

**INTERNAL AUDIT FUNCTION AND ACCOUNTABILITY OF PUBLIC FUNDS IN
LOCAL GOVERNMENT; A CASE STUDY OF MBARARA
DISTRICT LOCAL GOVERNMENT**

BY

NIWEBYONA ALEX

REG.NO: 1163-05014-06934

SUPERVISED BY

DR. KIRABO JOSEPH

**A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS
AND MANAGEMENT IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF BACHELORS
DEGREE OF BUSINESS ADMINISTRATION OF
KAMPALA INTERNATIONAL
UNIVERSITY**

SEPTEMBER-2019

DECLARATION

I, NIWEBYONA ALEX hereby declare that this research report is original and it has never been submitted to any institution for any award.

Signature Date 8/10/2019.



NIWEBYONA ALEX

1163-05014-06934

APPROVAL

This research report has been done under my supervision and is now ready for submission with my approval.

Signature:  Date: 

DR. KIRABO JOSEPH



(University Supervisor, college of economics and management)

DEDICATION

This report is dedicated to my beloved parents and my friends who have been there for me since childhood more especially in the challenges I encountered through my studies. I believe God will reward you abundantly and I wish you all the best in life.

ACKNOWLEDGMENT

First, I am indebted to Almighty God for all the blessings he showered onto me and for being with me throughout my studies. I am deeply obliged to my supervisor Dr. Kirabo K.B Joseph for his supervisory role, guidance and support without whose help, this study would not be success.

I extend my regards to the staff of Mbarara district local government who gave me an opportunity to conduct my research from in their organization. I also take this opportunity to express my deep gratitude to my loving friends who were a constant source of motivation and for their never-ending support and encouragement during this research study. To all my lecturers from year one I say thank you.

Finally, it has been an exciting and instructive study period at Kampala International University and I feel privileged to have the opportunity to carry out this study as demonstration of knowledge gained during the study period.

TABLE OF CONTENTS

DECLARATION	i
APPROVAL	ii
DEDICATION	iii
ACKNOWLEDGMENT	iv
LIST OF ACRONYMS	ix
ABSTRACT	xii
 CHAPTER ONE	 1
INTRODUCTION	1
1.0 Introduction.....	1
1.1 Background to the study	1
1.1.1 Historical Perspective	1
1.1.1 Theoretical Perspective.....	2
1.1.3 Conceptual Perspective.....	3
1.1.4 Contextual Perspective.....	4
1.2 Statement of the Problem.....	5
1.3 Purpose of the study.....	6
1.4 Specific Objectives	6
1.5 Research Questions.....	6
1.6 Research Hypotheses	6
1.7 Scope of the Study	6
1.7.1 Geographical Area:	6
1.7.2 Content Scope.	7
1.7.3 Period/Time scope.....	7
1.8 Significance of the Study	7
1.9 Operational Definition of Key Terms	7
 CHAPTER TWO	 9
LITERATURE REVIEW	9
2.0 Introduction.....	9

2.1 Theoretical Review	9
2.1.1. Political Theory of Fiscal Federalism	9
2.1.2. Theory of audit explosion (TEA).....	10
2.1.3. Agency Theory.....	10
2.2 Conceptual Review	11
2.3 Review of Related Literature	12
2.4 Empirical Review.....	13
2.4.1 The internal audit procedures performed on utilization of public funds.....	13
2.4.2 Challenges faced by internal auditors in ensuring accountability of public funds in local government.....	17
2.4.3 Relationship between Internal Audit and accountability in local government	18
2.5 Research Gaps.....	21
 CHAPTER THREE	 22
RESEARCH METHODOLOGY	22
3.0 Introduction.....	22
3.1 Research Design.....	22
3.2 Study Population	22
3.3 Sample Frame and sample size	22
3.3.1 Sample size	23
3.4 Sampling Technique	23
3.5 Source of Data.....	23
3.5.1 Primary Data	23
3.5.2 Secondary Source.....	23
3.6 Data Collection Methods	23
3.6.1 Questionnaires.....	23
3.6.2 Interviewing	24
3.7 Data Analysis and Management	24
3.8 Ethical Consideration.....	24
3.9 Anticipated Limitations of the study.....	24

CHAPTER FOUR.....	26
DATA ANALYSIS RESULTS AND DISCUSSION.....	26
4.0 Introduction.....	26
4.1 Background characteristics of the respondents.....	26
4.1.1 Gender.....	26
4.1.2 Age of the Respondents.....	26
4.1.3 Education Level of the Respondents.....	27
4.3 The challenges faced by internal auditors of Mbarara municipality in ensuring the accountability of funds.....	32
 CHAPTER FIVE.....	 39
SUMMARY OF STUDY FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.....	39
5.0 Introduction.....	39
5.1 Summary of the study findings according to objectives.....	39
5.1.5 The audit substantive procedures used in internal auditing in Mbarara Municipality.....	39
5.5.2 Challenges faced by the auditors in ensuring accountability for public funds.....	39
5.1.3 The relationship between Internal Auditing and Accountability of Public Funds in Mbarara Municipality.....	40
5.2 Conclusions.....	40
5.3 Recommendations.....	40
5.4 Areas of Further Research.....	41
REFERENCES.....	42
APPENDICES.....	45
APPENDIX I: TIME FRAME.....	45
APPENDIX II: STUDY BUDGET.....	46
APPENX III: QUESTIONNAIRES.....	47

LIST OF TABLES

Table: 4. 1 Sex of the Respondents	26
Table: 4. 2 Age of the Respondents.....	27
Table: 4. 3 Educational Level of the Respondents	27
Table: 4. 4 Department of the respondents.....	28
Table: 4. 5 Are substantive procedures used in internal auditing in Mbarara Municipality	28
Table: 4. 6 In Mbarara Municipality, internal auditors often review financial information.....	29
Table: 4. 7 Internal auditors usually observe payment of cash especially payment of cash	29
Table: 4. 8 Internal auditors regularly inspect the books of accounts to ascertain.....	29
Table: 4. 9 Budgets, accounting manuals, financial statements, asset registers.....	30
Table: 4. 10 Internal auditors often carry out physical counting of noncurrent assets o.....	30
Table: 4. 11 Internal auditors usually compared budgeted with actual revenue a.....	31
Table: 4. 12 Internal auditors inspect the progress of government capital projects	31
Table: 4. 13 In Mbarara municipality, there are few auditors to review financial statements	32
Table: 4. 14 Politicians in Municipality often influence auditors to issue favorable	33
Table: 4. 15 Lack of enough knowledge and skills necessary to audit large sums	33
Table: 4. 16 Lack of enough financial resources caused by less and delayed funding	34
Table: 4. 17 Lack of effective internal controls on the resource inflows and out flows.....	34
Table: 4. 18 Limited Resources such as time to audit large volumes of work	34
Table: 4. 19 Auditors at Mbarara municipality are familiar to the staff;.....	35
Table: 4. 20 Internal auditors often perform non audit work for the Municipality	35
Table: 4. 21 Internal auditors lack access to some books of accounts and explanatory notes	36
Table: 4. 22 Lack of on job training to equip auditors with skills and awareness of changes	36
Table: 4. 23 the relationship between internal auditing and accountability of public funds	37
Table: 4. 24 Internal audit affects Mbarara municipality's accountability levels	37
Table: 4. 25 Relationship between internal auditing and accountability	38

LIST OF ACRONYMS

ACCA	-	Association of Chartered Certified Accounts.
ACFE	-	Association of Chartered Fraud Examiners.
CAO	-	Chief Administrative Officer.
CPA	-	Certified Professional Accounts.
FINMAP	-	Financial Management and Accountability Programmes.
GIAS	-	The Government Internal Audit Standards.
IA	-	Internal Audit.
ICAC	-	Independent Commission Against Corruption.
IIA	-	Institute of Internal Audit.
LG	-	Local Government.
LGAS	-	Local Government Audit Service.
MDA	-	Ministries, Departments and Agency
MOFPED	-	Ministry Of Finance, Planning and Economic Development.
NGOs	-	Non Governmental Organizations.
NSW	-	New South Wales
PFAA	-	Public Finance and Accountability Act
VAGO	-	Victoria Audit General's Office.

ABSTRACT

The study investigated the role of internal audit in the accountability of public funds in local governments, case of Mbarara district local government. The study was guided by the following objectives; to study the nature of Internal Audit System in the accountability of public funds in local government, to investigate the nature of accountability of public funds in local governments and to examine the relationship between the Internal Audit and accountability of public funds in local governments. Various methods were used to collect data from the respondents. The main primary data collection methods used were questionnaires, Key informant interviews and Focus Group Discussion (FGD) guides. Documentary sources were used as secondary data collection method. Data analysis was done thematically with the use of computer package known as excel and SPSS for tabulation and generation of tables, graphs and Pie Charts. From the study findings, it was concluded that internal Audit has a great stake in the accountability of Public funds, in this regard in local Governments because internal Audit is described as a consulting activity. The implied situation being that all the stakeholders in the use of public funds have to be aware of the nature of internal Audit. Internal Audit and accountability of public funds in local governments were realized faced by a number of challenges such as Limited skills, Political interference, Limited number of employees, Low involvement, Limited independent, Low payments to employees, Low level of Audit reports implementation, Limited corporation, No/less development internal Audit Committee, However, these above challenges were established to have the following remedies/ solution Improved skills through training, Political focused interaction, Increased number of employees, Adequate independence, Improved involvement, Improved rewards, Increased level of Audit reports, Improved corporation, Installation of developed internal Audit committee.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, and scope of the study and significance of the study.

1.1 Background to the study

The background to the study is divided into four perspectives i.e. historical perspective, theoretical perspective, conceptual perspective and contextual perspective.

1.1.1 Historical Perspective

Globally, and especially in Africa, there are calls for governments to be accountable for the huge resources they hold on trust and manage for the people who gave them the political and administrative authority. The public sector represents a principal-agent relationship. The officials or administrators act as the agents while the citizens are the principals. In the words of Achua (2009), government spending is a very big business and the public demands to know whether the huge outlays of money are being spent wisely for public interest. Those in authorities assume fiduciary status with the attendant responsibilities requiring them to render accounts of their stewardship to the citizens for whom the authority is held in trust. Thus, the agents are expected to periodically render accounts of their stewardship to the principals for the use of resources and the extent to which the public's objectives have been accomplished. The citizens (the principals) have contributed resources through taxes and other duties to national budget for economic and social development. They need an independent third party to lend credibility to the stewardship accounts rendered by the agents, that is, the government. They rely upon the auditor to provide an independent, objective evaluation of the accuracy of the agent's accounting and to report on whether the agents have used the resources in accordance with the principal's wishes (Al-Matarneh, 2011 and Al-Shammari, 2010).

The General Accounting Office (GAO) in the federal institutions of the USA began to set a foundation for internal auditing in early 1970's, and Sweden became the first European country to adopt internal auditing through its national audit bureau in 1970. In the British Commonwealth, Canada adopted first in 1977 followed by New Zealand and Australia in 1975 and 1979 respectively; while in the UK it was in 1983 and 1984 upon creation of the Audit Commission (AC) for England and Wales along with the National Audit Office (NAO), with the labor

government manifesto emphasizing internal auditing since 1997 upon dethroning the conservatives (Alwardat & Benamraoui, 2014).

In Nigeria, the 1980's economic depression precipitated a focus shift from expenditure control to introduction of value for money as need arose for effective utilization of economic resources. Despite development of standards for internal auditing in 1997, it has not gained sufficient recognition in Nigeria (Eze & Ibrahim, 2015). In Kenya, according to The National Treasury handbook on frameworks for audit committees (2013); article 10 of chapter 2 of the constitution of Kenya identifies economy, efficiency, and effectiveness as among the pillars of good governance. Section 73(3) of the Public Finance Management Act, 2012 charges the Internal Auditor General department within The National Treasury with the responsibility to conduct internal auditing aimed at strengthening internal control systems.

In Rwanda, the scope of internal audit changed after 1994 Rwandan Tutsis genocide. Following the requirement of Article 12 of the Organic Law No. 37/2006 on state finance and property in Rwanda, the new scope spans not only over the budget agencies (state organs, which are entitled to budget in the annual State Finances Law), which are defined under Article 2 of the Organic Law, but also any other entities which benefit in any way from State resources. In 2010 this unit was renamed the Office of the Government Chief Internal Auditor. In addition to the Office of the Government Chief Internal Auditor which has the authority to audit any government agency, Internal Audit Units are established in the districts and in other public and semi-public institutions.

1.1.1 Theoretical Perspective

The study will be guided by three theories, ie, **Political Theory of Fiscal** developed by Federalism Robinson, Torvik, and Verdier (2006), **Theory of audit explosion** (TEA) developed by Peci, Quintella, & Cardoso, (2012). Its main proponent is Michael Power who advocated for a critical approach to auditing and accounting practices, advancing the importance of the sociological context in comprehending auditing. The theory states that a relation should be made between the explosion of audit and other control activities; with the NPM reforms on public management processes (Peci, Quintella, & Cardoso, 2012). Finally, the **Agency Theory** developed by Julkaisuja, (2010). This theory describes a relationship where one party called the principle delegates work to another known as an agent, with aim of resolving conflict of interests in such a relationship (Julkaisuja, 2010).

1.1.3 Conceptual Perspective

According to VAGO (2004), Internal Audit function forms part of the management system of internal control. This becomes effective when the Internal Auditor reports to the highest level possible in an organization usually to the Audit committee.

Schiavo-Campo and Tomasi (1999), argue that accountability is the provision of information and disclosure on the financial activities and performance to the concerned parties (stakeholders). Furthermore, financial accountability is responsibly of public institutions to use public funds (public money) economically, efficiently and effectively, there is no wastage and leakage of funds, as well as the corruption so that accountability requires public agencies to make financial reports to describe the organizational financial performance to outsiders (Mardiasmo, 2002).

Public finance and Accountability regulations (2003) describes Internal Audit as being decentralized that ideally and functionally report to the accounting officer and usually has access to the Audit committee proceedings.

According to Harris R. (2004), Internal Audit is described as "turn and stick" referring to a system that is established towards goals and objectives of an organization in this case the local government. This formation helps ensuring compliance with relevant laws and regulations, reliability and integrity of information for economic, effective and efficient use of resources while safe guarding the public assets. Internal Audit therefore a fundamental element of corporate governance structure and processes with in local Governments.

Internal Audit is either financial or operational; the former being about the formation of compliance with financial reporting requirements and accounting standards while the latter is the foundation to determine compliance with the council policies and procedures as well as the effectiveness and efficiency of the programs or projects (ANAO, 2004).

According the minister of finance planning and development (MoFPED, 2003), the work of internal audit is centralized in the auditor general office in the ministry of finance planning and economic development. The work of internal in local government is hierarchically subject to submission to auditor general office usually by 15th august of the next financial year for final audit.

According to the ongoing reforms initiatives, the internal audit is being devolved to the ministries, departments and agencies so as to have it report to chief executive of the respective MDA (public finance and accountability Act, 2003).

Also, Domingues, Sampaio and Arezes (2019) expound auditing as a systematic and independent process which works under documented process for obtaining audit evidence to enable auditors to form opinion on whether presented financial statements show true and fair view. Generally, auditing is an examination of financial statements to ensure. That they conform to reporting framework and policies and works objectively to determine the extent to which the identified audit standards are fulfilled and observed. Auditing plays a pivotal role in the overall mechanism of public financial management. Correspondingly, Wang and Rakner (2016) opined that the International Organization of Supreme Audit authenticates that auditing is performed in order to ensure proper and effective use of public funds, and proper execution of administrative activities. In effect, it facilitates a soft flow of information to government authorities and general public through the publication of objective report.

Salawu and Agbeja (2019), explain that public audit is applicable to all public sector organizations and as such it is relatively widespread from verifying accounts to assessment of value for money to include; Economy, efficiency and effectiveness (3Es In recent years, the concept of auditing has experienced some operational changes from traditional to performance audit, the later focus on the outcomes as compared to the traditional which places strong emphasis on inputs. The concept of auditing has evolved within the context of rapidly changing political and economic conditions which raise a number of questions on the proper roles of government and public management (Khemakhe, 2014). Transfer of fiscal affairs to lower level of government requires strong and sound financial management due to fiscal autonomy in both revenues and public expenditure (Renyan et al., 2016).

1.1.4 Contextual Perspective

The Internal Audit, Mbarara District Local Government – Kamukuzi, since 2005 reveals the monies that have been inappropriately accounted for. The hereunder tabulated information has not been obtained from district final accounts as they were not easily assessed It has been obtained from various Audited reports as filed for each financial year by a researcher's summation summary.

The accountability of public funds to put in effect the use of public funds has not only been a matter of controversy in local government but rather nationally. Such national cases include; Ugx 1.2 trillion offered by European union for roads and rural development were not really put to use (new vision, Wednesday June, 2008), Ugx. 3.5billion. part of chogm Ugx. 20.4b were misappropriated (daily monitor June 3, 2008), NSSF report by 1GG, Faith Mwendha describing NSSF staff as a den of wolves fasting on a huge sum of money which legitimate beneficiaries cannot access, Ugx 1.2b lost in tax incentives extended to hotel developers according to URA investigations (new vision Saturday, Jan. 20, 2006). These above cited instances are in a manner that there has been lack of proper accountability of such public monies in spite of the presence of Auditor General. These inevitably cascade negative effects to the communities which are definitely the lower local governments, Mbarara district local government being the case study.

Internal auditing is an independent appraisal function with the organization set up for the review of systems of control and quality performance (Khalsa 2015). It helps an organization to accomplish its objectives by bringing a systematic approach to evaluate and improve the effectiveness of risk management, control and governance practices. Auditing can be explained as an assessment of accounting transactions and records with an idea of ascertaining accuracy and compliance with relevant statutory provisions, accounting standards, professional pronouncements and the organization policies in modern and present day, the Internal Audit charter (2006) has professionally described the nature, role, objectives of internal audit. This has been based on the certified associations of accountants such as ACCA, CPA, outlining the code of conduct in the guide to good practice for Internal Auditors and their consumers (1999).

1.2 Statement of the Problem

Issues pertaining to how public fund should be governed were legislated in Uganda, introducing a Public Finance Management Act 2012 (PFMA) as well as treasury regulation (National Treasury, 2012). Section 38 of the (PFMA) states that an Accounting Officer of the Department must ensure that a system of internal audit exists within his/her departments. The mandate of the Internal Audit is to provide support to government departments by assessing the adequacy of controls in place to mitigate potential threats which might occur. Despite the above, public funds in local governments are reported in inappropriately accounted for which therefore has negative strides on the public in alarming dimensions against local government purpose of being closest to the people with vested

powers to meet their peculiar needs (Lawal, 2000) and less seems to be done to reverse the situation. The Auditor Generals' report of 2015 indicates inequitable provision of services, risks of public corruption, biased objectives and irresponsibly and ineffective of public resources to achieve intended result. This preamble sets the researcher to establish the role of Internal Audit in accountability of public funds in local government using Mbarara district local government as the case study.

1.3 Purpose of the study

The purpose of the study was to establish the effect of internal audit on accountability of public funds in local government.

1.4 Specific Objectives

The objectives of the study were to:

- i. To find out the audit substantive procedures used in internal auditing in Mbarara municipality.
- ii. To examine the challenges faced by Auditors in ensuring accountability for public funds.
- iii. To establish the relationship between internal auditing and accountability of public funds in Mbarara municipality.

1.5 Research Questions

- i. What are the audit substantive procedures used in internal auditing in Mbarara municipality?
- ii. What are the challenges faced by Auditors in ensuring accountability for public funds?
- iii. What is the relationship between internal auditing and accountability of public funds in Mbarara municipality?

1.6 Research Hypotheses

H₀₁: There is a significance relationship between internal audit on accountability of public funds in local government.

1.7 Scope of the Study

1.7.1 Geographical Area:

The study was carried out at Mbarara Municipality, in Mbarara district. Mbarara Municipal council offices are located in Mbarara town on high street opposite independence park grounds, as a growing urban commercial area with increasing population, increasing financial stability and composition of a number of manufacturing firms, forming the main business hub of Mbarara District.

1.7.2 Content Scope.

The study mainly focused on the effect of internal audit on accountability of public funds from locally raised revenue in local government in Uganda. It evaluated the audit and accounting processes. It further examined the influence of lack of efficient audit techniques.

1.7.3 Period/Time scope

The study covered a period of seven (5) years from 2013 to 2019. This period helped the researcher cover enough literature related to the study.

1.8 Significance of the Study

- i. The study will help staff members of Mbarara Municipality reveal the effect of internal audit and the accountability of public funds in local government, and the researcher hopes that will help the accounting personnel to employ effective accounting techniques in order to improve on their operation works.
- ii. The study will add knowledge to the existing literature about internal audit and the accountability in Uganda.
- iii. The study report will form partial fulfillment for the award of a degree of Bachelor of business administration from Kampala International University.

1.9 Operational Definition of Key Terms

Internal Audit Function

According to VAGO (2004), Internal Audit function forms part of the management system of internal control. This becomes effective when the Internal Auditor reports to the highest level possible in an organization usually to the Audit committee.

Public finance and Accountability

Public finance and Accountability regulations (2003) describes Internal Audit as being decentralized that ideally and functionally report to the accounting officer and usually has access to the Audit committee proceedings.

Internal Audit

According to Harris R. (2004), Internal Audit is described as "turn and stick" referring to a system that is established towards goals and objectives of an organization in this case the local government. This formation helps ensuring compliance with relevant laws and regulations, reliability and integrity of information for economic, effective and efficient use of resources while safe guarding the public assets. Internal Audit therefore a fundamental element of corporate governance structure and processes with in local Governments.

Accountability

This concept in Public Administration entails answerability, blameworthiness, liability and expectation of account giving (Dyskta 1939). He further sees Accountability as a task to acknowledge and assume responsibility for actions, products, decisions and policies including administrative governance and encompassing.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents the theoretical studies, conceptual review, review of related literature, the empirical review and research gaps.

2.1 Theoretical Review

2.1.1. Political Theory of Fiscal Federalism

This theory states that the central government should have the basic responsibility for macroeconomic stabilization, income distribution, and provision of collective goods such as defence Oates (as cited in Markiewicz, Bordo, & Jonung, 2011). Markiewicz et al. (2011), argue that the theory developed from the works of Musgrave 1959 on public tasks of the public sector; and Oates 1999 on how allocations, distribution and stabilization policy functions are assigned to levels of government that interrelate through various policy instruments.

Fiscal federalism addresses the following: responds to different political preferences across a country; extracting intergovernmental competition benefits and promoting political participation; and the regulation of government share of GDP. Fiscal decentralization ensures accountable and equitable service delivery to the citizens, by allocating responsibilities without functions overlap (The World Bank group, 2014).

Robinson, Torvik, and Verdier (2006), argue that politicians engage in inefficient redistribution by employing people in the public sector in order to influence elections results, leading to resource misallocation in the rest of the economy; and given that institutions influence impact of resources on the economy through their translation of political incentives into policy outcomes.

Thus, public goods and services should be provided by the level of government that would internalize its benefits and costs (efficiency and economy); and decentralization enhance welfare by matching government output to local tastes and preferences (effectiveness) along with increasing service efficiency and revenue generation (Harman, Haggard & Willis, 2001) This theory bears on this study because in the words of Cheue (2013), while public services are better delivered by devolving the power of the central government; it nevertheless retains control of government operations by exercising audit and accountability.

2.1.2. Theory of audit explosion (TEA)

Its main proponent is Michael Power who advocated for a critical approach to auditing and accounting practices, advancing the importance of the sociological context in comprehending auditing. The theory states that a relation should be made between the explosion of audit and other control activities; with the NPM reforms on public management processes (Peci, Quintella, & Cardoso, 2012). This involves the growth of formal monitoring institutions due to increased demands for managerial accountability supported by pressure from accountants and other advisers, and the NPM reforms that created demand for audit services in the public sector (Chezue, 2013). The theory sought to drop control on regularity and legality of transactions, for control guided by the principles of efficiency and value for money as consequence of the following factors underlying NPM reforms: the political demand for greater accountability of public service providers; fiscal constraints that brought the need for reduction of public borrowing; interest in efficiency and quality of public sector services, expressed in performance accountability and customer focus (Peci et al. , 2012).

The theory demonstrates how and why value for money variables which are the same variables for this study were introduced in the public sector, and the close relationship with the accountability theme.

2.1.3. Agency Theory

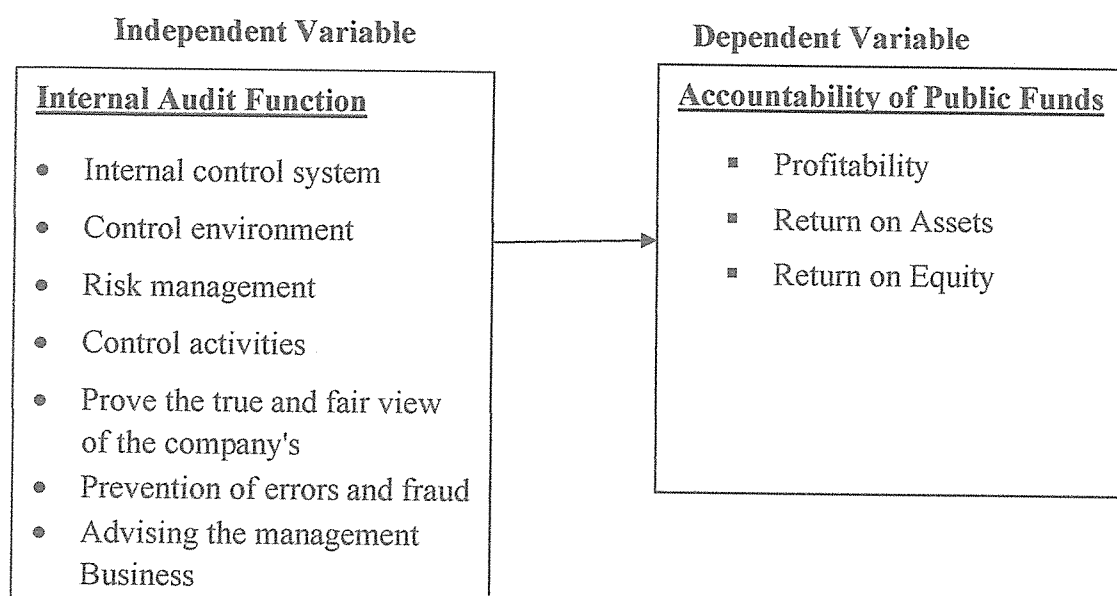
This theory describes a relationship where one party called the principle delegates work to another known as an agent, with aim of resolving conflict of interests in such a relationship (Julkaisuja, 2010). De Almeida (2014), traces the origin of agency theory to the rift between ownership and control with focus on conflict between the principal and the agent that was highlighted by Berle and Means; and Rose, Jensen and Meckling. It was also developed from the works of (Bendor, Glazer and Hammond, 2001; Mc Cubbins, Noll and Weingast, 1987; Weingst, 1984); and it states that the people as principles through their political representatives delegate the execution of public affairs to the agents (public officials). Wallace (as cited in Julkaisuja, 2010), concurs that this relationship is observable between government and the taxpayers. Thus, there is need to control actions of public officials' actions and performance since failure to oversight them will result into policy drift and corruption in the public sector (Gustavson, 2015)

The agency theory imposes monitoring of agents behavior via evaluation, since the philosophy of accountability requires individuals to take enquiries of activities taken and get explanations of

actions taken to correct deficiencies (De Almeida, 2014). This theory assists in this study on reflections about VFM audit findings being made available to the general public in addition to reports to management and representatives; such that VFMA can be organized for public sector to render account to the people as the true principal.

2.2 Conceptual Review

Table 2:1 Conceptual Framework



Source: (Research Conceptualization 2019)

Internal auditing was an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal auditing is a catalyst for improving an organization's effectiveness and efficiency by providing insight and recommendations based on analyses and assessments of data and business processes Coram, P. J, Ferguson, C.& Moroney, R.A.(2017). With commitment to integrity and accountability, internal auditing provides value to governing bodies and senior management as an objective source of independent advice. Professionals called internal auditors are employed by organizations to perform the internal auditing activity.

2.3 Review of Related Literature

Regarding to the MoFPED (2003), Internal Audit as a whole and in local Government in particular is a legal entity that provides guidance for its operations that are pertinent to local Governments. This makes internal Audit to operate within the boundaries of policy documents such as Internal Audit charter, internal Audit guidelines, Audit ethical guidelines, internal Audit manual, and Audit professional standards among others. All these hypothetically describe the nature of Internal Audit precisely in local government.

Regarding to internal Audit charter (2006), Internal Audit is looked as an independent appraisal of various operations and systems of control to determine whether acceptable policies and procedures are followed. Internal audit therefore offers professional assistance to all levels of management in the effective discharge of their responsibilities. Some of the critical areas that require professional Audit advice include accounting, financial control, Assets management, information management and control systems.

Diamond J. (2002) argues that an Internal Auditor has the authority to access all books, documents, accounts, property vouchers recode, correspondences which all improve the performance of local governments through Internal Audit processes. This arises as an obligation of the secretary to establish Internal Audit function as expressly put by Tasmanian Financial management and Audit Act, (1990) under section 22 (c). The implied situation here is that whether external or internal the internal audit cuts across. Therefore, such a above function applies to local government including Mbarara District local government under study.

Internal Audit discussion paper by Garry Payne (2005), the director General local government in NSW, "Internal Audit is realized as helpful in extending councils understanding of risk management beyond traditional areas of public liabilities and occupational health and safety into areas such as Internal Governance, fraud risk and broader regulatory risk. These professional considerations are nonetheless pertinent requirements of Internal Audit in local governments. They are regular obligations that must be cautiously handled with the assistance of Internal Audit function.

As part of Internal Audit, the local government Act (1989), local governments are required to have Audit committees as emphasized by Lundgren, V.H (2003). Audit committee is described to

be established by the council which becomes the advisory committee that time and then prevent the local governments from working against the rules and regulations of the Act. More than often the Councils that have disregarded the advice of the audit committee have been caught up with the law (VAGO, 2004)

The accountability of public funds in local governments is the key stake in the use of public funds as the means to reflect actual performance by local governments.

According to the European accounting review (2001), accountability refers to the authority creation of value for money. Local Governments are viewed as entities entrusted with public funds whose value to both the physical and financial accountability is a mirror reflection of an Audit report (Public finance and Audit Act 2, 1983).

According to local Government Act (1997), the accountability of public funds, in particular local governments, can be financial or physical. However, there is a bearing of inclination towards physical accountability as the users especially the public easily see the value for money against the reading and interpretation of the budget. Physical accountability of public funds in being purposively evolved as the users is involved in accountability process.

The charter (2006), views that each stakeholder has a separate and repetitive role. The implied situation thereof in the discussion is that while Audit section ensures guidance in the handling of the public funds, the accounts section ensures releases to respective entities upon the approval of the management. The council ensures proper use of public resources as per budgeted areas usually by Head of departments. This presupposes accountability as a process of coherent activities.

Local Government financial and regulations Act (1998), requires that the accountability of public funds be subject to Auditing to portray the would be created suspicion from the both the public users and those who hold the public resources in trust. Therefore, the final accounts have to be audited as a mirror reflection of public funds disbursed to the users who are at the same time ideal owners of those resources. This was looked as a stewardship phenomenon.

2.4 Empirical Review

2.4.1 The internal audit procedures performed on utilization of public funds.

Audit procedures are steps or tests that create conclusive evidence regarding the competence, existence, disclosure, right, or valuation of assets and! or accounts on the financial statement. To

qualify as a substantive procedure, enough documentation must be collected so that another competent auditor could conduct the same procedure on the same document and make the same conclusion (Sabari, 2013),

Auditors obtain audit evidence by one or more of the following procedures: inspection, observation, enquiry and confirmation, computation and analytical procedures. The choice of such procedures is dependent, in part, upon the periods of time during which the audit evidence sought is available and the form in which the accounting records are maintained in providing social services to the citizens, the services provided may include the following;

Recalculation and performance

Recalculation involves checking additions and computations and Re-performance means following a process used by a client. Therefore, there is need to ensure that the funds received are utilized accurately and going through the prepared documents to ensure accuracy. Even when internal procedures are very good, the auditor will always carry out recalculation on the Tables in the Financial Statements. The work has to address all the assertions made by each material Table. For example, valuation, completeness, existence etc. These tests are substantive tests and consist of Analytical procedures (Mwindi, 2017),

Among the key activities of effective local governance are infrastructure development, accountability to the people whom elected officials have vowed to serve and commitment to maximize citizen participation. The internal auditor should use appropriate internal audit procedures such as inspection of tendering documents in case of contracts, observation to check whether the mentioned infrastructure real exists, Recalculation and performance to confirm the balances in the financial statements of the local government.

For example, road construction should be inspected in order to compare planned and actual performance as listed in the tendering documents. This would enhance better service delivery at local government since contractors must conform to the standards.

Enquiry and confirmation

For example, ask the accounts controller about the way in which funds are controlled and ask how these funds are allocated and how often their utilization is followed up. Irrespective of the assessed

risks of financial misstatement, the auditor shall design and perform substantive procedures for each accounts class of transactions, account balance, and disclosure (Mwindi, 2017).

As Patrizio Civilli noted in his remarks at the Forum, United Nations projections indicate that by the year 2050, sixteen percent of the world's population will be over 65 years old. Subsequently, Birgitta Rydell noted that the changing domestic situation, due to urbanization, industrialization and structural changes in the employment market also mean that more young wage earners live away from their parents. Thus, the old family structure, where the young found work in or near their place of birth, is changing quickly in both industrial and developing countries. This shift results in more elderly people needing someone other than their relatives to help them in their twilight years. This increases economic strains on those who must support elderly relatives with their own incomes and increases the need for both local and central government to make direct economic provisions for care of the elderly.

Therefore the internal auditor may inquire and confirm whether funds intended to help the elderly has been effectively and efficiently utilized. Enquiry consists of seeking information of knowledgeable persons inside or outside the entity. Enquiries may range from formal written enquiries addressed to third parties to informal oral enquiries addressed to persons inside the entity. Responses to enquiries may provide auditors with information not previously possessed or with corroborative audit evidence.

Confirmation consists of the response to an enquiry to corroborate information contained in the accounting records. For example, auditors may seek direct confirmation of debts by communication with debtors. For example, ask the accounts controller about the way in which funds are controlled and ask how these funds are allocated and how often their utilization is followed up (Mwindi, 2017).

Inspection

Inspection has to be done on financial flow and accountability for example, the accounts references or notes made by the account's controller of conversations. The auditor shall consider whether external fund spending procedures are to be performed as substantive audit procedures. (Mwindi, 2017), Substantive procedures related to the Financial Statement closing process.

For most people in developing and transitional countries, the quality of their health and nutrition is a function of whether or not they live in poverty, in most developing and transitional countries, one can obtain adequate nutrition and lead a reasonably healthy life, if one has the economic resources to do so. The underlying problem for most of those who lack adequate access to needed health care and to the food necessary to maintain a nutritious diet was the problem of poverty. This problem has begun to be addressed with some measure of success, In Uganda, Inspection has to be done on several health units and centers through examining records and documents. Inspection of records and documents provides audit evidence of varying degrees of reliability depending on their nature and source and the effectiveness of internal controls over their processing. Three major categories of documentary audit evidence, listed in descending degree of reliability as audit evidence. Inspection of tangible assets such as ambulances, microscopes and other medical equipment provides reliable audit evidence about their existence but not necessarily as to their ownership or value.

Observation

This considers observing the account controller at work. The auditor's substantive procedure of observation shall include the following audit procedures related to the financial statement closing process: ensuring the financial statements with the underlying accounting records; and monitoring the journal entries and other adjustments made during the course of preparing the financial statements.

One of the real success stories of the past two decades was frequently overlooked the enormous gains made by poor people around the world in terms of the quality and amount of education that they receive. As World Bank data indicate, primary school enrollments have shown very significant increases in most of the developing world. During the course of the past two decades, adult literacy has risen in developing nations. At the same time, some progress is also being made on gender disparities with the ratio of females to males in secondary schools increasing. Thus, while there is still a lot to be done, progress has been made. The local councils are mandated to provide quality education to good performers emanating from humble families through district quarter system. Internal audit has to look at the processes and procedures being performed by schools, for example the observation by auditors of the documentation done by the educational officer prior to the issuance of the quarter system to qualified students, in particular those that

come from humble families with good performance at UACE. This considers observing the account controller at work. The auditor's substantive procedure of observation shall include the following audit procedures related to the financial statement closing process, ensuring the financial statements with the underlying accounting records, and monitoring the journal entries and other adjustments made during the course of preparing the financial statements.

2.4.2 Challenges faced by internal auditors in ensuring accountability of public funds in local government.

Brenda; (2014) stresses that internal audit can provide reasonable but not absolute assurance that the objectives of an organization will be met. The concept of reasonable implies a high degree of assurance, constrained by the costs and benefits of establishing incremental control procedures.

Effective internal controls imply the organization generates reliable financial reporting and substantially complies with the laws and regulations that apply to it. However, whether the organization achieves operational and strategic objectives may depend on the factors outside the enterprise such as competition and technological advancement. These factors are outside the scope of internal audit therefore effective internal control provides only timely information or feedback on progress towards achievement of operational and strategic objectives but cannot guarantee their achievement (Mussari, 2016).

Ongaro. (2017), described it as a recognition among peers and outsiders of one's service and qualification which has been earned by hard work. . Professionalism remains relevant through continuous updating oneself referring to categorical value addition essential for buoyant and complex organization needs and requirements.

But whereas internal audit was described as true professionalism in public finance management (Cecilia Nordin van Gansberghe; 2016), the section is sometimes faced with less professional workers, under staffing, limited independence and less funding among others. Its authority to access all the books of accounts are accordingly limited, compliance with relevant financial regulations becomes inadequate and risk management extended to the council dwindles, Diamond; (2014) which explain inefficiencies of both the internal audit systems and local government.

Politicians are fond of influencing the actions ad decisions of the civil servants at the districts thus denying them their right to independence, (Lapsley, I; 2017) observes that politics need was

removed from contracting at all costs. Ideally this would be accomplished by passing laws banning campaigns contributions from contractors but in the absence of this strict enforcement of accountability and transparency rules will be sacrificed.

The local government internal audit manual (2012) contends that independence was a must in auditing and that its particularly important that the internal auditor has the freedom to select the areas of audit he/she wishes to investigate and report there on to all the levels of the council. Kaazoba; (2016) stresses that internal audit independence can also be impaired when there is personal conflict of interest, limitation in scope and restriction to access to records of the organization. He further explains that resource limitation in terms of funding to the department may also impair independence.

2.4.3 Relationship between Internal Audit and accountability in local government

Local governments are entrusted with public funds of which are local revenues, central government grants, donor of who all aim at satisfying the public through service delivery. It is therefore, a stewardship phenomenon which can properly be ascertained by auditing in this regard particularly the internal audit. (Public Finance and Audit Act; 2012)

Committee of Sponsoring Organizations (COSO) framework, everyone in an organization has the responsibility towards the internal control to some extent. Virtually all employees produce information used in the internal control system or take other actions needed to effect control. Also, all personnel should be responsible for communicating upward problems in operations, in compliance with the code of conduct or other policy violations or illegal actions which in the long run leads to performance (Ongalo; 2017)

Internal audit plays an important role in the prevention and detection of fraud which is the challenge to performance in local government. It involves identifying scenarios in which theft or loss could occur and determining if the existing control procedures can effectively manage the risk to an acceptable level thus preventing financial and administrative irregularities hence performance in the long run (Diamond, 2014)

As a way to improve local government performance and accountability which in principle is a key element of upholding internal control systems, transparent budgeting processes and implementation procedures should be followed (Musari, 2015).

For effective and efficient use of public funds in local governments, there is need to uphold internal control procedures and systems if the desired output is to be realized. The local governments particularly districts, under 1995 constitution article 190, are mandated to prepare comprehensive and integrated development plans have rights and obligations to formulate, approve and execute their balanced budgets and plans. All these activities are technical and critical requirements to proper use of public funds which are under the guide of the internal audit department (MOFPED, 2013).

Mayo BPP (2013), the scope and objective depend upon the responsibilities assigned to the internal auditor by the management, the size and structure of the enterprise and the skills and experience of the internal auditor. Millichamp; (2014), Mainoma;(2019) and Sani;(2014) identify the common areas covered by internal auditing which include among others; reviewing the internal control system with a view to determining its adequacy and effectiveness, reviewing compliance with government regulations and accounting rules and standards, checking compliance with policies and procedures, safeguarding the assets of the organization so as to prevent and detect errors, frauds and theft, appraising the effectiveness and efficiency in the use of resources, ensuring that the goals and objectives of the organization are attained, making recommendations on improvement in the operation of the organization, acting as in- house consultant on control matters.

The Financial Memorandum(2012), however, states that an internal audit unit shall be responsible for carrying out an independent appraisal of the accounting, financial and other processes of the local government with the objective of assisting to protect the assets and interests of the local government through a process of continuous examination of its activities, securing a continuous operation of a sound internal control system within each department, reviewing, and where necessary, making recommendations for improvement of the system, controls and procedures in the local government with a view to ensuring that they operate effectively, monitoring the use of resources in the pursuit of defined objectives of the local government. The Memorandum also stated that; the internal auditor shall report to the Chairman at least four times each year on the progress of the internal audit work. The reports shall specifically indicate the internal auditor's finding with respect to; the collection of revenue, the protection of physical and other assets of the local government, the current and capital expenditure, the efficiency and effectiveness of system control and procedure, the use of resources of the local government in achieving its objective, any

instance of fraud or misappropriation observed by the internal auditor should be revealed to the Chairman's attention. From this, it can be seen that the scope and objective of internal auditing varies from organization to organization, depending on the size, structure and management of the organization.

Millichamp, (2013) identifies the following as the essential elements of internal audit; independence, staffing, training, relationship, due care, planning, controlling and recording, system control, evidence, reporting. It can be seen that without such essential element, no way the internal audit can perform their duties effectively.

According to the report released by the MOFPED (2003) on financial management and accountability program, there is still less developed capacity of the Internal Audit function in the local governments. This is reflected by low skills and knowledge of the Internal Audit staff resulting from less exposure to the higher institution of learning including reputable Universities, CPAU and ACCA institutions. These are critical elements in Audit section without which there are inefficiencies in Internal Audit methodology policies and procedures which all together affect the proper accountability of public funds local governments.

Referring to "Internal Audit finding its place in public finance management" by Cecilia Nordin van Gansberghe, (2005), Though Internal Audit is described as being true professional with major potential to influence the management of public funds, its degree of independence is stressed with much concern in government structures and organization. Generally, Audit department is not yet independent of its shareholders.

While the External Auditors are affected by the executive, Internal Audit still under goes influence from Districts or municipality heads. True, Internal Audit is expected to add value to management in servant professionalism and faithfully report on the organization status to the board. However, such professional performance is infringed on. therefore, the performance of internal audit is undermined accordingly.

Cecilia Nordin van Gansberghe, (2005) in her book finding its place in public finance management viewed limited competence of the internal audit staff resulting from professionalism hardships. The results of this were realized as low risk analysis and management that cause narrow risk management, limited logic financial analysis and control resulting into financial misappropriation

and reduced ICT applications that may make it hard to technologically trace any likely fraud. Basically, Internal Audit professionalism creates solid ethical climate which in this regard is missed.

2.5 Research Gaps

The above literature has indicated how central and important the notions of roles responsibility and competence are to the professional practice. Various scholars and authors have written about the two variables by clearly bringing out the role played by an effective internal audit function on the accountability of public funds. Therefore, a strong relationship exists between the two variables as discussed above.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the methodology that was used in the study; it gives the research design and the methods that was used to collect data from the field. It gave a summary of the research design, sample population and size, data collection instruments, data type, data collection and analysis and ethical considerations.

3.1 Research Design

The research was based on both the qualitative and quantitative research designs. A case study was chosen as the most appropriate research strategy. Saunders et al (2014) defines a case study as “a strategy for doing research which involved an empirical investigation of a particular contemporary phenomenon within its real-life context using multiple sources of evidence”. This fits well with the author’s intention to investigate a real-life issue through a variety of data collecting methods. Jankowicz (2015) suggests the appropriateness of a case study when the thesis focuses on a set of issues in a single organization.

The qualitative research design was descriptive in nature and this enabled the researcher to meet the objectives of the study. Statements was used to assign variables that was adequately measured using numbers and statistics. The quantitative research design was used in form of mathematical numbers and statistics assigned to variables that may not be easily measured using statements or theme.

3 2 Study Population

The study population was 30 respondents involving staff and administrators of Mbarara Municipality and citizens in Mbarara District.

3.3 Sample Frame and sample size

Key participants of the study are comprised of respondents from the staff and the Municipality administrators and bank customers. These were selected using both stratified and purposive sampling techniques. Using the purposive sampling technique, the researcher selected 30 key informants who includes Mbarara Municipality. Stratified sampling helped in selecting 3 other markets around.

3.3 .1 Sample size

The sample size consisted of 28 respondents from the study area using Daryle W. Morgan method. These respondents included 01 respondent from human resource department, 02 from procurement, 10 from accounting and internal audit, 02 management staff, 08 respondent from finance, plus 05 respondents who the direct beneficiaries of Mbarara municipal council.

3.4 Sampling Technique

The study participants were chosen using both simple random sampling and a purposive sampling technique because of the nature of the research where the respondents were identified before the researcher goes for data collection.

3.5 Source of Data

3.5.1 Primary Data

Primary data was gathered from respondents of Mbarara Municipality who assumed to give firsthand information on the subject under study.

3.5.2 Secondary Source

Secondary data was got from sources like; Annual reports, journal articles, internet, magazines, newspapers and books related to the study and these were consulted at length to extract the information required to support the findings from the study respondents.

3.6 Data Collection Methods

The study incorporates the use of various methods in the process of data collection in a bid to come up with sound, concrete and credible research findings. The researcher therefore amalgamates the use of questionnaires, interviews and documentary analysis in the process of collecting primary data.

3.6.1 Questionnaires

The researcher administers questionnaires to select staff of Mbarara Municipality in Mbarara District, This questionnaire pilots as recommended by Saunder et, al (2013) who writes that, piloting helps ensure validity and reliability and also said that piloting helps to refine the questionnaire so that respondents have no problem in answering the questions and there were no problems in recording the data.

3.6.2 Interviewing

The researcher uses formal interviewing as a method of data collection and the interviews offers a chance to explore topics in depth and allow interaction between the researcher and the respondents such that any misunderstanding of the questions and answers provided could easily be corrected. The researcher interviews the lower level staff of Mbarara Municipality and the citizens basing on research questions. This was used to tap the vital information that is not collected using the questionnaires from the top level.

3.7 Data Analysis and Management

After collecting all the necessary data, these data were coded and edited, analyzed and rephrased to eliminate errors and ensure consistency. It involves categorizing, discussing, classifying and summarizing of the responses to each question in coding frames, basing on the various responses. This was intended to ease the tabulation of work. It also helped in removing unwanted responses which was considered insignificant. Data collected from the field with the use of study instruments was classified into meaningful categories. This enabled the researcher to bring out essential patterns from the data that would organize the presentation. Data was entered into a computer and analyzed with the use of SPSS software version 20.

3.8 Ethical Consideration

The study observes all those procedures followed in research. Using the letter of introduction obtained from the university, the researcher introduces to every respondent reached at, fully explaining the purpose of research. After getting their consent, he conducts the research. The researcher also built the confidence of the respondents by assuring them that their views was confidential and would be used only for academic purposes.

3.9 Anticipated Limitations of the study

The study faced a problem of not finding all respondents in the study area especially the top management. The researcher however arranges with them to fix appropriate time in order to collect reliable and valid information.

The researcher further faced a problem of some respondents not providing information at first relating to the study variables. However, researcher explained to them that the information was only for the academic purpose while making them to understand the study variables.

Time planned to collect data was not be enough and as a result it delays the researcher to write a research report in a specified scheduled time.

CHAPTER FOUR

DATA ANALYSIS RESULTS AND DISCUSSION

4.0 Introduction

This chapter discusses the interpretation and the presentation of the findings obtained from the field “internal audit and accountability of public funds in a local government evidence from Mbarara Municipality”. Descriptive statistics was used to discuss the findings of the study.

The study targeted a population of 30 respondents from which 28 filled in returned the questionnaires making a presence rate of 75%. This response rate was satisfactory to make conclusions of the study.

4.1 Background characteristics of the respondents

Respondents were identified by gender, age, marital status and level of education was considered owing to the nature of the study and interpreting data from the field of internal audit and accountability of the public funds in local government evidence Mbarara Municipality.

4.1.1 Gender

Table: 4. 1 Sex of the Respondents

Sex	Male	Percentage (%)
Male	18	64.3
Females	10	35.7
Total	28	100

Source: Primary data, 2019

Table 4.1 indicates that the majority of the respondents 18(64.3%) were males only 10 (35.7%) were females. This implies that though there is a strong agitation for gender equality, local governments still employ more males than females.

The table results above shows that 64.3% of the respondents were males whereas only 35.7% were females implying that the males were more willing and available to participate in the study. Thus they were many men as compared to women employed in the different sections of Mbarara Municipality that were approached.

4.1.2 Age of the Respondents

In a bid further analyze internal auditing and accountability for public funds in Mbarara Municipality of the respondents was also looked into as shown in the table below;

Table: 4. 2 Age of the Respondents

Age	Frequency	Percentage (%)
18-25 years	2	7.1
26-36 years	6	21.4
37-45 years	12	42.8
46 and above	8	28.7
Total	28	100

Source: Primary Data, 2019

The table 4.2 indicates the minority of the respondents 2(7.1) were between 18-25 years of age, were 6 employees between 26-36 years making (21.4) between 37-45 years of age, 12 (42.8%) and 8(28.7%) were 46 years of age and above. This brings in sense of maturity as respondents were above 18 years of age and makes them of capable of giving the most reliable and adequate data.

4.1.3 Education Level of the Respondents

In a bid further analyze the internal auditing and accountability for public funds in Mbarara Municipality as case of the study, the level of the education of the respondents was also looked into as shown in the table 4.3.

Table: 4. 3 Educational Level of the Respondents

Educational level	Frequency	Percentage (%)
Primary	0	0
Secondary	0	0
Diploma	4	14.3
Degree	14	50
Certificate	5	17.9
Masters	5	17.9
Total	28	100

Source: Primary Data, 2019

Table 4.3 indicates that all the respondents had acquired some education where by 5(17.9%) had certificate, 4(14.35%) had a diploma, 14(50%) had a degree and 5(17.9%) had masters. such findings imply that the respondents were literate enough to read, interpret the questionnaires and answer according thus make the data collected from them more reliable also the findings showed the respondents had acquired the qualification to participate in the area of the study.

Table: 4. 4 Department of the respondents

Marital status	Frequency	Percentage (%)
Accounting	10	3.6
Human resource	7	25
Administration	1	3.6
Internal audit	1	36.7
Total	28	100

Source: Primary Data, 2019

Table 4.4 indicated that all the respondents 'accounting department was 10(36.7%), the number of respondents in human resource was 7 (25%) and there was only one administrator 1(36.7%), in internal audit was 10(36.7%) this implies that the number of the respondents had the responsibility outside their daily work.

4.2 The substantive procedures used in internal auditing in your organization

Table: 4. 5 Are substantive procedures used in internal auditing in Mbarara Municipality

Response	Frequency	Percentage (%)
Yes	28	100
No	00	00
Total	28	100

Source Primary Data, 2019

From the table 4.5, it is clear that all the respondents 28(100%) agreed that in Mbarara Municipality there are substantive procedures used in internal auditing. This makes the data collected from the respondents worthwhile as the study was about the internal audit and accountability of the public funds in local government

4.2.1 Substantive procedures used in audit in Mbarara Municipality to ensure accountability of public funds

Table: 4. 6 In Mbarara Municipality, internal auditors often review financial information from both internal and external sources of revenue

Response	Frequency	Percentage (%)
Yes	18	64.3
No	10	35.7
Total	28	100

Source: Primary Data, 2019

Regarding the issue whether the bank securities officers for the acquired debts 18 (64.3) %revealed that the internal audit review the information from both the internal and external sources of revenue whereas 10(35.7) % said that the internal auditors often review financial information from both the internal and external sources of revenue.

Table: 4. 7 Internal auditors usually observe payment of cash especially payment of cash salaries and wages at regular intervals.

Response	Frequency	Percentage (%)
Yes	28	100
No	00	00
Total	28	100

Source: Primary Data, 2019

Table 4.7 indicates the respondents 28(100%) agreed that internal auditors usually observe payment of cash especially payment of cash salaries and wages at regular intervals. This therefore makes internal auditing very effective.

Table: 4. 8 Internal auditors regularly inspect the books of accounts to ascertain their accuracy and compliance with relevant laws.

Period of time	Frequency	Percentage (%)
Agree	18	64.6
Disagree	10	36.4
Total	28	100

Source: research findings 2019

The study sought to establish whether the internal auditors inspect the books of accounts to ascertain their accuracy and compliance with relevant laws, from the findings 18(64.6%) of the respondents agreed and 10(36.4) % of the respondents disagreed that the internal auditors regularly inspect the books of accounting to ascertain their accuracy and compliance with the laws.

Table: 4. 9 Budgets, accounting manuals, financial statements, asset registers have always been inspected on monthly and quarterly basis to ensure the accuracy

Period Of Time	Frequency	Percentage (%)
Agree	20	71.4
Disagree	8	28.6
Total	28	100

Source: researcher's field data 2019

From table 4.9 20(71.4%) agreed and 8(28.6%) disagreed that the budget, accounting, manuals, financial statements, assets registers have always been inspected on monthly or quarterly basis to ensure the accuracy. This gives the satisfactory data to conclude the budgets. Accounting manuals, financial statements, assets registers have always been registered on monthly and quarterly basis to ensure the accuracy in local government.

Table: 4. 10 Internal auditors often carry out physical counting of noncurrent assets on quarterly basis to confirm their existence in Municipality.

Period of time	Frequency	Percentage
Disagree	20	71.4
Agree	8	28.6
Total	28	100

Source: Researcher's field Data, 2019

Table 4.10 indicates that, 20(71.4) % agreed that the internal auditors often carry out physical counting of the noncurrent assets on quarterly basis to confirm their existence in Municipality and 8(28.6%) disagreed that the internal auditors often carry out physical counting on noncurrent assets on quarterly basis to confirm their existence in Municipality.

Table: 4. 11 Internal auditors usually compared budgeted with actual revenue and expenditure to evaluate performance

Period of time	Frequency	Percentage
Agree	23	82.1
Disagree	05	17.9
Total	28	100

Source: Researcher's field Data, 2019

Table 4.11 indicates that is 23(82.1%) agreed that the internal auditors usually compare budgeted with actual revenue and expenditure to evaluate the performance and 5(17.9%) disagree that the internal auditor usually compare budgeted with actual revenue and expenditure to evaluate the performance.

Table:4. 1 Enquiries from debtors and creditors are done to confirm the correct Tables as shown in the books of accounts

Period of time	Frequency	Percentage (%)
Disagree	14	28.6
Agree	14	71.4
Total	28	100

Source: researcher's field Data, 2019

From the table, 20(71.4%) agreed that the inquiries from the debtors and creditors are done to confirm the correct Tables as shown in the books of accounts and 8(28.6%)disagree that enquiries from the debtors and creditors are done to confirm the correct Tables as shown in books of accounts.

Table: 4. 12 Internal auditors inspect the progress of government capital projects to ensure compliance with contract agreement

Period of time	Frequency	Percentage
Disagree	14	50
Agree	14	50
Total	28	100

Source: Researcher's field Data, 2019

Table 4.12 indicates that 14(50%) agreed that the internal auditors inspect the progress of the government capital projects to ensure compliance with contract agreements, 14(50%) disagree that the internal auditors inspect the progress of the government capital projects to ensure compliance with contract agreements. this implies that there is a significant effect of internal auditor on the accountability for the capital projects funds of Mbarara Municipality.

4.3 The challenges faced by internal auditors of Mbarara municipality in ensuring the accountability of funds

Table:4. 2 Are the Auditors in Mbarara Municipality Facing Challenges in ensuring accountability for public funds

Period of time	Frequency	Percentage (%)
Yes	28	100
No	00	00
	28	100

Source: Researcher's field Data, 2019

From table 4.14 data indicates that 28(100%) agreed that auditors in Mbarara municipality are facing challenges in ensuring accountability for public fund and 0(0%) disagreed with the statement that implies that the auditors in Mbarara municipality face challenges in ensuring accountability for public funds.

Table: 4. 13 In Mbarara municipality, there are few auditors to review financial statements and books of accounts of local government

Period of time	Frequency	Percentage (%)
Agree	18	64.3
Disagree	20	35.7
Total	28	100

Source: Researcher's field Data, 2019

As shown in the table 4.13, 18(64.3%) agreed that there are internal auditors to review financial statements and books of accounts of local government and 10(35.7%) of the respondents disagreed that there are few auditors to review financial statements and books of accounts of local government. The highest percentage of respondents agreed to this statement implying that, the number of auditors available in Mbarara municipality is sufficient enough to perform their duties

in accordance with relevant norms and regulations thus improving accountability for public funds at local government level.

Table: 4. 14 Politicians in Municipality often influence auditors to issue favorable audit reports, thus reducing objectivity of editors

Period of time	Frequency	Percentage (%)
Agree	28	100
Disagree	00	00
Total	28	100

Source: Researcher's field Data, 2019

The findings in table 4.14, 28(100%) agreed wholly with the statement that the politicians in the municipality often influence auditors to issue favorable audit reports, thus reducing the objectivity of auditors and none of respondents disagreed. This implies that the politicians in the municipality often influence auditors to issue favorable audit reports, thus reducing objectivity of auditors.

Table: 4. 15 Lack of enough knowledge and skills necessary to audit large sums of information in local government

Period of time	Frequency	Percentage (%)
Agree	11	39.3
Disagree	17	60.7
Total	28	100

Source: Researcher's field Data, 2019

Table 15 indicates that the highest percentage that is 17(60.7%) disagreed with the statement that lack of knowledge and skills necessary to audit large sums of information in local governments and 11(49.3%) agreed that lack of enough knowledge and skills necessary to audit large sums of information in local governments.

Table: 4. 16 Lack of enough financial resources caused by less and delayed funding from the government leading to acceptance of excessive gifts from clients

Period of time	Frequency	Percentage (%)
Agree	22	78.6
Disagree	06	21.4
	28	100

Source: Researcher's field Data, 2019

From the table 4.16, 15(53.6%) agreed with the statement that lack of enough financial resources caused by less and delayed funding from the government leading to acceptance of excessive gifts from clients and 13(46.4%) disagreed with the statement borrowing funds from other banks doesn't increase the capital base hence increase in our banks purchased power.

Table: 4. 17 Lack of effective internal controls on the resource inflows and out flows of the Municipality.

Period of time	Frequency	Percentage (%)
Agree	22	78.6
Disagree	06	21.4
Total	29	100

Source: Researcher's field Data, 2019

From the table 4.17, 22(78.6%) agreed that lack of effective internal control on the inflow and out flow of the Municipality and 06(21.4%) disagreed with the statement that lack of effective internal control on inflow and out flow of the Municipality.

Table: 4. 18 Limited Resources such as time to audit large volumes of work in the Municipality

Period of time	Frequency	Percentage (%)
Agree	25	89.3
Disagree	03	10.7
Total	28	100

Source: Researcher's field Data, 2019

From the table 4.18 ,25(89.3%) agreed with the statement that limited resources such as time to audit large volumes of work in the municipality and 3(10.7%) disagreed with the statement that limited resources such as time to audit large volumes of work in the Municipality. Basing on the

above findings, the researcher found out that due to timely requirements for financial and audit reports and continuous accounting transaction in large sums, internal auditors do not get enough time to look through all financial transactions. Thus financial incomes bare errors due to omission and fraud leading to less than a hundred percent accountability for public funds in local government.

Table: 4. 19 Auditors at Mbarara municipality are familiar to the staff; feel sympathetic to friends while performing audit work

Period of time	Frequency	Percentage (%)
Agree	18	64.
Disagree	10	35.7
Total	28	100

Source: Researchers field Data, 2019

From the table 4.19, 18(64.3%) of the respondents agreed that the auditors in Mbarara municipality are familiar to the staff, thus feel sympathetic to friends when performing audit work, 10(35.7%) of the respondents disagreed with the statement.

Table: 4. 20 Internal auditors often perform non audit work for the Municipality, therefore may not detect errors when receiving their own work.

Period of time	Frequency	Percentage (%)
Agree	24	85.7
Disagree	04	14.3
Total	28	100

Source: Researchers field Data, 2019

From the table 4.20, 24(85.7%) of the respondents agreed that internal auditors often perform non audit for the municipality, therefore may not detect errors when reviewing their own work and 04(14.3%) disagree that internal auditors often perform non audit for the Municipality therefore may not detect errors when reviewing their own work thus limits the objectivity when auditing their own work due to failure to identify errors.

Table: 4. 21 Internal auditors lack access to some books of accounts and explanatory notes of the organization, thus reducing their objectivity in reporting

Period of time	Frequency	Percentage (%)
Agree	04	14.3
Disagree	24	85.7
Total	28	100

Source: Researcher's field Data, 2019

From the table 4.21, 04(14.3%) of the respondents agreed that internal auditors lack access to some books of accounts and explanatory notes of organization thus reducing their objectivity in reporting whereas 24(85.7%) of the respondents disagreed that internal auditors lack access to some books of accounts and explanatory notes of the organization , thus reducing their objectivity in reporting.

Table: 4. 22 Lack of on job training to equip auditors with skills and awareness of changes in laws and norms in public sector accounting

Period of time	Frequency	Percentage
Agree	18	64.3
Disagree	10	35.7
Total	28	100

Source: Researcher's field data 2019

From the table 4.22 ,18(64.3%) of the respondents agreed that lack of on job training to equip auditors with skills and awareness of chances in laws and norms in public sector accounting and 10(35.7%) disagree that lack of on job training to equip auditors with skills and awareness of chances in laws and norms in public sector accounting.

Table: 4. 23 the relationship between internal auditing and accountability of public funds in Mbarara Municipality.

Period of time	Frequency	Percentage (%)
Agree	28	100
Disagree	00	00
Total	28	100

Source; primary data, 2019

Table 4.23 indicates that all the respondents believed that internal auditing affects Mbarara municipality accountability levels. This implies that proper internal auditing is very crucial and Mbarara Municipality needs to take it serious.

Table: 4. 24 Internal audit affects Mbarara municipality's accountability levels

Period of time	Frequency	Percentage (%)
Agree	24	85.7
Disagree	4	15.3
Total	28	100

Source: Primary data, 2019

Table 26 above indicates that 24(85.7%) believed that the criteria used by Mbarara municipality in administering its audit substantive procedures leads to improper accountability of public funds where as 4(15.3%) disagreed. This makes the researchers 'study internal audit and accountability in public funds in local government is more relevant.

Table: 4. 25 Relationship between internal auditing and accountability for public funds in Mbarara Municipality

Relationship between internal auditing and accountability for public funds in Mbarara Municipality	Agree	Freq (%)	Disagree	Freq (%)	Total	Freq (%)
Ever since internal auditors started comparing budgeted with actual performance accountability for public funds in Mbarara Municipality	14	50	14	50	28	100
Enquiries from creditors and debtors by internal auditors has reduced the cases of inflated debtors Tables	15	53.6	13	46.4	28	100
Organizing a transparent budgeting process by full participation of all the stake holders' representative has increased accountability	22	78.6	6	21.4	28	100
Ever since the internal audit implemented strict laws and control systems ,individuals charged with resources has been accountable	21	75	7	25	28	100
Discussion by the audit team about susceptibility of financial statements to material misstatements due to fraud or error leaves no room for material misstatements	25	89.3	3	11.7	28	100
Increasing the number of competent auditors in the organization to review financial information has enhanced accountability in the Municipality	24	85.7	4	15	28	100
Ever since internal auditors started counting physical assets compared to registered assets , existence of public funds has been ensured	17	60.7	11	39.3	28	100
Ever since internal auditors ensured strict authorization of cash receipts and disbursement Fraudulent activities have been reduced in the Municipality	15	53.6	13	46.4	28	100

Source: Primary Data 2019

The study sought to establish the level at which the respondents agreed or disagreed with the above statement relating to relationship between internal auditing and accountability for public funds Mbarara Municipality. From the findings majority of the respondents strongly agreed that there is relationship between the internal auditing and accountability for public funds in Mbarara Municipality.

CHAPTER FIVE

SUMMARY OF STUDY FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The purpose of this study is to look at internal audit and accountability of public funds in local government “with evidence from Mbarara Municipality. This chapter includes the summary of findings conclusions and recommendations derived from the study findings from Mbarara Municipality.

5.1 Summary of the study findings according to objectives

5.1.5 The audit substantive procedures used in internal auditing in Mbarara Municipality

The study tried to identify the different types of audit substantive procedures used by Mbarara municipality in their accountability activities. The study findings revealed that Mbarara Municipality has substantive procedures used in internal auditing include recalculation, inspection and others were by some provided by the government

Majority of the respondents (63.3%) agreed that internal auditing reduces the poor accountability risk in Municipality and (36.7%) disagreed. Respondents (73.3%) agreed that funds from the government and 26.7% disagreed. 66.7% agreed that the municipality fulfills the untimely demand for the accountability demand due to the internal auditing.

5.5.2 Challenges faced by the auditors in ensuring accountability for public funds

The study tried to document the internal audit in accountability of public funds in local government, based on analysis of chapter four, majority of the respondents agreed that internal auditing increases proper accountability of the government funds since the internal auditing effective internal controls imply the government generate the reliable financial reporting and substantially complies with the laws and regulations that apply to it.

However whether organization achieves operational and strategic objectives may depend on the factors outside the enterprise such as competition and technological advancement. These factors are outside the scope of internal audit therefore effective internal control provides only timely information or feedback on progress towards achievement of operational and strategic objectives but cannot guarantee their achievement Mussari, R; (2015)

5.1.3 The relationship between Internal Auditing and Accountability of Public Funds in Mbarara Municipality

Findings revealed that there is a great relationship whereby from the study 76.7% agreed that there is an internal auditing and accountability of public funds in Mbarara Municipality, 73% also agreed that there are more procedures that resulted from the constant audits, 86.7% being majority of the respondents strongly agreed that there is relationship between internal auditing and accountability for public funds in Mbarara Municipality.

5.2 Conclusions

From the study findings, it would be safe to conduct that the substantial procedures have a positive effect of internal on accountability in Mbarara Municipality. The conclusion is supported by the study findings which showed that there was a very strong positive relationship between the variables. The study also revealed that 28(100%) agreed that the internal auditor usually observe payment of cash especially payment of cash, salaries and wages at the regular intervals. From this study it is evidenced that at 95% confidence level, the variables produce statistically significant values and can be relied on to explain the internal auditing and accountability in Mbarara Municipality .

However the amount applied for were not the amount received. Possession of regular accountability reports was the most significant aspect for one roles and importance's of proper accountability. Majority of the respondents were satisfied by the with the audit procedures because of proper and accurate results. All the respondents categorically indicated that they consider audit substantive procedures as an influencing factor for proper accountability.

5.3 Recommendations

With due to the ever increasing desire to have accountability in local governments in Uganda, there is need to invest in proper internal auditing strategies so as to meet these expectations. This therefore calls for embracing proper internal auditing strategies which are acceptable, accessible , ethically sound have a positive perceived impact ,relevant ,appropriate , innovative ,efficient ,sustainable and replicable.

The management of internal audit should ensure that they carry out a research on public need so as to establish ideal proper accountability of government funds. This will go a long way in helping

them to know the needs of the government so as to be competitive in accountability because most of the sectors prefer proper and timely accountability reports.

5.4 Areas of Further Research

Arising from this study, the following directions for future research in internal audit and accountability are as follows:

First, this study focused on local governments and therefore, generalizations cannot adequately extend to other government organizations such as central government, parastatals, ministries and agencies in Uganda.

A broad based study on internal audit and performance of public institutions should also be carried out to give broader pictures on the same.

As study should also be done on the effect of public expenditure to the standards of the living citizens in the country to know whether there is any positive relationship.

This should also capture the effect on performance of local governments and overall economic growth of the citizens especially in the slum areas of developing towns.

Another area regards to recruitment policies and procedures of internal auditors to enhance the objectivity during this work. This will help to protect auditors from external influence from politicians when strict laws are actively serving.

REFERENCES

- ACCA (2009/2010) *Advanced Audit and Assurance*, Kaplan Publishing
- ACCA- (2010) *Audit and Assurance Services* Text book
- ACCA Text Books (1998). *Managerial Finance*. AT. Foulks Lynch.
- Adams, M. B. (1994), 'Agency theory and the internal audit', *Managerial Auditing Journal*.
- ANAO (2003) *Public Sector Governance: Better Practice Guide*, Commonwealth of Australia, national Audit Office, Canberra
- ANAO (2007) *Public Sector Internal Audit – An investment in Assurance and Business improvement*, Better Practice Guide.
- Anderson, D., Francis, J. R. & Stokes, D. J. (1993), 'Auditing, directorships and the demand for monitoring', *Journal of Accounting and Public Policy*.
- B.K. Sebbowa Bamweyana, (2009), *the role of internal audit function in organizations*
- Baltaci, M & Yilmaz,S. (2006), *keeping an Eye on Sub national Governments: Internal Control and Audit at Local Levels*, World BANK Publications
- Boakye-Bonsu, V., (1997). *Developing internal Audit Approach*, Vol. 5, No. 6,
- Brennan, N. M., and J. Soloman. (2008) *Corporate governance, accountability and mechanisms of accountability: An overview*. *Accounting, Auditing & Accountability Journal*
- Committee of Sponsoring Organizations (COSO). (1985). *Organization background information*.
- Commonwealth of Australia (2008), *Better Practice Guide – Risk Management*, Australia Government,
- Commonwealth Secretariat (2005), *Guidelines for public Expenditure Reform*, London, Marlborough House.
- Coram, P.J,Ferguson, C.& Moroney, R.A.(2007), *Internal Audit, Alternative Internal Audit Structures, and the Level of Misappropriation of ASSETS Fraud*.

- Curtis C. Verschoor. (1999) *Corporate Performance is Closely Linked to a Strong Ethical Commitment*
- David J. Bakibinga. (2001) *Company Law in Uganda*. Fountain Publishers. Kampala, Uganda.
- David Mwindi (2008) *Auditing*
- DeAngelo, L. (1981), 'Auditor size and audit quality', *Journal of Accounting and Economics*, Vol. 3
- Diamond, J. (2002), *The Role of Internal Audit in Government Financial Management: An International perspective*.
- Dittenhofer, M. (2001). *Internal Auditing Effectiveness*. Vol. 16, No.10,
- Donald Kisilu Kombo & Delno L. A. Tromp (2009) *Report and Thesis Writing, An Introduction*. Pauline Publications Africa. Nairobi, Kenya.
- Ettredge, M. L., L. Sun, and C. Li. 2006. *The impact of SOX Section 404 internal control quality assessment on audit delay in the SOX era*. *Auditing: A Journal of Practice & Theory*
- Garcia, B.M. A. (2004). *Audit Reports on Financial Statements Prepared Accounting to IASB Standards*. Vol. 8.
- Gerrit Sarens and Mohammad J. Abdolmohammadi (2010), *Monitoring Effects of the Internal Audit Function: Agency Theory versus other Explanatory Variables*. *International Journal of Auditing*. Blackwell Publishing Ltd
- Glass, R. (2005), *The Relationship between Internal and External Audit in the public sector*.
- Good, James (2006); *A Search for Unity in Diversity: The "Permanent Hegelian Deposit*.
- Goodwin-Stewart, J. & Kent, P. (2006), 'The use of internal audit by Australian companies', *Managerial Auditing Journal*,
- I. M. Pandey (1996). *Financial Management*. 7th Edition. Vikas Publishing House Pvt Ltd. New Delhi, India

- Jensen, M. C. & Meckling, W. H. (1976), '*Theory of the firm: managerial behaviour, agency costs, and ownership structure*', Journal of Financial Economics.
- John J. Morris (2011). *The Impact of Enterprise Resource Planning (ERP) Systems on the Effectiveness of Internal Controls over Financial Reporting*
- Khan, M.A. (2006) *Role of Audit in Fighting corruption, paper prepared for adhoc Group Meeting on "Ethics, Integrity, and Accountability in the Public Sector*
- NAO (2000), *Co-operation between internal and external Auditors*, Good Practice Guide.
- Pefa (2005), *Public Expenditure and Financial Accountability Framework*, Washington D.C.
- Szymanski, S. (2005), *How to Implement Economic Reforms: How to fight Corruption Effectively in Public Procurement*.
- Van Gansberghe, C. N. (2005), *Internal Audit: Finding its place in Public Financial Management, public Expenditure and Fiscal Accountability Programme*, Washington D.C., World Bank

APPENDICES
APPENDIX I: TIME FRAME

PERIOD	DATA COLLECTION
Mid-February to End of June	Report Writing, Editing and submission
Beginning of June to Mid-July	
Mid – July to end of July	Analyzing and Compiling Data collected
Beginning of August	Typing Setting and Editing
Mid-September	Submission of Report

APPENDIX II: STUDY BUDGET

PARTICULARS	QUANTITY	UNIT COST	AMOUNT
Stationary			
Pens	3	350	1050
A flash Disk	2	43,000	86000
Rim of Papers	2	12,000	24000
Sub Total			43100/=
Travel and Communication			
Air time cards	-	-	25,000
Travels	-	-	37,000
Meals	-	-	35,000
Sub Total			97000/=
Data Collection			
Library	4 days	5,000/=	20,000
Internet	10 hours	1,500/=	15,000
Sub Total			35000/=
Typing and Printing			
Report	2 copy	20,000/=	40,000
Research Report	2 copy	70,000/=	140,000
Sub Total			180,000/=
Consultations			
Editing	1 copy	25,000/=	25,000
Miscellaneous	-	40,000/=	40,000
Sub Total			65000
Photocopying and Binding			
Research Report (Photocopy)	4 copies	5,000/=	20,000
Research Report (Binding)	4 copies	5,000/=	20,000
Sub Total			40000
GRAND TOTAL			460100

APPENX III: QUESTIONNAIRES

NIWEBYONA ALEX, is a third-year student of KIU and is conducting a study on the **Internal Audit and the accountability of public funds in local Governments; A case study Mbarara District local Government**. It is a requirement in partial fulfillment for the award of degree and accordingly the data you provide will only be for that purpose besides being treated with the confidentiality it deserves.

I thank you for your anticipated cooperation in this noble consideration.

Tick or and briefly fill in the spaces provided appropriately.

SECTION A: BIODATA

1. Name (Optional).....
2. Gender; a) ☐ Male b) ☐ Female
3. Marital Status
a) ☐ Married
b) ☐ Unmarried
4. Age: a) ☐ 18-35yrs b) ☐ 36-45yrs c) ☐ 46yrs and above
5. Educational level: a) ☐ Secondary b) ☐ Tertially c) ☐ University

11. Can these challenges be based on to have internal Audit work well?

Yes

No

If yes, outline the ways.

.....

.....

.....

SECTION C: NATURE OF ACCOUNTABILITY OF PUBLIC FUNDS IN LOCAL GOVERNMENT.

12. What do you know the accountability of funds in local Government?

.....

.....

.....

13. Does accountability of public exist in your local Government?

Yes

No

For yes, outline how it is done.

.....

.....

.....

14. Is it involvement?

Yes

No

(a) If yes how.....

(b) If No, why?.....

15. Whom do you think should make it happen?

.....

.....

.....

16. Is there any legal requirement to affect the accountability?

Yes

No

If yes state it.

.....

.....

.....

17. Do you find challenges in the accountability of public funds?

Yes

No

If yes state them.

.....

.....

.....

18. Can you suggest what should be done to overcome those challenges?

.....

.....

.....

.....

.....

22. In your own view, what would be the recommendations?

.....

.....

GOOD LUCK



MBARARA DISTRICT LOCAL GOVERNMENT

P.O. Box 1 Mbarara-Uganda

12TH August 2019

TO WHOM IT MAY CONCERN

This is to confirm that Niwebyona Alex has been officially granted permission to carry out his research study on the topic "*Internal Audit Function and Accountability of Public Funds in local Government in Mbarara District local government*".

Niwebyona Alex will be accorded supervision from the Chair Person LCV.

With regard to confidential matters, he will not without consent of his supervisor disclose any confidential matters to any one not authorized to receive them.

All information gathered should be entirely for academic purposes.

