

**FINANCIAL AUDITING AND EFFICIENCY OF LOCAL GOVERNMENT  
ADMINISTRATION AT DISTRICT IN GABILEY, SOMALILAND**

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In Partial Fulfillment of the Requirements for the Degree  
Master of Arts in Public Administration and management

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### **DECLARATION A**

"This thesis is my original work and has not been presented for a Degree or any other academic award in any University or Institution of Learning".

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Name and Signature of Candidate

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Date

## **DECLARATION B**

"I confirm that the work reported in this presentation was carried out by the candidate under my supervision".

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Name and Signature of Supervisor

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Date

## **DEDICATION**

I dedicated this thesis to my Dear, beloved Sister Layla Ali Muhumed and Mam Ibado  
Kahin Jibril

## **ACKNOWLEDGEMENT**

I would like to thank the master of the world, sustainer, provider (Allah) who has given me the opportunity and capability of completing this wonderful dissertation. Without the support of Allah, I should have not done this thesis.

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## **ABSTRACT**

The study analyzed "Financial Audit and Local Government Administration in District Gabiley Somaliland". The research study was guided with the following predetermined objectives:

To explore the extent of financial auditors targeting the local government administration to examine the extent of local government administrations in the development of Gabiley Somaliland to find out if there is a significance relationship between extent of financial auditing and local government administration in Gabiley Somaliland.

The study used cross-sectional correlation design where 100 questionnaires were distributed out of a population of 1000 individuals. Frequencies and percentages were used with the use of Statistical Package for Social Sciences.

The study found out that the auditors perform their duties effectively and efficiently as the mean showed (2.15) which indicates majority of the respondents agreed that Auditors are highly capable to their works and have the skills, qualification, experiences and competence to carry out audit activities. On the other hand, the administrations know the responsibilities and duties and set clear policies to handle the activities of the government as well as are very loyalty to their work and also work towards the development of the district.

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## **LIST OF ABBREVIATIONS**

LGP	Local Government performance
SNM	Somaliland National Movement
WB	World Bank
NDP	National Development Plan
ILO	International Labour Organization
SPSS	Statistical Package for Social Science
CVI	Content Validity Index

## **CHAPTER ONE**

### **THE PROBLEM AND ITS SCOPE**

#### **Background:**

Auditing has existed since the beginning of human society. Auditing was used mostly for the detection of fraud and was done through extensive detailed examination from ancient times (Lee, 1988). In thirteen century, it was the first cited mention of an audit performed in United Kingdom at the request of Queen Elizabeth. England appointed the Auditor of the Exchequer to install a system of checks and marks on government spending. Auditing existed primarily as a method to maintain governmental accountancy, and record-keeping was its mainstay. The audit wasn't until the advent of the Industrial Revolution, from 1750 to 1850, that auditing began its evolution into a field of fraud detection and financial accountability. After then the audit began its growth in 1866 when William Gladstone altered the monitoring program as a reform package on public finance. During the colonial period, the pattern of local government was not uniform throughout the thirteen colonies. In New England the town was the principal unit of local rule, responsible for poor relief, schooling, and roads. The primary governing body was the town meeting, an assembly of all the enfranchised residents, though the popularly elected selectmen seem to have assumed increasing authority over town affairs. Since then, financial audits have become increasingly regulated through financial institutions, government bodies, courts and company investors. Parliament was the first government body to be audited, well the first recorded government body to be audited. But since then, governing bodies have been audited to detour corruption and prevent back-room deals. ( Encyclopædia Britannica Online)

In Africa, the structure of government reached a colonial era to implement their political system at that time the colonized built all the structure of the government whether central government and local governments. However it took a long time to operate as it is, after decades, it emerged that some African countries practiced the system of governments. After then the governments realized that they need a financial

audit department to protect the public resource but it took a long time to implement since the African nations are not capable to keep the interest of the community and also African leaders don't want to make a good financial control to safeguard the public resources because most African leaders want to become wealthier due to public resource.

Later, the republic of South Africa, 1996 establishes the Auditor-General of South Africa as one of the state institutions supporting constitutional democracy. The Constitution recognizes the importance and guarantees the independence of the Auditor-General, stating that the Auditor-General must be impartial and must exercise powers and perform its functions without fear, favour or prejudice. (S. Humes & E. Martin)

In Somaliland, after a prolonged war between the Somali regime Mohamed Siyad Barre and Somaliland national movement. Somaliland constructed its peace from the grassroots with the help of clan elders, scholars and civilians without getting any political support from pro-democratic states. In fact, this was facilitated by the same ethnicity that most of the people share together. Some few problems resulted from political struggle has caused problems in 1994-1996. Fortunately, the leaders of the country include their politicians, intellectual persons, older and other important members of the community tries to built the structure of the government in 1996, at that time they decided to established an financial audit after they knew its importance to safeguard the public resource although it is not working appropriate in relation to many factors including lack of enough knowledge in government body and also community itself.

According to (Wikipedia) a financial audit, or more accurately, an audit of financial statements, is the verification of the financial statements of a legal entity, with a view to express an audit opinion. Also we define that a financial audit is the critical analysis of a business's financial records and documentations. It can be done at any level, from local to governmental. So the researcher comes up with his own definition, a financial Auditor is the evaluation of financial performance through whole the year whether it is followed the appropriate principal like General Accepted Accounting Principal or not. A financial audit starts with the review of a company's accounting records and ends with the publication of a report, the content of which depends on what reviewers saw during the audit and the overarching need for transparency that regulators require.

The term of local government can be defined as an administrative body for a small geographic area, such as a city, town, county, or state. A local government will typically only have control over their specific geographical region, and can not pass or enforce laws that will affect a wider area. Local governments can elect officials, enact taxes, and do many other things that a national government would do, just on a smaller scale. (www.businessdictionary.com). Local governments are administrative offices that are smaller than a state. The term is used to contrast with offices at nation-state level, which are referred to as the central government, national government, or (where appropriate) federal government. So as the researcher explain the term of local government administration is a part of government that community elected to deliver the basic needs of society like infrastructures.

In net shell the financial audit of Somaliland is not so well and was not reached the exact point that government wants and that is why there is a misleading public resource. Also the local government administrations always do not perform their work

as effectively and efficiency because lack of understanding of their duties thereby lack of training. All the above problems caused the inappropriate performing of their task.

### **Statement of the Problem**

The local government administrations are one of the key important, that contributes the development of the districts and also the whole of the government. If the local government administration perform their work effectively and efficiency it cause that the economics of the country increase. But in this case we want to investigate the corruptions of the local government administrations which can severely damage the development of the country and also the society. In Somaliland there are a lot of corruptions especially in the districts.

In addition to that, this corruption has caused the deficiency of the government which approximately fifteen million dollar as minister of finance declared in his first speech after the previous finance minister resigned (July 27 2011). However, this problem can cause a lot of crisis in the country which includes political disputes, unemployment and other severe issue. Which hardly damage the existence of the nation.

On the other side, the problem is still stay alive and there is no tangible result which reflects the reduction of the corruption, though the central government made a lot of workshops and awareness for financial auditors and also local government administration.

In the light of an above scenario, there are many causes which contribute the existence of this problem and the most influential causes of the problem are poor management of local government administrations, failure of financial auditors, lack of honesty and accountability.



Therefore, this study will intend to investigate the role of financial auditors play the reduction of corruption made by local government administration.

### **Purpose of the study**

The purpose of this study is to find out the relationship between the financial audit and local government administration, and validate existing information about central government regulations and existence of the corruption as well as generate new information based on the findings of the study.

### **Research objectives**

This study will explore the correlation between financial auditing and local government administration

**Specific objectives:** to be sought further in this study will be as follows

1. To determine the demographic characteristics of the respondent as to
  1. Age
  2. Gender
  3. Occupation
  4. Work experience
  5. Level of education
  6. Marital status
2. To explore the extent of financial auditors targeting the local government administration
3. To examine the extent of local government administrations in the development of Gabiley Somaliland

4. To find out if there is a significance relationship between extent of financial auditing and local government administration in Gabiley Somaliland.

### **Research questions**

1. What is the profile of respondents
2. What is the extent of financial auditors targeting local administration?
3. What is the extent of local government administrations in the development of Gabiley Somaliland?
4. Is there any significant relationship the extent between financial auditing and local government administration in Gabiley Somaliland?

### **Null hypothesis**

There is no significant relationship between the extent of financial auditing and local government relationship

### **Scope of the study**

#### ***Content Scope***

Generally, the study is intended to find out if there is a significance relationship between financial auditors and local government administration.

#### **Geographical scope**

The study will be conducted at Gabiley District in Somaliland

## **Significance of the Study**

The beneficiaries of this study are to include the following

1. **Somaliland Government** will benefit from the findings of this study by getting a good technique to trace local government administrations.
2. **The academicians** will also benefit from the findings of this study by getting the empirical evidences about financial audit.
3. **The future researchers** will utilize the findings of this study to embark on a related study.

## Conceptual frame work

**Independent variable**

### **Financial Audit**

- Public finance
- Internal auditing
- Operational Audit
- Compliance Audits

**dependent variable**

### **Local Government Administration**

**District**

**Council**

**subcouncil**

**Extraneous variable**

- Accountability
- Management
- Honesty

Source: researcher

## **OPERATIONAL DEFINITION**

**A Financial Audit** is the critical analysis of a business's financial records and documentations. It can be done at any level, from local to governmental in order to verify the usage of resources.

**A Public finance** is the financial affairs of domestic and international governments and other public entities like local governments such as our case now.

**An Operational Audit** is the process assesses the adequacy and effectiveness of controls designed to manage risks and ensure objectives are met.

**A Compliance Audit** is a comprehensive review of an organization's adherence to regulatory guidelines.

**Internal Audit** is 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.

**Accountability** is to trace the performance of the local government administration to ensure how they perform their duties by Auditors.

**Honesty** is to perform duties in loyalty way that means far from any error which harm your dignity or your faith.

**Management** is the act of planning , organizing , leading , and controlling the activity of local government administration by central government.

## **CHAPTER TWO**

### **REVIEW OF LITERATURE**

#### **Concepts, Opinions, Ideas from Authors/ Experts**

##### **Financial auditing**

Financial auditing is an accounting process used in business. It uses an independent body to examine a business financial transactions and statements. The ultimate purpose of financial auditing is to present an accurate account of a company's financial business transactions. The practice is used to make sure that the company is trading financially fairly and also that the accounts they are presenting to the public or shareholders are accurate and justified. The results of the financial auditing procedure can be presented to shareholders, banks and anyone else with an interest in the company. One of the main reasons for a financial audit is to ensure that the trading company is not practicing any deception. This is the reason that the financial auditing body is an independent third party.

Public records show that financial auditing has been in existence since 1314. However, before the 1930s, no corporations or businesses were legally required to hold audits. In 1934, the United States Securities Exchange Act made it a legal requirement for all public trading companies to be financially audited. The Securities and Exchange Commission (SEC) set up a department to deal specifically with this requirement. The SEC usually complies with the accounting industry as to its standards.

The financial auditing process usually takes places once a year, most commonly at the end of the financial year. All financial aspects of the company are inspected, and a follow-up audit may also be undertaken after the year end in order to compare results. The financial auditing company has the difficult task of maintaining objectivity while being paid by the company they are auditing.

## Finance

Finance is often defined simply as the management of money or funds management. Modern finance, however, is a family of business activity that includes the origination, marketing, and management of cash and money surrogates through a variety of capital accounts, instruments, and markets created for transacting and trading assets, liabilities, and risks. Finance is conceptualized, structured, and regulated by a complex system of power relations within political economies across state and global markets. Finance is both art (e.g. product development) and science (e.g. measurement), although these activities increasingly converge through the intense technical and institutional focus on measuring and hedging risk-return relationships that underlie shareholder value. Networks of financial businesses exist to create, negotiate, market, and trade in evermore-complex financial products and services for their own as well as their clients' accounts.

Three overarching divisions exist within the academic discipline of finance and its related practices are **personal finance** is the finance of individuals and families concerning household income and expenses, credit and debt management, saving and investing, and income security in later life, **corporate finance** is the finance of for-profit organizations including corporations, trusts, partnerships and other entities, and **public finance** is the financial affairs of domestic and international governments and other public entities. Areas of study within and the interactions among these three levels affect all dimensions of social life: politics, taxes, art, religion, housing, health care, poverty and wealth, consumption, sports, transportation, labor force participation, media, and education. Stratification, and so forth, or have been largely unexplored. Recent research in behavioral finance is promising, albeit a relative newcomer, to the existing body of financial research that focuses primarily on measurement.

## **Financial services**

An entity whose income exceeds its expenditure can lend or invest the excess income. On the other hand, an entity whose income is less than its expenditure can raise capital by borrowing or selling equity claims, decreasing its expenses, or increasing its income. The lender can find a borrower, a financial intermediary such as a bank, or buy notes or bonds in the bond market. The lender receives interest, the borrower pays a higher interest than the lender receives, and the financial intermediary earns the difference for arranging the loan.

A bank aggregates the activities of many borrowers and lenders. A bank accepts deposits from lenders, on which it pays interest. The bank then lends these deposits to borrowers. Banks allow borrowers and lenders, of different sizes, to coordinate their activity.

Finance is used by individuals (personal finance), by governments (public finance), by businesses (corporate finance) and by a wide variety of other organizations, including schools and non-profit organizations. In general, the goals of each of the above activities are achieved through the use of appropriate financial instruments and methodologies, with consideration to their institutional setting. Finance is one of the most important aspects of business management and includes decisions related to the use and acquisition of funds for the enterprise.

In corporate finance, a company's capital structure is the total mix of financing methods it uses to raise funds. One method is debt financing, which includes bank loans and bond sales. Another method is equity financing - the sale of stock by a company to investors, the original shareholders of a share. Ownership of a share gives the shareholder certain contractual rights and powers, which typically include the right to receive declared dividends and to vote the proxy on important matters (e.g., board elections). The owners of both bonds and stock, may be institutional investors - financial institutions such as investment banks and pension funds — or private individuals, called private investors or retail investors



## **Corporate finance**

Managerial or corporate finance is the task of providing the funds for a corporation's activities (for small business, this is referred to as SME finance). Corporate finance generally involves balancing risk and profitability, while attempting to maximize an entity's wealth and the value of its stock, and generically entails three interrelated decisions. In the first, the investment decision, management must decide which projects to undertake. The discipline of capital budgeting is devoted to this question, and may employ standard business valuation techniques or even extend to real options valuation. The second, the financing decision relates to how these investments are to be funded: capital here is provided by shareholders, in the form of equity privately or via an initial public offering, creditors, often in the form of bonds, and the firm's operations (cash flow). Short-term funding or working capital is mostly provided by banks extending a line of credit. The balance between these elements forms the company's capital structure. The third, the dividend decision requires management to determine whether any inappropriate profit is to be retained for future investment or operational requirements, or instead to be distributed to shareholders, and if so in what form. Short term financial management is often termed working capital management, and relates to cash inventory, and debtors management. These areas often overlap with the firm's accounting function, however, financial accounting is more concerned with the reporting of historical financial information, while these financial decisions are directed toward the future of the firm.

## **Financial risk management**

Financial risk management is the practice of creating and protecting economic value in a firm by using financial instruments to manage exposure to risk, particularly credit risk and market risk. Other risk types include Foreign exchange, Shape, Volatility, Sector, Liquidity, Inflation risks, etc. It focuses on when and how to hedge using financial instruments; in this sense it overlaps with financial engineering.

Similar to general risk management, financial risk management requires identifying its sources, measuring it and formulating plans to address these, and can be qualitative and quantitative. In the banking sector worldwide, the Basel Accords are generally adopted by internationally active banks for tracking, reporting and exposing operational, credit and market risks.

### **Financial economics**

Financial economics is the branch of economics studying the interrelation of financial variables, such as prices, interest rates and shares, as opposed to those concerning the real economy. Financial economics concentrates on influences of real economic variables on financial ones, in contrast to pure finance. It centers on decision making under uncertainty in the context of the financial markets, and the resultant economic and financial models.

### **Experimental finance**

Experimental finance aims to establish different market settings and environments to observe experimentally and provide a lens through which science can analyze agents' behavior and the resulting characteristics of trading flows, information diffusion and aggregation, price setting mechanisms, and returns processes. Researchers in experimental finance can study to what extent existing financial economics theory makes valid predictions, and attempt to discover new principles on which such theory can be extended. Research may proceed by conducting trading simulations or by establishing and studying the behavior of people in artificial competitive market-like settings. (Gove, P. et al. 1961)

### **AUDITING**

The general definition of an audit is an evaluation of a person, organization, system, process, enterprise, project or product. The term most commonly refers to audits in accounting, but similar concepts also exist in project management, quality

management, water management, and energy conservation. it can also defined Auditing is a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria and communicating the results to interested users.

The audit is the tool that owners have at their disposal to check and ensure that the assignments they have commissioned are being performed in the intended manner. Audits are made in many different contexts and of different types of activities (central government, local government, regions, government agencies, limited companies, non-profit organizations, cooperatives, groups of companies and so on). The audit concept can vary between different forms of organizations and also between countries. However, there is one common denominator: the audit shall provide owners, members, financiers, employees and other stakeholders/interested parties with information that enables them to make an assessment of whether activities have been performed in a responsible and correct way.

Due to constraints, an audit seeks to provide only reasonable assurance that the statements are free from material error. Hence, statistical sampling is often adopted in audits. In the case of financial audits, Auditing is a vital part of accounting. Traditionally, audits were mainly associated with gaining information about financial systems and the financial records of a company or a business. However, recent auditing has begun to include non-financial subject areas, such as safety, security, information systems performance, and environmental concerns. With nonprofit organizations and government agencies, there has been an increasing need for performance audits, examining their success in satisfying mission objectives. An audit must adhere to generally accepted standards established by governing bodies. These standards assure third parties or external users that they can rely upon the auditor's opinion on the fairness of financial report, or other subjects on which the auditor expresses an opinion.

## **Types of Audits**

There are many types of audits; Internal Audit Services determines which kind to undertake based on a formal risk assessment process. The following provides examples of some of the audits that could be undertaken:

### **Operational Audits**

Provide an objective evaluation of an area, department or functional operation. The process assesses the adequacy and effectiveness of controls designed to manage risks and ensure objectives are met. Examine the use of department/university resources to evaluate whether those resources are being utilized in the most efficient and effective way to fulfill the departments/University's mission and objectives. An operational audit may include elements of a compliance audit, a financial audit, and an information systems audit.

### **Financial Audits**

A historically oriented, independent evaluation performed for the purpose of attesting to the fairness, accuracy, and reliability of financial data. The University's external auditors, the Office of the Auditor General of Alberta, perform this type of review annually. Internal audit will also conduct audits focussing on a financial system's controls to ensure that financial controls are adequate and effective.

### **Information Systems Audits**

There are many types of information systems audits that focus on the controls that govern the development, operation, maintenance, and security of application systems in a particular environment. This type of audit might involve reviewing a data center, an operating system, a security software tool, or processes and procedures (such as the procedure for controlling production program changes), etc. Internal Audit Services may also review the development of a new application system.

## **Compliance Audits**

These audits address the specific unit adherence to laws and regulations, policies and procedures, federal and provincial requirements, and restrictions imposed on endowments and grants etc. A compliance audit is a comprehensive review of an organization's adherence to regulatory guidelines. Independent accounting, security or IT consultants evaluate the strength and thoroughness of compliance preparations. Auditors review security policies, user access controls and risk management procedures over the course of a compliance audit.

## **Follow-up Audits**

These are audits conducted after an internal or external audit report has been issued. They are designed to evaluate corrective action that has been taken on the audit issues reported in the original report.

## **External audit**

It is Periodic or specific purpose **ad hoc** audit conducted by external (independent) qualified accountant(s). Its objective is to determine, among other things, whether (1) the accounting records are accurate and complete, (2) prepared in accordance with the provisions of GAAP, and (3) the statements prepared from the accounts present fairly the organization's financial position, and the results of its financial operations. See also internal audit.

## **Internal auditing**

It is 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. With commitment to integrity and accountability, internal auditing

provides value to governing bodies and senior management as an objective source of independent advice.

Internal auditing frequently involves measuring compliance with the entity's policies and procedures. However, internal auditors are not responsible for the execution of company activities; they advise management and the Board of Directors (or similar oversight body) regarding how to better execute their responsibilities. As a result of their broad scope of involvement, internal auditors may have a variety of higher educational and professional backgrounds.

### **Role in corporate governance**

Internal auditing activity as it relates to corporate governance is generally informal, accomplished primarily through participation in meetings and discussions with members of the Board of Directors. Corporate governance is a combination of processes and organizational structures implemented by the Board of Directors to inform, direct, manage, and monitor the organization's resources, strategies and policies towards the achievement of the organizations objectives. The internal auditor is often considered one of the four pillars of corporate governance, the other pillars being the Board of Directors, management, and the external auditor.

A primary focus area of internal auditing as it relates to corporate governance is helping the Audit Committee of the Board of Directors or equivalent perform its responsibilities effectively. This may include reporting critical internal control problems, informing the Committee privately on the capabilities of key managers, suggesting questions or topics for the Audit Committee's meeting agendas, and coordinating carefully with the external auditor and management to ensure the Committee receives effective information.

### **Local government**

Local Government is the closest tie of government to the people. In a unitary system, power is shared between the Central Government and local government. In a Federal system power is shared between Federal-State and Local Governments.

Generally we talk of a central-local relationship. In a Federal system however, the relationship is largely between the state or regional government and local government because, constitutionally local government are within the constitution mandates of the state or regional governments.

Basically, in any system local governments are created to decongest the Functions and burden of central governments and to provide services that are local in character.

## **MEANING OF LOCAL GOVERNMENT**

Local Government is grassroots government recognized by law. It is defined severally by authors and bodies. Let us look at the definition of local government from the perspective of one author and two bodies or documents. Maddick (1963) defines local government as a sub-unit of government controlled by a local council which is authorized by the central government to pass ordinances having a local application, levy Taxes or exact labour and within limit specified by the central government, vary centrally decided policy in applying it locally.

## **ROLES OF LOCAL GOVERNMENT**

The roles of local government are in some ways similar to those of central Government. Central government exists to provide for development services to the people and provide security for the citizenry and ensures participation of the citizenry in government. To some extent local government performs such roles even though with some varying degree of intensity. For easier understanding such roles could be classified into two viz; political and socio-economic roles

### **Political Role**

Local governments are veritable and appropriate institutions for promoting democracy at the local level. They are well placed to mobilization the people politically

through political education, political enlightenment and political actions. Local Government have become very useful tool for the conduct of election at all levels of government. With such, the process of political recruitment is institutionalized and the institution can then help to train people for higher responsibilities. Another political role is that of maintenance law and order. Local governments have the instrumentality of the police at their disposal and therefore work with its leadership at the local level to enforce law and order and maintain security. Moreover, certain committees such as the Security

Committees, the police Committee, facilitate such exercise. Furthermore, to enhance responsive governance, local governments serve as a two-way channel of communication between the government and the governed. Just as it transmits the decision of governments to the local people, it also conveys or channels their demands and feedback on policies to governments (local or central).

## **SOCIO-ECONOMIC ROLE**

The exercise of democracy and human rights can only be meaningful if demands and policies can be translated into physical development including the provision of basic socio-economic services. Services of local government are primary or basic in nature as reflected in their functions. Some of these are basic health, basic education, agriculture and revenue raising and regulating functions. People expect such services to be delivered to make any meaning of democracy and bureaucracy at the local level. The services delivered also depend on the nature of the local government – whether it is a Municipal council or a rural council – the complexity may depend on the level of urbanization or the availability of funds. In providing socio-economic services, local governments have to work with community groups and the citizenry to harness community energies and input into development. A greater part of the developmental initiatives and effectiveness in local government is a function of community development or self-help groups. These two roles of local governments will be revisited



in another form when in a later unit look at the theories of local government and the argument( Berezin, M. (2005).

## **TYPES OF STRUCTURES**

Every organization or institution has a structure. By structure we mean the components of an organization that perform certain functions geared towards the achievements of organizational goals. In administration, these component or structures are hierarchically organized. This therefore entail that the structures offer positions that are stratified i.e. a superior subordinate relationship. In local government just like in other governments, the administrative structure is patterned along these lines. Local government also has a political structure. All elected officials fall into this structure and it is principally made up of the legislature and the executive. In the local government there are also Committee structures set up to look at issues and take decisions on behalf of the government – a lot of such decisions are subject to ratification by the council or the superior body as the case may be. The structure of local government can also refer to the status of local

Government i.e. whether it is all or multi-purpose or single tier local government or a multi-tier local government with layers of local authorities below the local government structure.

### **Political Structure**

Local governments are variously politically structured and constituted. This is also a fall out of the system of leadership in local governments. (This point on leadership will be discussed in a later unit). As pointed out earlier, the political structure is responsible for policy making, law making and even policy implementation at the local level. The major organs of the political structure are the Executive, the Legislature and Committee. These Committees can be standing Committees (statutory) or House or Executive Committees asset up to study issues and report to the parent body. The legislature is made up of councilors and in some cases Alderman. The Executive could

be made up of supervisory councilors or superiors together with the Chairman. The political structure varies from country to country depending sometimes on the system of leadership. Some systems advocate a strong chairman while others a weak one. Some may have a large number of councilors, other small.

In the US, the political structure addressed four types of leadership, namely the strong mayor, the weak mayor, the commission system and the council or city manager system. Structure can also refer to the minimum population spelt out for the creation of local governments. In Nigeria, the 1976 Reform spells out a population of 150,000 - 800,000. This is done in such a way as to respect the issue of viability. On this basis, 301 local governments were created. In multi-tier system, the populations of the smaller units are bound to be much less.

### **Administrative Structure**

The administrative structure of local government is hierarchical as in any other government. At the head is a Secretary to the Local Government (what in France is referred to as the Prefect). In some local government system, (e.g. Nigeria) the Secretary is the Chief Executive but through reforms he had come to be answerable to the Chairman. He is the head of Administration. Under the Secretary are Departments which are headed by Heads of Departments. The Departments in local governments are created in such a way that they perform a group of functions. Normally such dependents are those of Finance, Personnel (Administration). Agriculture, Education. Health Works, Social Welfare and Community Development etc. The number of Departments a local government should have would depend on the complexity of the local government (e.g. urban –rural) or the Laws setting up local governments. Sometimes these Departments are classified as service and operational departments. The service departments are normally those that deal with staff and finance both of which support service delivery. The operational departments deliver the services on the field. Each department is organized in such a way that there are sections and units or divisions and branches which deal with particular services that add up to the entire services of the department. The operational departments also have their structure right

into the community where they deliver these services. These are called field or extension workers and they could be of a technical, professional and administrative nature. The sections and units are answerable to the heads of department while the Local government secretary coordinated the activities of the heads of departments. The Secretary in turn is largely responsible to the chairman in some system; the state expects the Secretary to be the watching dog for effective administrative practice at the local government level.

## **RELATIONSHIPS BETWEEN THE POLITICAL STRUCTURE & ADMINISTRATION STRUCTURE**

As shown earlier in Unit 3 (i.e. theories of local government) local authorities are about democracy and service delivery. The political structure in local governments represents the democratic concern of local government while the bureaucracy or the administrative structure represents the instrument for effective services. The problem with local government is how the political structure can use the administrative structure for providing efficient service. The political structure makes laws and policies for local government including approval of local governments' estimates and budgets. The chairman works closely with his Secretary and Heads of departments to implement policies agreed at the Executive and Legislative Councils. To forge a close link between the political and administrative structure, political heads are attached to each department. These are called Supervisory Councilors or Supervisors (depending on the system of government). These supervisors control the activities of heads of departments. Policies agreed upon in the Executive Council are implemented by the supervisors through their heads of departments. These Heads also channel the needs and activities of their Department to the Council through their supervisors. The supervisors are therefore the eyes of the chairman at the level of the department. In the same way, the Secretary is the chief adviser to the chairman on local government administration. Such advises are on administrative procedure, planning, financial management, staffing and intergovernmental relations. The chairman may be eager to

ensure the implementation of his programmes but the Secretary is there to make him that this is done through governmental procedure. In all these there is bound to be friction between the political office holders and the key administrative functionaries (i.e. career officials) the challenge of administration at the local government level is how to forge more of cordial relationship between the political and administrative group as they perform their roles.( S. Humes & E. Martin 2001)

## **UNITS OF LOCAL GOVERNMENT**

This description is apt of the American system with one Federal Government, about fifty four states and the rest in local governments. This alarming figure arises not just out of the various units of local government, but also the closeness of these units to the common man. Prominent among these are the Counties most representative nomenclature for local government. Counties could consist of Township rural counterparts to municipalities and rural counties. The second classification of the units of American Local Government is incorporated place or Municipalities. This includes Cities, Boroughs Village and Incorporated Towns. Some of these get created at the instance of the people's desire for provision of services. It should be noted that although the municipalities are geographically included within the county they are not administratively subordinate to the county government. County government has no power of review over municipal government activities. Where ever there are no rural municipalities the county becomes the basic unit of government. System of Administration – Local Governments in the US are governed by laws of the States and not those of the national government, therefore no national pattern of local government exists. The law and practice of local government varies from State to State.

## **COUNTIES**

American Counties are agencies of state government which also may abolish them, and thus nature and functions vary from place to place. In the New England

States, this unit of government is primarily a judicial district, in the Southern and far Western states it serves as the primary rural units controlling courts, education, health, public welfare works and roads. In a greater number of the state, urban municipalities are within the county and their residents pay taxes to support the county government as well as that of their municipalities. Councils are democratically constituted and the composition and size of membership could depend on the complexity of the county.

## **RURAL MUNICIPALITIES OF TOWNS**

The township or town exists in a large number of American states. A few of these town governments covers all rural areas. Generally, large densely populated areas are not included within township government although the smaller ones may be and their residents then play township taxes and vote in township elections. Some states having township governor charge the township government with only the assessment and collection of taxes and acting as a judicial and election area. In other states the townships have large urban areas and must thus provide many of the services of the incorporated municipality. In general, the townships assume such functions as maintaining roads and administering certain health and public welfare services. The trend had however been to transfer these functions from township to the county. (Archived by WebCite at [Webcitation.org](http://Webcitation.org))

## **Related study**

### **Financial control and local government performance**

Up to now the auditors play an important role for safeguarding the public resources in this study indicate that there is a very strong relationship between control and performance of local government administration. This means that there is a significant relationship and it is as a result of the targets set during the collection process. However much of the revenue is from the central government and donor agencies. Only Avery small percentage of the revenue is generated locally by the district.

The findings of the study based on , the revenue realized always is enough for the delivering of public service even though the sources are limited since that only small percentage of the revenue is generated locally but the problem that the administrations of local government are always spent the money with their needs and put aside the needs for the community which is caused by lack of central government control. so without strong financial auditors who trace the administrations , the community will survive in that areas because there is no basic needs which the community require .

(MABONGA ERIC, Oct 2007)

## **CHAPTER THREE**

### **METHODOLOGY**

#### **Research Design**

In this chapter, it was described in detail all the methods that were used in this study to achieve the research objectives. These include a description of the research design, sampling techniques, target population, study site, instrumentation as well as data analysis techniques. This chapter also covered quality control techniques, ethical considerations and limitations of the study.

#### **Research Population**

The target population of this study was the local government bodies, general attorney, in land revenue and custom staffs in Gabiley district. The selected were 1000 individuals who are effectively involving government activities in district Gabiley either directly or indirectly.

#### **Sample Size**

The Sample size will be calculated by using the tenth percentage. Out of 1000 individuals who are working for the government, 100 respondents were selected using the sloven's formula.

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

**Table 1 Showing** the target respondents will be used in the study

Category	Population	Sample size
general attorney	500	36
In land revenue and custom staffs	350	44
Local Government Bodies	150	20
<b>Total</b>	<b>1000</b>	<b>100</b>

### **Sample size**

The study will use total of 100 respondents based on Amin (2005) Sampling guidelines. For instance, these sampling guidelines indicate that if the population is ten and below the sample size to be considered will be 10, so that the sample becomes representative of the population. From the same table for a population of 1000 people the suggested sample size is 100

### **Sampling Procedure**

According to Amin (2002) on his research book entitled "social science research" indicated that, sampling is the process of selecting elements from a population in such a way that the sample elements selected represent the population. Thus, the study is based on quantitative research design, the way we sample is probability method, where we took small portion which represents the entire population; however, the study is designed to undergo stratified and simple random sampling technique will be used which is most appropriate to my research topic. Notably, sample will compose of different categories of the population including; the marital status of individuals, gender for both male and female will be part of the sample.



## **Methods for Data Collection**

### **Research Instruments**

The research instrument designed by researcher is questionnaire.

#### **Questionnaire:**

The questionnaire was intended to collect data from respondents as questionnaire distributed by the respondents in a written way. Questionnaire was distributed by the all respondents to contribute the study. Questionnaire on this study will contain three sections. Section I deals with profile of respondents with questions like age of the respondent, marital status, educational level, Section II, local government bodies, Section III deals with level of local government Administration to improve socio-economic development.

### **Sources of Data**

#### **Primary Sources**

Primary of Research refers to the information that one collects one self. It involves collection of the data in a given subject directly from the outside world.

Primary research is collected specifically for the research at hand. It obtained by communicating directly or indirectly with the subject. Carrying out primary research may be developed into excellent skill that is useful in business personal or academic settings.

## **Questionnaire**

### **Secondary Sources**

According to level Ten Design (2006) Describes secondary Research as information gathered through Literature, publication and other non-human sources. Secondary research is generally easier to perform than primary research.

In this study secondary research focuses on the collection of information relevant to topic. The work mostly comprised a literature of both published and unpublished documents including Books, Journals, internet and other material.

### **Validity and Reliability**

Validity of the instrument assures through expert judgment and the researcher makes sure the coefficient of validity to be at least 70%. After the assessment of the questionnaire, the necessary adjustments will be made bearing in mind the objectives of the study. The formula that is used to calculate the validity of the instrument will be Content Validity Index (CVI) = no of questionnaire declared valid/total no of questionnaire.

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials. Reliability of the instrument establish through a test-retest technique. The researcher will conduct a pre-test of the instrument on group of subjects and wait one week then will administer the same test to the same subjects a second time.

### **Data Analysis**

The data analysis will carry out based on the research instrument. From the responses to the questionnaire, the researcher will able to quantify the data using frequencies, and percentage tables were drawn for logic analysis.

## **Ethical Considerations**

Bearing in mind the ethical issues, the researcher will provide the respondents with the necessary information as regards the main purpose of the research, expected duration and procedures to be followed, and be in position to keep privacy and not disclose the confidentiality of respondents and researchers responsibility.

The research of this study will begin immediately when a testimonial letter is secured from Kampala International University. Thereafter, copies of the letter will be used to introduce the researcher to the respondents, after getting the testimonial letter; the researcher will make sure that the instruments of the research are developed and ready for work. Then the researcher proceeds to the field.

## **Limitations of the Study**

In view of the following threats to validity, the researcher will claim an allowable 5% margin of error at 0.05 level of significance Measures are also indicated in order to minimize if not to eradicate the threats to the validity of the findings of this study.

1. *Extraneous* variables which will be beyond the researcher's control such as respondent's honesty, personal biases and uncontrolled setting of the study.
2. *Instrumentation*: The research instrument on work performance is not standardized. Therefore a validity and reliability test will be done to produce a credible measurement of the research variables.
3. *Testing*: The use of research assistants can bring about inconsistency in the administration of the questionnaires in terms of time of administration, understanding of the items in the questionnaires and explanations given to the respondents. To minimize this threat, the research assistants will be oriented and briefed on the procedures to be done in data collection.
4. *Attrition/Mortality*: Not all questionnaires maybe returned neither completely answered nor even retrieved back due to circumstances on the part of the respondents such as travels, sickness, hospitalization and refusal/withdrawal to participate. In

anticipation to this, the researcher will reserve more respondents by exceeding the minimum sample size. The respondents will also be reminded not to leave any item in the questionnaires unanswered and will be closely followed up as to the date of retrieval.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### Introduction

This chapter presents data analysis, presentation and interpretation. The analysis was based on the research questions and the research objectives. The analysis of the finding is categorized into the set objectives other than the profile of the respondents..

**TABLE 2 Profiles of the Respondents**

**N=100**

Profile of the respondent	Frequency	Percentage %
<b>Gender</b>		
Male	59	59.0
female	41	41.0
<b>Total</b>	100	100.0
<b>Age</b>		
20-25	24	24.0
25-30	23	23.0
30-35	26	26.0
35-40	12	12.0
40&above	15	15.0
<b>Total</b>	<b>100</b>	<b>100.0</b>

<b>Education</b>		
secondary	23	23.0
diploma	30	30.0
degree	26	26.0
Master	21	21.0
PHD	0	0
<b>Total</b>	<b>100</b>	<b>100.0</b>
<b>Occupation</b>		
student	31	31.0
DG	37	37.0
Manager	23	23.0
secretary of local government	9	9.0
<b>Total</b>	<b>100</b>	<b>100.0</b>
<b>Experience</b>		
1-2yrs	13	13.0
2-3yrs	21	21.0
3-4yrs	30	30.0
4-5yrs	18	18.0
5yrs & above	18	18.0

<b>Total</b>	<b>100</b>	<b>100.0</b>
<b>Marital status</b>		
single	23	23.0
engaged	22	22.0
married	38	38.0
divorced	10	10.0
widow	7	7.0
<b>Total</b>	<b>100</b>	<b>100.0</b>

*Source: primary data*

Table 2 indicated the various categories were engaged in the study 59% were male while the rest 41% were female in the total respondents, and it's clear the respondents of Gabiley district were dominated by male, and the results shows that there were more male than female individuals working Local Government in Gabiley.

The findings of the study showed that 24% of the respondents belonged at the age of 20-25, 23% of the respondents are the age of 25-30, 26% of the respondents are the age 30-35, 12% of the respondents are the age of 35-40, 15% of the respondents are the age of 40 and above. The findings suggested that respondents were of diverge age of groups.

Table 2 showed that the first group of the respondents have secondary school which represent 23% of the respondents, the second group of the respondents was diploma holders which stand for 30% of the respondents, the third group of the respondents were Bachelor or degree holders which make up 26%, the fourth group of the respondents have Master which stand for 21% of the respondent and mostly they are

the heads of local government and the fifth group of the respondents have PHD which represent 0.

Table 2 demonstrated that the job position of the respondents as the researcher observed, 31% of the respondents were students in the area where the study where the study was conducted, the findings of the study shows that the majority of the respondents were DG which make up 37% of the respondents, 23% of the respondents were managers of the different branches of the district, 9% which stand for the minor job of the respondents were secretary of local government.

From the findings the researcher observed that the DG of the local governments are mostly Master and Bachelor holders which showed that they have skills , knowledge , experience and competence to handle the operation and the activities of entire government. This is indicating and evidencing that the government attracted and retained highly educated employees who perform their duties well. If the researcher looks at the experience of the respondents the result shows that 13% of the respondents have worked 1-2 years, 21% of the respondents have worked 2-3 years, 30% of the respondents have worked 3-4 years, where 18% of the respondents have been worked in public service for the last 4-5 years while 18% of the respondents have been worked as managers of public institutions for the last 5 years and above.

Table 2 indicated the different categories involved in the study have various marital statuses, 23% of the respondents were still a single , where 22% of the respondents were engaged , where as 38% of the respondents which carry the highest number were married , 10% of the respondents were divorced , while the rest of 7% were widow.



**Table 3 the extent of financial auditors**

**N= 100**

Source: primary data

Indicators	Mean	Std.deviation	Interpretation
1- Auditors have not designed their audit steps and procedures to provide reasonable assurance of detecting errors, irregularities and illegal acts that could have a direct or indirect and material effect on the public resources	2.32	.909	Fair
2- Auditors are not loyalty to perform audit activities because of they did not have enough resource to cover their needs	2.12	.820	Fair
3- Auditors does not have enough experience to trace the fraud	1.74	.733	Poor
4- The financial auditors do not usually done auditing activities at the end of each year.	2.04	.953	Fair

5- Auditors are not independent in their duties since they are under the government administration	2.12	.820	Fair
6- Auditors could not perform their duties according to problems comes from the traditional clan	2.57	.946	Good
Mean index	2.15		

In question one; respondents disagreed when were asked whether Auditors have not designed their audit steps and procedures in providing reasonable assurance of detecting errors. This has explained that (2.32 fair) mean grade proved the disagreement of the respondents of the said question. This shows that auditors do design properly and they have the ability to detect errors.

In reference to Auditor's loyalty and performance, respondents disagreed the statement with a mean and standard deviation of (2.12 Fair). This follows the first question and the response shows that auditors are loyalty to their audit activities and perform better with adequate resources to cover their needs.

Regarding question three of the financial auditing, respondents were asked whether auditors had enough experience to trace fraud where they have disagreed with a mean of (1.74 Poor). This meant that auditors have sufficient knowledge and experience as far as tracing fraud is concerned.

In reference to Annual Audit Evaluation of the local government of Gabiley; respondents rejected (disagreed) the statement with a mean of 2.04 and this shows that at the end of every year, Audit evaluation is always carried out in the said local government.

In question five of the financial auditing; respondents were asked whether auditors are independent of their duties or not, the analysis showed that auditors are independent and do their activities with no government interference. This statement was being supported with a mean of (2.12 Fair) under disagreement interpretation.

According to the relationship between auditor's performance and clan influence; respondents agreed that auditors do not perform their duties according to a problem raised from traditional clanism or related tribal complaints. This statement was being supported with Mean and Standard deviation of (2.57 good), it represent that the majority of the respondents agree.

**Table 4 the extent of local government performance**

**N= 100**

Source: primary data

Indicators	Mean	Std.deviation	Interpretation
1- Key department heads does not understand their responsibilities and have not the required knowledge, experience and training to perform their duties	2.15	.845	Fair
2- Most of local government administration have not a required qualifications to perform their duties	2.32	.994	Fair
3- They did not held regular meetings of the government administrations to set policies and objectives and review the municipality's performance	1.82	.657	Fair

4- The administrations are not loyalty to their jobs to accomplish their work effectively and efficiently	1.80	.778	Fair
5- Most of the local government administrations are a clan based and elected in relation to their tribes .	2.66	1.130	Good
6- The problem with local government is how the political structure can use the administrative structure for providing efficient service	2.53	.870	Good
Mean			

In reference to the Table 4 question1, respondents disagree the statement with a Mean and standard deviation of (2.15 Fair). This shows us that the key heads of department understand their duties and responsibility and the required knowledge to perform their work.

Table 4 showed that the mean (2.32 fair) represent that the majority of the respondents were disagreed that the Most of local government administration have not

a required qualifications to perform their duties which means that they have enough qualification to do their activities.

Table 4 indicated that the administration do not held regular meetings; the respondents disagree to that question with a Mean and Standard deviation (1.82). The mean reveals that the administrations held meetings in regular way to set policies. In that view the researcher realizes the administrations are keen to set policies to handle their activities.

Regarding question four in table 4, respondents were asked whether administrations are faithful to their jobs , the majority of them disagreed with Mean and Standard deviation of where they have disagreed with a mean of (1.80 Fair). This meant that Administrators are faithful to accomplish their performance.

In reference to Table 4 in question five, respondents agree the statement with a mean of (2.66 good), the findings reveal that the administrations are clan based and elected in connection to their tribes. So that they may not act upon their duties effectively and efficiently.

According to the relationship between Administrations performance and political structure, respondents agreed that administrations do not perform their duties according to a problem come out from political structure. This statement was being supported with Mean and Standard deviation of (2.53 good), it represent that the majority of the respondents agree.



**Table 5**

**N=100**

**Relationship between financial auditors and local government performance**

Variable	Sample	Std. deviation	r value	sign
Financial auditors	100	.445	.77	.000
Local government performance	100	.32743		

\*\* Correlation is significant at the 0.05 level

Table 5 exposed that there is a relationship between financial auditors and local government performance in Gabiley district. The relationship between two variables was strong positively correlated. The level of significant was computed at 0.000 which is below the standard correlation level of 0.05 where indicates significance relationship. Pearson correlations reading at .77 is an indicator of strong and positive relationship. In view of this output the null hypothesis was discarded.



## **CHAPTER FIVE**

### **FINDINGS, CONCLUTIONS, AND RECOMMENDATIONS**

#### **INTRODUCTION**

This study was aimed to analyze the financial audit and local government administrations in district Gabiley. The study was also conducted in order to see the levels of financial audit and local government administrations which as the same were used to generalize the levels of the said indicators in Somaliland. The study showed that the research questions and objectives were met.

#### **Summary of findings**

This study was guided by four objectives which comprised of these objectives (I) to identify the demographic characteristics of the respondents in terms of Age, Gender, Education, Occupation, Experience and Marital Status.(II) To explore the extent of financial auditors targeting the local government administration(III) To examine the extent of local government administrations in the development of Gabiley Somaliland (Iv)To find out if there is a significance relationship between extent of financial auditing and local government administration in Gabiley Somaliland.

The first objectives of the study are used descriptive statistics results showed frequencies and percentages, indicated the characteristics of the respondents and also the distribution of the population in the study. the results indicate that Male individuals working in the Governments sectors dominated compared to the female individual , findings also indicated the age of the respondents were mostly between 30-35 as the data illustrated of percentage 26%, it also showed us the education of the respondents which most of them were Diploma as the study reveals. Moreover, the findings demonstrated the occupation of the respondents were most of them working as DG, the experience of the respondents were between 3-4 years as we refer to the data .finally the marital status of the respondents were married as regard to the findings .

The second objectives was to explore the extent of financial auditors targeting the local government administration based on the analysis of chapter four the findings exposed that the most of the respondents disagreed that the auditors don't perform their duties effectively and efficiently as the mean showed (2.15) which indicates majority of the respondents agreed that Auditors are highly capable to their works and have the skills , qualification , experiences and competence to carry out audit activities . Moreover, Auditors get enough resources to satisfy their basic needs and also they are independent to their works meaning there are no government interventions so they may deliver the service in a smooth way without fearing the officials of the government .

The third objective was to determine the extent of local government administrations in the development of district. The mean index indicated that the degree of government administration performance is 2.21. Accordingly, the findings revealed that the majority of the respondents have disagreed that the government administrations does not understand the responsibility and duties of the work, it also demonstrate, they did not held regular meetings of the government administrations to set policies and objectives and review the municipality's performance so it means that the administrations know the responsibilities and duties and set clear policies to handle the activities of the government as well as are very loyalty to their work and also work towards the development of the district .

The fourth objectives was to explore if there is a significance relationship between extent of financial auditing and local government administration, and the resultant correlation computed as 0.77 with a level of significance at 0.000 that shows there is a significant relationship between the two variables, Based on these findings the null hypothesis of the researcher was rejected, which leads to a conclusion that the two variables financial audit and local government performance have positive relationship, if the mean is greater than 0.05 there is a correlation.

## **CONCLUSIONS**

Based on the findings of the study generated the following conclusions based on the purposes of the study:

At a distance from the first objective of demographic characteristics the second objective of this study was to determine the extent of financial auditor. As the findings showed, the level of financial auditors was fair because the average mean of this objective was 2.15 which mean that most of the respondents disagreed that the auditors were not involve the corruption which was accused of the government officials since they are loyal and competent to carry out auditing activities. Moreover they have skill ,qualification to conduct activities and also they are independent from any pressure comes from the government side .

The third objective was to determine the extent of local government administrations in development in district Gabiley. The findings disclosed that the administrators are not corrupted as the mean showed 2.21 which stands fair .meaning that they are working towards the development of the district.

Lastly, finding indicated a positive significant correlation between financial audit and local government performance in district Gabiley, Somaliland. Basing on this finding, the null hypothesis is rejected and the researcher concludes that financial audit significantly related to the extent of local government administrations.

Therefore the study investigated that the financial auditors have direct role for the reduction of local government administration.

## **RECOMMENDATION**

The researcher recommends these advices after he carried out a deep analytical research which is based on Financial Audit and local government administration .the recommendations are as follows;

- 1- The auditors must get enough money to satisfy their basic needs so that they may do the work effectively and efficiently without worrying anything about this issue.
- 2- The auditors should be free to their works meaning that when they detected a fraud it is not supposed to claim anything under tribe
- 3- Auditors have to get the skills , qualification and experience to conduct that activity
- 4- Auditors must be loyal to their jobs , in order to be faithful to the work they must be extreme to the Islamic religion and also knows that the property is not ours but for the community who living in the country .
- 5- Government officials must be elected according to their knowledge, skills and experience so as to be capable to handle the work and also address any problem arises from work but not clan based issue which most people respected.
- 6- It is good for government officials to improve their knowledge up to extent by attending workshops and other valuable trainers
- 7- Government administrations should add their schedule meetings to exchange the information and ideas which is related to the work because communication is very important the success of the programs and also set policies to manage the activities going on the environment.

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## **Appendix I Research Instrument**

**Dear respondent**

I am a student of Kampala International University, college of higher degree and Research. I am conducting an academic research entitled "**financial auditing and local government administration**". You have been indiscriminately selected to take part in the study and are as a result kindly request to provide a correct answer by using the instructions given.

The answers will be used for academic purposes and will be treated with utmost confidentiality.

**Yours faithfully,**

**Abdirahman Ali Muhumed**

**A candidate for Master of Arts in public administration and management**

**Kampala International University**

**Kampala, Uganda**

## A) Questionnaires

### Section I Questionnaires about the profile of the Respondent

(Please tick the appropriate position)

#### 1. Gender of the respondent

Male ☐

Female ☐

#### 2. Marital Status of the respondent

Married ☐

Single ☐

widow ☐

Separated ☐

Divorced ☐

#### 3. Level of education

University ☐ Secondary ☐ Intermediate Primary ☐ Other ☐

#### 4. Age of the respondent

20-30 ☐

31-40 ☐

41 and Above ☐



## Section II Questionnaires about financial Auditing

Please use the key below to answer the following statements by indicating: (4) strongly Agree with no doubts at all (3) Agree- you agree with some doubts (2) Disagree- you disagree with some doubts (1) strongly disagree- you disagree with no doubts. Please tick the most appropriate box by

Scale	4	3	2	1
1. Auditors have not designed their audit steps and procedures to provide reasonable assurance of detecting errors, irregularities and illegal acts that could have a direct or indirect and material effect on the public resources				
2. Auditors are not loyalty to perform audit activities because of they did not have enough resource to cover their needs				
3. Auditors does not have enough experience to trace the fraud				
4. The financial auditors do not usually done auditing activities at the end of each year.				
5. Auditors are not independent in their duties since they are under the government administration.				
6. Auditors could not perform their duties according to problems comes from the traditional clan				

#### Section IV Questionnaire about local government administration

Please use the key below to answer the following statements by indicating: (4) strongly Agree with no doubts at all (3) Agree- you agree with some doubts (2) Disagree- you disagree with some doubts (1) strongly disagree- you disagree with no doubts

Please tick the most appropriate box by

☒

Scale	4	3	2	1
1. Key department heads does not understand their responsibilities and have not the required knowledge, experience and training to perform their duties				
2. Most of local government administration have not a required qualifications to perform their duties				
3. They did not held regular meetings of the government administrations to set policies and objectives and review the municipality's performance				
4. There is no written delegation of authority to identify the responsibility of each employees in order to trace his or her task				

5. The administrations are not loyalty to their jobs to accomplish their work effectively and efficiently.				
6. Most of the local government administrations are a clan based and elected in relation to their tribes.				
7. The problem with local government is how the political structure can use the administrative structure for providing efficient service				

## **APPENDIX II**

### **BUDGET AND TIME-FRAME**

#### **Time-frame**

8---20march,2012	Writing proposal
12—20April,2012	Submitting first draft of proposal
26 April—30April,2012	Second draft of proposal
30 April---25 May,2012	Pretesting Instrument
August.....Sept,2012	Data collection
Nov.....December2012	Presentation, Analysis and Interpretation and findings

## BUDGET

Stationery	Quantity	Amount in shillings
Duplicating paper	3 reams	30,000
Stencil	1 packets	9000
Travel	30 days	180,000
Subsistence	30 days	180,000
Binding		10,000
<b>Total</b>		<b>409000</b>



**APPENDIX III**  
**INFORMED CONSENT**

I am giving my consent to be part of the research study of Mr. Abdirahman Ali Muhumed that will focus on emotional intelligence and leadership styles.

I shall be assured of privacy, anonymity and confidentiality and that I will be given the option to refuse participation and right to withdraw my participation anytime.

I have been informed that the research is voluntary and that the results will be given to me if I ask for it.

Initials: \_\_\_\_\_

Date \_\_\_\_\_

## APPENDIX IV

### TIME FRAME

Activity	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
1. Conceptual Phase									
Chapter 1									
2. Design & Planning Phase									
Chapter 2-3									
3. Thesis Proposal									
4. Empirical Phase									
Data Collection									
5. Analytic Phase									
Chapter 4-5									
6. Journal Article									
7. Dissemination Phase									
Viva Voce									
8. Revision									
9. Final Book Bound Copy									
10. Clearance									
11. Graduation									



## **RESEARCHER'S CURRICULUM VITAE**

To document the details of the researcher, his competency in writing a research and to recognize her efforts and qualifications, this part of the research report is thus meant.

### **Personal Profile**

Name: Abdirahman Ali Muhumed

Gender: Male

Nationality: Somali

### **Educational Background**

Master of Arts in Public Administration And Management (K.I.U) 2012 up to Now

Bachelor of Business Adiminstration (University of Hargeisa) 2011

Secondry School Certificate (Tima Ade Secondry Scool)

### **Work Experiences**

2 years Secondry School Teaching (ILEYS School)

2 years of Admin and Finance (SOHA)

**OFFICE OF THE HEAD OF DEPARTMENT, ECONOMICS AND  
MANAGEMENT SCIENCES  
COLLEGE OF HIGHER DEGREES AND RESEARCH (CHDR)**

Date: November 12, 2012

**REQUEST FOR ABDIRAHMAN ALI MUHUMED MPA/37004/121/DF  
TO CONDUCT RESEARCH IN YOUR ORGANIZATION**

Above mentioned is a bonafide student of Kampala International University  
pursuing Masters of Public Administration.

He is currently conducting a research entitled " **Financial Auditing And Efficiency  
in Local Government Administration In Gabiley District Somaliland.**"

Your organization has been identified as a valuable source of information pertaining to  
his research project. The purpose of this letter is to request you to avail him with the  
relevant information he may need.

Information shared with him from your organization shall be treated with utmost  
confidentiality.

Assistance rendered to him will be highly appreciated.

Truly,

  
Linga Ramadhan  
Head of Department,  
Economics and Management Sciences, (CHDR)

FOR BY:

Faith Sol. T. Gaite  
Deputy Head of Department,  
Economics and Management Sciences, (CHDR)

