the management in the respect of risk management, internal audit can either undertake promise activities or consulting activities (Munro, 2009).

According to IPPF, the new description of Internal Auditing is stated as follows:

Internal Auditing is an Independent, objective, assurance and consulting activity designed to add value and improve the organization's operation. It helps organizations to accomplish its objectives by bringing a systematic approach to evaluate and improve the effectiveness of risk management, control and governance process.

This definition according to Ratliff, (2002) expanded the scope of internal auditing as explained below:-

1. As an intentional activity, not of necessity developed within the institution, the revised characterization permits internal auditing services to be given by “outsiders,” in consequence acknowledging that quality internal audit services can now be obtained through outsourcing.
2. By stressing that the coverage of internal auditing assurance and consulting activities, the new description of projects internal auditing as positive and customer-focused, and determined to key issues in control, risk supervision, and governance.
3. By openly indicating that internal auditing is planned to add value and develop an organization’s operations, the new delineation underscores the important contribution that internal auditing makes for any organization.
4. By bearing in mind the whole organization, the new delineation perceives internal auditing permission much more widely; charge it with helping the organization complete the overall objectives.
5. The new descriptions consider that control only survives to help the institution supervisor its risk and encourage effective power. Such a perspective significantly broadens the horizon of internal auditing and widens its working sphere of influence to take in risk management, governance processes and control.
6. The new understanding validates that the internal auditing profession’s legacy, comprising of its unique license in being a standards-based career, may well be its most surviving and valuable asset.

Internal auditing is highly essential in the performance and effective management in organization resources. The responsibility of internal auditing is highly influenced on the control over the resources usage at the

side of administration such as identifying and preventing fraud, testing *internal* control, and ensuring compliance with company policy and management regulation (Bennett and Mneney, 2010). In fact, the primary purpose of this discussion is mainly emotionally involved to the essence of the internal audit in organizations, next its disputes and reliance of external auditor to internal audit work, according to the extent to which the auditing discipline has higher, also, it seek to identify the trajectory it might take if it is to continue to thrive and provide long-run value to society at large.

There are numerous advantages related with Internal audit unit in setting up of an well-organized and magnificent inside audit unit involves big value in shape of salaries for internal audit staff, stationery, journey allowances and different Internal audit unit overhead cost. It is clear that the advantages of an inside audit unit to the company governance, tends to outweigh the cost of its protection. Some of the advantages that may accrue to exact inside audit unit include amongst others; expanded efficiency shall accrue from investigations and reviews of the internal audit unit, the existence of Internal audit creates control, which acts as waste and fraud, a deterrent to inefficiency, the internal audit unit serves as a 'pool' from which extremecalibre workforce can be seconded to different units inside the administration places, the work of the exterior auditors is made easier, training and ride obtained by using internal auditors on the job mix to award a secure foundation for profession advancement (Bennett and Mneney, 2010).

According to Diamond (2002) Internal auditing should no longer be constrained to monetary transaction only. It is clear that Internal auditors can equally assist administration by making sure ample economic and administration controls have

been carried out and are working effectively or by way of identifying the weaknesses in such device and making guidelines toward their enhancement which include amongst the others: with internal audit, errors are greater probably to be strong-minded in their early stages. The existence of assets is confirmed so as to shield the belongings of the Food and Agriculture Organization, blunders in account can be corrected early as soon as detected through the Internal auditor, it acts as moral power on the staff and promotes competence by way of compelling the internal audit workforce to keep their record up to date, this without a doubt want a unique in the cash disbursement, such as for wages and salaries, may additionally be checked earlier than they are paid in cash.

Internal auditing is implemented as a result of civil carrier reforms, there shall be set up Internal audit in each organization, headed by a qualified accountant to furnish a whole and continuous audit of the accounts, an internal audit unit, and data of disbursement. The inside audit unit is answerable to promote accuracy and reliability in accounting and working data, to resources towards waste, fraud, and inefficiency, to measure the extent of the running(Havers 1998).

According to Maheshwari (2004) two is of the view that internal auditor must ensure that all officers whose obligations contain the coping with dollars are effectively bonded, make sure that the computation and casting have been confirmed and are arithmetically accurate. It can be seen that the cause of internal auditing is now not to identify fraud, but to review and assess the things to do with a view to delineate an opinion on the affectivity and effectiveness of management as properly as adequacy of internal control within the company governance. It is clear that exact

performed internal audit is rather expected to reveal strengths, errors, or of the internal control system.

2.3 Theoretical Framework

2.3.1 Agency Theory

Agency theory was developed in 1976 by Jensen and Meckling with the focus of establishing a firm connection in terms of contracts that put together stakeholders of different organisations. It takes into account owner of the firm or organisation and executives as different parts with different opinion regarding to the best organisation interest (Setyawan *et al.*, 2017).

Mainly, this theory aimed to conclude optimal contract flanked by the principal and the agent. The agent maximizes personal gains by pleasing principal's financial objectives. The agent is dedicated based on the perceived reward according to the principal's objectives (Aikins, 2011).

The agency concept outlines the association or the dependency flanked by an agent and a principal. The fundamental delegates duties to the agent usually for a fee. It can moreover be postulated to suggest the exercise by which productive sources owned by one person or crew are managed by means of any other personality or crew of humans (Millichamp & Taylor, 2008). The enterprise agency is one on the inner auditing theories. In the settings of an institution, the organisation thinking agents (managers, directors, and etcetera) want to act in the hobby of their employers (shareholders). Nevertheless, the aforesaid dealers have been alleged to act in their personal hobby as an alternative than on the behalf of the shareholders.

The preceding is disputed to beget distrust between the two parties, in particular from the shareholders (employers). As a result, the distrust augments the leaning of more high quality monitoring of the agents' (directors and managers) activities. Upon the previous principle lies the basis of auditing career (Millichamp & Taylor, 2008). The idea similarly expounds on the precept agent problem, that is, commerce organization quandary. The dilemma is said to be juncture with the aid of skill of the leaning of the agent's preference to act in his non-public great hobby as a substitute than these of the principal. There is a possibility of moral hazard and combat of activity springing up in the employer scene. It is exemplify that the main (shareholders) may also be adequately concerned that at the probability of being browbeaten with the aid of the agent (directors and managers) that a quandary may also further occurs in hiring the proper agents. The foregoing is necessitated by means of the usage of the desire to reduce or get rid of employer costs (Bebchuk&Fried, 2004).

This theory is based on the agency association that based on one or more persons (principal) engage another person the (agent) to perform some services on behalf while delegating some decision making authority to the agent (Yassin *et al.*, 2012). The agency relationship is highly worried with employer and employees' relationship. Such a relationship can be that of government (principal) and employees of parastatal organisation as agent. The relationship as indicated in the agent theory is organized by contract as a focal point of this agency theory. Principal wants to maximize benefit while maximizing reward to the agent on the same time. On the other hand the agency wants to maximize benefits on his or her side (Abdullah, 2014).

This theory stipulated several assumptions as that the principal wealth would not be maximized for the following reasons. The agent and principal, once have the same goals, have different access to information, in such a way that the principal cannot effectively monitor what agent does and know and which information the agent has in the situation where the agent and principal have different propensity towards risk.

2.3.2 Stewardship Theory

This theory is considered to be relevant for internal audit and corporate governance effectiveness, such a relationship is indicated in stewardship theory. Originally, the Stewardship theory was developed in 1991 by Lex Donaldson and James Davies. It provides a relationship that is well understood between ownership and management of a company or organisation. The manager is a steward of the business with behavior and objectives consistent with the owner of the organisation (Abdurrouf, 2011).

This theory holds that there is no conflict of interest between managers and owners that the goal of governance is stewardship theory, which is based on the existence of no conflict of interest between managers and owners. Goal of governance is based on the mechanism and structure to facilitate the most effective coordination between the parties (Cooksey and Kikula, 2013).

This theory pointed out that there is no inherent problem of control, which need to be exercised in the actions of managers (Myula, 2011). Unlike agency theory, Stewardship Theory assumes conflict of interest between the agent and principals. This stewardship theory is directly connected to the assumption that behavior of managers are connected to the interests of the principals and places greater value on

goal directly related to the corporate governance than on the agent self-interest (Njunwa, 2013).

2.2.3 Internal Auditing Theories

Internal auditing theories can be borrowed from the theories for auditing. One of these theories is the enterprise theory. Agency is the title given to the practice by which productive sources owned by using one man or woman or team are managed with the aid of some other man or woman or crew of persons. At easiest organization concept is the attention that the inclination of agents, in this instances the administrators or managers of the business, is to act instead greater in their own interest than these of their employers and shareholders. In principle, the corporation mannequin assumes that no agents are straightforward and if they can make themselves richer at the price of their principals they will. The terrible principal, so the argument goes, has no alternative however to compensate the agent nicely for their endeavors so that they will no longer be tempted to go into enterprise for them using the principal's assets to do so. The beginning of auditing goes returned to instances scarcely much less far flung than that of accounting. Whenever the increase of civilization added about the necessity of one man being entrusted to some extent with the property of another the advisability of some kind of check upon the constancy of the former would grow to be apparent (Njunwa, 2013).

The extent to which principals don't believe their agents will have a tendency to decide the stage of the monitoring mechanism created for the overview of agents' things to do and the extent to which agents' compensation degrees are decided to be acceptable. Upon this precept rests the foundation of auditing occupation (Millichamp and Taylor, 2008). As noted in the organisation theory, the problem

which has continually existed when internal audit body of workers document can be depended on to the management, this is virtually depend on the ample experience, In this case the two agent basing to corporation theory and the poor people two is considered as the owner. There is increasingly more subject beneath the Internal audit unit to produce the record which contain errors, not reveal fraud, be inadvertently misleading, be deliberately misleading, fail to disclose applicable records and fail to conform to regulations. There is additionally increasingly restriction the independent of its Internal audit unit, irrespective of being granted the responsibility to totally look into the document and record their findings by the proprietor who are stand as the agent (Millichamp and Taylor, 2008).

2.3 Empirical Review

Asaolu, Adedokun and Monday (2016) did a study with a respective focus on the effect of internal audit function on good governance in the public sector in Nigeria. The overriding concern of this study was to determine the role of the internal audit function in ensuring good governance in public sector. Structured questionnaire was used to collect primary data and data analysis was run by using correlation analysis and multiple regression techniques. The findings revealed that there is a moderate contribution of internal audit in the effectiveness of corporate governance in public sector of Nigeria. The study concluded that internal audit function is a tool for promoting good governance in public sector of Nigeria. There should be legal support in public sector organisations to publicize and allow funds for internal auditors to enhance effectiveness of the internal audit function.

Abdullah (2014) conducted a study on redefining internal audit performance and its impact on corporate governance. The study focused on the ways internal auditing is

practiced in Malaysian public listed companies. The study was conducted by the use of survey research design in which data collection were done through the use of mail questionnaire and interviews. The data for the study were analysed using Rasch Model. The findings of the study revealed that there is significant impact of internal audit on corporate governance, such as in the aspects of risk management, information technology audits and quality audits. To sum up, the internal audit was revealed to significantly influence corporate governance of Malaysian Public listed companies. It is recommended that internal audit should be more collaborative based on the expertise and experience of effective internal audit toward promoting corporate governance.

Oduyo and Omwono (2014) conducted a study on the role of internal audit in enhancing corporate governance for companies listed at the Nairobi stock exchange. Specifically, this study attempted to assess the auditors' role in corporate governance, assess the internal audit capacity to achieve its objectives and suggest how internal auditors' independence can be achieved. The study used descriptive design in which data were collected by using questionnaire. The study found internal audit influence corporate governance of companies listed in Nairobi stock exchange. Thus, internal audit function contributes to corporate governance. Following these findings, it was recommended that internal auditors should report functionally to the audit committee and administrative officer of the organisation.

Schneider (2014) did a study that confirmed that internal control system is pronounced to be associated on the function in accomplishing economic performance. The corporate governance in commercial banks listed on Muscat Securities Market (MSM) in Oman. A questionnaire was once used to collect

statistics and used to be disbursed to the one hundred top senior level officers and inner audit department of the industrial banks. The regression mannequin that was once used in this find out about was once five structured variables: inner audit independence; talent and due expert care; nature of work; excellent assurance and improvement program; and managing the internal audit activity. The finding of the research establishes a significant nice relationship between internal audit and fine corporate governance. Variables internal audit independence, proficiency and due expert care, and nature of work have been significantly related with corporate governance. For nice assurance and enhancement application and managing the internal audit activity, they have an effect on company governance is now not statistically significant. Corporate governance is mostly affected through monetary popularity on the system of internal control. The internal control system through internal auditor is properly facilitated to function under the existing corporate governance. It aimed to manage monetary sources via well-established system of internal control. The control system is essentially associated with production of reliable report. The internal auditor appropriateness is without delay to affect record on financial elements of the organization. Internal control system is the characteristic of internal auditor that aimed to function features of the organization.

Abdurrouf, (2011) conducted a study that revealed that inner audit effectiveness can be assured with the assist of four interlinked components: inner audit quality, administration support, organizational setting, and attributes of the audited. They argued that the internal audit feature needs to be in a position to produce pleasant audits. The internal audit effectiveness is accomplished when there is independence, ample resources, and support from management. Corporate governance has obtained extended interest and scrutiny over the closing two decades. Corporate governance

is defined as the complete operations and controls of an organization. or as an usual structured system of principles. A complete definition proposed by means of Pandya (2011) in their study cited that company y governance deals with mechanisms by means of which stakeholders of a corporation exercise control over corporate internal and management such that their pursuits are protected. More recently, the corporate governance as the relationships that exist at the pinnacle of the firm: the board of directors, the senior managers, and the stockholders.

Corporate governance is based on a set of attributes, consisting of ensuring accountability to shareholders or stakeholders. It is regarded to be the pinnacle substantially studied subjects which serve as a device for mitigating conflicts of pursuits between managers and investors. Corporate governance particularly aimsto protect the capital owners from the opportunistic things to do of administration (Abdurrouf, 2011). In addition, corporate governance offers the directors the proper to create fine decisions in prefer of the shareholders' hobbies in order to recognize goals. It is evident that corporations with gold standard corporate governance stronger their operating performance.

Mihaela and Iulian (2012),through their study, illustrated that the fundamental objective of this research is to look into the have an impact on of internal auditing on high-quality corporate governance. Internal auditing is an quintessential section of the company governance mosaic in each the public and the private sectors in the previous literature, there are many lookup that analyzed the effectiveness of internal manipulate and its impact on company governance. Thus, the majority of the effects of the internal audit improve the excellence of company governance. In Oman, the ancient code on corporate governance (the "Old Code") used to be issued in 2002.

The position for compliance governance in a financial institution is quintessential as its position is to investigate and control the areas of banking guidelines and laws, banking policies, and patron protection. Also, little lookup of managers' perceptions on the effect of internal auditor on corporate governance in Oman has been conducted.

Wanguiet *al.* (2012) in attempting to properly discharge their responsibilities, inner auditors often discover themselves in an anomalous position. For instance, they report to senior administration within the organization, however they are predicted to evaluation the conducts and effectiveness of the management in objective manner. While internal audit can be used in order to assist management in order to instill a strong moral tone in the complete organization, a bad mindset through the management can make it challenging for the internal auditor to uphold moral behavior. Conflicts in one-of-a-kind internal auditing roles in improving company governance have now not long past away with contradicting opinions on how internal audit have an effect on the corporate governance with some citing a nice effect and some pronouncing it has very minimal effect if any.

Njui (2012) conducted a study on the effectiveness of internal audit in promotion desirable governance in the public sectors in Kenya with unique center of attention on the government ministries. A descriptive cross-sectional graph technique used to be favored for this study. The goal population of this study about centered the CIA of all the 44 ministries. The study about gathered each foremost on the present day state of affairs of authorities ministries. The main instrument for statistics collection used to be questionnaires with both structured and open ended questions. The lookup is both quantitative and qualitative in nature. This implies that each

descriptive records and conceptual content material evaluation was employed. The researcher additionally used a multivariate regression evaluation to decide the relationship between the independent variables and the dependent variable.

The study found that internal manage had the biggest impact on company governance internal Kenya government ministries observed by danger management whilst compliance and consulting had the least effect. The study recommends that in order for the government to be high quality in its operation and service delivery they ought to apprehend contribution of inner auditing. Additionally, the study about encouraged that for the ministry to be efficiently mitigate risk they institute internal auditing in its operation. The study about additionally encouraged that all ministries should institute internal manipulate in its operation to ensure positive operation. Likewise the find out about encouraged that government ministries to accept internal auditing as a tool for fantastic internal manage so as to realize their goals set with ease.

According to institutional theory by using Fogarty et al.(1997), an employer is designed and functions to meet social expectations in so a long way as its operations are visible to the public. Therefore organizational internal operations, which are often complex and tough to identify, can also take second area to the problem of external legitimacy. It is suggested that the external picture of the enterprise might also be loosely coupled with its working procedures and the kind of technology it adopts.

Fogarty et al. (1997) developed this, maintaining that the contribution of institutional principle is in the insight that the proper accomplishments of an organisation and what its shape suggests

Should accomplish are regularly different. The enterprise operates with internal tactics that are no longer typically visible to these external to it, whilst other buildings maintained for outsiders do now not drastically add to output. Fogarty (1996) observes that scrutiny by outsiders can be avoided if the right buildings are adopted by organizations. Loose technological coupling allows companies to exhibit success in external problems even as allowing flexibility in operational processes. Thus the institutions be prepared to meet the excessive price of adopting a range of technologies in the inner audit department and make certain that the team of workers are skilled in order for the branch to function efficiently.

In their study “introducing Financial management Information System in Developing countries”, Diamond and Khemani (2005) noted that developing nations have been brought about to reform their public expenditure management constructions and have, as a result, an growing variety of embarked on primary tasks to computerize their authorities operations. It is averred that, the most famous among the aforementioned projects is computerizing of authorities accounting and charge operations through introduction of authorities FMIS.

A study on effect of computerized accounting structures on audit threat administration in public firms was performed with the aid of Otieno and Oima (2013). They learned about what was once confined to Kisumu County, Kenya. According to the learn about findings, the examined machine danger factors blanketed threat of breaches in computer protection and there was once as soon as additionally the danger that, the records supplied by means of the device is an inadequate. The find out about conducted in Kenya, Odoyo *et al.* (2014) assert that, there is extended scrutiny of the effectiveness of internal audit characteristic in

Kenya. The inner audit feature is made more challenging thru the changing expectations of shareholders. Technologies and e-commerce are examples of drivers of trade in inside audit in Kenya.

Muzividzi's (2013) determined the effectiveness of the public economic management System (PFMS) in economic planning, controlling, and monitoring of public bucks in Zimbabwean government line ministries. Contrary to expectations, ministries and departments however confronted challenges in the budgeting process, inner controls, and teaching of end-users. The pupil similarly lamented that, suppliers to the government ministries and departments had been nonetheless complaining of inefficiencies in financial reviews updates. Financial administration control of public cash would be carried out thru the use of PFMS (Peterson, 2006). In a study about evaluation of public monetary overall performance in Zambia (Mwanza et al., 2005), the object used to be to decide the effectiveness of PFMS in the manufacturing of budgets, interior controls and education of users when the use of such system. The study hooked up that, PFMS used to be awesome in production of budgets and moreover had exceptional internal controls.

In Odoyo's *et al.* (2014) analytically locate out about on the feature of internal audit in chance administration implementation in Kenya's us of a corporation, it is alleged that, in spite of the Kenya Railways working in the worthwhile transport region and being a key participant in Kenya's economic development, it has been going through inside monetary and operational challenges. The foregoing problems, arguably, are occasioned via horrible governance of the kingdom corporation. The implications of the economic mismanagement have been so massive that the authorities had to engage the Rift Valley consortium, a private entity, to run the corporation. The learn

about in addition laments that, regardless of receiving financial help from the National Treasury, most nation organization in Kenya have been reporting monetary deficits for each and every financial year. The students cite different nation firms that have collapsed, have collapsed and been revived, or have ever been on the brink of collapse. Such include, Kenya Meat Commission (KMC) and Agricultural Finance Corporation (AFC).

Accounting and auditing systems have been computerized across numerous public entities. Lack of appropriate Auditing mechanisms and audit trails have created avenues for corrupt activities in Kenya's public sector. The foremost objective about was to establish the effect of computerized audit device on economic management at Water Resources Management Government (WRMA). The find out about was once performed in WRMA headquarters primarily based in Nairobi, Kenya. Descriptive lookup sketch was employed. They learn about centered sixty seven employees connected to the ICT, auditing, and finance/accounting departments as nicely as management staff. A census diagram was adopted. A structured questionnaire used to be first pilot tested to examine its reliability and validity. The accrued statistics have been analyzed with the useful resource of SPSS the use of descriptive and inferential statistics. The find out about set up those computer-assisted audit methods and inside controls influenced economic administration in WRMA. They learn about encouraged that WRMA have sound CAATs put in region to pick out errors and mitigate economic misappropriation (Odoyo, 2014).

Mihaela and Iulian (2012) analyzed the effectiveness of internal manage and the Impact of Corporate governance on businesses listed on Bucharest Stock Exchange. An high quality inner control leads to a fair presentation of the financial statements

and thus will increase stakeholders' confidence in the financial statements. The study carried out a lookup that examines the relationship between internal audit and corporate governance in various business banks in Lebanon. The statistical analysis showed countless full-size exams assisting the speculation that the internal audit improves the fantastic of corporate governance.

Gaturu (2015) establish the affect of computerized audit system on economic administration at Water Resources Management Government (WRMA). The study was carried out in WRMA headquarters especially based totally in Nairobi, Kenya. Descriptive research graph was employed. The study about headquartered sixty seven personnel attached to the ICT, auditing, and finance/accounting departments as properly as administration staff. A census format was once adopted. A structured questionnaire used to be first pilot examined to look into its reliability and validity. The accrued statistics have been analyzed with the useful useful resource of SPSS the utilization of descriptive and inferential statistics. The learn about installed that computer-assisted audit strategies and interior controls influenced economic administration in WRMA. The discover out about endorsed that WRMA two have sound CAATs put in vicinity to discover mistakes and mitigate economic misappropriation.

King (2011) aimed to set up whether the existence of an enough internal audit feature interprets into a strong internal machine that can be relied upon via the external auditor. The study adopted an exploratory research layout and the population was all companies active in the NSE and their exterior auditors. The sample was a hundred percent of the population. Primary information used to be amassed using semi structured questionnaires with shut ended questions. The

statistics was once analyzed the usage of descriptive facts such as mean, general deviations and percentages. It was once concluded that even though the extent of reliance of internal controls is now not sensitive to the strength of internal audit departments, corporations should not do away with it. This is due to the fact as a administration tool, it assist administration in its day to day operations and no longer necessarily of relevance to the external auditor.

In an assessment of the effectiveness of PFMS in Zimbabwean authorities departments, Muzividzi (2013) referred to that the gadget (PFMS) has terrific inside controls with an exception on fee methods and manufacturing of reconciliation statements. After the evaluation, it was recommended that, the device desires a reliable inside Auditing monitoring on charge procedures. Christopher (2003) had till now argued that, the characteristic of the management of the authorities line ministries was as soon as to have in a position internal auditors who complemented the effectiveness of the inner controls of the PFMS and also preserve gorgeous constructions for accounting and inner audit over financial auditing. The inner auditors would assist the administration and finance directors to execute audit consistent to the effectiveness of the interior controls of PFMS in authorities' line ministries. Cowan (2004), reasons that the hazard administration is essential to the implementation and that it has come to be the issue of fine cutting-edge management. The creator in addition found that the effectiveness of internal controls of PFMS ought to be top checked thru independent auditors

The inner auditing is nice in danger management in verify communication, propose chance administration techniques and furnish assurance that the dangers are being correctly managed, threat monitoring and chance mitigation and threat identification.

This is in settlement the inner audit characteristic plays a unique role in corporate governance through monitoring organizational dangers and ensuring that organizational processes are efficient and efficaciously controlled.

On the equal threat assessment, verify ethics and values inside the organization, verify performance administration and unplanned and informal reviews of other areas of concern, inclusive of unacceptable ranges of risk were effective. The interior audit recreation evaluates risk exposures concerning to the organization's governance, operations and statistics systems, in relation to; effectiveness and efficiency of operations, reliability and integrity of economic and operational information, safeguarding of property and compliance with laws, regulations, and contracts. The notion of danger had become quintessential to corporate governance and emerged as linked to the idea of inner control.

The inside manage framework, accounting data and verbal exchange and critiques of man or woman structures and processes, Internal manage grant economic controls, ongoing and impartial reconciliation of all balances, control data within the organization, methodical examination of commercial enterprise tactics and connected controls, operational insurance policies controls, managerial controls and provision of impartial verification of a enough pattern of transactions to make certain integrity of the selection making process were wonderful aspect in internal manage due to application of inner auditing.

measuring and evaluating the effectiveness of organizational controls, interior auditing, itself, is an vital managerial control device, which is directly linked to the organizational structure and the time-honored policies of the business. The fantastic

inside audit function is “crucial to the success of a company in stemming fraud and abuse, and in the practice of correct monetary statements.

Kibet (2008) in his survey on the position of internal audit in merchandising good corporate governance in SOEs aimed to explore the role and the use of internal audit characteristic in advertising appropriate company governance in public region organizations and the challenges confronted through the internal auditors in SOEs. A pattern of 43 country firms was once selected with the aid of way of geographical vicinity and authority’s shareholding. Data collection was through way of questionnaires and the respondents had been the heads of inner audit departments. Data accrued used to be analyzed the use of the SPSS and the output in frequency distribution tables, pie and bar charts. The study concluded that internal audit characteristic performed a function in company governance.

Krishnan and Visvanathan (2005) in their study sought to tackle the role of audit committees and auditors in the reporting of internal manipulate deficiencies after the passage of the SOX.

The study pattern comprised of companies chosen from the Compliance week and included a length from November 15, 2004 till March 1, 2005. Compliance Week stated that 164 firms stated inner manage troubles in their filings with SEC at some stage in the sample period. To characterize auditor attributes the find out about examined size of the auditor, tenure, auditor changes, and audit fees. The study about located that a greater number of meetings of the audit committee, lesser percentage of "financial experts" in the audit committee, and more auditor changes symbolize corporations that file weaknesses in their internal controls compared to firms with no weaknesses. Prior restatements of financial statements are also higher

for corporations no longer reporting such weaknesses. The effects have been robust to controlling for a range of company characteristics such as complexity of operations, profitability, and growth. It underscored the importance of governance characteristics beyond popular company traits in inspecting the reporting of internal control weaknesses.

Whittington and Pany (2001) stated that the Auditing environment sets the tone of the enterprise thru recognizing the administration of the people. It is clear that the Auditing surroundings is viewed as the groundwork for all the different aspects of interior control. Control surroundings factors include; integrity and ethical values of personnel responsible for creating, administering, and monitoring the controls, commitment and competence of humans performing assigned duties, board of directors or audit committees management philosophy and running style.

Whittington and Pany (2001) also believed that these factors set a groundwork upon which the different inside control can be nicely established. They also grant a framework inner control below the operation of one-of-a-kind components.

Internal Auditing systems now not entirely make a contribution to managerial effectiveness but are additionally essential duties of company boards of directors. Accounting literature likewise emphasizes the importance of an organization's integrity and moral values in protecting an effective manage device. A focus on integrity and moral values used to be the essential contribution of Internal Control-Integrated Framework published through the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013.

Financial performance refers to the potential to feature efficiently, profitability, survive, develop and react to the environmental possibilities and threats (Mawanda, 2008). It is clear diagnosed that, overall performance is measured by using skill of how environment friendly the organisation is in use of property in accomplishing its objectives. It is the measure of attainment carried out via an individual, team, company or process. Another thing to recognize is that manage environment dietary supplements the different functions of interior control systems. It is the foundation for all the different factors of internal control. It consists of factors like integrity and ethical values of personnel tasked with creating, administering and monitoring the internal controls, commitment and competence of individual performing assigned duties, board of directors or audit committees, management philosophy and running fashion and organizational structure (Mawanda 2008).

It is in addition notice that “Internal control also consists of the program for preparing, verifying and distributing to the range of levels of administration, these present day reports and evaluation that allow executives to manage the range of activities and features that are carried out in a giant organization”. It is referred to internal control gadgets to include; use of budgetary techniques, manufacturing standards, inspection laboratories, worker training, and time research amongs others. Corporate regulation requires a divorce between possession and administration of an entity. Owners oftentimes entrust their resources in the palms of managers (Olumbe 2012).

Morris (2011) believed that Managers typically report to the proprietors on the results of their stewardship for the belongings entrusted to them through a medium acknowledged as economic statements. It is these financial statements that expose

the economic performance of an entity. He added that Enterprise Resource Planning buildings supply a mechanism to deliver fast, correct economic reporting with built-in Auditing things to do that designed to make certain the accuracy and reliability of the financial records two being said to shareholders.

Ray and Pany (2001) moreover cited Control things to do as every other issues of interior controls. It is clear that control activities are policies and techniques that support management to carry out its function. Controls activities in the enterprise it is relied on the; performance review, (comparing true basic performance with budgets, forecasts and prior duration performance), records processing (necessary to take a look at accuracy, completeness and authorization of transactions), bodily controls (necessary to furnish security over every documents and one-of-a-kind assets), and segregation of duties (where no one individual take care of all factors of a transaction from the beginning to the end).

Kibet (2008) in his study about carried out a survey on the role of inner audit in promotion precise corporate governance in State owned Enterprises (SOEs'). His survey, however, is aimed to discover the function and the use of internal audit characteristic in merchandising right company governance in public area corporations and also the challenges confronted through the internal auditors in SOEs. The study about concluded that internal audit function performed a significant.

Yassin *et al.* (2012) examined the effectiveness of financial audit of banking businesses operating within Bangladesh. For the reason of this study, the audited economic statements of 14 pattern banking agencies have been analyzed. The study about identifies seven (7) sample companies that have genuinely overstated their

profits. Also, the lookup explores the stage of independence, objectivity and competence of the auditors, assigned for auditing banking companies.

Magu (2016) established the impact of interior manage gadget on the overall performance of KFA Ltd. In this study, inner Auditing systems have been mainly composed of two variables; control surroundings and control activities. Target populace was once seventy eight managers in this explanatory research. Census used to be adopted. Data have been analyzed through the use of inferential and descriptive statistics. The effects printed that the staffs had been no longer skilled to put in force the accounting and financial administration systems; and that the inner system management do no longer end up aware of and guard organizational assets. The effects in addition demonstrated that there is a brilliant relationship between inner Auditing structures and monetary overall performance of KFA Ltd. The manage things to do and control surroundings contributed to 61.3% of the special in financial performance. Study observed that management of KFA Ltd is not dedicated to the internal manage device actively. The findings about recommends larger dedication through the management in monitoring inner control systems, and employment of larger graduates.

Olumbe (2012) examined the relationship between inside controls and company governance in industrial banks in Kenya. The researcher carried out a survey of all the forty 5 business banks in Kenya. It was concluded that most of the banks had built-in the more than a few parameters which had been used for gauging inner controls and company governance. This was once as soon as indicated through the ability which have been bought enquiring on the same and this tested that the respondents agreed that their banks with excessive monetary two overall

performance had instituted proper enterprise governance with a sturdy desktop of internal controls of enhancement monetary performance.

This function used to be supported the controls that provide conflict between the agent and important on ethical hazard and destructive selection impacts the output of the agent. Studies have established that internal auditing reduces employer costs. Firms have an economic incentive to document on inside Auditing (Deumes and Knechel, 2008). Weaknesses in interior controls are related with multiplied tiers of profits management (Chan & Ashbaugh, 2008). Morris (2011) in assist believed that administration create surroundings of manage to Auditing earnings.

Ndifon (2014) performed a study a study which is focused on the internal control activities on the economic administration in Nigeria. It used to be conducted on the cross river kingdom college of training Akamkpa. The find out about revealed that ability to properly control the internal system is required to be influenced by the management. The auditor could be well supported by the management under the influence of internal control system.

Also, separation of responsibilities amongst the personnel and administration as properly as finance branch was steady supervision. The internal control system as soon as is no longer as it should be performed is essentially associated with negative monetary report in the organization. The created quite a number of results on the relationship between internal control and monetary performance, which are needed for adequate corporate governance.

Muhammad (2015) conducted a study on the effect of internal audit characteristic and related internal control system on the financial administration over the public

sector in Pakistan. The study showed that wonderful relationship is existing between internal audit, corporate governance and financial performance. The internal control system is reported to control the organization and its related environment, which are respective key to the corporate governance.

Mohammed et al. (2014) had investigated on the role of internal audit in strengthening corporate governance in Nigeria. This study was focused on the theoretical level the contribution of internal auditing to corporate governance. The study also examined the interaction among corporate governance, in which factors such as board of directors, the audit committee, external auditor and internal audit process. The findings of the study show that there is a positive relationship between internal audit and corporate governance. From these findings, internal audit tend to play role in strengthening corporate governance. Hence, it has been recommended that, much research is needed to be carried out on the impact of internal auditing on corporate governance.

Kisanyanya (2018) the study observed that, private sectors had threat in phrases of management system; this is because of non-stop monetary assessment. The private sector is primarily based on the internal assessment of internal control. The chance in monetary assets wants to be undertaken over the regular, timely and profound audits. Risk evaluation has been related to the effective and vast effect on internal audit section once especially limited in terms of independence. The institutions have weak internal audit system in which there is a failure to deals with various risk to economic performance. The internal audit control environment is basically related to the utilization of effective internal audit system. The management required to

properly train internal auditor staffs to undertake duties and task required for corporate governance.

Kamau (2014) performed a study on the effect of internal control on the monetary management in Kenya manufacturing firms. The effects confirmed that existing manufacturing association are profitable due to the fact of sufficient internal control system. The internal control is particularly increased with functionality demanded in the organization. The staffs are nicely educated to seize the demand of inner control machine over the administration of financial resources. The effects indicated that based totally on the statistically regression analysis is pronounced to effective relationship. There is a relationship current between internal control and monetary management in Kenya manufacturing firm. It has been encouraged that, internal and external auditor are continuously wanted to update the international economic reporting standard.

Kinyua (2015) confirmed that the impact of internal manage machine is required for the performance in Nairobi Security Exchange. It frequently targeted on the effect of internal control system on the monetary performance. The results showed that there is a positive good sized relationship over the internal control and its financial performance.

Mwakimasinde et al. (2014) conducted a study on the effect of internal control systems on the financial management in Kenya sugarcane. The find out about main goal used to be respectively on the effect of internal control system on the financial administration of sugarcane businesses in Kenya. The internal manage system is essentially related on the manage environment, which basically related to the risk assessment process, data system and control activities. The financial administration

printed to be associated with value per unit, aim accomplishment and profitability. This is required for internal control towards accomplishment of the audit function for the management. In the foundation of regression pointed out that internal control system centered on the economic performance. Internal control device is particularly relied on the high-quality impact of financial performance. It has been encouraged that the performance of sugarcane grower is particularly related to improve financial performance.

Changwony and Rotich (2015) conducted a study on the role of internal audit function in promoting effective corporate governance of commercial banks in Kenya. The overriding concern of the study was to determine the role of the internal audit function in promoting effective corporate governance of commercial banks in Kenya. The study employed survey design in which stratified sampling techniques were employed to select sample elements. The findings showed that internal audit has a positive and significant influence on effective corporate governance. The study concluded that internal audit plays a significant role in promoting corporate governance in commercial banks of Kenya. The study recommended that audit committee should take responsibility for the appointment of management staffs to promote effectiveness of internal audit.

Myula (2011) undertaken a study on the factors affecting on the effectiveness of interior control machine in LGAs in Tanzania. This find out about specifically used a descriptive and inferential in nature. There is issue beneath the internal auditing system to control the internal system and create a good environment for corporate governance such as lack of acceptable mechanism to handle computerized environment. The effectiveness of internal control system is essentially limited by

capability to cope with computerized system of internal control. The training and capability constructing to promote independence attitude in the internal control system.

Njunwa (2013) conducted a study on internal audit and corporate governance in local governments in Tanzania taking a case study Mwanza City Council. The study determined the factors that contribute ineffectiveness of internal audit function in promoting good corporate governance in public sector. Data were collected by the use of structured questionnaire. Multiple regression method was used in data analysis and the results revealed that there was lack of independence, lack of proficiency of internal auditors and lack of integrity due to ineffectiveness of the internal audit function in Mwanza City Council. The study reached the conclusion that internal audit function in Mwanza City Council does not relate to good corporate governance. Then, it has recommended that, internal auditors should directly promote better good corporate governance.

Badara (2012) examined the position of inside auditors in insuring super monetary control in Nigeria and found out that among other; lack of proper unbiased exercise by means of the internal auditor, understaffing in the aspect of Internal audit unit, the Internal manipulate gadget is very vulnerable toward monetary and different controls and additionally non adherence by using the auditors on well-known auditing standard. This study recommends that Internal auditors need to exercising the degree of independency on a number branch inside the employer in performing their duties, the Internal control gadget should be efficient in such a way that it will forestall any act of economic crime and detection of fraud and mounted a scheme for inside auditors education from time to time due to the fact it will enhances

operational capacities and skills in administering the internal control gadget by way of attending professional seminars, workshop and symposium. In Tanzania, nevertheless face challenges associated to inside manipulate over its resources, ordinarily focused on reducing hunger and provision of food and agriculture assist to negative family in Tanzania, irrespective its integral contribution, yet organization face Internal audit challenges related to its staffs on the obligation of monetary resources management to meet its target.

Various research conducted its economic sources and fabulous administration appears internal manage as the separate devices which require operate feature independently. This exceedingly connected to excellent manage and staffs to participate in the management of the economic assets thru responsibilities performance.

2.4 Conceptual Framework

There are different interrelated elements concerning the influence of internal auditing on the effectiveness of corporate Governance in Parastatal organisations. The following independent variables were considered: Experience Independence, Positioning and Risk identification. The relevant intermediate variables are connected to the management support (see Figure 1).

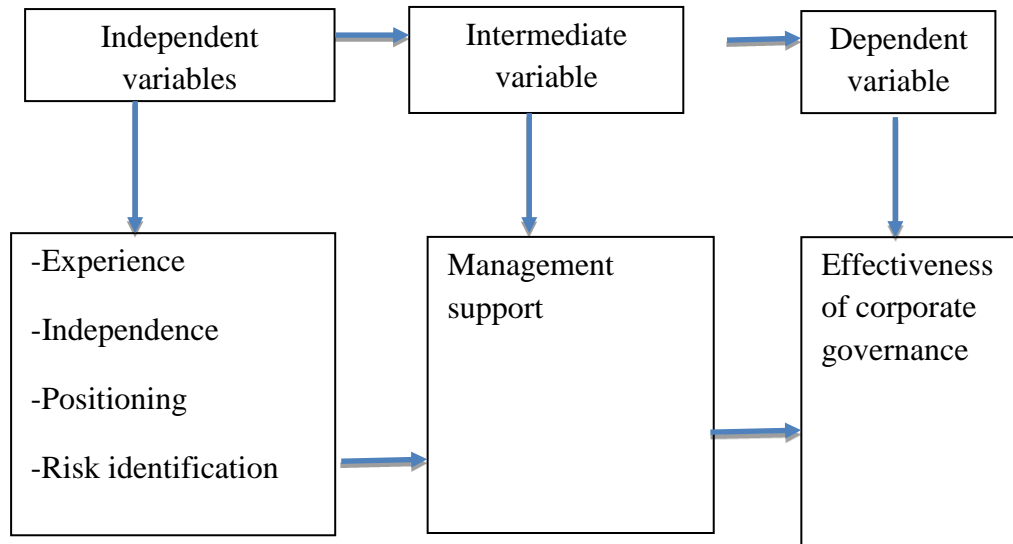


Figure 1: Conceptual framework

Source: Researcher's Formulation from the literature Review.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter presents methods and materials that was taken into account in this study; further, it presents the research design, study area, population of the study, sampling, data collection methods and tools, data analysis, validity and reliability and ethical consideration.

3.1 Research Design

Research design is connected to the practical operationalization of the study based on the objectives and methodological choice. The study used a survey study and descriptive design (Kothari, 2009). The case study design was effectively used for the investigation of an individual, group and phenomenon based on the event (Sevilla, 2007). The selection of case study design depended on the availability of information on the influence of internal auditing on effectiveness of corporate Governance in Parastatal Organisations in Dodoma City. The case study allowed for the flexibility of data collection methods and techniques from a variety of sources within a short period of time with minimum financial implications to suit the study. The study had a special focus on the parastatal organisations.

3.2 Study Area

The study was conducted in Dodoma City. The selection of this area was influenced by the lack of independence of the internal auditors in Dodoma City. Further, the area was selected because of relevant size and accessibility of different parastatal organisations.

3.3 Population of the Study

The population is the group of cases from which a researcher draws a sample for the study (Kothari, 2008). The population of this study was 326 employees from different parastatal organisations.

3.4 Sampling

3.4.1 Sample Size

The sample of this study was determined through the sample size calculator developed by the CheckMarkert in 1992 (Owusu, et al.,2013). The formula is

$$n = \frac{Z^2 \cdot p \cdot q \cdot N}{e^2 (N-1) + (Z^2 \cdot p \cdot q)}$$

N = population, e = Standard error 0.02, since the estimate should be within 2% of true value, sample proportion p = 0.02 with q = 1-p, n = sample size, z = standard deviation at a given interval (CI) and 1= constant. Taking N = 326, Z = 1.96 at 95% CI, (Sevilla, 2007).

$$n = \frac{Z^2 \cdot p \cdot q \cdot N}{e^2 (N-1) + (Z^2 \cdot p \cdot q)}$$

$$n = \frac{(1.96)^2 \times 0.02 \times 0.98 \times 326}{(0.02)^2(326-1) + (1.96)^2 \times 0.02 \times 0.98}$$
$$= 24.54617/0.205295=119.5$$

The sample size was approximately 120 respondents.

3.4.2 Sampling Procedures

The sampling technique in this study was convenience. The staffs of the respective departments in the institutions were asked to participate in the research upon their availability in their offices at the time of conducting this study.

3.5 Data Collection Methods and Tools

The study collected both primary and secondary data primary data through questionnaires and interview. Secondary data were collected through documentary analysis.

3.5.1 Questionnaire

A questionnaire was used during data collection because the study required quantitative data that could be difficult to generate through interviews (York, 2009). In this study questionnaire was distributed to internal auditor and accountants.

3.5.2 Interviews

Interview method of collecting data involved presentation of oral-verbal stimuli and reply in terms of responses (Kothari, 2009). The most important aspect of the interview method is to convey attitude that in participant's views was valuable and useful. It enabled the study to obtain qualitative data from managers and IT staffs.

3.5.3 Document Review

This method was used to collect secondary data from both published and unpublished materials related to the influence of internal auditing on effectiveness of corporate Governance in Parastatal Organisations. Also, documentary review was used on looking the background of the study and literature review.

3.6 Data Analysis

The data (both primary and secondary) were processed by editing, classifying, coding, transcribing and tabulating the information. Quantitative data were analyzed by using descriptive statistical analysis. The use of computer employed SPSS version 20 (Statistical Package for Social Science) whereby the data were analysed using multiple regressions and Varimax rotation with Keiser normalization. Descriptive statistics was also used to get percentage and frequencies, descriptive and cross tabulation was selected to get user friendly tables and figure so as to make the study worthy reading. The useful information was presented using tables, figures, percentages and word statements.

3.7 Validity and Reliability

The validity and reliability of instruments were considered to promote accurate data collection.

3.7.1 Reliability

Reliability is termed as the consequence of the validity in the study. The reliability was achieved in the use of specific and relevant instruments in data collection. This study was used Cronbachs alpha which is the most common measure of internal consistence (reliability) (Creswell, 2012). The study was used large sample and multiple survey questions in the parastatal organisations.

Table 1: Cronbach Alpha Test

Variables	Cronbach Alpha
Existence of internal audit unit	0.752
Performance of internal audit function	0.835
Internal audit is regularly carried out	0.758
Internal audit reports are communicated	0.823

Reliability is applied on the basis of Cronbach Alpha values, the results showed existence of reliability and consistency. It is clear that Cronbach Alpha with values 0.7 and above indicate the results are consistent.

3.7.2 Validity

Validity focus on assessing the degree and ability of instruments to measure what supposed to measure (Kothari, 2008). This is based on the way instruments are used to measure concept and instruments in data collection. In this study, the validity was achieved by collecting data from relevant respondents. The validity in this aspect should involve a large sample to capture selected parastatal organisations.

The validity also was checked through clear questions formulation to obtain the aspects that needed to be measured (Mugenda and Mugenda, 2008). In this study, a pilot study was done with 6 respondents that were selected from different parastatal organisations. This was conducted to test the validity of the questionnaire instruments to ascertain whether the items was measured what was intended to measure. After this, some items that were not understood by respondents corrected and those which are inconsistent were removed before administering the questionnaire to the larger targeted sampl

3.8 Ethical Considerations

The study intended to communicate each respondent that was selected through informed consent for voluntary response in verbal or written consent. The introduction and elaboration of the objectives was observed to every respondent before engaging in the field work. All research tools were first introduced to respondents then identities were kept anonymous to avoid any respondent's harm. Also, it was abided to ethics of social science research from professional ethics to researcher respondents' relationship. Furthermore, all those who assisted the researcher in one way or another were given due respect, and acknowledgement of other scholars work was maintained throughout the research process.

CHAPTER FOUR

FINDINGS

4.1 Overview

This chapter presents the findings and discussion on the Influence of Internal Auditing on the Effectiveness of Corporate Governance in Parastatal Organisations in Tanzania. These findings are presented depending on the research questions.

4.2 Demographic Characteristics of the Respondents

4.2.1 Distribution of Respondents by Gender

Respondents' distribution by gender is presented in Table 4.1 as follow.

Table 4.1: Respondents distribution by gender

Gender	Frequency	Percent
Male	85	70.8
Female	35	29.2
Total	120	100.0

In Table 4.1, it is indicated that 70.8% of respondents in this study were males, compared to 29.2% of respondents were females. This difference in the sample of respondents stemmed from the fact that majority of parastatal organizations are dominated by male employees.

4.2.2 Distribution of the Respondents by Age

As presented in Table 4.2, the respondents of this study were of various age group categories; such as 21-30 years, 31-40 years and 41-50 years.

Table 4.2: Ages of Respondents

Ages of Respondents in		
Years	Frequency	Percent
21 -30 years	38	31.7
31-40 years	74	61.7
41-50 years	8	6.7
Total	120	100.0

The analysis of the respondents of this study, as in Table 4.2, shows that 61.7% of the respondents aged between 31-40 years, compared to 31.7% who aged between 21-30 years and a small proportion, i.e. 6.7% aged between 41-50 years. These findings showed that parastatal organizations in Tanzania, at least, employed active and working age employees for effectiveness of Corporate Governance in Parastatal Organisations in Tanzania.

4.2.3 Education level of Respondents

As the education characteristics of the respondents, the analysis in Table 4.3 shows that the respondents of this study had different education characteristics, some had certificate, diploma, bachelor degree, master degrees and certified public accountants.

Table 4.3: Respondents' Distribution by Education Level

Education Level	Frequency	Percent
Certificate	11	9.2
Diploma	39	32.5
Bachelor Degree	52	43.3
Master Degree	12	10.0
Certified Public Accountants	6	5.0
Total	120	100.0

in the information in Table 4.3 shows the distribution of respondents by education level. 43.3% of the respondents had bachelor degree, compared to 32.5% had diploma and small proportion 5% had certified public accountants. These findings imply that education is not an obstacle for the effectiveness of Corporate Governance in Parastatal Organisations in Tanzania.

4.2.4 Respondents Distribution by Work Experience

The experience of the respondents is very important aspect to reaching to an effective point of Corporate Governance in Parastatal Organisations in Tanzania. The respondents work experience is categorized as less than 3 years, 3 - 5 years, 6 - 10 years and above 10 years as indicated.

Table 4.4: Respondents distribution by work experience

Work experience	Frequency	Percent
Less than 3 years	4	3.3
3 -5 years	36	30.0
6 - 10 years	60	50.0
Above 10 years	20	16.7
Total	120	100.0

The information in Table 4.4 indicates that 50% had experience of 6-10 years, followed by 30% appeared in the experience of 3-5 years and a small proportion 3.3% appeared to have experience of less than 3 years. This implies that employees in parastatal organization have enough work experience on the effectiveness of Corporate Governance in Parastatal organisations in Tanzania. It is clear that corporate governance effectiveness is possible in parastatal organizations.

4.3 The Level of Independence of Internal Auditing Unit on the Effectiveness of Corporate Governance in Parastatal Organisations

The first research objective focused on the level of independence of internal auditing unit on the effectiveness of corporate governance in parastatal organizations in Dodoma. This objective was accomplished by using the regression analysis.

4.3.1 Model Summary

The model summary was indicated by the application of regression analysis to examine the level of independence of internal auditing unit on the effectiveness of corporate governance in parastatal organisations.

Table 4.5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.794 ^a	.631	.615	.07979

The model summary was applied to explain the variation of dependent variables through the effectiveness of corporate governance in parastatal organisations .as indicated by the independent variables. The study applied the coefficient as indicated by the model summary in Table 4.5. The existing coefficient was applied to check whether the model is good predictor. The results indicates independent variables such as existence of internal audit unit, performance of internal audit function, performance of internal audit function, performance of other duties which do not relate to internal audit, internal auditing unit performs its function independently. These independent variables composed of 0.92 (92%) the effectiveness of corporate governance in parastatal organisations in Dodoma City as explained by the adjusted R^2 of .615%. These findings indicated the model was significant in predicting the relationship.

4.3.2 Analysis of Variation

The analysis of variation was presented to indicate the level of independence of internal auditing unit on the effectiveness of corporate governance in parastatal organizations in Dodoma.

Table 4.6: Analysis of Variation

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.241	5	.248	38.984	.000 ^a
	Residual	.726	114	.006		
	Total	1.967	119			

The findings showed a significant level of 0.000, the significant level appeared to be less than 0.05. This showed that the regression model is significant in predicting the level of independence of internal auditing unit on the effectiveness of corporate governance in parastatal organizations in Dodoma.

4.3.3 Test for Coefficient

The findings in Table 4.7 presented the regression estimates on the level of independence of internal auditing unit on the effectiveness of corporate governance in parastatal organizations in Dodoma. Independent variables such as existence of internal audit unit, the performance of internal audit function, the performance of other duties which do not relate to internal audit, internal audit perform its function independently, acceptance of internal audit report by management. These variables were tested by using its dependent variables as follows.

Table 4.7: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.279	.069		4.044	.000
	Existence of internal audit unit	.208	.037	.354	5.635	.000
	Performance of internal audit function	.384	.044	.539	8.639	.000
	Performance of other duties which do not relate to internal audit	.067	.021	.181	3.101	.002
	Internal audit performs its function independently	.012	.028	.024	.411	.682
	Acceptance of internal audit report by management	.020	.017	.068	1.149	.253

As for the existence of internal audit unit, the findings in Table 4.7 presented that the coefficient was .208, which indicated to be large percentage and the significant level of .000 which is less than 0.05. This means that there is internal audit unit in parastatal organization. This shows that the internal audit is carried out and controlled.

Though the analysis above shows that internal auditing is performed, further analysis regarding the performance of internal audit function in Table 4.7 show that the internal audit function is not regularly performed. The coefficient was .384,

indicated to be very large and the significant level of .000 which is less than 0.05. This means that internal audit is less performed so it cannot fulfill the requirement. These findings imply that parastatal organizations perform internal auditing function as part of operation requirement. Further findings as presented in Table 4.7 show that the performance of other duties apart from internal audit had the coefficient of .067 and the significant level of .002. This is less than 0.05 which means that internal auditors tend to perform other duties of the organization apart from internal auditing. These findings imply that there is divergence of internal audit function to other duties.

The research went on seeking the ability of the internal auditors to perform their functions independently and the research findings in Table 4.7 show the coefficient of .012 which is very small, and the significant level of .682 which is greater than 0.05. This means that internal auditing unit is not independent enough in performing its functions. These findings imply that internal auditing unit lacks independent in duty performance.

The analysis of the information regarding the acceptance of internal audit report by management, as presented in Table 4.7, shows coefficient was .020 which is very small and the significant level of .253 which is greater than 0.05. This means that the internal audit report is not a priority by the management to make decision.

4.4 The Influence of Management Support on the Effectiveness of Corporate Governance in Parastatal Organisations.

This section presents the findings of the relevant skills of internal audit unit staffs for the effectiveness of corporate governance in parastatal organisations in Dodoma City. The presentation of the findings indicated as follows.

4.4.1 Management Support on the Effectiveness of Corporate Governance

The findings in Table 4.8 presented the management support on the effectiveness of corporate governance. The respondents were asked to respond with the use of Likert scale. The Likert scale used is a five point Likert scale. In the Likert scale, 1 represents strongly disagree, 2 disagree, 3 neutral, 4 agree and 5 strongly agree.

Table 4.8: Component Score Coefficient Matrix

	Component		<i>Communality</i>
	<i>1</i>	<i>2</i>	
Internal audit is regularly carried out	.654	.586	1
Internal audit reports are communicated	-.060	.839	1
Internal auditors have good communication with management	.702	-.440	1
Internal audit reports are well supported by management	.512	.543	1
There is transparency and accountability in the management	.748	-.285	1
Internal auditing is well financed by the management	.787	-.115	1

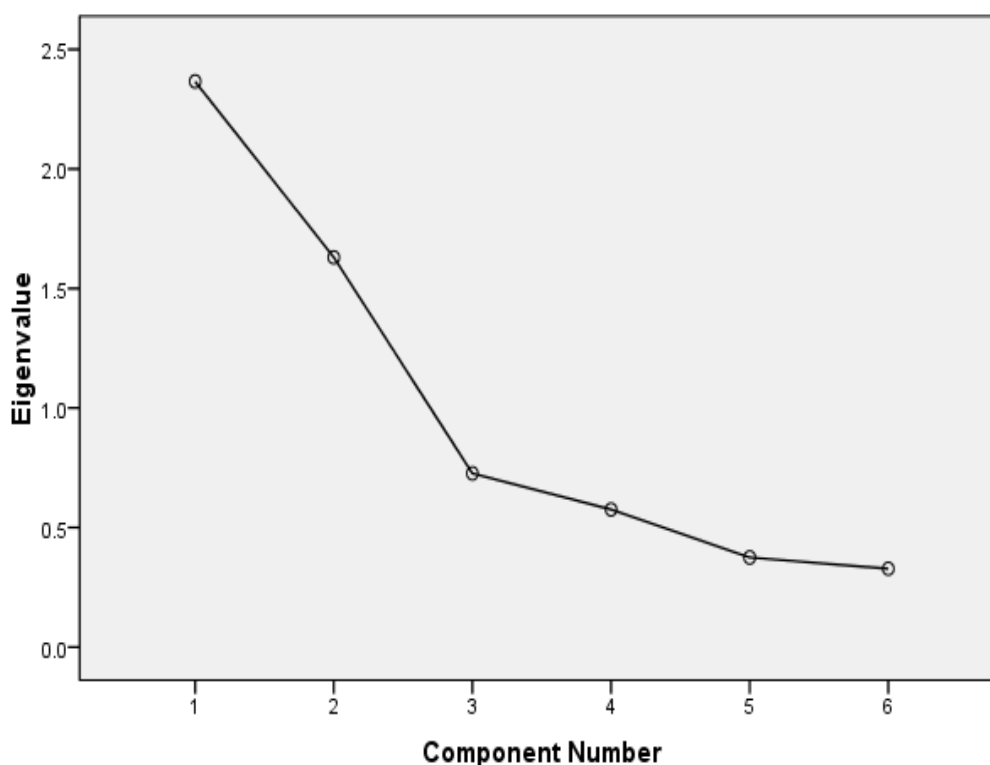
Extraction Method: Principal Analysis

Table 4.9: Total Variance Explained

Component	Initial Eigenvalues		
	<i>Total</i>	<i>% of Variance</i>	<i>Cumulative %</i>
Internal audit is regularly carried out	2.366	39.435	39.435
Internal audit reports are communicated	1.630	27.166	66.601
Internal auditors have good communication with management	.726	12.104	78.705
Internal audit reports are well supported by management	.575	9.591	88.296
There is transparency and accountability in the management	.375	6.246	94.542
Internal auditing is well financed by the management	.327	5.458	100.000

Extraction Method: Principal Component Analysis

Scree Plot



The findings presented in the figure above show not destructed factor loadings for all factors it is applied by using the principal components method used in extraction. The two factors have variances (eigenvalues) than 1. The two change less markedly when the six factors are used. For that reason, the 4 to 6 factors explain most of the variability in the data. The percentage of variability explained by factor 1 is 39.435%. The percentage of variability explained by factor 4 is 9.591%, the scree plot indicates that the first four factors accounted for most of the total variability in data. The remaining factors accounted for a very small proportion of the variability and are termed to be unimportant.

4.4.2 Findings of the Frequency which the Functions Related to Internal Auditing are Carried Out

The findings in Table 4.10 are presented to inform the frequency in which the functions related to internal auditing are carried out.

Table 4.10: The Frequency in which the Functions Related to Internal Auditing are Carried Out

	Level of responses in %			
	<i>Always</i>	<i>Sometimes</i>	<i>Never</i>	<i>I don't know</i>
Internal auditing	5	58.3	32.5	4.2
Participation of external auditors	6.7	46.7	43.3	3.3
Communication of auditing Information	21.7	42.5	30.8	5.0
Staff participation in meetings	5.8	62.5	30.0	1.7
Upgrading of staff skills	9.2	74.2	15.8	.8

Findings in Table 4.10 about 58.3% of respondents suggested that internal auditing functions are sometimes carried out compared to 32.5% who said that internal auditing is never carried out internal auditing and a small proportion, i.e. 5%, said that internal auditing is always carried out. These findings imply that there is less emphasize by the by the parastatal organization in performing the functions of internal auditing.

The findings in Table 4.10 indicated the participation of external auditors in the responses of frequency of internal auditor. 46.7% of the respondents said that, sometimes, external auditors participate in auditing compared to 43.3% who reported that external auditors never in carrying out internal auditing. A small proportion, i.e. 6.7% of the respondents reported that external auditors always

participate in auditing at the District Council. These findings imply that external auditors are less considered to facilitate internal auditing functions.

Further analysis was done on the frequency of communication of the auditing unit. The findings in Table 4.10 revealed that the communication of auditing information. The analysis revealed that 42.5% of the informants indicated that, sometimes, the audit information is communicated, compared to 30.8% who reported that they never communicate the auditing information; a small proportion, i.e. 5% reported to be not aware of issues being communicated. These findings generally show that communication of auditing information is not a priority in the parastatal organisation.

The findings in Table 4.10 show the status of the staff participation in meetings, 62.5% suggested that staffs are participated sometimes in meetings compared to 30% who reported that staff never participated in meetings. A small proportion, i.e. 1.7% reported to be not aware of the staff participation in meeting. These findings imply that staffs under the internal audit section are less considered in the meeting participation.

The findings in Table 4.10 inform of the status of in-service training of the auditing unit staff. The analysis shows that 74.2% of the informants reported that they sometimes get training, compared to 15.8% who reported to have never attended a training programme 9.2% reported to frequently attend in-service training programmes for effective corporate governance. These findings imply that less consideration are pressed in the upgrading of skills of staffs.

4.5 The Relevant Skills in Internal Audit Unit for Effectiveness of Corporate Governance

4.5.1 Responses on the Skills in Internal Audit Unit for Effectiveness of Corporate Governance

This subsection presented the skills of internal audit unit for effectiveness of corporate governance. Several categories are taken into account such as using internal auditing software, job related software and professional internal auditing skills.

Table 4.11: The Skills in Internal Audit Unit for the Effectiveness of Corporate Governance

	Level of responses in %			
	Not skilled	Inadequately skilled	Skilled	Very skilled
Using computerised systems	15.0	60.0	18.3	6.7
Using internal auditing software	57.5	34.2	5.0	3.3
Using job-related software	25.0	66.7	5.8	2.5
Professional internal auditing skills	13.3	7.5	70.8	8.3

The respondents of the study were inquired to know if they have computer knowledge. As presented in Table 4.11, 60% of the respondents reported to have inadequate skill compared to 18.3% who reported to be skilled and a small proportion 6.7% reported to be very skilled. These findings imply that internal auditors are basically relied with application of system of computer to carry out internal audit. The research went further exploring to know if those who could use

computers could also use the computerized systems to carry out the auditing functions. As presented in Table 4.11, 57.5% of the respondents reported to be not skilled in the application of internal auditing software compared to 34.2% who were inadequately skilled, and a small proportion 5% are skilled to use the computerized systems for effective corporate governance. These findings imply that in parastatal organization, skills for running internal auditing software is limited to manage effectiveness of corporate governance.

The findings in Table 4.11 inform of the skills in using job-related software for effectiveness of corporate governance, 66.7% of the respondents reported to be inadequately skilled, 25.0% were not skilled and 3.3% reported to be very skilled. These findings imply that internal auditors lack the skills in the use of job related software to promote effectiveness of corporate governance. Further findings in Table 4.11 show that professional internal auditing skills are required for effectiveness of corporate governance. 70.8% reported to have skilled internal audit unit compared to 13.3% who were not skilled and a small proportion, i.e. 7.5%, reported to be inadequately skilled. These findings imply that parastatal organization have skilled internal audit staffs in terms of profession. For that reason, the effectiveness of corporate governance is not limited by the professional ability of internal auditors.

4.5.2 Factor Analysis on the Existence of Skills in Internal Audit Unit for Effectiveness of Corporate Governance

Table 4.12: Component Matrix

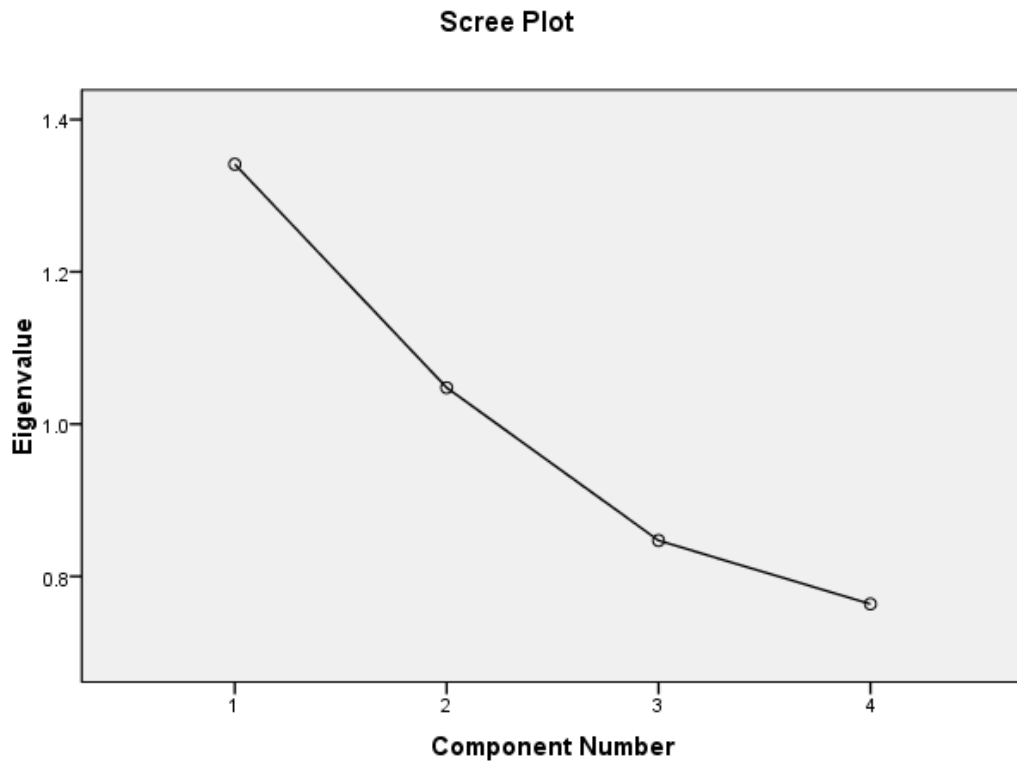
	Component		<i>Communalities</i>
	<i>1</i>	<i>2</i>	
Professional audit function in Parastatal organisation	-.607	.452	1
staff have required professional qualification	.645	.405	1
lack of relevant skills affects Corporate Governance	-.512	.588	1
The extent lack of relevant skills affects Corporate Governance in this organisations	.543	.578	1

Extraction Method: Principal Component Analysis

Table 4.13: Total Variance Explained

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
Professional audit function in parastatal organization	1.341	33.534	33.534
staff have required professional qualification	1.048	26.197	59.730
lack of relevant skills affects Corporate Governance	.847	21.177	80.907
The extent lack of relevant skills affects Corporate Governance in this organization	.764	19.093	100.000

Extraction Method: Principal Component Analysis.



The findings presented show that the not destructed factor loadings for all factors it is applied by using the principal components method used in extraction. The two factors have variances (eigenvalues) than 1. The two change less markedly when the four factors are used. For that reason, the 2 to 4 factors indicated to explain most of the variability in the data. The percentage of variability is explained by factor 1 is 33.534%. The percentage of variability explained by factor 4 is 19.093% the scree plot indicates that the first three factors accounted for most of the total variability in data. The remaining factors accounted for a very small proportion of the variability and are termed to be unimportant.

CHAPTER FIVE

DISCUSSION OF THE RESULTS

5.1. Introduction

This chapter discuss the main findings of the study as they were presented in chapter four. The discussions of the findings are done in line with the research objectives of the study.

It is clear that corporate governance effectiveness is possible in parastatal organizations because of the knowledge and literacy base owned by employees. Similarly Koutoupis and Pappa (2018) argued that the effectiveness of corporate governance is attained by the functioning internal auditor to operate and manage its relative importance. In reality, the knowledge base of internal auditors to effectively win the requirement of auditing internally is a matter of fact. Management must be not guide and limit its scope of work, instead empower and provide freedom to operate in the course of professional interest.

Further findings revealed that there is a variation of dependent variables through the effectiveness of corporate governance in parastatal organisations. The results indicates independent variables such as existence of internal audit unit, performance of internal audit function, performance of other duties apart from internal audit, ability to perform its function independently. From the findings, independent variables accounted for 0.92 (92%) towards promoting the effectiveness of corporate governance in parastatal organisations. Similarly, the adjusted R^2 of .615% particularly explained. These made the model to qualify in the relationship to predict the independent variables. The related independent variables are easily qualified to encourage the effectiveness of corporate governance.

These findings related to those of Njunwa, (2013) ability to monitor and present financial reports freely are required in the internal audit section. Similarly Asaolu, Adedokun and Monday (2016) argued that the internal audit function on good governance in the public sector is a matter of the role of the internal audit function in ensuring good governance in public sector. There is a moderate contribution of internal audit in the effectiveness of corporate governance in public sector. It has been concluded that internal audit function is recognized as a tool for promoting good governance in public sector.

The findings showed the existence of significant level of 0.000, which is less than 0.05, and thus the regression model is significant in predicting the level of independence of internal auditing unit on the effectiveness of corporate governance in parastatal organizations. Similarly Njunwa (2013) determined the factors that contribute to the ineffectiveness of internal audit function in promoting good corporate governance in public sector. The findings of the study revealed that lack of independence, lack of proficiency of internal auditors and lack of integrity contributed to ineffectiveness of the internal audit function in Mwanza city council.

The internal audit in the parastatal organization lack independence, it is the basis which affect the effective operation of the internal audit functions. Mihaela and Iulian (2012) pointed out that internal audit is mostly affected by the lack of independence in many public organization. This has to become very important audit feature in the government economic management and an instrument for enhancing overall performance in the public sector. The need for suitable governance and accountability has compelled governments to display improved experience of accountability in the use of public funds and effectivity in the shipping of services.

Management of national economies nowadays is greater complex and demands increased competency and professionalism from inner auditors if they are to be able to help authorities in making sure that scarce assets are deployed greater successfully and to additionally efficaciously deal with the related risks.

The findings noted the lack of effective internal audit for corporate governance. Mihaelaand Iulian (2012) who argued that the matter of effectiveness in internal audit control and ability to contribute in the corporate governance is an issue which need effective monitoring. It is clear that effective internal oversight and monitoring are fundamental to good governance and positive Public Financial Management (PFM). Internal oversight includes the internal audit feature that ought to be effective and should comply with typically ordinary auditing requirements with regards to exercise and approach. The focus of internal auditing is to determine whether public cash have been spent for the purposes for which they were appropriated and thereby promoting accountability

Findings noted that clearly constrained effectiveness of internal audit control because of the management existence is an issue of concern in the parastatal organization. Zargorchev (2017) noted that there is a problem of internal auditing effectiveness in corporate governance. This is clearly created by the lack of internal auditor independence. Internal audit undertakes reviews of character structures and procedures and for this reason makes recommendations to heads of public area entities on how inner controls may want to be improved. An inner audit characteristic is an indispensable phase of any public expenditure administration machine and should make certain that public spending is internal budgetary provisions; disbursements comply with exact procedures, provides for the well timed

reconciliation of bills and fine structures for managing and accounting for bodily and financial assets

The Management have to understand the cost introduced position of internal audit and make a contribution in the direction of its effectiveness.”, and that “As internal auditing in the public quarter assumes a fame of professional practice, administration would advantage from its tips in enhancing its decision-making and consequently would be enjoying a greater proactive and foresight role. Internal audit function offers inner consulting carrier to the administration in public area establishments and hence the executive arm of authorities for clean and efficient functioning and for reviewing and improving its performance. It also ensures that there are efficient controls and greater transparency in the choice and policy-making techniques of government functionaries and institutions in handing over services efficiently and in carrying out development programs in an environment friendly and terrific manner (Unuigbokhai and Ihimekpen, 2014).

The internal audit unit in parastatal organization is simply carried out and controlled; however, the reality from the findings noted that the internal audit is less performed to fulfill its operation requirements. Similarly, Odoyo and Omwono (2014) basically found that the role of internal audit in enhancing corporate governance is specifically limited by the internal auditor role in corporate governance, internal audit capacity to achieve its objectives and suggest how internal auditors’ independence can be achieved.

The Audit committee, auditor independence and internal manipulate weaknesses” investigated the relation between audit committee quality, auditor independence, and the disclosure of internal manage weaknesses. The Firms are greater likely to be

identified with an internal manipulate weakness, if their audit committees have less economic understanding or, more specifically, have less accounting economic expertise and non-accounting economic expertise, as well. In addition, corporations with latest auditor changes are more probably to have internal manipulate weaknesses (Schneider, 2014).

The measuring and evaluating the effectiveness of organizational controls, internal auditing, itself, vital managerial manipulate device, which is at once linked to the organizational structure and the commonplace rules of the business (Unegbu and Kida 2011). Njunwa, (2013) additionally referred to that an effective internal audit feature is “crucial to the success of a business enterprise in stemming fraud and abuse, and in the education of accurate economic statements.

On the element of internal auditing to compliance and consulting, the find out about discovered that pointers for extra useful and competent use of resources, value determinations of the fulfillment of company dreams and objectives, advice and comment on devotion to the values and code of conduct/code of ethics of the agency and disbursements and comply with certain tactics within the agency had been effective (Setyawanet *al.*, 2017).

The centered on internal audit independence and corporate governance and determined that compliance and consulting in the inner audit feature as a first line protection towards insufficient corporate governance and economic reporting. Further internal auditing make certain effectiveness and efficiency of operations reliability and integrity of monetary and operational records and that a supply of data on important frauds and irregularities (Wanguiet *al.*, 2017)

The internal auditing help company governance by way of reviewing the organization's code of behavior and ethics insurance policies to make sure they are cutting-edge and are communicated to employees. On the quotes of attributes of company governance in a number ministries for the remaining 5 years, the find out about published that discipline, transparency and accountability, responsibility, independence and equity had extended within government ministries (Odoyo and Omwono, 2014).

It is clear that internal auditing is wonderful in chance management in determine communication, advise hazard administration strategies and furnish assurance that the dangers are being correctly managed, risk monitoring and hazard mitigation and danger identification. The internal audit function performs a special role in company governance by using monitoring organizational dangers and ensuring that organizational approaches are environment friendly and correctly controlled.

The ethics and values within the organization, verify overall performance management and unplanned and casual evaluations of different areas of concern, along with unacceptable stages of risk had been effective. The internal audit activity evaluates risk exposures referring to the organization's governance, operations and information systems, in relation to; effectiveness and effectivity of operations, reliability and integrity of economic and operational information, safeguarding of assets and compliance with laws, regulations, and contracts. The idea of threat had end up necessary to corporate governance and end up linked to the concept of internal control.

The evaluation of internal manage framework, accounting facts and conversation and reviews of person systems and processes, Internal control supply economic

controls, ongoing and impartial reconciliation of all balances, manipulate data within the organization, methodical examination of commercial enterprise strategies and connected controls, operational policies controls, managerial controls and provision of unbiased verification of ample sample of transactions to make sure integrity of the decision making system have been high quality thing in internal manage due to utility of internal auditing.

The internal auditor tend to perform other duties of the organization apart from internal audit, this significantly indicates the divergence of internal audit function to other duties. This has limited the ability of internal auditor to perform its function independently. The management is not interested with internal audit report to make decision as it is not preferred by the management. Concurrently, Abdullah (2014) viewed that internal audit performance is really influenced by the corporate governance. There is existence of significant impact of internal audit on corporate governance such as in the aspects of risk management, information technology audits and quality audits.

The findings presented show not destructed factor loadings for all factors it is applied by using the principal components method used in extraction. The four factors have variances (eigenvalues) than 1. The two change less markedly when the six factors are used. For that reason, the 4 to 6 factors indicated to explain most of the variability in the Data. The percentage of variability explained by factor 1 is 39.435%. The percentage of variability explained by factor 4 is 9.591%, the scree plot indicates that the first four factors accounted for most of the total variability in data. The remaining factors accounted for a very small proportion of the variability and are termed to be unimportant. Concurrently, Changwony and Rotich (2015)

argued noted that internal audit has a positive and significant influence on effective corporate governance. It has been concluded that internal audit play a significant role in promoting corporate governance in commercial banks of Kenya.

There is less emphasize of internal audit in the parastatal organization, however the external audit are less considered to facilitate internal auditing functions and has limited the communication of auditing information to the management. The reality is that the staffs under the internal audit section less participate in the meeting by the management. However, there is a need to upgrade skills of staffs, for the purpose of promoting internal audit effectiveness.

Public Sector controls cowl all elements of activities inclusive of financial, managerial and operational policies and are intended to shield assets, make sure the accuracy and reliability of economic statistics and promote operational efficiency. The internal audit characteristic is in a suitable position to assist senior management of public establishments to perceive risks, advise chance administration techniques and, ultimately, grant assurance that the risks are being appropriately

Thus, the internal auditing feature evaluates the effectiveness of public institutions in achieving agreed goals and thereby promoting sturdy governance and accountability regime. Additionally, Abdurrouf (2011) emphasize the importance of internal audit to a company's governance structure. The indispensable position that the internal audit feature played in the implementation of the reporting requirements on the characteristic to preserving robust company governance. The internal audits' efforts and know-how in companies' organizational operations, "the business panorama would probably be littered with notably more disclosures of material weaknesses and revelations of noncompliance with."

The internal auditing contributes to company governance by: Bringing first-rate practice thoughts about inner controls and danger management tactics to the audit committee; offering data about any fraudulent activities or irregularities. The conducting annual audits and reporting the consequences to the audit committee and encouraging audit committee to behavior periodic evaluations of its activities and practices in contrast with modern-day excellent practices to make sure that its activities are constituent with main practices (Aikins, 2011).

The internal auditors apply a system of computer to carry out internal audit in the parastatal organization. The existing skills for running internal auditing software are less effective to facilitate corporate governance. The internal auditors lack skills to apply job related software for effectiveness of corporate governance. For that reason, the parastatal organization is well occupied by professional and skilled internal audit staffs. These justify the statement that effectiveness of corporate governance is really far away from professional ability of internal auditor.

It has been found that not destructed factor loading is well applied under the principal components method used in extraction. The two factors have variances (eigenvalues) than 1. The two changes are less markedly when the four factors are used. For that reason, the 2 to 4 factors indicated to explain most of the variability in the data. The percentage of variability explained by factor 1 is 33.534%. The percentage of variability explained by factor 4 is 19.093% the scree plot indicates that the first three factors accounted for most of the total variability in data. The remaining factors accounted for a very small proportion of the variability and are termed to be unimportant. Similarly, Mohammed *et al.* (2014) worked on the role of internal audit in strengthening corporate governance the interaction among corporate

governance, in which factors such as board of directors, the audit committee, external auditor and internal audit process. There is a positive relationship between internal audit and corporate governance. From these findings, internal audit tends to strengthening corporate governance. Hence, it has been recommended that more research is needed to be carried out on the impact of internal auditing on corporate governance.

From the other hand, tremendous audit committee support the role of the inner audit characteristic by using presenting an impartial and supportive environment and evaluate the effectiveness of the inner audit function. External audit is additionally considered as an necessary cornerstone of company governance, especially with appreciate to the prevention and detection of fraud and errors in financial statements.

An effective internal audit feature performs a key role in helping the board to discharge its governance responsibilities. For every scenario, a key component of company governance was operated in order to check its impact on ethical selection making. These have been audit committee support; management truthfulness regarding distinct accounting policies; administration integrity regarding pressure on internal audit; exterior auditor characteristics; and organizational code of conduct. As a result, the researcher had been capable to exhibit the distinctive moral decision-making related to internal audit and corporate governance.

The internal control using sociological perspectives on danger and its conceptualization to body the debate about internal control and chance administration of the governance arena. By the use of this method, the paper had been capable to exhibit that progresses in company governance reporting requirements provide possibilities for the misappropriation of danger and its

administration by groups, at the same time, permits to evaluate the contemporary modifications in internal audit (Kisanyanya, 2018).

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Overview

This chapter provides the general conclusion, summary and recommendations based on the discussed aspects. This study covered the influence of internal auditing on effectiveness of corporate Governance in Parastatal Organisations. The recommendations provided in this chapter based on the argument presented by the researcher on what was found. The recommendations are related to the findings for more action and improvement in the parastatal organization. Finally, the chapter provides suggestions required for further research in the aspects of internal audit and corporate governance.

6.2 Summary of Key Findings

The study found that a large proportion 70.8% of respondents appeared to be males compared to female counterparty male always dominated in education and employment. More than half 61.7% of respondents reported to be aged between 31-40 years. The parastatals organizations in Tanzania at least employed active and working age employees for the effectiveness of Corporate Governance in Parastatal Organisations in Tanzania. 43.3% had bachelor degree, education were mostly required to facilitate the effectiveness of Corporate Governance in Parastatal Organisations in Tanzania. The respondents have enough experience to carry out the internal audit duty and the required corporate governance. Furthermore, about 50% of parastatal organization employees had experience of 6-10 years, which was significantly required to facilitate internal audit activity.

Secondly, major attempt relied on the level of independence of internal auditing unit on the effectiveness of corporate governance in parastatal organisations in Dodoma City. The way to manage the independence of internal auditors is basically relied on the independent variables, such as existence of internal audit unit, performance of internal audit function. These variables composed of 0.92 (92%) on the effectiveness of corporate governance in parastatal organisations in Dodoma City as explained by the adjusted R2 of .615%. The significant level was reported to be of 0.000, which is less than 0.05. This showed that the regression model is significant in predicting the level of independence of internal auditing unit on the effectiveness of corporate governance in parastatal organizations in Dodoma.

Moreover, each independent variable reported to compose, existence of internal audit unit had a significant level of .000 which is less than 0.05. This means that there is internal audit unit in parastatal organization. The performance of internal audit function had a significant level of .000 which is less than 0.05. This means that internal audit is less performed to fulfill the requirement. The performance of other duties which do not relate to internal audit had significant level .002 which is less than 0.05, internal audit perform its function independently, had significant level of .682 which is greater than 0.05. This means that internal audit unit is not independent in terms of its function. Acceptance of internal audit report by management had significant level of .253 which is greater than 0.05, it means that the internal audit report is not a priority by the management to make decision. Thirdly, on the influence of management support on the effectiveness of corporate governance in parastatal organisations, the respective findings indicated not destructed factor loadings for all factors it is applied by using the principal components method used in extraction. In summary, the percentage of variability

explained by factor 1 is 39.435%. The percentage of variability explained by factor 4 is 9.591%, the scree plot indicates that the first four factors accounted for most of the total variability in data.

Additionally, a large proportion, i.e. 58.3% of respondents suggested that internal auditing is sometimes carried out, followed by 46.7% who suggested sometimes external auditor are participated. The communication of auditing Information, about 42.5% indicated that sometimes the audit information is communicated. The staff participation in meetings, 62.5% suggested staff are participated sometimes in meetings, the staff are under the internal audit section are less considered in the meeting participation. The upgrading of staff skills composed of about 74.2% reported sometimes upgrading skills, there is a less consideration are pressed in the upgrading of skills of staffs.

Findings of the relevant skills in internal audit unit for the effectiveness of corporate governance revealed that 60% of the staff have inadequate skill, the internal auditors are basically relied with application of system of computer to carry out internal audit. The skill to use internal auditing software for effectiveness of corporate governance reported that 57.5% of the staff are not skilled in the application of internal auditing software.

Analysis of the information about the skills in using job-related software for effectiveness of corporate governance revealed that 66.7% of the informants were inadequately skilled. The professional internal auditing skills are required for effectiveness of corporate governance. 70.8% reported to have skilled internal audit unit. This shows limited effectiveness of corporate governance because of professional context of internal auditor.

The summary provided by the factor analysis on the existence of skills in internal audit unit for effectiveness of corporate governance shows a percentage of variability explained by factor 1 is 33.534%. The percentage of variability explained by factor 4 is 19.093% the scree plot indicates that the first three factors accounted for most of the total variability in data.

6.3 Conclusion

The findings noted that internal auditing unit on the effectiveness of corporate governance is not adequately performed. This is because of the limited independence of internal audit irrespective of parastatal organization having internal audit unit, performance of internal audit function, performance of internal audit function, performance of other duties which do not relate to internal audit and effectiveness to perform its function independently. There is a high possibility of continue to less performed internal audit because of failure to meet the requirement. The findings also showed that the existence of divergence of internal audit function to other duties. This has limited the independent of internal audit in terms of its function. It is mostly noted to operate without clarity to perform duties independently. It is generally noted that internal audit reported is not well formulated to indicate ability to make decision because internal auditors are not independent in the face of management.

As for the ability to manage to support to the effectiveness of corporate governance in parastatal organization, the findings show that there is a concern of management to fail support the internal audit unit to perform its function towards corporate governance. This means that internal audit is not regularly conducted due to failure of the management to formulate internal audit report which is communicated and

that the management lacks good communication with the internal audit section. The management lacks support to the internal audit unit, lack of transparency and accountability in the management, and finally there is a limited finance of internal audit unit.

The management failed to emphasize the way internal audit must be carried in the parastatal organization. The external audit is less considered to facilitate internal auditing functions. This is because of failure in communication of auditing information. The staff in the internal audit is under the internal audit section are less considered in the meeting participation. The management is less considered in the upgrading of skills of staffs. The findings noted that the relevant skills in internal audit unit for effectiveness of corporate governance. The internal auditor although able to utilize the computer to carry out internal audit function, but failed to run internal auditing software as required to manage effectiveness of corporate governance. The internal auditors lack skills in the use of job related software to promote effectiveness of corporate governance. It is commonly important that in the parastatal organization skilled in the internal audit staffs are associated with limited professional. These tend to limit the effectiveness of corporate governance to be conducted under the professional ability of internal auditor.

There is not destructed factor loadings for all factors it is applied by using the principal components method used in extraction. These factor analysis indicated lack of skills and management support to effectively promoted effectiveness of corporate governance. It has been summed up with a very small proportion of the variability and termed to be unimportant.

6.4 Recommendations

The internal auditing should exactly be prepared to deals with management and being independently for corporate governance because it is clear that the matter of internal auditing in parastatal organization is needed to improve the organization. Without special preparedness, the internal auditing is basically failure to manage and control duty independent, for that matter effectiveness of corporate governance is limited. The special preparedness of internal audit staffs and the whole section are said to provide more room to perform and operate task independently.

The management should know exactly the importance of internal audit section and their contribution to corporate governance, which is required by the law, for that reason must exactly give freedom to perform internal audit in the basis of professional scope and skills. Their side as management must be overseer and supporter of the exercise and not a critic. The reality is grounded that support of the management would minimize complain on the side of management that limit the scope of audit report. For that reasons, management position is to guide, advice and support internal audit section to carry out duty and task towards promoting the influence of internal auditing on effectiveness of corporate Governance in ParastatalOrganisations.

The parastatal organizations should be in a position to support each other as parastatal organization to carry out and control internal audit task towards allowing the internal auditing on effectiveness of corporate Governance in ParastatalOrganisations. This must be a matter of advising the management separately to specific organization to expand the scope of internal audit, and

providing free opportunity to internal audit to carry task and duties without any interference for the purpose of strengthening corporate governance.

6.5 Areas for Further Studies

Another study could be conducted in various dimensions in the parastatal organizations. This could provide more opportunity to deals with management and ability to promote corporate governance, to secure public interest. The matter of fact is internal auditing is a source for corporate governance once is allowed to be carried out without any limitation in terms of work, scope and reporting. Therefore, another study should be conducted that will expand the scope of internal auditor toward promoting corporate governance by increasing the sample size and in different parastatal organizations. A matter of fact, this study could be used as a point to generalize and draw inferences for the effectiveness corporate governance in Tanzania. The following areas are suggested to be conducted in the course of this study to build more knowledge and skills on the internal audit.

- i. The concern of management in limiting the scope of the internal audit for corporate governance
- ii. The Internal audit capacity to develop management knowledge to carry out the excise
- iii. The impact of internal audit professional guidance to carry out the internal audit
- iv. The perspective of internal audit report to control and advice the management

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APPENDICES

Appendix 1: Questionnaires For Accountants And Auditors

Dear Respondent

This questionnaire is geared towards gathering information on “THE INFLUENCE OF INTERNAL AUDITING ON THE EFFECTIVENESS OF CORPORATE GOVERNANCE IN PARASTATAL ORGANISATIONS IN TANZANIA” in partial fulfillment for the degree of Master of Science in Accounting and Finance (Msc. A & F) at the University of Dodoma – UDOM. Specifically, the study is set to examine the level of independence of internal auditing unit on the effectiveness of corporate governance in parastatal organisations. To assess the influence of management support on the effectiveness of corporate governance in parastatal organisations in Dodoma City and to find out the relevant skills in internal audit unit for effectiveness of corporate governance in Parastatal organisations . With these purpose in mind, you are, therefore, requested to participate by answering questions posed in this questionnaire. It is purely an academic exercise and I guarantee that all the response you provide will be treated with the strictest confidentiality. Thank you enormously for your participation.

Your sincerely,

MusekeMulenga

PART I: Personal Information

Personal information

1. Please indicate your gender.
 - a. Male
 - b. Female

2. What is age group?
 - a. Below 20 years
 - b. 21 -30 years
 - c. 31-40 years
 - d. 41-50 years
 - e. Above 50 years

3. What is your level of education?
 - a. Certificate
 - b. Diploma
 - c. Bachelor Degree
 - d. Master Degree
 - e. Certified Public Accountants

4. Work experience
 - a. Less than 3 years
 - b. 3 years and 5 years
 - c. 5 years and 10 years
 - d. Above 10 years

PART II The level of independence by internal auditors and internal audit unit on the effectiveness of corporate governance

5. Does parastatal organisations in Dodoma City Council have an internal audit unit
- a. Yes []
 - b. No []
6. Does the audit unit in this organisation performs its function accordingly
- a. Yes []
 - b. No []
7. If the answer above is yes, do you consider the unit to perform its functions independently?
- a. Yes []
 - b. No []
8. To what extent do you rate the audit unit to be independent?
- a. At very large extent []
 - b. At large extent []
 - c. To some extent []
 - d. To a very small extent []
 - e. Not at all []
9. Does the internal auditors in this organisations perform other duties which do not relate to Audit function?
- a. Yes []
 - b. No []

10. Does the organisation structure put the audit function independently from hierarchical authority reporting?

- a. Yes []
- b. No []

PART III: Influence of management support on the effectiveness of corporate government in parastatal organizations in Dodoma city.

11. Indicate the extent to which you agree or disagree to the following statements related to internal audit standards on the effectiveness of corporate governance at the parastatal organisation. Circle (1-5) for each item as appropriate (*1=Strongly disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly agree*)

Factor	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Internal audit is regularly carried out					
Internal audit reports are communicated					
Internal auditors have good communication with management					
Internal audit reports are well supported by management					
There is transparency and Accountability in the management					
Internal auditing is well financed by the management					

12. How often are the following functions related to internal auditing carried out? Circle (1-4) as appropriate

Function	Always	Sometimes	Never	I don't know
Internal auditing				
Participation of external auditors				
Communication of auditing Information				
Staff participation in meetings				
Upgrading of staff skills				
Other(Please specify)				

13. What challenges are faced in internal auditing?

.....

14. How best can the challenges be addressed?

.....

PART IV: The relevant skills in internal auditor unit for the effectiveness of corporate governance in parastatal organisations in Dodoma City.

15. How competent are internal auditors on the effectiveness of corporate governance in carrying out their daily activities? Circle (1-4) for each item as appropriate

Activity	Not skilled	Inadequately skilled	Skilled	Very skilled
Using computerised systems				
Using internal auditing software				
Using job-related software				
Professional internal auditing skills				
Other (Please specify)				

16. Does audit function undertaken in professional manner in this organisation?

a. Yes []

b. No []

17. Does staff working in Audit Unit in this organisation have required professional qualification?

a. Yes []

b. No []

18. Does lack of relevant skills affects Corporate Governance in this organisation

a. Yes []

b. No []

19. If the answer above is yes, at what extent does lack of relevant skills affects

Corporate Governance in this organisations?

- a. At very large extent []
- b. At large extent []
- c. To some extent []
- d. To a very small extent []
- e. Not at all []

Appendix 2: Interview Guide For Management Staff

How many internal auditors are there at this organisation?

Are they adequate?

How competent are they?

How often internal auditing is carried out at this organisation?

Are established internal auditing standards adhered to?

Is there Audit committee in your organisation?

Are internal audit reports communicated?

To whom do internal audit unit report to?

Does the organisation provide training opportunities to internal auditors and other staff?

Are there incidents of fraud at this institution?

What challenges are faced in internal auditing?

What is being done to address the challenges?