



**INTERNAL AUDIT PRACTICES AND ORGANISATIONAL PERFORMANCE
OF THE PUBLIC SECTOR:
A CASE OF BUKEDEA DISTRICT LOCAL GOVERNMENT**

BY

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DECLARATION

“I, ALUPO Grace, hereby declare that this dissertation is indeed my original work and where any work has been used, it has been dully acknowledged.” “I also declare that this work has never been submitted to any Institution of Learning for any academic award before.”

Signature:

ALUPO Grace

Date:

APPROVAL

This study was conducted under our supervision and the dissertation has been submitted for examination with our approval as the candidate's supervisors.

Sign:

Date:.....

Dr. Edger Mwesigye Kateshumbwa
Supervisor

Sign:.....

Date:.....

M/s Pross Oluka
Supervisor

DEDICATION

I dedicate this dissertation to my late Mom, Rose Asio Eyamu. You left fingerprints of Grace on our lives. You shall never be forgotten.

This work is also dedicated to my Dad, Sylvester Apollo Eyamu for your words of encouragement and support.

Too, I also dedicate this work to my entire family particularly to you Christian, Annabel and Adda for your high sense of patience and understanding during the period when I was absent from them during the course of this study even when they wanted my physical presence most.

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ACCRONYMS

| | |
|-------|--|
| CAO | Chief Administrative Officer |
| CG | Corporate Governance |
| COSO | Committee of Sponsoring Organizations of the Treadway Commission |
| DLG | District Local Government |
| IA | Internal Audit |
| IA-CM | Internal Auditing Compatibility Model |
| IIARF | Institute of Internal Audit Research Foundation |
| IT | Information Technology |
| LGs | Local Governments |
| LGAs | Local Government Authorities |
| NGOs | Non-Governmental Organizations |

ABSTRACT

"This study focused on examining the impact of internal audit practices on organizational Performance of Public Sector in Uganda; using a case of Bukedea District Local Government." "Particularly, the examination concentrated on exploring the impact of administration forms/structures; inside control frameworks; and review hazard administration on hierarchical execution of Bukedea region nearby government."

"The investigation used a cross sectional research outline that embraced both subjective and quantitative methodologies." "Surveys and face-to-face interaction guides were used to gather information from a target population of 174." Subjective data was dissected using content and topical examination; while quantitative data was examined methodically using descriptive statistical measurements and inferential examination." "This study found out that processes/structures accounts for 84.6% of the organizational performance and other factors accounts for only 12%; internal control systems was found to account for 83.9% of the organizational performance and other factors only 16.1% ; and audit risk management accounts for 88.0% of organizational performance and other factors account for only 12%, implying that all these dimension of the study have significant influence on the performance of Bukedea DLG." "The study recommended strengthening of enforcement of governance processes/structures; internal control systems; and audit risk management to enhance organizational performance."

“

CHAPTER ONE

INTRODUCTION

1.1 Introduction

“This survey examined the influence of Internal Audit Practices on Organizational Performance of the Public Sector: a case of Bukedea District local Government.” “Internal Audit Practices was the independent variable while Organizational performance was the dependent.” “This part covers background of the study, problem statement, purpose and objectives of the study, research questions and hypotheses, conceptual framework, significance of the study, scope of the study, justification of the study and the operational meanings of terms.”

1.2 Background to the Study

“The foundation of this survey covers the Historical background; Theoretical background; Conceptual background; and the Contextual background as explained below”:

1.2.1 Historical Background

"Internal Audit Practices goes back to the Mesopotamian human advancement in around 4000-3500 B.C. (Ramamoorti, 2003; Sawyer, 1996; Badara, (2012))." "Formal record-keeping frameworks were started by trading units and governments, to mollify their fears about wrong bookkeeping of receipts and distributions, and in gathering fees (Ramamoorti, 2003; Badara, 2012)." "Internal Audit Practices can likewise be followed back to, among others, public fund frameworks in Babylonia, Greece, the Roman Empire and the City States of Italy, all of which built up an itemized arrangement of checks and to forestall accounting blunders and errors, and also accounting misrepresentation or deception by 3500 B.C. (Ramamoorti, 2003; Office of Management and Budget, 2011)."

"In Europe the primary signs of Internal Audit works are found in old Rome, and were through hearings, where checks were made of record keepers and their financial records, intended to avoid deceptive acts (Sawyer, 1996; Turner, 2013)." "The task of listening to the accounting records led to the term audit, beginning from the Latin word *auditus* or *audire*, which implies a hearing or to hear/tune in." "These hearings assumed a critical part around then, since very few individuals could read and

express." "The investigators were chosen by the group and were required to be able and proficient in perceiving misrepresentation and mistakes by hearing (Alkhasa and Abdul Basit Ahmad, 2013; Stewart, and Subramaniam, 2008; Dittenhofer, 1984)."

"Nonetheless, the later internal audit practices can be followed to the nineteenth century in the U.S. and U.K. railroads (Sprakman, 2001; Shah and Marchand, 2012), and the related improvement of bookkeeping frameworks (Prawitt, 2012; Unegbu and Kida, 2011; Johnson and Kaplan, 1987)." "The focal point of internal audit works was on finances and was fundamentally the same to what now is called financial audit." "Additionally, internal financial auditors likewise explored non-money related information, for example, amounts of missing, adherence to plans, and the nature of items (Abeer, 2015; Ramamoorti, 2003)."

"In Africa, the new idea of internal audit practices can be followed back to the time of provincial governs in the 1960s." "This is the period when the imperial powers were making investigations of their commitment to their colonies are being overseen by their delegates."

"In Uganda, Functional Internal Audit Practices are followed back to the year 1963; the year Uganda had accomplished autonomy from the Colonial Powers (Kaziba, et al., 2015) as it was amid this period that Uganda, as a young Independent State was setting up projects to rebuild the general public Administration with a specific end goal to improve responsibility, straightforwardness and corporate administration."

1.2.2 Theoretical Background

"The survey was informed by the **"Agency Theory"** advanced by Jensen & Meckling, (1976) and the Internal Auditing Capability Guide (IA-CM) for the Public Sector advanced by IIARF in 2009." "The Agency Theory as set forward by Jensen and Meckling, (1976) and later elucidated by Sarens and Abdolmohammadi, (2010), has meanings of a nexus of agreements between the shareholders (the principals) and administrators (the hired specialists) who are accused of utilizing and controlling those assets." "This theory posits that organizational managers have more data than principals." what's more, that this data asymmetry unfavorably influences the principals' capacity to screen whether or not their interests are in effect legitimately served by operators?" "Additionally, a supposition of this theory is

that principals and specialists act normally and utilize procuring methods to increase their riches." "A result of this supposition might be the 'ethical risk' issue (Jensen and Meckling, 1976), showing that with an end goal to increase their own particular riches, agents may confront the difficulty of acting against the premiums of their principals by not doing precisely what the specialist is selected to do, and additionally not having the essential learning about what ought to be done, and hence affecting the general performance of the relationship and the profits of the principal in the form of financial surplus."

"With the end aim of this survey, "Agency Theory" was used to guide this investigation on the grounds that "Internal Audit" is among the numerous instruments often used for checking and assessing the business in order to address the agency dilemma" (Jensen and Payne 2003) and once more "studies have demonstrated that internal Audit diminishes organization costs, misrepresentation and reestablish respectability in the financial reporting process" (Abdel-khalik 1993; Barefield et al. 1993; Kgabo, 2013)."

"The IA-CM, which is likewise used to guide this research pronounces that Governments at all levels recognize the basic significance of Internal Auditing in upgrading economy, productivity and viability of all levels of Public Sector Administration or the Public Sector Management (Institute of Internal Audit Research Foundation (2009))." "The IA-CM model was used to illuminate the investigation since it is a system that distinguishes the principal requirements for successful internal auditing in public sector and emphasizes a progressive move for public sector to follow in building up an effective internal audit to meet the organisations administrative needs and expert desires." "IARF (2009) and Elizabeth and Diane (2014) demonstrate that this model distinguishes three principle works in educating this survey:- (I) Communication vehicle; (ii) Framework of appraisal; and (iii) a guide for systematic change."

1.2.3 Conceptual Background

"The key ideas of this investigation were "Inside Audit" and "organizational performance." "The motivation behind internal audit is to guarantee as extra shield for appropriate resource control in the Public Sector, and for this reason, every Local Government is required to build up an internal audit

section (Kaziba, et al., 2015). This is so because Internal Audit is in charge of the review of every financial resource, via completing a consistent examination of all accounting books and records kept up in the association with a view to checking or discovering deception reviewing mistakes." "Besides, Internal Audit is additionally concerned with the examination of the framework and technique set up to guarantee their compliance with the legislations, that the arrangement of internal controls are sufficient and ceaselessly working as per government directions." "

"Internal investigations by IA is seen as an autonomous and target affirmation action intended to include esteem and enhance the organization's tasks, as it enables an organization to like Bukedea District Local Government to achieve its destinations by bringing a methodical, disciplined way to assess and improve the effectiveness of hazard management, control and administration process (Njui, 2012; Farkas, 2006)." "A viable Public Sector IA practice fortifies administration by substantially expanding citizens' capacity to hold their public sector responsible (IIARF, 2009; Shah and Marchand, 2012)."

"Internal Audit is dynamic occupation engaged in helping organisations accomplish their targets. It also concerned about assessing and enhancing the adequacy of hazard management, control and governance in organisation (IIARF, 2009)." "Internal audit by principle is a social observer, which guarantees that administrators run their activities in a successful, proficient, and judicious manner, to give a free appraisal of the risk administration process, control and governance , and make investigation results are acted upon for enhancing productivity (Van Gansberghe, 2005; Njui, 2012)."

"Internal audit practices in an Organization additionally, assesses, analyzes; and acknowledges the correct working, consistency and viability of its internal control, and to this end, surveys the different exercises of the association, measures the dangers and the plans set up to control them, guarantees execution in completing allocated obligations and makes suggestions to enhance its security and expanding effectiveness (Shah and Marchand, 2012)." "IA as a capacity gives affirmation that administration has actualized a tasteful inside control framework to avert dangers, and furthermore giving inward counseling administrations to all levels of the association regarding preparing, advices, assistance, oversight and guiding (IIA, 2011)." "As an administration apparatus, IA reinforces internal

controls to provide reasonable confirmation that an association's destinations are accomplished through (1) effective and productive activities, (2) effective and reliable financial reporting, and (3) compliance with the laws and policies; while Safeguarding of benefits is a subset of every one of these goals (Whittington and Kurt, 2012)."

"In brief, internal audit depends on three center components of incentive conveyed by inside review to an association as referred to by Steinhoff above."

"Kaziba, et al. (2015) and Samagwa (2010) indicate that Internal audit in the Public sector is an independent inspector for the Local government and Management, and assigned particular obligations of administering matters identical with: - financial resource administration, execution administration, internal inspection, hazard administration, internal control, and other related activities to effective and efficient management or an organization."

1.2.4 Contextual Background

"The mandate of the Bukedea DLG is set within the relevant legislations and policies to ensure that this mandate enhances the desired organizational performance, with the ultimate objective of effective delivery of the desired government services and therefore improving upon organizational performance of the district Local Government."

" Bukedea DLG has however; has in place the necessary tools to enhance desired performance of service delivery as delegated through "*Decentralization Policy*" by the Central Government. The decentralization policy is contained in the Local Government Act, 1997 and the Constitution of Uganda, 1995; in Ministry of local Government and other line Ministries."

"Internal Audit (IA) Practices at the District Local Government of Bukedea is a pre-requisite as enshrined in the relevant legislations, since effective internal audit practices are essential for the long-term sustainability performance of Bukedea DLG." "This is because IA practices underpin the process of democratic accountability and transparency (Kaziba, et al., 2015; Prawitt, 2012; Young & Cardoso, 2009) at the district and in the event that IA practices are weak and/or opaque, as the case has been at Bukedea DLG; misdirection of resources and increases in the risk of corruption manifest to the

detriment of service delivery.” “The IA department is charged with the roles and responsibilities of overseeing the district operations in the management of financial resources and overall organizational performance.” “The IA practices at Bukedea District Local Government is executed following the laid down legislations and procedures, though with a lot of problems because internal audit practices have not been fully tapped as seen from the cases of errors, intent to fraud and fraudulent acts, poor and uncoordinated governance, deteriorating performance management, which is obtaining in the public sector, like Bukedea District Local Government (Office of the Auditor General’s Report, 2014-2015).” “The Internal Audit practices at Bukedea DLG are still wanting, as the empirical evidence on the table below shows how Internal Audit practice (Independent variable) influence on Organizational Performance of Bukedea District local Government (dependent variable) :

Table 5: Empirical evidence for the impact of Internal Audit on Organizational Performance of Bukedea District Local Government

| Details | Reliability Coefficient | | | Regression Analysis (R ²) | | |
|--------------------------------|-------------------------|------|------|---------------------------------------|--------------|--------------|
| | 2016 | 2015 | 2014 | 2016 | 2015 | 2014 |
| Governance Processes/Structure | 0.85 | 0.87 | 0.89 | 0.723 | 0.757 | 0.792 |
| Internal Control Systems | 0.84 | 0.86 | 0.90 | 0.706 | 0.740 | 0.810 |
| Audit Risk Management | 0.83 | 0.84 | 0.88 | 0.690 | 0.706 | 0.774 |
| The Whole tool | | | | 0.706 | 0.734 | 0.792 |

Source: Auditor General’s Reports, 2013/2014--2015/2016 and modified by the researcher.

“The significance level used to compute the regression analysis (R²) was ($\alpha \leq 0.05$) for all Internal Audit Dimensions. The regression analysis (R²) indicates the standard deviation (σ) from the mean (μ) of the study that was undertaken.”

“In Governance Processes/Structures, 79.2% of the variations in IA influence the level of Organisational performance in 2014; 75.7% in 2015 and 72.3% in 2016; and the balance of variations in the respective years is accounted for by other factors other than Internal Audit.”

“In Internal Control Systems; 81.0%) of the variations in IA as influencing the level of Organisational performance in 2014; 74.0% in 2015 and 70.6% in 2016; and the balance of the variation being influenced by other factors other than Internal Audit.”

“In Audit Risk Management, 77.4% of the variations in IA influence Organisational Performance in 2014; 70.6% in 2015 and 69.0% in 2016; and the balance of the variations in the respective years being influenced by other factors.

“The above findings indicate that Internal Audit positively impacts on Organisational performance at Bukedea DLG, and accordingly, (R^2) (Coefficient of determination) reflected on the whole tool is deteriorating as follows; in 2014, (R^2) was 79.2%, deteriorating to 73.4% in 2015; and further deteriorating to 70.6% in 2016.” “The deterioration in the (R^2) from the whole tool give evidence that Internal Audit was deteriorating at Bukedea DLG, resulting into negative Organisational performance, and therefore, the weaknesses and opaqueness obtaining in Internal Audit should be investigated and addressed in order to realize its positive influence.”

1.3 Problem Statement

“Organisational performance has become a critical problem in Local Governments and Local Government Authorities in Uganda (Kaziba, et al., (2015), of which, Bukedea district local government is not an exception.” “They further contend that there has been a public outcry on mismanagement of public funds in most of the Local Governments and Authorities in Uganda; and Bukedea District Local Government is a case in point (Auditor General Report, 2016).” “Watchdog institutions such as parliamentary committees, Office of the Auditor General and Non-Governmental Organisations (NGOs) have also identified public funds mismanagement as a critical problem observed in most LGAs recently (Unegbu & Kida, 2011), and Bukedea district local government is part of this identification.” “Unegbu & Kida, (2011) attribute this to weaknesses and opaqueness in internal auditing systems within Bukedea District Local Government council; that have given room for weak governance process in as far as their formal mandate and stakeholders support are concerned; weak internal control systems in as far as physical controls and information control systems are concerned; and weak audit risk management in as far as inherent risk, control risk and detective risks are concerned. Studies by Badara (2012) characterise internal audit units as weak, under resourced, dependent on chief executives and understaffed; hence manifesting its weakness and opaqueness.” “Bukedea District Local Government Council has however, put in place mitigation measures to strengthen internal audit after identifying the

gaps highlighted above, such as strengthening and improving upon Governance processes/Structures, Internal Control Systems, and establishing Audit Risk Management measures.” “Despite government efforts to improve the efficacy of Internal Audit in the DLGs; and particularly, Bukedea district local government, through improving and strengthening the Internal Audit; there still persists poor organisational performance as evidenced on table 1 above. For example, between 2014 to 2016 Bukedea District Local Governments Audit Report for 2014, 2015 and 2016 financial years (cited from paragraphs 3.3.4; 2.3.4 and 3.3.5 respectively) revealed that managing public funds in Bukedea District Local Government is still a challenge despite the presence of an internal audit unit within the Council.”

1.4 The purpose of study

“The aim of the survey was to establish the impact of Internal Audit Practices on organizational performance of the public sector: a case of Bukedea district local government.”

1.5 The Study Objective

- (i). “To establish the impact of Governance Process/Structures on organizational performance of Bukedea district Local Governments.”
- (ii). “To investigate the influence of Internal Control Systems on organizational performance of Bukedea district Local Government.”
- (iii). “To examine the influence of Audit Risk Management on organizational performance of Bukedea District Local Government.”

1.6 Research questions

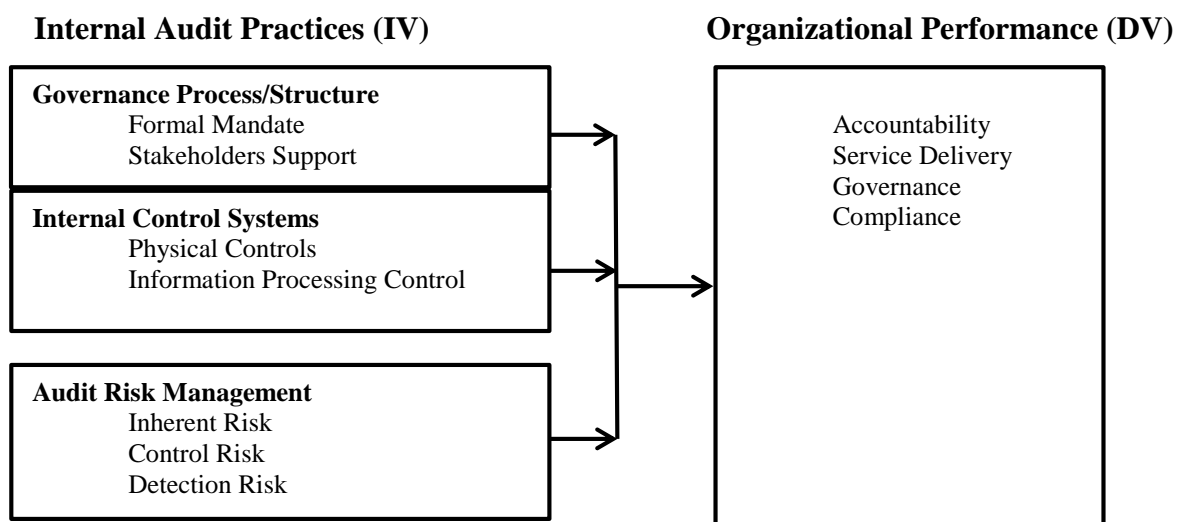
- (i). Does Governance Process/Structures influence organizational performance at Bukedea district Local Government?
- (ii). What is influence of Internal Control Systems on organizational performance at Bukedea District Local Government?
- (iii). Does Audit Risk Management influence organizational performance of Bukedea district Local Government?

1.7 Research Hypothesis

- (i). “Governance Processes/Structures have a significant positive influence on organisational performance.”
- (ii) “Internal Control Systems have a significant positive influence on organisational performance.”
- (iii) “Audit Risk Management has a significant positive influence on organisational performance.”

1.8 Conceptual Framework

It illustrates the important feedback from performance arising from the Internal Audit provided, basing on the IA dimensions and constructs as shown below:



Source: Adopted from IIARF (2009): *Internal Auditing and Capability Model for Public Sector* and modified by the Researcher.

Figure 1: Conceptual Framework for understanding the relationship between Internal Audit Practices and Organizational Performance

“Governance Process/Structure: IA Practices embraces the mandate and independence of internal audit, professional practice in internal audit and stakeholders support to enable a conducive environment for internal audit work to take place purposely to achieve Organizational performance through achieving its desired goals and objectives (Abdali, 2012).” Governance processes in IA Practices ensures effective compliance to the legislations and rules obtaining in the management of the public sector; such as Bukedea DLG, which legislations entail financial management, performance management, human resource and procurement management, asset management, and finally the enhancement of effective service delivery (Njui, (2012).”

“Internal Control Systems: this dimension clicks on “People Management (Njui, 2012).” “The dimension brings in physical controls of the organizations assets through competent Leadership and skilled workers, professional internal audit standards in competent leadership in internal audit performance, competent staff and professional internal audit standards in order to enhance improved organizational performance through effective financial management, effective organizational performance, effective corporate governance, and effective compliance (Njui, 2012).”

“Audit Risk Management: this dimension is poised to manage whatever audit risk that may negatively impact on internal control, in the event that it has not been effectively identified and mitigated.” “Audit risk is the risk that the financial statements are materially incorrect, even though the audit opinion states that the financial reports are free of any material misstatements (Prawitt, 2012; Jones, 2009).”

1.9 Significance of the study

This research will contribute to the body of knowledge which will be reference by the future researchers.”

“The results and findings of the study may also be applicable to the Public sector organisations in that by taking the study recommendations into account, they can improve on their efficiency, effectiveness and accountability with transparency also.”

“This skills and knowledge gained from this study will be important to the researcher while in office or pursuing further studies.”

“The study may help in identifying the weaknesses of IA Practices in the public sector (and Bukedea District Local Government in particular) and act as a guide for designing an appropriate governance methods and procedures to strengthen IA Practices.”

1.10 Scope of the Study

1.10.1. Subject Scope

“The survey centred on the variability of Internal Audit Practices as an independent variable and the dependent variable.”

1.10.2 Geographical (area) Scope

“The survey was done at Bukedea District headquarters and the Sub-county offices located in Bukedea district because these are the places where internal audit is conducted from time to time.”

1.10.3. Time Scope

“The study centred on the period of 3 years; that is, from 2014–2016, because this is the period the Office of the Auditor General raised queries on the organizational performance of Bukedea DLG despite the presence of IA in the district.”

1.11 Justification of the Study

“Because of the limitations of internal audit in Public Sector Local Governments, like Bukedea District Local Government, this study was conducted in order to find out what problems internal audit departments face and consequently develop probable solutions and appropriate recommendations that may strengthen internal audit function.”

“The recommendations of the survey may be used for designing interventions by the Public Sector LG stakeholders both at policy level by Government of Uganda and development agencies.”

“The findings, conclusions and recommendations from this study may contribute to Strategic planning frameworks to improve LG service delivery in Uganda.”

1.12 Operational definition of terms

“Internal Auditing: as defined by Institute of Internal Auditors (IIA) is an independent, objective assurance and consulting activity designed to add value and improve an organization's operating process.”

“Risk Management: is the process of mitigating the audit risk to achieve the desired goals and objectives.”

“Organizational Performance: is the process of making sure that the organization resources are being properly used in pursuit of the organizational goals and objectives.” 0787234432

“Accountability: means the duty to accept responsibility or responsible for one's deeds.”

“A formal mandate: means the responsibility and powers conferred to address and perform tasks.

“Governance Processes/Structure: involves setting standards and priorities for organizational governance and management efforts, identifying organizational governance leaders and defining organizational project participants' roles, all to improve Organizational Performance Management Strategies.” “The ultimate goal of both Organizational Governance Processes and Organizational Performance Management is to optimize an organizational performance.”

“Mandate: this refers to the mandate of internal audit. It is defined as the extent to which internal.”

“Stakeholder Support: means giving a hand in the performance of duties .

“Risks: is the chance of something happening that will have an effect on your organization.”

"Inherent risk: is the hazard postured by a blunder or exclusion in a financial ststatement because of a factor such as failure of control

"Control risk: means the hazard that a misquote because of mistake or misrepresentation that could happen in a statement and that could be material, separately or in blend with different errors, won't be prevented on a timely basis."

“Inherent risk: is the risk posed by an error or omission in a financial statement due to a factor other than a failure of control. In a financial audit, inherent risk is most likely to occur when transactions are complex, or in situations that require a high degree of judgment in regards to financial estimates.”

“**Control risk:** which is the risk that a misstatement due to error or fraud that could occur in an assertion and that could be material, individually or in combination with other misstatements, will not be prevented on a timely basis by the organisation's internal control.”

“**Detection Risk:** is the threat or uncertainty that the auditor will not detect a miscalculation or misstatement.”

“**Stakeholders support:** means legitimising the IA function so that it is fully given support by the management, politicians, and citizens.”

“**Compliance:** is the implementation of a given activity within the legislations, rules, regulations and the attendant laws.”

“**Physical Control:** means safeguarding assets against theft and unauthorized use, acquisition, or disposal in any form.”

“**Services Delivery:** processes driven to accomplish the provision of required actions and activities.

“**Information Processing Control:** Methods of controlling Information processing systems in auditing.”

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

“This chapter is meant to appraise the available writings advanced by previous scholars’ or researchers, on this research topic.” “Literature appraisal is the process of discovering, interpreting and evaluating reports of research as well as reports of observations, discussions, and opinions of individuals’ planned research project (Amin, 2005: 138).” “Literature review was conducted on the goals that guide this survey.” “This Chapter covers Introduction to literature review, the theoretical literature review, and the review of related literature on purpose and objectives and the summary of literature review.”

2.2 Theoretical Literature review

"Mugenda and Mugenda (2003) characterize a hypothesis as an arrangement of clarifying phenomena by expressing constructs and laws that relate these constructs to each other." "The Agency theory was used to guide this investigation. This supposition means a situation in which the principal hires the administrator (operator) to conduct administration for their benefit and includes delegating the authority of making economic decisions to the hired person (agent) (Jensen and Meckling, 1976; Ross, 1973)." "Employing the workforce in an organization is generally represented by the principal-agent relationship (often called agency theory)." "The foundation of this supposition is the presumption that the interests of principals and agent are in variance." "As per theory, the principal constrain divergence from his interests by setting up suitable motivators for the hired specialist (agent), and by bringing about checking costs intended to restrain shrewd activity by the hired specialist." "This study subsequently adopts that it is reasonable to monitor and control the basic components of venture performance within the contracting course of action (obtaining in the Agency Theory) to guarantee the accomplishment of outsourced projects in the organisation"

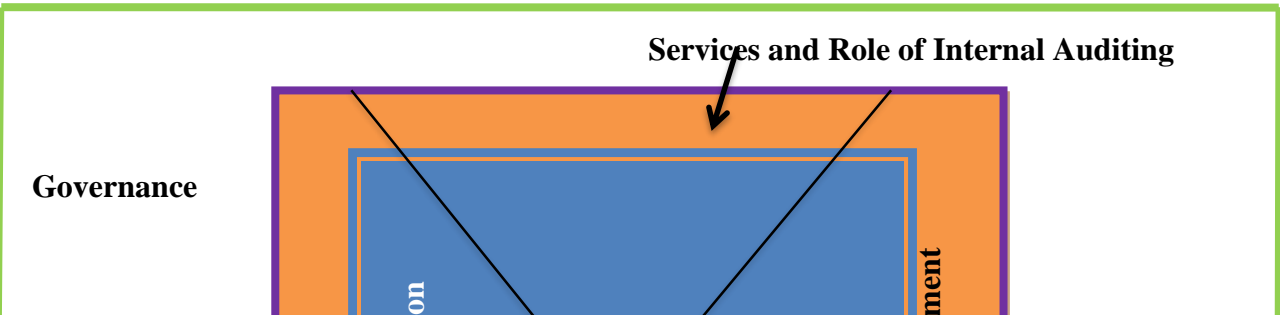
To further the contention of the theory, Hill and Jones (1992) assert that it might pay for the agent to mortgage some resources (bonding costs) to ensure that he won't take certain actions that would hurt the principal, or to guarantee that the principal will be appropriately compensated if he takes such action." "In other words; the agent may bring about ex-risk bonding costs with ultimate goal to win the privilege to deal with the assets of the principal" "However, if this divergence has the capacity to lessen the principal's welfare, it is termed a residual loss." "But the aggregate of the principals

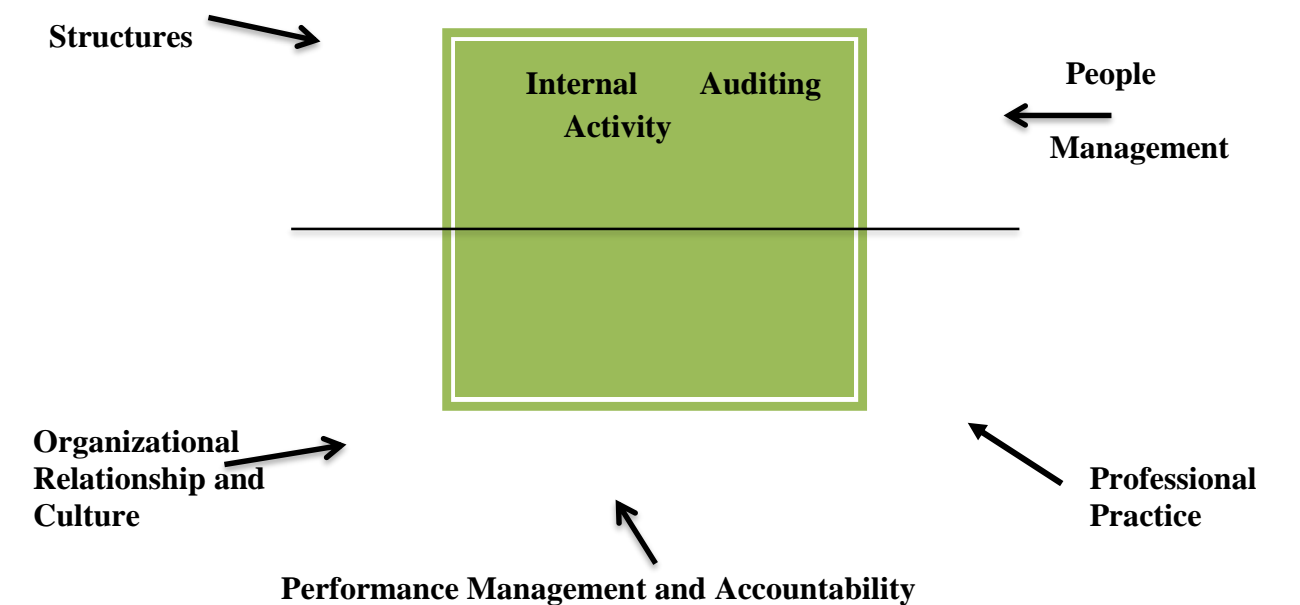
monitoring expenses, the agents holding costs, and any remaining residual loss are called office (agency) costs." "This supposition (theory) describes organisation as essential structures to maintain contracts, and through firms, it is of benefit to practice control which limits opportunistic conduct of agents" "The principal-agent theory perceives the inadequate data about the relationship, principal or work execution of the agent portrayed as diverse determination and good risk." "Moral hazard and diverse selection influences the outcome of the agent in two ways; namely: not doing precisely what the agent is hired to do, and not having the imperative learning about what ought to be accomplished" "This impacts the general performance of the relationship and additionally the benefits of the principal in form cash residual."

“Too, the study was also informed by the IA-CM model. This model pronounces that Governments at all levels recognize the basic significance of Internal Auditing in upgrading economy, productivity and viability of all levels of Public Sector Administration or the Public Sector Management (Institute of Internal Audit Research Foundation (2009).” "The IA-CM model was used to illuminate the investigation since it is a system that distinguishes the principal requirements for successful internal auditing in public sector and emphasises a progressive move for public sector to follow in building up an effective internal audit to meet the organisations administrative needs and expert desires." "IIARF (2009) and Elizabeth and Diane (2014) demonstrate that this model distinguishes three principle works in educating this survey:- (I) Communication vehicle; (ii) Framework of appraisal; and (iii) a guide for systematic change."

This model is the road map

“It is a roadmap for orderly improvement: the model is used because it is a roadmap for building capability that sets out to establish and strengthen internal audit activity in order to influence organizational performance.”





Source: Adopted from IIARF (2009): Internal Auditing and Capability Model for Public Sector and modified by the Researcher

Figure 2: The Internal Auditing Capability Model (IA-CM)

“For the purpose of this study, IA-CM contributes to ensuring that expenditure is developmental, effective and efficient and that LGs can be held accountable”:-

“The first four components in the clockwise direction – Services and the role of Internal Auditing, People Management, Professional Practice, and Performance Management and Accountability relate primarily to the management and practice of Internal Auditing, while the last two components in the clockwise direction – Organizational Relationship and Culture, and Governance Structures; explain the IA activity’s relationship with the organization it supports and the internal processes, and the external environment.”

“The inner green square represents the “Internal Audit Activity, the middle blue square represents the Organization itself and the accent outer square represents the external environment.”

2.3 Related review

“Conceptual review of literature undertakes to review the purpose and objectives of the study as outlined in 1.4 and 1.5 in chapter one above respectively”:

2.3.1 The purpose of the study: Internal Audit Practices and Organisational Performance

"Internal Audit makes a huge contributions to the accomplishment of the performance of an organisation and the execution of strategies for the accomplishment of organisational goals (Ljubisavljević and Jovanovi, 2011; Kaziba; et al., 2015)." "Hutchinson and Zain, (2009) and Alkhasa and Ahmad (2013) additionally imply that Internal Audit practice is responsible for reingforcing administration and the committee in charge audit to improve performance in public sector." "However, internal audit determines the reliability, reality and respectability of monetary and non-financial information that originates from various administrative units, on which fitting business economic decisions at all levels of administration are based, and in this way, internal audit report turns out to become a methods for correspondence between internal audit and administration, and in this an imperative guide for the effective management of the organisation and empowering it accomplish a significant organisational performance (Ljubisavljević and Jovanovi, 2011; Kaziba; et al., 2015)."

Governance Processes/Structure and Organisational performance

"Governance Processes/Structure is the management activities of setting standards and priorities for organizational governance and management efforts, identifying organizational governance leaders and defining organizational project participants' roles, all to improve Organizational Performance Management Strategies (IIARF, 2009; Elizabeth & Diane, 2014)." "The ultimate goal of both Organizational Governance Processes/Structure and Performance Management is to optimize an organizational performance (IIARF, 2009; Ojok, 2012)." "The processes of Governance systems are practices and procedures by which an organization is coordinated and controlled. These processes basically include adjusting the interests of the stakeholders, such as investors, administration, clients, providers, agents, government and the group; by guaranteeing to help, while keeping in mind the end goal to enhance the performance of the organisation."

"Governance structures houses performance management and accountability; and organisational relationship and culture that underpin the achievement of desired organisational goals and positively influencing organisational performance (IIARF, 2009; Ljubisavljević & Jovanovi, 2011; Elizabeth & Diane, 2014)." "Governance processes/structures yields organisational performance by ensuring

sufficient Leadership and funding to enable the management of relevant information systems, financial and non-financial performance information used in organisational structuring (Kaziba, et al., 2015; IIAF, 2009).” “Indeed, IA should enjoy Stakeholders support because it is key to the success of an internal audit function to yield positive organisational performance, but if internal audit doesn’t get this right, then there could be a negative effect on organization’s corporate governance and thus negative organisational performance (Hutchinson & Zain, 2009; IIAF, 2009; Kaziba, et al., 2015).”

2.3.3 Internal Control Systems and Organisational performance

“Internal Control Systems is a dimension of Internal Audit Practices, which is aimed mainly to improve the reliability of performance by increasing accountability and transparency among (Ewa & Udoayang, 2012), as it involves physical controls and information processing controls in performing responsibility (Beerler, *et al.*, 1999; Abiola,2013). “An Internal control system is a dimension of internal audit practices that is underpinned by two major constructs of control environment and control activities (Alkhasa, 2013), this is because control environment and control activities enables the organization to enhance physical control of its assets and information processing control, which in turn ensures the achievement of organizational desired goals and objectives, and as such achieving the desired organizational performance.”

"Internal Control Systems are exceptionally instrumental in accomplishing the organization’s set mission and goals; consequently Value for Money – VFM (Kamau, 2013)." "The primary means to ensure VFM in the Organization is control over the use of resources so as to accomplish its set targets."

"Departmental heads need to formulate sound strategic plans for accomplishing positive Organizational Performance." "Effective Performance and Value for Money are used to survey whether an Organization has gotten the most advantage from the merchandise and services it secures and/or gives, within the available resources (LGIAM, 2007; Nyakundi, et al., 2014)." "To improve internal control frameworks, IA provides an independent role and objective appraisal to help the organisation in achieving its destinations and enhance tasks and therefore performance (IIAF, 2009; Kaziba, et al., 2015)." "Effective execution of Internal Control Systems to improve organizational

performance implies that internal audit must be autonomous from any impact; as this will be an affirmation as its report turns into a methods for correspondence amongst IA and administration, and a vital guideline for effective performance (Ljubisavljević and Jovanovi, 2011; Kaziba, et al., 2015)."

2.3.4 Audit Risk Management on Organisational Performance

"For the aim of this study, this dimension was poised to examine the influence of audit risk on performance." "Audit Risk Management aims to enabling the auditors to perform to the best of their abilities to enhance performance (IIARF, 2009)." "IIARF, (2009) alludes that audit risk management enhances organisational performance through recruitment of competent leadership and skilled staff to be placed in clearly developed job descriptions, identified job requirements and work objectives based on performance standards, outcomes and measures." "It also asserts that audit risk management enhances organisational performance (Ewa & Udoayang, 2012; Whittington & Kurt, 2012). Audit Risk Management dimension also emphasizes on professional audit standards in order to monitor the performance of an organisation by comparing the actual performance and the desired performance, and any identified variations are investigated upon, and actions taken (Shah & Marchand, 2012)."

2.4 Summary of literature Review

"A literature survey explored uncovers that internal audit practices guarantee successful performance; financial data reliability and administrative consistence, and mishandle as affirmed by the Institute of Internal Auditors, (2010)." "The survey additionally reveals that internal audit in associations as key to performance (Alkhasa, 2013 "A literature review revealed that internal audit practices ensure effective performance of the organisation as asserted by the Institute of Internal Auditors (2010)." "The review also reveals internal audit of an organizations as key to organisational performance because IA practices is an independent, objective assurance and consulting activity designed to add value to organisations operations (Alkhasa,2013), and it helps an organisation accomplish its objectives by bringing systematic disciplined approach to evaluate and improve the effectiveness of Governance Processes, Internal Control Systems, and Audit risk management, purposely to achieve an effective and positive organisational performance (Elizabeth & Diane, 2014)." "The reviewed literature gives rise to questions as to whether organisations IA functions are sufficiently capable and how IA

capability can be measured (Elizabeth & Diane, 2014).” “The reviewed literature suggests that the “Agency theory” and Internal Audit Capability Model (IA-CM) could be used as a yardstick in measuring public sector internal audit capability.”

“Finally, the review revealed that “though authors state different purposes of designing internal audit, the end result is to achieve objectives” (Mbugua, 2013).” “Despite all the above revelation, the review of literature reviewed did not critically point out how internal audit can be used to eliminate fraud, errors, and material misstatements in organizational performance; and also review on the other components of internal audit (Organizational relationship and Culture, Professional Practice, and Performance Management and Accountability), due to the limitation of this study to only Governance structures, Internal control systems, and Audit risk management.”

CHAPTER THREE

METHODOLOGY

3.1 Introduction

“This chapter covers the methodology the researcher used in the field to collect data.” “The chapter comprises research design; population of study, sample size and selection, sampling techniques and procedures, data collection methods, data collection instruments, Validity and reliability, data collection procedures, data analysis, measurement of variables and ethical issues”

3.2 Research design

“The researcher used a cross sectional survey in collecting qualitative and quantitative data.” “Cross sectional survey was used because it involves the selection of a small sample from a bigger population to act as an inference. This allowed the comparison of many different variables at the same time (Yin, 2014; Sedgwick, 2014).” “Qualitative approach was used to promote the understanding of the way things are done, why they are and the way they are through intense observations, interviews and group discussion, while Quantitative approach was used in collecting numerical data used to explain, predict and control the phenomena of interest (Creswell and Plano Clarke, 2011).” “The researcher promised the respondents a copy of summarized results as a sign of gaining confidence from the respondents.” “The study was entirely based on the views collected from the respondents to enable the researcher make conclusions and recommendations.”

3.3 Population of the study

“This was the population the researcher generalized the study.” “The study population covered 210 People; of which it was stratified into the employees of the DLG.” “The respondents were stratified to ease data collection.” “The study population included 110 other district workers, 50 heads of departments, and 50 Councilors (political leaders).”

3.4 Determination of Sample size

“The table developed by Krehjcie & Morgan (1970) was used to determine the sample.”

Table 2: For determining the sample

| Category | Population (N) | Sample (S) | Sampling Technique |
|-----------------------------------|----------------|------------|------------------------|
| Heads of Departments | 50 | 44 | Purposive/Judgmental |
| Other District Workers | 110 | 86 | Simple Random Sampling |
| District Councilors (Politicians) | 50 | 44 | Convenience |
| Total | 210 | 174 | |

Source: Primary Data, 2017

“A random sampling technique with a random start was used in the study whereby a sampling interval (k) was determined by dividing the total Population (N₁= 210) by the determined sample size (n=174) from the Krejcie and Morgan Table.

$$k = \frac{N_1}{n_1}$$

where: k is the sampling interval;

N₁ is the total population of Study Population size

n₁ is the determined sample size using the Krejcie and Morgan Table.

Therefore k was 1.2 ≈ 2

“Having determined the sampling interval (k), numbers from one to the k element were written on equal sized pieces of papers and the number that was selected at random picking was the starting point.”

3.5 Sampling techniques

“These are researcher Probability and non-probability sampling techniques as shown on table 2 above.”

“In probability sampling, the researcher used simple random sampling.” “Simple random sampling is a subset of a statistical population in which each member of the subset was given equal probability of being selected, on an unbiased representation of a group (Paul & Stanley, 2008).” “Purposive Sampling (or judgmental), was used to serve a very specific purpose, in which the researcher may have a specific group of respondents in mind, such as the high executives (Paul & Stanley, 2008).” “Convenience sampling is where subjects are selected because of their convenient accessibility and proximity to the researcher (Paul & Stanley, 2008).”

3.6 Data Collection Methods

“These are the methodology or means that the study used in collecting data is as explained below”:

3.6.1 Key Informant Interview

“Interview is the most effective data collection method (Ferreira et al, 1988).” “Interviews were used to correct the data collected from questionnaires, and add more information which may not have been captured in the questionnaires and documentary review.” “Interview allowed on spot explanations, adjustments and variation can be introduced during data collection process and through respondent’s incidental comments, use of the facial and body expressions, tone of voice, gestures, feelings and attitudes (Amin, 2005).” “Interviews were conducted on the following respondents: 10 heads of departments because of their claim of having busy schedules, 30 other employees because they may also have claim of being busy, 10 DLG Councilors.”

3.6.2 Questionnaire Survey

“The questionnaire was administered from office to office since all respondents were confined in one location, apart from the opinion leaders.” “The questionnaires were structured in both closed and open ended questions.” “A questionnaire was used to avoid subjectivity that results from close contact between the researcher and the respondent.” “Also a questionnaire was preferred because it is used to collect much data over a shorter time period at lesser costs. Questionnaires was distributed to all the 174 sample size respondents (that is, 86 other employees, 44 heads of departments, and 44 District Councilors) in order to get a wider range of respondent coverage.”

3.6.3. Documentary Review

“The researcher used the available literature that relates to the study topic. Such documents which were reviewed included but not limited to; internal audit reports (2013 – 2015), DLG Council minutes reports (2013 – 2015), Auditor General’s report (2013 – 2015), and other relevant reports obtaining.”

3.7. Data Collection Instruments

“The researcher used appropriate instruments for each method of data collection as explained below”:

3.7.1 Interview guide

“The interview guide is an oral questionnaire where the researcher gathered data through direct verbal interactions with the respondent.” “The oral questions can be structured or non-structured.” “The researcher used the interview guide because it gave room for probing and making clarifications on the questionnaires.”

3.7.2 Questionnaire

“Questionnaires were self-administered and guided.” “The study used questionnaires because it gathers much data within a shorter period of time and data can easily be analyzed numerically, less time consuming and gives the respondent freedom to provide answer comfortably, Russell (2011).”

3.7.3 Documentary review checklist

“This a list of documents consulted to get relevant data for the study. It helped the study to verify facts especially during data collection.” “The Documentary review checklist contained all relevant books, journals, websites, Council and board reports, reports from the line Ministry, Newspapers, other media reports, and any other related literature to the study.”

3.8 Validity and Reliability

“These were the tools used to examine the precision/quality of the instruments used in data collection.

3.8.1 Validity

“Hair *et al.* (2007), defines validity as the degree to which the instrument accurately represents what it is supposed to”. “Three types of validity were identified and either of them can be used to test the validity of the instruments (Fujun *et al.* (2007). The three types were: content, Predictive and Construct.” “This survey used content validity because it covers the broader range of areas within the concept under study.” “The validity of instruments was measured using Content Validity Index (Coefficient Validity Index – CVI), which is determined by expert judgment (Amin, 2005).” “The expert judgment makes a comparison between “what is to be included in the instrument, given in the

intended purpose and what actually is included in the instrument.” “For an instrument to be accepted as valid, the average CVI must be 0.7 (Waltz *et al.*, 2005) or above.”

Table 3: Validity Results

| Valid | Variables | Number of Items | Relevant Items | CVI |
|--------------|------------------------------|------------------------|-----------------------|-------------|
| | Governance Process/Structure | 10 | 9 | 0.90 |
| | Internal Control Systems | 9 | 7 | 0.78 |
| | Audit Risk Management | 10 | 8 | 0.80 |
| | Overall | 29 | 24 | 0.83 |

Source: Primary Data, 2017

“Table 3 above, shows that all the three Internal Control dimensions included in this study were internally valid as all of them when tested were above 0.70 Coefficient Validity Index (CVI).” Control Environment has CVI = 0.90, Control Activities has CVI = 0.78; and Information and Communication has CVI = 0.80.” “This represents an overall average of 0.83, which is above 0.70 CVI (Amin, 2005).”

3.8.2 Reliability

“Reliability is used to measure degree to which a research instrument yields consistent results or data after repeated trial (Mugenda & Mugenda, 1999).” Reliability is split into “Split-halves, test-retest, equivalent forms and internal consistency method. Either of these methods is used to measure reliability. Internal consistency method is the one used in this survey.” “The cut-off point according to Fujun *et al.* (2007), which is accepted on Cronbach’s Coefficient alpha, is 0.70.

Table 4: Reliability results

| | Variables | Cronbach’s Alpha based on Standardized Items | Number of Items |
|-----------------|------------------------------|---|------------------------|
| Reliable | Governance Process/Structure | 0.901 | 10 |

| | | | |
|--|--------------------------|--------------|-----------|
| | Internal Control Systems | 0.777 | 9 |
| | Audit Risk Management | 0.797 | 10 |
| | Overall | 0.825 | 29 |

Source: Primary Data, 2017

“Table 4 above, showed that the tested study instruments on all the three dimensions of Internal Control were consistent.” “All of them were tested and found to be above 0.70 Cronbach’s Coefficient Alpha (α).” “Governance Process/Structure had $\alpha = 0.901$, Internal Control Systems had $\alpha = 0.777$; and Audit Risk Management had $\alpha = 0.797$.” “The average reliability was found to be 0.83, which is above 0.7.”

3.9 Data Collection Procedure

“Data collection began with proposal defense; followed by a letter introducing the researcher to the case study from the department and data collection that covered a period of about one month” “A team of 2 research assistants was led by the researcher to collect data.” “Data collected was edited to check for accuracy and completeness.” “Thereafter data was processed by cleaning, editing, and coding, and a template was created that helped in minimizing entry errors.” “Data was then ready for analysis.”

3.10 Data Analysis

“Data analysis involved Presentation and Interpretation. The researcher analyzed the data collected using two methods”:

3.10.1 Qualitative Data Analysis

“Qualitative data analysis involved analyzing and interpreting narrative data or content analysis. to bring order and understanding, which requires creativity, discipline and a systematic approach.” “There is no single or best way to analyze qualitative data, for you can adapt to your own extension evaluations.” “The common technique for qualitative data analysis used was limited to direct interaction with the respondent and the responses recorded.”

3.10.2 Quantitative Data Analysis

“Quantitative data analysis involved transcribing, sorting, and classifying responses.” “Detailed figures were scrutinized, analyzed and correlated.” “Data was coded, edited and entered into SPSS (Statistical Package for Social Scientists) data editor.” “Data was also analyzed using version 19 of

SPSS.” “Descriptive statistics such as measures of central tendency and relationship were also used to describe and summarize the data (Newman, 2005), cross tabulation in Microsoft excel was also used to establish the strength of the relationship between the variables.”

3.11 Measurement of variables

“The researcher used nominal and ordinal scale in measuring the data.” “Nominal scale was used for capturing gender, age, occupation, and ordinal scale was used in ranking the data.” “The researcher used the Likert scale rate system to rate the opinions of the respondents because it measured people’s attitudes, beliefs, emotions, feelings and other Psychological constructs (Spector, et al, 2012).” “A five point Likert scale was represented as follows: - 5- Strongly Agree; 4 – Agree; 3- Neutral; 2- Disagree and 1- Strongly Disagree.”

3.12 Ethical Issues

The researcher sought permission from UMI to conduct the study, where a letter of introduction was provided to her by the Institute.”

“The researcher introduced herself, explain to the respondents the objectives of the study, explained why particular respondents were selected, the benefits, discomforts and harms of the study, and requested to also be asked questions as well.”

“The researcher also obtained informed consent from all the respondents to the study.”

“The researcher designed the questions in such a way that they do not violate the rights of the informants.”

“The researcher also assured the respondents of confidentiality of the provided information.”

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTEPRETATION OF FINDINGS

4.1 Introduction

“This chapter study carried out investigations on the influence of Internal Audit Practices on organizational performance of the public sector: a case of Bukedea district local government, which guided this study.” “This Chapter covers data presentation, analysis, and interpretation of findings based on the study objectives.”

4.2 Response Rate

“The response rate is presented on Table5 below”.

Table 5: Showing the overall Response rate of the study

| Instrument | Sample Response | Actual Response | Response Rate |
|-------------------|------------------------|------------------------|----------------------|
| Questionnaire | 124 | 120 | 68.9% |
| Interview | 50 | 47 | 27.0% |
| Total | 174 | 167 | 95.9% |

Source: Primary study data, (2017)

“On table 35 above, 124 questionnaires were distributed and administered, and 47 interview guides administered.” “Altogether, 167 actual responses were returned and correctly responded; representing 95.9%.” “Out of 124 respondents that were targeted on questionnaire, 120 respondents were actually returned, implying a response rate of 68.9% of the sample size.” “Out of 50 respondents that were targeted for interview, only 47 respondents were actually interviewed, implying a response rate of 27.0% of the sample.” “The average response rate, therefore, was 95.9% of the sample size.” “The response rate was deemed well enough since it was over and above 50% recommended by Amin (2005) and Mugenda & Mugenda (2003).”

4.3 Demographic Respondents

“The demographic characteristics of the respondents included gender, age, and education level of respondents.

4.3.1 Gender Characteristics of Respondents

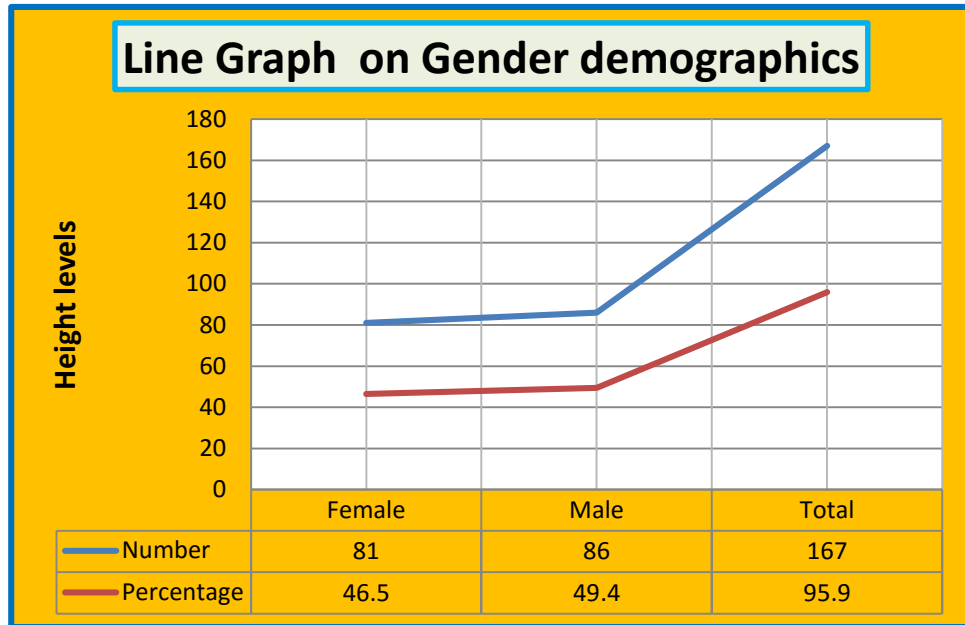


Figure 3: Line Graph Showing Gender Characteristics of Respondents

Source: Primary Data, 2017

“Figure 3 above shows that male respondents were the majority with 84 members, representing 49.4%, as compared to the female respondents who were 81 members, representing 46.5%.” “This is translated to a total response of 95.9%, of the sampled respondents who actively participated in this study in a quantitative and qualitative response.” “The percentage of the respondents that actively participated is high enough to give representative results on the study findings, and above all the results and findings of the study are gender representative.”

4.3.2 Age of the Respondents

“The demographic characteristics of the age structure of respondents was observed in the study and presented in the figure below”:

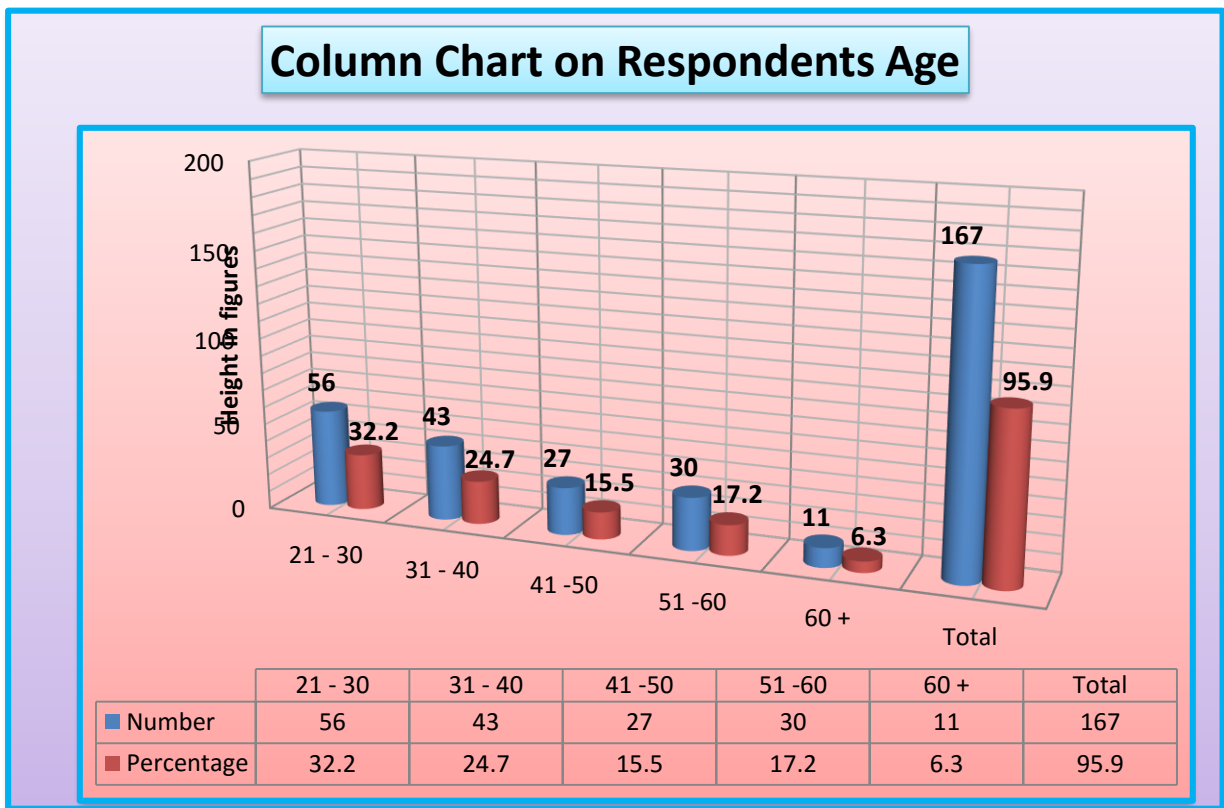


Figure 4: Showing Demographic according to Age of Respondents

Source: Primary Data, 2017

“Figure 4 above shows the category of respondents in terms of age brackets.” “The age brackets of of 21 – 30 was the majority with a total of 56 people representing 32.2%; followed by 31 – 40 age brackets with 43 members, representing 24.7%; the age bracket of 51 – 60 follows with 30 members, representing 17.2%; followed by the age bracket of 41 – 50 with 27 members, representing 15.5%, and followed by the age bracket of 60+, with 11 members, representing 6.3%.” “The age brackets were representative since the majority of the respondents were mature adults, who understood and appreciated the study; implying that the findings/results of the study can be relied upon.”

4.3.3 Education of the Respondents

“The respondents had varying educational levels as these levels established from the questionnaires distributed to the respondents and administered by the researchers, and the interview guides used in qualitative approach, with the results as shown below”:

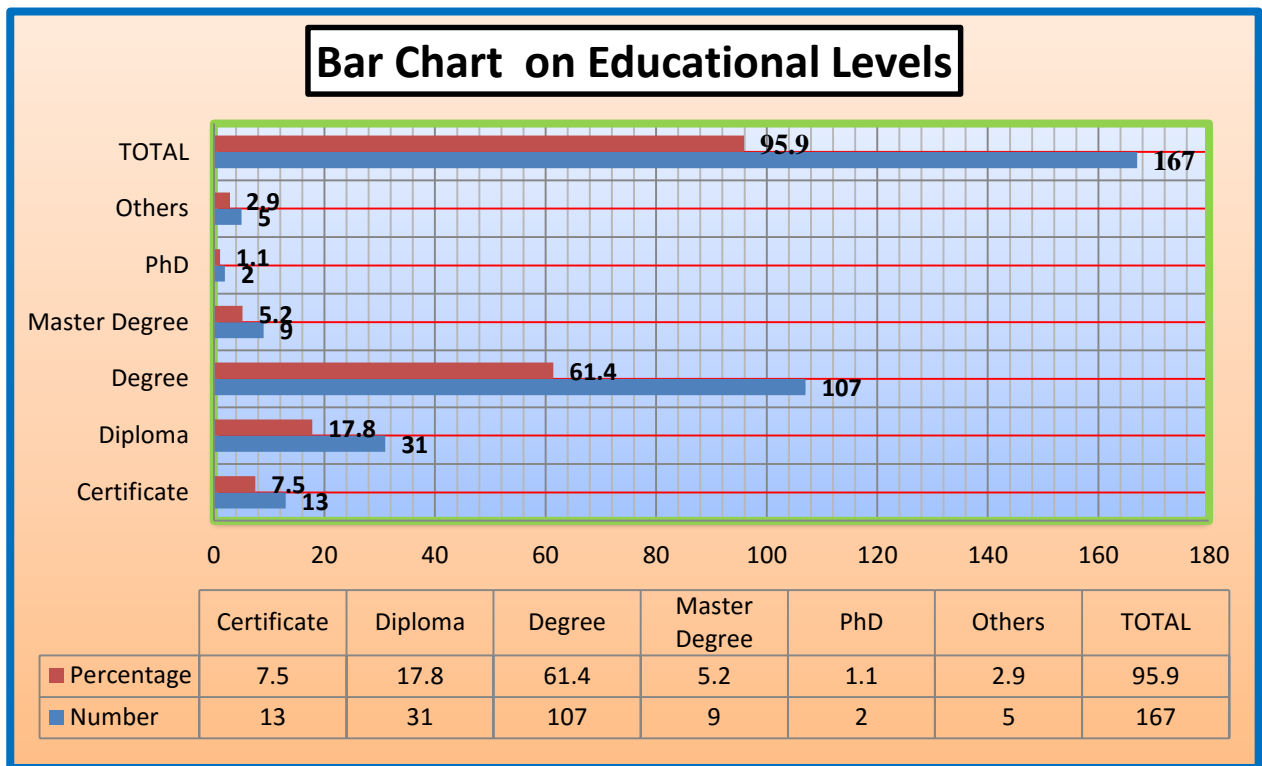


Figure 5: Bar Graph Showing Respondents Educational Levels

Source: Primary Data, 2017

“Figure 5 above, breaks-down by category education levels of respondents.” “On this figure the degree holders were the highest respondents with a total number of 107 respondents, representing 61.4%; followed by the Diploma holders with 31 respondents, representing 17.8%; followed by the Certificate holders with 13 respondents, representing 7.5%; followed by Master Degree holders with 9 respondents, representing 5.2%; followed by Others with 5 respondents, representing 2.9%, finally followed by the PhD holders with 2 respondents, representing 1.1% of the sample size.” “The findings herein imply that majority of respondents were highly educated and so were expected to understand the study problem, and as such the findings and the results of this study can be relied upon.” “Additionally, educational demographics were used to give the researcher actionable and meaningful results to assist in making better recommendations and decisions.”

4.4 Empirical Evidence

These were presented following the objectives and analyzed using descriptive

4.4.1 Governance Processes/Structure and Organisational performance

“This first objective examined the influence of Governance Process/Structures on performance of Bukedea district Local Government.” “Questionnaires were administered to respondents to establish the extent to which they agreed with them.” “The responses were rated on a five point Likert scale ranging from (5= Strongly Agreed, 4= Agree, 3= Not Sure, 2= Disagree, 1= Strongly Disagree).”

“The mean nearer to 4 and 5 means that the respondents have agreed of the relationship between the variables, the mean nearer to 3 is neutral, the mean nearer to 1 and 2 means that the respondents disagreed with the relationship between the variables.” “The smaller the standard deviation means lower deviation from the mean of results.”

Table 6: Descriptive statistics on Governance Processes/Structure and Organisational performance

| QUESTION ITEMS | 5 | 4 | 3 | 2 | 1 | Mean (μ) | Standard deviation (σ) |
|--|-------------|-------------|------------|------------|------------|--------------|------------------------|
| GOVERNANCE PROCES/STRUCTURE | | | | | | | |
| Internal Auditors have a formal mandate to do their work | 75 43.1% | 59 33.9% | 12 6.9% | 11 6.3% | 10 5.7% | 3.989 | 0.897 |
| Internal Auditors conduct reviews in the governance processes | 77 44.2% | 79 45.4 | 3 1.7% | 5 2.9% | 3 1.7% | 4.125 | 0.968 |
| Internal Auditors carryout their work independently | 64 36.8% | 83 47.7% | 7 4.0% | 9 5.1% | 4 2.3% | 4.011 | 0.956 |
| Internal Auditors easily access all records | 67 38.5% | 89 51.1% | 3 1.7% | 3 1.7% | 5 2.9% | 4.078 | 0.938 |
| Internal Auditors perform internal Audits dependably | 61 35.0% | 88 50.5 | 8 4.6% | 5 2.9% | 5 2.9% | 4.009 | 0.897 |
| Internal Auditors performs their services accurately | 57 32.8% | 92 52.8% | 7 4.0% | 6 3.4% | 5 2.9% | 4.006 | 0.894 |
| Auditors get support from stakeholders to perform their duties | 55 31.6% | 73 41.9% | 15 8.6% | 12 6.9% | 12 6.9% | 3.875 | 0.873 |
| Internal Auditors get financial support to perform their work | 71 40.8% | 82 47.1% | 8 4.6% | 3 1.7% | 3 1.7% | 4.101 | 0.984 |
| Auditors ensure support to maintain error-free records on controls | 69 39.6% | 79 45.4% | 9 5.2% | 7 4.0% | 3 1.7% | 4.001 | 0.892 |
| The council supports internal audit activities | 70 40.2% | 80 46.0% | 10 5.7% | 5 2.9% | 2 1.1% | 4.087 | 0.899 |
| Average Mean and Standard Deviation | | | | | | 4.028 | 0.920 |

Source: Primary Data, 2017

“Table 6 above was presented to show the descriptive statistics on items relating to Governance Processes/Structure.” “The findings as presented above indicate that there was no mean nearer to 1 and

2, and nearer to 3.” “The entire mean is nearer to 4 and 5; implying that all the respondents were in agreement with the relationship between Governance Processes/Structure and Organizational Performance.” “The findings on table 6 further indicate that all the elements and/or items of study have the mean nearer to 4 and 5; supporting the assertion that Governance Processes/Structure has influence on organizational performance.” “The standard deviation for all the study elements is shown to be less than 1.0, indicating that it was a lower deviation from the mean and as such supporting the results that Governance Processes/Structure influences organizational performance.”

The qualitative analysis from one of the informants had this to say:

“Governance Processes/Structure at Bukedea DLG is well defined as the legislation that governs its operations as well laid down in the Audit Act, 2008 and in the Finance and Accounting Act, 2003. These legislations are the foundations of the works of Internal Audit at Bukedea DLG. These foundations enable the Bukedea District Local Government achieve its desired objectives with minimum supervision, although there may be some in Internal Audit department (BA/007, Interview guide of 8/11/2017).”

“This analysis indicates that at Bukedea DLG, Governance Processes/Structure is truly said and seen to be implemented at all levels of management.” “The respondents in totality agreed that Governance Processes/Structure are a benchmark and a tool for ensuring organizational performance, which in turn has enabled the organization achieve the desired performance.”

4.4.1.1 Pearson’s linear Correlation Coefficient on Governance Processes/Structure and Organisational Performance

The correlation analysis was to test the alternative hypothesis (H_1); Governance Processes/Structures have a significant positive influence on organizational performance. “A correlation analysis was conducted using Pearson’s correlation coefficient and significance statistics as presented on the table below:

Table 7: Correlation on Governance Processes/Structure and Organizational Performance

| | | | | |
|---------------------------------------|--|----------------|---------------------------------------|-----------------------------------|
| | | | Governance Processes/Structure | Organizational Performance |
| | | Pearson | | .920** |
| Governance Processes/Structure | | Correlation | 1 | |
| | | Sig.(2-tailed) | | 0.000 |
| | | N | 167 | 167 |
| | | Pearson | | |
| Organizational Performance | | Correlation | .920** | 1 |
| | | Sig.(2-tailed) | .000 | |
| | | N | 167 | 167 |

** Correlation is significant at 0.01 levels (2-tailed).

Source: Primary study Data, 2017

“Table 7 above represents Pearson’s correlation coefficient ($r= 0.920^{**}$), showing that Governance process/structure significantly influence organizational performance positively.” “The Pearson’s correlation Coefficient ($r=0.920^{**}$) at the significance level ($P=0.01$), which is less than ($P=0.005$), shows that governance processes/structures have an influence on organizational performance; implying that the Null Hypothesis at significance level ($P=0.005$) was rejected and the alternative Hypothesis at a significant level ($P=0.001$) was accepted.” “This analysis did not tell the extent of influence.” “The Coefficient of determination on regression analysis was used determine the extent to which independent variable influences the organizational performance as presented on table 6 below”:

Table 8 Regression analysis on Governance Processes/Structure and Organisational Performance

| Coefficients ^a | | | | | |
|---------------------------------------|-----------------------------|------------|---------------------------|--------|-------|
| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
| | B | Std. Error | Beta | | |
| 1 (Constant) | 1.920 | 0.182 | | 10.832 | 0.000 |
| Governance Processes/Structure | 0.879 | 0.032 | 0.611 | 9.112 | 0.000 |

Summary Model

| Model | R | R Square | Adjust R Square | Standard Estimation Error |
|--------------|----------|-----------------|------------------------|----------------------------------|
| 1 | | | | |
| 1 | 0.920 | 0.846 | 0.846 | 0.2113 |

a: Predictor: (Constant), Governance Processes/Structure

Source: Primary Data, 2017

“The Coefficient of determination (denoted by letter R) on table 6 above shows the value for adjusted R Square of 0. 846.” “This represents the squared linear correlation between Governance Processes/Structure and Organization performance.” “This representation implied that Governance Processes/Structure is able to account for 84.6% (0.846 *100) of Organisational performance at Bukedea DLG and 15.4% accounted by other factors.”

4.4.2 Internal Control Systems and Organisational performance

“The results in table 9 below were generated using a 5 point Likert scale which was coded such that representations were: strongly agree = 5, agree = 4, not sure = 3, disagree = 2, and strongly disagree = 1). A mean (μ) and Standard Deviation (sd. or σ) were used to analyze and interpret the results obtained from responses.” “The mean nearer to 1 and 2 disagreement of the respondent and the mean nearer to 4 and 5 indicate the respondents were in agreement with the relationship between the study variables.” “The smaller the standard deviation means the responses were closer from the respondents, and thus agreed with the relationship between variables.”

Table 9: Showing the descriptive statistics of Internal Control Systems and Organisational performance

| QUESTION ITEMS | 5 | 4 | 3 | 2 | 1 | Mean (μ) | Standard deviation (σ) |
|---|-------------|-------------|-------------|------------|------------|----------------|---------------------------------|
| INTERNAL CONTROL SYSTEMS | | | | | | | |
| The district maintains physical controls of all assets | 65 37.3% | 75 43.1% | 10 5.7% | 10 5.7% | 7 4.0% | 3.887 | 0.877 |
| Equipment in use are properly maintained and controlled | 50 28.7% | 70 4.02% | 20 11.5% | 15 8.6% | 126.9 % | 3.789 | 0.799 |
| Information processing is accurately controlled | 66 37.9% | 71 40.8% | 20 11.5% | 5 2.9% | 5 2.9% | 3.988 | 0.896 |
| Physical controls of assets have improved org. performance | 69 39.6% | 74 42.5% | 12 6.9% | 7 4.0% | 5 2.9% | 3.901 | 0.927 |
| Physical control of facilities and equipment are efficient/effective | 73 41.9% | 75 43.1% | 9 5.1% | 5 2.9% | 5 2.9% | 4.001 | 0.976 |
| Physical controls have improved organizational performance | 75 43.1% | 78 44.8% | 7 4.0% | 4 2.3% | 3 1.7% | 4.105 | 0.983 |
| Information processing control enhances organizational performance | 63 36.2% | 88 50.5% | 8 4.6% | 4 2.3% | 4 2.3% | 4.077 | 0.976 |
| There is documentation control in Bukedea district at all levels | 65 37.3% | 79 45.4% | 10 5.7% | 7 4.0% | 6 3.4% | 3.997 | 0.905 |
| Equipment and facilities are properly controlled for information processing | 64 36.7% | 82 47.1% | 12 6.9% | 5 2.9% | 4 2.3% | 4.000 | 0.903 |
| Average Mean and Standard Deviation | | | | | | 3.972 | 0.916 |

Source: Primary Data, 2017

“Table 9 above gives evidence that there was no mean nearer to 1 and 2; no mean nearer to 3, and that there was only mean nearer to 4 and 5.” “This implies that all the respondents with in agreement with the relationship between internal control systems organizational performance.” “The findings on the mean support the assertions that internal control systems influence organizational performance at Bukedea DLG.” “The findings also reveal that the standard deviation of all elements of the study is less than +1.0, implying that there was lower deviation from the mean and as such supporting the assertion that internal control systems have influence over organizational performance at Bukedea DLG.”

“On face- to-face interview under qualitative study approach, one of the respondents expressed the following concerns”:

“Internal Control Systems strengthens controls at Bukedea DLG. The foundation of internal control systems in internal audit is laid down in the obtaining legislations, such as the Audit Act, 2008, the Finance and Accounting Act, 2003, and other relevant legislations guided by the Institute of Internal Auditors. It is true that Internal Control Systems influences organisational performance at Bukedea DLG, (AGB/012; Interview guide of 5/11/2017)”

“This analysis indicated that Internal Control Systems at Bukedea DLG, implemented to the latter though there are gaps obtaining in organisational performance.” “The respondents in totality expressed an agreement with the level of Internal Control Systems as a benchmark in the organization, and as such enabling the achievement of desired performance organization.”

4.4.2.1 Pearson’s linear Correlation Coefficient on Internal Control Systems and Organisational Performance

“The correlation analysis was to test the alternative hypothesis (H₁); Internal Control Systems significantly influences organizational performance.” “A correlation analysis was conducted using Pearson’s correlation coefficient and significance statistics as presented on the table below”:

Table 10: Correlation on Internal Control Systems and Organizational Performance

| | | | Internal Control Systems | Organizational Performance |
|-----------------------------------|--|----------------|---------------------------------|-----------------------------------|
| | | Pearson | | .916** |
| Internal Control Systems | | Correlation | 1 | |
| | | Sig.(2-tailed) | | 0.000 |
| | | N | 167 | 167 |
| | | Pearson | | |
| Organizational Performance | | Correlation | .916** | 1 |
| | | Sig.(2-tailed) | .000 | |
| | | N | 167 | 167 |

**** Correlation is significant at 0.001 levels (2-tailed).**

Source: *Primary study Data, 2017*

“Table 10 above represents Pearson’s correlation coefficient (r= 0.916**), implying that Internal Control Systems significant influences organizational performance positively, at a significance level (1.01) which is less than (0.05).” This proposition implies that the Null hypothesis at significance level (0.05) was rejected and the alternative hypothesis at significance level (01.01) was accepted.

“This analysis did not tell the extent to which the independent variable influences the dependent variable.” “The Coefficient of determination on regression analysis was used to determine the extent to which independent variable influences the organizational performance as presented on table 9 below”:

Table 11: Regression analysis on Internal Control Systems and Organisational Performance

Coefficients^a

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---------------------------------|-----------------------------|------------|---------------------------|--------|-------|
| | B | Std. Error | Beta | | |
| 1 (Constant) | 1.916 | 0.177 | | 10.826 | 0.000 |
| Internal Control Systems | 0.873 | 0.029 | 0.604 | 9.101 | 0.000 |

Summary Model

| Model | R | R Square | Adjust R Square | Standard Estimation Error |
|----------|-------|----------|-----------------|---------------------------|
| 1 | | | | |
| 1 | 0.916 | 0.839 | 0.839 | 0.2108 |

a: Predictor: (Constant), Internal Control Systems
Source: Primary Data, 2017

“The Coefficient of determination (denoted by letter R) on table 9 above shows the value for adjusted R Square of 0. 839.” “This represents the squared linear correlation between Internal Control Systems and Organization performance.” “This representation implied that Internal Control Systems is able to accounts for 83.9% (0.839 *100) of Organisational performance at Bukedea DLG and 16.1% accounted by other factors.”

4.4.3 Audit Risk Management and Organisational performance

The study used a Likert scale in this objective, which was coded as represented on table 7 below in which the representation was (strongly agree = 5, agree = 4, not sure = 3, disagree = 2, and strongly disagree = 1).”

“The mean nearer to 4 and 5 means that the respondents agreement with the relationship between the variables; the mean nearer to 3 is neutral; and the mean nearer to 1 and 2 means that the respondents were in a disagreement with the relationship between these study variables.” “Each respondent freely choose the best answer from a 5 point Likert scale. A mean (μ) and Standard Deviation (σ) were used to analyse and interpret the results obtained from responses.” “The smaller the standard deviation means the responses were closer from the respondents, and thus agreed with the relationship between variables.”

Table 12: Descriptive statistics of Audit Risk Management and Organisational performance

| QUESTION ITEMS | 5 | 4 | 3 | 2 | 1 | Mean (μ) | Standard deviation (σ) |
|--|-------------|-------------|-----------------|------------|-----------|----------------|---------------------------------|
| AUDIT RISKMANAGEMENT | | | | | | | |
| Bukedea DLG ensures Inherent Risk Management | 51 29.3% | 89 51.1% | 10 5.7% | 10 5.7% | 7 4.0% | 3.899 | 0.896 |
| Bukedea DLG ensures Control Risk Management | 62 35.6% | 85 48.9% | 11 6.3% | 6 3.4% | 3 1.7% | 4.103 | 0.898 |
| Bukedea DLG ensures Detection Risk Management | 68 39.1% | 81 46.5% | 8 4.6% | 6 3.4% | 42.3 % | 4.118 | 0.969 |
| There are segregation of duties at work in Bukedea DLG | 72 41.4% | 79 45.4% | 8 4.6% | 4 2.3% | 4 2.3% | 4.231 | 0.988 |
| Internal Auditors ensure inherent risk is managed from top | 75 43.1% | 81 46.5% | 5 2.9% | 3 1.7% | 3 1.7% | 4.453 | 0.997 |
| Auditors ensure to control risks before the occurrence | 70 40.2% | 80 46.0% | 10 5.7% | 5 2.9% | 2 1.1% | 4.234 | 0.972 |
| Auditors ensure risks are detected to design corrective measures | 74 42.5% | 84 48.3% | 2 1.1% | 3 1.7% | 4 2.3% | 4.398 | 0.992 |
| Bukedea DLG reviews audit reports to manage risks | 69 39.6% | 89 51.1% | 3 1.7% | 3 1.7% | 3 1.7% | 4.336 | 0.901 |
| Bukedea DLG ensures that audit risks are brought to book | 65 37.4% | 85 48.9% | 9 5.2% | 5 2.9% | 3 1.7% | 4.279 | 0.900 |
| Bukedea DLG quality in workforce to care for their service provision | 59 33.9% | 78 44.8% | 20 11.4 % | 5 2.9% | 5 2.9% | 3.769 | 0.863 |
| Average Mean and Standard Deviation | | | | | | 4.243 | 0.938 |

Source: Primary Data, 2017

“Table 12 above shows the representation of responses coded following the elements in the questionnaire, from which calculations of the mean (μ) and standard deviation (σ) were derived to analyze and interpret the findings and results.” “All the responses tagged on each element of the study questionnaire showed a mean nearer to 4 and 5, implying that the respondents were in agreement

with the relationship of the study variables of this objective.” “There was no response nearer to 1 and 2; and nearer to 3 (neutral), implying that the assertion that study variable of this objective are correlated.” “The standard deviation (σ) was lesser than +1.0; implying lower deviation from the mean, which in turn implied that the respondents were in agreement with the hypothesis that audit risk management has a significant positive effect on the performance of Bukedea DLG.” “Since table 12 above shows the average mean of 4.243 and the standard deviation of 0.938, it therefore means the respondents were in agreement that the independent variable has a significant positive influence on the dependent variable.”

“The Qualitative analysis was explored where one respondent from the face-to-face interview said this”:

“Since the inception of Bukedea DLG with decentralized authority for service delivery the audit risk management has been at the forefront agenda to enhance organizational performance. Since then, the District Council gives comprehensive support to the audit department to ensure that they perform their duties dependably and independently (AGB/09; Interview guide of 6/11/2017)”

“The qualitative analysis proved that audit risk management has a significant positive on organizational performance of Bukedea DLG.”

4.4.3.1 Pearson’s linear Correlation Coefficient on Audit Risk Management and Organisational Performance

“The correlation analysis was to test the alternative hypothesis (H_1); Audit Risk Management has a significant positive influence on organizational performance. “A correlation analysis was conducted using Pearson’s correlation coefficient and Significance statistics as presented on the table below”:

Table 13: Correlation on Internal Control Systems and Organizational Performance

| | | | | |
|--|--|--|---------------------------------|-----------------------------------|
| | | | Internal Control Systems | Organizational Performance |
|--|--|--|---------------------------------|-----------------------------------|

| | | | | |
|-------------------------|--|----------------|--------|--------|
| | | Pearson | | .938** |
| Internal Control | | Correlation | 1 | |
| Systems | | Sig.(2-tailed) | | 0.000 |
| | | N | 167 | 167 |
| | | Pearson | | |
| Organizational | | Correlation | .938** | 1 |
| Performance | | Sig.(2-tailed) | .000 | |
| | | N | 167 | 167 |

**** Correlation is significant at 0.001 levels (2-tailed).**

Source: *Primary study Data, 2017*

“Table 13 above represents Pearson’s correlation coefficient ($r= 0.938^{**}$), implying that Audit Risk Management significantly influences organizational performance positively, at significance level ($P=0.01$) which is less than ($P=0.05$).” The findings imply that implying that the Null Hypothesis at significance level ($P=0.05$) was rejected and the alternative Hypothesis at a significant level ($P=0.01$) was accepted.”

“This analysis did not tell the extent to which the independent variable influences organizational performance.” “The Coefficient of determination was used to determine the extent to which independent variable influences the dependent variable as presented on table 14 below”:

Table 14: Regression analysis on Internal Control Systems and Organisational Performance

Coefficients^a

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|------------------------------|-----------------------------|------------|---------------------------|--------|-------|
| | B | Std. Error | Beta | | |
| 1 (Constant) | 1.938 | 0.181 | | 10.875 | 0.000 |
| Audit Risk Management | 0.886 | 0.0231 | 0.613 | 9.122 | 0.000 |

Summary Model

| Model | R | R Square | Adjust R Square | Standard Estimation Error |
|----------|-------|----------|-----------------|---------------------------|
| 1 | | | | |
| 1 | 0.938 | 0.879 | 0.880 | 0.2108 |

Predictor: (Constant), Audit Risk Management

Source: *Primary Data, 2017*

“The Coefficient of determination (denoted by letter R) on table 12 above shows the value for adjusted R Square of 0. 880.” “This represents the squared linear correlation between Audit Risk Management and organization performance.” “This representation implied that Audit Risk Management is able to account for 88.0% ($0.880 * 100$) of Organisational performance at Bukedea DLG and 12.0% accounted by other factors.”

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

“This chapter summarises; discusses, draws conclusions and recommendations basing on the findings.

“The chapter is organised in line with the objectives.”

5.2 Summary of the Findings

“Summary has been presented following each of the objectives that guided the study.”

5.2.1 Governance Processes/Structures and Organisational Performance

“The first objective examined the influence of Governance Processes/Structure on the performance of Bukedea DLG.” “The corresponding hypothesis of the study was tested and it revealed that there was a significant positive influence of Governance Processes/Structures on organisational performance of Bukedea DLG.”

“The study established that Governance Processes/Structures have a significant positive influence on organisational performance of Bukedea DLG.”

5.2.2 Internal Control Systems and Organisational performance

“This objective assessed the influence of internal control systems on the performance Bukedea DLG.”

The corresponding hypothesis revealed that internal control system significantly influences the performance of Bukedea DLG positively.”

“The study established therefore that control activities have significant positive effect on organisational performance of the BDLG.”

5.2.3 Audit Risk Management and organizational performance

“This third objective examined the influence of Audit Risk Management on the performance of the DLG of Bukedea District.” “The hypothesis that corresponds with this objective was tested and it revealed audit risk management significantly influences the performance of the DLG of Bukedea District.” “The study established therefore that Audit Risk Management has significant positive influence on organisational performance of the Bukedea DLG.”

5.3 Discussions of Findings

The discussions were based on the study objectives.

5.3.1 Governance Processes/Structures and organizational performance

“The study revealed that Governance Processes/Structures had a significant positive influence on organizational performance.” “The findings imply that Governance Processes/Structures as a dimension of Internal Audit positively influences the performance of the organisation, as once asserted by IARF, (2009, and Kaziba, et al., (2015) that; Governance processes/Structures is underpinned to achieving desired organizational objectives and improve operations; and thus organizational performance.” “These findings were also consistent with the findings of IARF, (2009) and Ojok, (2012).” “The ultimate goal of both Organizational Governance Processes/Structure and Performance Management is to optimize an organizational performance.”

5.3.2 Internal Control Systems and Organizational Performance

“The survey revealed that internal control significantly influenced organizational performance of Bukedea DLG positively.” “These findings were consistent with the findings of (Ewa & Udoayang, 2012), who indicate that Internal Control Systems is a dimension of Internal Audit Practices, which is intended primarily to enhance the reliability of performance either directly or indirectly by increasing accountability among information providers and that of Beerler, *et al.*, 1999; Abiola, 2013) who assert that internal control systems involves physical controls and information processing controls in carrying out assigned responsibility for better Organizational performance.”

5.3.3 Audit Risk Management on Organisational Performance

“The study revealed that Audit Risk Assessment significantly influence on organizational performance of Bukedea DLG positively.” “The hypothesis tested and the findings imply that Audit Risk Management influence organizational performance of Bukedea DLG.” “These findings were consistent with the findings of Shah & Marchand, (2012), who contend that Audit Risk Assessment dimension emphasizes on professional audit standards in order to monitor the performance of an organisation by comparing the actual performance and the desired performance, and any identified

variations are investigated upon, and actions taken.” “These findings were also in line with the findings of INTOSAI, (200; 2009; 2013), that indicate; Audit Risk Management is essential to realize the internal control systems objectives of an organization; which audit risk management is poised to be appropriate, timely, current, accurate and as such accessible, reliable and relevant to bring about positive organisational performance as desired.”

5.4 Conclusions of Findings

“The conclusions are presented following the objectives of the study which are founded on the dimensions of the independent variable that include Governance Processes/Structures, Internal Control Systems and Audit Risk Management as detailed below”:

5.4.1 Governance Processes/Structures and Organizational Performance

“The findings indicate that Governance Processes/Structures has a significant positive influence on organisational performance, implying that improvements on Governance Processes/Structures would have a significant positive effect on organisational performance.” “Findings indicated that organisational performance can easily be enhanced when control environment is put in place and enforced purposely to achieve Organisational performance.” “The study showed that Governance Processes/Structures accounts for 84.6% of organisational performance while other factors accounted for 15.4% of organisational performance.” “The study concluded that Governance Processes/Structures influences organisational performance at Bukedea DLG.”

5.4.2 Internal Control Systems and Organisational Performance

“The findings on indicate Internal Control Systems significantly influence performance positively.” “The study findings further indicate that when Internal Control Systems are in place and enforced, organisational performance is enhanced.” “The study concluded that Internal Control Systems account for 83.9% of Organisational performance and other factors accounted for only 16.1% of organizational performance; implying that improvement on Internal Control Systems have significant positive influence on performance.”

5.4.3 Audit Risk Management and Organizational Performance

“This objective examined the influence of Audit Risk Management on organizational performance at Bukedea DLG.” “The findings revealed that audit risk significant influenced organisational performance positively.” “The findings concluded that Audit Risk Management accounted for 88.0% of organizational performance and 12.0% variance were accounted for by other factors.” “The study concluded therefore that Audit Risk Management influences organizational performance.”

5.5 Recommendations

“Recommendations are following the objectives as follows”:

5.5.1 Governance Processes/Structures and organizational performance

- “The Public Sector and particularly the Local Government (LG), such as Bukedea DLG should at all times ensure that Governance processes/structures such as operations with integrity and ethical value; designing effective assignments of authority and responsibility; adequate management policies, procedures be put in place to enforce accountability in order to enhance organisational performance.”
- “The Public Sector and particularly the LG such as Bukedea DLG should from time to time review Governance Processes/Structures to determine gaps and findings communicated to the concerned parties/stakeholders for action, since Governance Processes/Structures is the benchmark of accountability in Local Governments, such as Bukedea DLG.”
- “At all times, the management of the Public Sector and DLGs should ensure funding internal audit department sufficiently in order to enable its independence and dependable practices, since internal audit oversees operations and effective accountabilities.”

5.5.2 Internal Control Systems and Organizational Performance

- “There is a strong need for Human Resources Training and development to ensure a sense of accountability and responsibility within the Public Sector workers such as Bukedea DLG to enhance internal control systems.” “There is a possibility that some gaps in internal control systems and misstatements of the finances; and in the procurement of goods and services that

could arise because of the implementing human resource being insensitive in internal control systems, and thus affecting service delivery.”

- “The Public Sector and Bukedea DLG to ensure performance where periodically activities, are monitored and ensuring that are plans to enhance Controls.”
- “The Public Sector such as Bukedea DLG should strengthen management of affairs in order to enhance internal audit practices.” “To ensure this the internal audit practice should ensure and enforce segregation of duties.”

5.5.3 Audit Risk Management and organizational Performance

- “The Public Sector and Bukedea DLG should improve upon audit risk management in terms of inherent risk, detection risk and control risk, because this is a sincere mitigation for controls and ensures the effectiveness of internal audit practices.”
- “Internal Audit Practices should ensure improvement of feedback on internal audits by providing timely reports, to ease effective decision making and taking actions on the gaps identified.”
- “Top Management should effectively support internal audit practices to ensure that relevant and quality accountabilities are obtained and generated at all times to control.”
- “The Public Sector and Bukedea DLG should ensure that an efficient and effective system of audit risk management exists to enhance audit practices.”

5.6 Contributions of the study

“The study has theoretical and applied contributions”:

“Theoretical Contributions are the additions of this study report to the body of knowledge as this work will be a reference to the future researchers”.

“The applied contributions are the findings and recommendations that may be used by the Bukedea DLG and other Public Sector organizations to improve upon their organizational performance”.

“This study also confirms the works of previous scholars as being right in their assertions on the study topic.”

5.7 Suggestions for further research

- “The influence of Internal Audit Practices on Financial Management of the Public Sector: a case of District Local Governments.”
- “The role of internal audit practices on Internal Controls of the Public Sector in Uganda.”

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APPENDICES

Appendix A: Questionnaire

Dear respondent,

I am ALUPO Grace; Registration No. **14/MBA/12/011**, a participant at Uganda Management Institute – Kampala main campus in the faculty of Management Science, pursuing a degree of Masters in Business Administration. I am conducting a research on the topic; *“Internal Audit practices and Organizational Performance of the Public Sector: A Case of Bukedea District Local Government.”* This questionnaire is to help me gather data that will enable me make conclusions and recommendations. Your contribution to this course will be treated with the confidentiality it deserves. Your sincere co-operation is most welcome.

Tick the most appropriate

1. To which Age bracket do you belong?

- a) 21-30 b) 31-40 c) 41-50 d) 51-60 e) 61+

2. What is your Gender?

- a) Male b) Female

3. What is your highest level of educational attainment?

- a) Certificate b) Diploma c) Degree d) Master Degree
e) PhD f) others Specify.....

4. Do you think Bukedea District Local Government is faced with some challenges in internal audit to achieve human resource performance?

- Yes No

If yes, list such challenges

.....
.....

Suggest some solutions to the challenges faced by Bukedea District Local Government in ensuring internal audit in order to achieve organizational performance.

.....
.....

This table below shows the rating of Internal Audit at Bukedea District Local Government. You are kindly requested to rate these Internal Audits as specified, by ticking your correct choice. The Likert Scale rating is as follows: 5 for Strongly Agree; 4 for Agree; 3 for Not Sure; 2 for Disagree and 1 for Strongly Disagree

| QUESTION ITEMS | 5 | 4 | 3 | 2 | 1 |
|---|----------|----------|----------|----------|----------|
| GOVERNANCE PROCES/STRUCTURE | | | | | |
| Internal Auditors have a formal mandate to do their work | | | | | |
| Internal Auditors conduct reviews in the governance processes | | | | | |
| Internal Auditors carryout their work independently | | | | | |
| Internal Auditors easily access all records | | | | | |
| Internal Auditors perform internal Audits dependably | | | | | |
| Internal Auditors performs their services accurately | | | | | |
| Auditors get support from stakeholders to perform their duties | | | | | |
| Internal Auditors get financial support to perform their work | | | | | |
| Auditors ensure support to maintain error-free records on controls | | | | | |
| The council supports internal audit activities | | | | | |
| | | | | | |
| INTERNAL CONTROL SYSTEMS | | | | | |
| The district maintains physical controls of all assets | | | | | |
| Equipment in use are properly maintained and controlled | | | | | |
| Information processing is accurately controlled | | | | | |
| Physical controls of assets have improved org. performance | | | | | |
| Physical control of facilities and equipment are efficient/effective | | | | | |
| Physical controls have improved organizational performance | | | | | |
| Information processing control enhances organizational performance | | | | | |
| There is documentation control in Bukedea district at all levels | | | | | |
| Equipment and facilities are properly controlled for information processing | | | | | |
| | | | | | |
| AUDIT RISK MANAGEMENT | | | | | |
| Bukedea DLG ensures Inherent Risk Management | | | | | |
| Bukedea DLG ensures Control Risk Management | | | | | |
| Bukedea DLG ensures Detection Risk Management | | | | | |
| There are segregation of duties at work in Bukedea DLG | | | | | |
| Internal Auditors ensure inherent risk is managed from top | | | | | |
| Auditors ensure to control risks before the occurrence | | | | | |
| Auditors ensure risks are detected to design corrective measures | | | | | |
| Bukedea DLG reviews audit reports to manage risks | | | | | |
| Bukedea DLG ensures that audit risks are brought to book | | | | | |
| Bukedea DLG quality in workforce to care for their service provision | | | | | |

Thank you very much for your attention

Appendix B: Interview Guide/Schedule

Dear Respondent,

I am ALUPO Grace, Registration No. **14/MBA/12/011**; a student of Uganda Management Institute, pursuing a Masters program in Business Administration, conducting a study on *“Internal Audit Practices and Organizational Performance of the Public Sector: A Case of Bukedea District Local Government.”* I kindly request your attention for a few minutes. Our discussions will be confidential.

1. What is your name please? (Optional)

.....

2. What is your occupation?

.....
.....

3. What is your age?

.....
.....

4. What is your educational level?

.....
.....

5. a). Do you face Internal Audit gaps in Bukedea District local Government?

Yes No

b). If yes, what is the magnitude?

High Moderate Low

c). If high, what effect has it had on the Organizational performance of District LG?

.....
.....

d). In which particular Internal Audit areas does the DLG face challenges?

.....
.....

e). Are these challenges a threat? If yes, what makes them to become a threat?

.....
.....

f). What strategies has the DLG put in place to achieve positive Organizational performance?

.....
.....

6). a). Is Internal Audit of significant value in term of Organizational performance?

.....
.....

6). b).Is there any relationship between Internal Audit and Organizational performance in the?

.....
.....

6). c). If yes; give what kind of relationship?

.....
.....

6. d). Are you satisfied with the Internal Audit (IA) obtaining in the Bukedea DLG?

.....
.....

7. Are the workforce at the District segregated their duties internal control?

.....
.....

(v)

8. What challenges are feasible in internal audit in Bukedea District Local Government?

.....
.....

What are the probable solutions Bukedea DLG has put in place to mitigate such challenges?

.....
.....

9. Do you think the internal Audit in Bukedea DLG Management is good enough to the service of Organizational performance? If yes, give reasons

.....
.....

10. Is the IA desk competent enough to enforce internal controls in Bukedea DLG? If yes, how has it impacted on the performance of the district?

.....
.....

11. Is the DLG able to perform the promised Internal Audit dependably and accurately to the human resource?

.....
.....

12. Is Governance process/structure in the District LG a source positive organizational performance?

If yes give reasons.....
.....

13. Are Internal Control Systems in the DLG enough to inspire organizational performance and assuring confidence physical controls and information processing controls?

.....
.....

14. Audit Risk Management is effectively a means of limiting internal audit and internal control gaps in order to ensure effective organizational performance

.....
.....

Thank you very much for your attention

Appendix C: Documentary Review Checklist

This list consists of the following documents that the researcher is interested to review:

2. Internal Audit review reports for 2016, 2015 and 2014
3. Internal Audit standards for 2016, 2015 and 2014
4. Financial and Accounting regulation, 2006
5. The District Budget Framework papers for 2016, 2015 and 2014
6. List of products for 2016, 2015 and 2014
7. Human resource management policies
8. Government Standing Orders and Commitment Control System 2016, 2015 and 2014
9. Annual Auditor General's Reports for 2016, 2015 and 2014
10. Current Bukedea DLG Council Reports

Appendix (D): Work Plan and Time Frame

| Activity | Duration | Dates |
|---|-----------------|---|
| Preliminary investigations and Recruitment and training of the Data collection assistants | 2 weeks | 21 st - 30 th September, 2017 |
| Proposal Defense | 5 Days | 1 st October - 5 th October, 2017 |
| Field Visits and distribution of study instruments | 2 Days | 6 th Oct. – 8 th Oct. 2017 |
| Data collection | 2 Weeks | 9 th Oct. – 23 rd Oct. 2017 |
| Proposal Writing that involve data analysis, presentation and interpretation | 3 Weeks | 24 th Oct. -13 th Nov. 2017 |
| Proposal submission, defending and presentation | 1 Week | 14 th Nov. – 24 th Nov, 2017 |

Appendix (E): Budget Frame

| Item | Quantity | Unit Cost (UGX.) | Total Cost |
|--|-----------------|-----------------------------|-------------------|
| Subsistence Allowance | 4 weeks | 150,000 | 600,000 |
| Honorarium | 2 persons | 150,000 | 300,000 |
| Travel (Motorcycle –Boda boda) | 30 days | 10,000 | 300,000 |
| Data Analysis using data SPSS | 1 person | 400,000 | 400,000 |
| Secretarial services in processing research instruments and reports | 1 person | 200,000 | 100,000 |
| Printing and Photocopying | 480 Pages | 100 per page | 48,000 |
| Report production (Binding) | 4 Copies | 20,000 | 80,000 |
| Other Expenses(Unpredicted expenses) | N/A | N/A | 100,000 |
| Total Costs | | | 1.928,000 |

Appendix F: Table for determining sample size for finite population

This table below is to simplify the process of determining the sample size for a finite population, as Krejcie & Morgan (1970), came up with a table using sample size formula for finite population.

| Table 3.1 | | | | | | | | | |
|--|----|-----|-----|-----|-----|------|-----|---------|-----|
| <i>Table for Determining Sample Size of a Known Population</i> | | | | | | | | | |
| N | S | N | S | N | S | N | S | N | S |
| 10 | 10 | 100 | 80 | 280 | 162 | 800 | 260 | 2800 | 338 |
| 15 | 14 | 110 | 86 | 290 | 165 | 850 | 265 | 3000 | 341 |
| 20 | 19 | 120 | 92 | 300 | 169 | 900 | 269 | 3500 | 346 |
| 25 | 24 | 130 | 97 | 320 | 175 | 950 | 274 | 4000 | 351 |
| 30 | 28 | 140 | 103 | 340 | 181 | 1000 | 278 | 4500 | 354 |
| 35 | 32 | 150 | 108 | 360 | 186 | 1100 | 285 | 5000 | 357 |
| 40 | 36 | 160 | 113 | 380 | 191 | 1200 | 291 | 6000 | 361 |
| 45 | 40 | 170 | 118 | 400 | 196 | 1300 | 297 | 7000 | 364 |
| 50 | 44 | 180 | 123 | 420 | 201 | 1400 | 302 | 8000 | 367 |
| 55 | 48 | 190 | 127 | 440 | 205 | 1500 | 306 | 9000 | 368 |
| 60 | 52 | 200 | 132 | 460 | 210 | 1600 | 310 | 10000 | 370 |
| 65 | 56 | 210 | 136 | 480 | 214 | 1700 | 313 | 15000 | 375 |
| 70 | 59 | 220 | 140 | 500 | 217 | 1800 | 317 | 20000 | 377 |
| 75 | 63 | 230 | 144 | 550 | 226 | 1900 | 320 | 30000 | 379 |
| 80 | 66 | 240 | 148 | 600 | 234 | 2000 | 322 | 40000 | 380 |
| 85 | 70 | 250 | 152 | 650 | 242 | 2200 | 327 | 50000 | 381 |
| 90 | 73 | 260 | 155 | 700 | 248 | 2400 | 331 | 75000 | 382 |
| 95 | 76 | 270 | 159 | 750 | 254 | 2600 | 335 | 1000000 | 384 |

Note: N is Population Size; S is Sample Size *Source: Krejcie & Morgan, 1970*

Appendix F: Table for determining sample size for finite population

Letters of Introduction and Passing Proposal