

**INTERNAL AUDITING FUNCTION AND PERFORMANCE OF MULTINATIONAL  
CORPORATIONS IN UGANDA.**

**A CASE STUDY OF MTN, KAMPALA UGANDA**

**BY**

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UNIVERSITY.**


**JUNE, 2016**

## DECLARATION

I, Sebastian C. Mnganya declare that this research report presented to the College of Economics and Management is my original work and has never been submitted to any institution of higher learning for any award.

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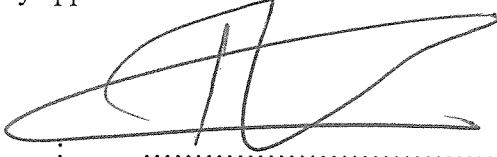
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### APPROVAL

This is to certify that the report by Sebastian C. Mnganya has been done under my close supervision and is now ready for submission to the College of Economics and Management for examination with my approval.



Signature : .....

Supervisor's name : **MR. MUGUME TOM**

Date : **01/06/2016**  
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### **DEDICATION**

I dedicate this research report to my beloved parents; Mr. Colman Mnganya and Ms. Brigitha Mnganya for their contribution towards my life and to enable me come up with it.

### **ACKNOWLEDGEMENT**

First and foremost, i give honor and glory to the almighty God who gave me good health, wisdom, knowledge and hope in this study.

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## ABSTRACT

This study sought to establish the effect of internal control system on performance of Multinational Corporations. The study was driven by three objectives. These were; to examine the effectiveness of the internal audit to determine the different types of internal audit practices used and to establish the relationship between internal audit and performance. To achieve these objectives, the researcher sampled forty (40) respondents, 57% were male and 43% were females. The research was guided by three research questions. The first research question sought to find out the effectiveness of internal audit function, research question two sought to find out the different types of internal audit practices used and the third research question therefore sought to find out the relationship between internal audit and performance, 50% of the respondents agreed that the reporting relationship of internal audit is appropriate, 42.5% strongly agreed, 5% were not sure and the 2.5% disagree. The findings revealed that there existed positive relationship between the variables of study as conceptualized and that Multinational Corporations performance had generally been fairly satisfactory and that internal Audit function in Multinational Corporations was also fairly performing, 35% of the respondents strongly agreed and 60% were support of them, 2.5% were not sure and 2.5 disagree. The fair performance being attributed to lack of complete independence of the internal auditors, inappropriate internal controls, and managements' reluctance to attend to the recommendations of the internal auditor produced, 60% of the respondents agreed that the internal auditing department is independent with 40% being in support of the statement. In a bid to improve performance, multinational corporations management should ensure that politicians have limited influence in the works of the internal auditor and that internal controls are always reviewed and evaluated so that they are limited to manipulations and also put in place or strengthen disciplinary measures regarding manipulation or override of these controls

## LIST OF ACRONYMS

AGM	Annual General Meeting
CHOGM	Commonwealth Heads of Government Meeting
COBIT	Control Objectives for Information Technology
DLG	Department of Multinational Corporations
IAPS	International Auditing Practice Statements
IAS	International Accounting Standards
ICAC	Independent Commission against Corruption
IIA	Institute of Internal Auditing
LGA	Multinational Corporations Act
LGIAN	Multinational Corporations Internal Audit Network
NGO	Non-Governmental Organizational
PAC	Public Accounts Committee
SAC	System Assurance and Control
SAI	Supreme Audit Institutions
SAS	Statements on Auditing Standards
SDLC	System Development Life Cycle
SFG	School Facilitation Grant
SPPIA:	Standards for Professional Practice of Internal Auditors
SPSS:	Statistical Package of Social sciences
TQM	Total Quality Management

## CHAPTER ONE

### INTRODUCTION

#### **1.1 Background to the Study**

According to the international standards for professional practice of internal auditing of the Institute of Internal Auditors (2004), internal audit is "an independent, objective assurance and consulting activity designed to add value and improve on organization's operations. It helps an organization accomplish its objectives by bringing a systematic designed approach to evaluate and improve the effectiveness of risk management, control and governance process".

Internal audit is an independent appraisal function with the organization set up for the view of systems of controls and quality performance (Khalisa 2000). The new definition of internal audit defines the function as an independent objective assurance and consulting activity designed to add value and approve an organization's operations. (Albert et al 2002). Section 90 of the Local Government Act 1997 provides for the establishment of the internal audit departments in the local governments with a view of assisting the Local Government provide public goods and services in an effective, efficient and economic manner. The internal audit is autonomous and reports directly to the district and urban council. According to section 91 of the Local Government Act 1997, the department is responsible for verification of accounting records and any other roles as stated in section 91 of the Local Government Act (LGA) 1997 for all district and urban council departments.

According to Flolick (2006), Macey (2001), defined performance of business as the ability of business to meet the required standards, increased market share, improve facilities, ensuring returns on profitability and total reduction and once this is achieved, a business is believed to be performing effectively. In this study, performance of business refer to the ability of Local government to meet the required standards, increased market share, improve facilities, ensuring returns on profitability and total reduction and once this is achieved, the business is believed to be performing effectively.

According to Ulrie D. Cellians, and Allane oram (1996) "Integrated Financial Management System" Third edition, Integrated Financial Management System refers to specialized sub system of management information system whose purposes is to collect, process and report information related to financial transactions. In this study, accounting, information system refer to the

specialized sub system of management information system whose purpose is to collect, process and report information related to financial transactions accounting data of Local governments. Management information system refer to the man-made system that generally consists of an integrated set of computer based and manual components established to facilitate the Local governments operational functions and to support management decision on making by providing information that managers can use to plan and control the activities of the enterprise. Information system refer to the man-made system that generally consists of an integrated set of computer based and manual components established to collect, store and manage data and to provide output information to users. Information refers to the data presented in a form that is useful in decision making activity. System is a set of interdependent parts that together accomplish specific objectives. Data are facts or figures that are entered, stored ad processed by an Integrated Financial Management System. Majority of firms collapse in the first five years of their operation and the smaller the size and age of the business, the more it is likely to collapse (K. Obongo, 2000). According to the survey carried out by Enterprise Uganda (2007) one of the most prevalent challenges identified during the business health checks is that small business units are associated with poor performance.

Whereas now Internal Auditing in the accountability of public funds is widely accepted as an independent, objective assurance and consulting activity designed to add value and improve operations in local government, there are still question marks on its degree of independence, professionalism and positive forward-looking from management (Cecelia Nordin van Gasberghe,2005). Internal audit is not fully professionalized, has limited independence and not yet realized as partners in conflict and risk management.

The ever dynamism in business environment, in local government for the purpose of the study, still sets a challenge to the Internal Audit. This requires development for Audit professionalism which might be presently limited. This is required to handle risk management, governance, e-business, environmental health, safety and fraud (ACFE, 2004). The theory part of it presents that these professions are expectations of the Auditors which are practically limited and general application of Internal Audit is accordingly limited.

## **1.2 Statement of the Problem**

According to Ellis (2000), the value of internal audit has not been perceived by most organizations. Many still perceive internal audit as spy and policing on others, this confines internal auditors in a box thus they don't justify their existence and contribution to the performance of an organization.

Internal audit is an integral part of the internal control system of financial institutions, at the heart of banking is the audit function: This is evidenced by the fact that all other departments are linked with internal audit department. The importance of internal audit system cannot be overemphasized, since organizations have recognized internal audit function as a tool for ensuring effective workings of the internal control system. Okolo, (2001) describes internal audit functions as an aspect of control mechanism, within a business, manned by specially assigned staff.

However, in Uganda, the audit function has not been fully tapped. This could be seen in the numerous cases of errors, intent to defraud and other fraudulent acts that exist in the telecommunication industry. It is therefore, no wonder that the distress in the telecommunication industry in the nineties reflected lack of effective control mechanism of the audit function in the industry. The experience of failed telecommunication companies in Uganda and other nations have called for reinforcement of audit and the strengthening of the control system in the industry. It is against this background that, this study seeks to evaluate the role of internal auditing in enhancing efficient performance of multinational corporations in Uganda considering the fact that the telecommunication industry is critical to the survival of any economy.

## **1.3 Purpose of the Study**

The study was to bridge knowledge gap, generate new ideas and validate other researchers' findings by establishing the effect of internal auditing function on the financial performance of multinational corporations in Uganda with a case study of Mtn Lugogo branch.

## **1.4 Objectives of the Study**

This study was guided by the following objectives:-



1. To examine the effectiveness of auditing function in the performance of multinational corporations
2. To assess the effects of internal auditing on the performance of multinational corporations
3. To establish the relationship between internal auditing and performance of multinational corporations

### **1.5 Research Questions**

The study was guided by the following research questions:-

1. How effective is auditing function in the performance of multinational corporations?
2. What are the effects of internal auditing on the performance of multinational corporations
3. What is the relationship between internal auditing and performance of multinational corporations

### **1.6 Scope of the Study**

#### **1.6.1 Geographical Scope**

This study was conducted in Kampala Central Business.

#### **1.6.2 Content Scope**

The researcher carried out study on the effect of internal auditing function on the financial performance of multinational corporations in Uganda with a case study of Mtn Lugogo branch.

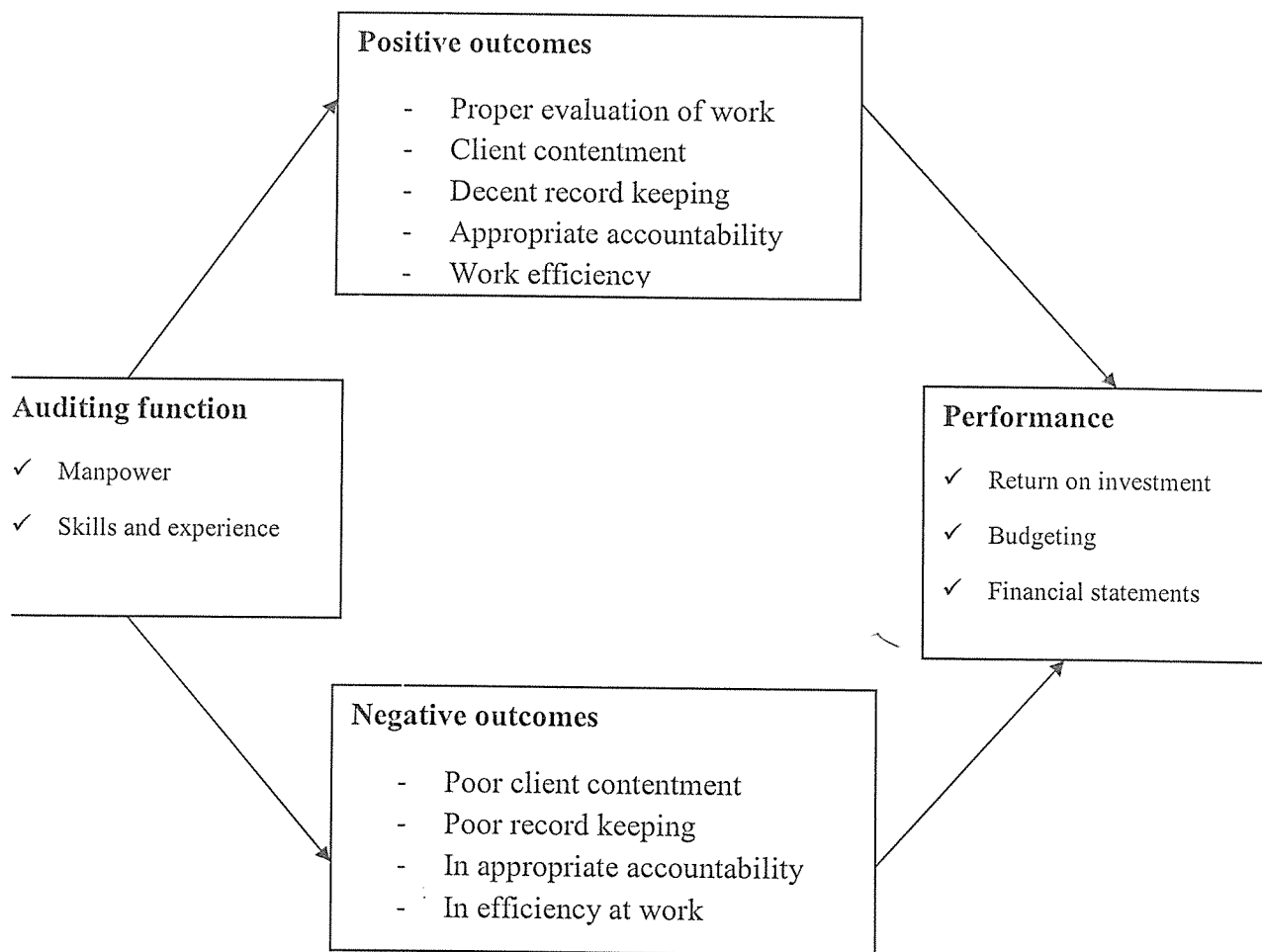
#### **1.6.3 Time Scope**

The study was carried out from January 2016 to May 2016 and it took five months.

## 1.7 Conceptual frame work

Independent variable

Dependent variable



Source: Researcher's conceptualization, 2016

The proper use of internal audit led to decent record keeping, appropriate accountability, work efficiency, client contentment and proper evaluation of work.

And when the internal audit methods are abused, it leads to poor client contentment, poor record keeping, in appropriate accountability together with inefficiency at work.

### **1.8 Significance of the Study**

This study can be useful to the following:-

The researcher hopes that the study will add to the existing stock of knowledge as regards to the effects of internal audit practices on performance of local government.

The researcher's findings will be a guide to future researchers on how they can collect data, analyze data, interpret and communicate them to relevant authority so as to help in policy making formulation.

The study will help to identify the gaps and see how they can be filled so as to reduce the ambiguity that exists in the internal audit practices used in local government.

The decision makers will use the study findings for exacting policies and laws that are to be followed by local government so, as to maximize the objectives or reasons of its existence. The decision makers especially the Office of the Auditor General improve on the audit procedures by updating the Internal Audit manual.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

This chapter reviews the various literatures used in this study to address the gaps concerned with the problem.

#### 2.1 Effectiveness of internal auditing function on the performance of multinational corporations

Councils establishing an internal audit function must provide appropriate independence for the internal audit function by establishing some degree of separation of the function from management. In private companies, the internal auditor is accountable to the Board of Directors through the Chairman of the Audit Committee.

The separation of powers between the General Manager and the elected council is a key element to the Act and accordingly both need to ensure that they do not interfere with or control the exercise of each of these functions. It is therefore not appropriate for an internal auditor to report directly to the mayor and/or councilors.

Internal Audit as part of the organization corporate plan and is expressive of its direction and how the internal set up is anticipative of the future. Internal Audit and activity programs go hand in hand (Thompson and struck land, 1987) According to the report by the inspector general of government, 2002 the success of decentralization powers, functions, and services is subject to local revenue potential of the Local Governments and their performance. However, available data in many local governments indicate that local revenues perform poorly against the annual projections or budget due to poor auditing carried out. This is evidenced by accumulation of salary arrears, failure to account for donor funds, failure to fund development projects from local revenues and poor service delivery.

Ishungisa argues that many internal audit departments do pre- audit as part of their audit duties especially in public corporations. This is contrary to internal auditing which is the review of operations. Thus internal auditors do not get time to receive all operations since Audit staffs are normally few in number. This cause bottlenecks and slows down decision making. Local governments must meet minimal standards before they can receive development funds .These include ensuring sufficient financial accounting practices that working communities are in place and capable of steering investments through the design, appraisal and implementation process (Ursala G 2002) .

Additionally, Local Governments reports on their performance submit their accounts and must ensure periodic monitoring of investments in order to maintain quarterly payments (Kullenberg and Porter, 2001). In order for the stakeholders to make fruitful decisions they need a report on their activities from a body, (Folscher 1999), argues that only when civil society is armed with such information can there be informed public debate on allocation of limited resources.

Internal auditors should be mindful of their obligation under section 11 of the ICAC Act to report suspected areas of corrupt activity. Further, they may wish to report their findings under the provisions of the Protected Disclosures Act 1994. This may be necessary if concerns are raised in regard to the General Manager or other senior staff. Councils have the power to appoint an external audit firm to be the internal auditor. This does not change the fact that internal audit remains an operational role. Council should not by-pass the General Manager by, for example, requiring the internal auditor to report to and or take directions from a council committee or council. While management employs the internal auditor, the internal auditor is also expected to review the conduct of management. Therefore, the internal auditor should be able to report to a person or body with sufficient authority to implement internal audit recommendations.

The internal auditor should report regularly on their performance. Further, it is important for the internal auditor to have direct access to the audit committee (where established) to monitor the scope of the work of internal audit and to review the reports issued. This could be achieved by having the internal auditor attend meetings of the audit committee. The appointment of an internal auditor does not give council the ability to direct the performance of the audit function. However, councils can use the General Manager's employment contract to ensure that relevant internal audit work is being undertaken as a requirement of the General Manager's performance obligations.

Over the years, internal auditing has had different emphasis and roles. Previously, the emphasis was more towards one-size-fits-all approach whereby audits were scheduled on cyclical, methodological basis, and auditors' role was reported against a checklist of existing company policies and procedures to ensure that the internal controls of the company were functioning well. Ever since, the role of internal auditor is only to reduce or to eliminate risk. This practice

may have been appropriate in times of slower development and not-so-rapid technological evolution but they would not be applicable today since today's businesses rely on sophisticated electronic technology in every aspect of their operations and they also require timely information to make decisions regarding global operations.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations (Sawyer & Dittenhofer, 1981). Being independent and objective, internal auditing 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 audit activities are performed in diverse legal and cultural environments; within organizations that vary in purpose, size, and structures; and by persons within or outside the organization (Sawyer, 1993). These differences may affect the practice of internal auditing in each environment. However, compliance with the Standards is essential if the responsibilities of internal auditors are to be met. Internal auditing dates from ancient times. The role of auditors during that period was limited to providing validation services for governmental and family units in order to prevent theft, fraud, and other malfeasance from the treasuries of the ruler (Carmichael & Willingham, 1979).

This means internal auditors' responsibilities are now broader and more demanding. Based on these responsibilities, it is not difficult to observe how the internal auditing practices can improve the company's corporate governance structure. In fact the revised definition of internal auditing indicates that the scope of audit work includes evaluating and improving the effectiveness of a company's governance process since the new internal auditing concept expects the internal audit to function efficiently, effectively and economically the organizational activities and controls besides assisting management in high-level decision-making (Internal Auditors, 2000). Brodie (1989) however commented that generally management has been rather slow to recognize the full value and potential of internal audit experience even though there has been a steady improvement in the professional standing of internal auditors. Therefore, there is a need for continuous effort to enhance the understanding of the role of internal auditing and the benefits it can bring to the organizations and to society as a whole.

## **2.2 Effects of internal auditing on the performance of multinational corporations**

Independence is mandatory in auditing and is particularly important that the internal auditor has freedom to select areas of audit he/she wishes to investigate and to report there on to all levels of management in the organization independence is the fundamental importance in the effective in the internal Audit. It enables the internal Audit to freely highlight the areas where fraud could or has occurred as a result of the weak system of control in the organization for the internal audit to operate effectively, the following principal elements of independence should be present. The internal Audit should be independent of all financial system operating within the organization The internal audit should at all times have direct access to departmental heads, the accounting officer and the organizations records and information. Practice professional due care and skill as prescribed by the institute.

Depending on the type of organization, performance may be treated as an end result of an activity or a process. Organization performance addresses what type of human capital is required to achieve multinational corporations' goals through to structure the local government. Cain (2004) stated that performance measurement is the mechanism by which firms inform themselves of their true performance and located unnecessary costs through the supply chain. These can then be converted into substantially higher profits in carefully targeted programs According to Symcon,(2000), measurement of performance is an integral part of evaluation and control. Past performance can be benchmark for continued achievement or the catalyst for change. Without objectives performance measures, it is extremely difficult to make successful operational and strategic decisions.

De marco and Lister (2000) argues that measuring and managing performance in organizations is a potentially dangerous business that when you measure any indicator of performance, you incur a risk of worsening that performance. Stein, (1986), asserts that an audit is a professional service to a client. An auditor may become liable for damages for negligence to the client or to a third party that relies on the audited accounts.

According to Ishungisa (2002), internal Auditors should be independent of activities they audit. They are independent when they can carry their work freely and objectively. Independence permits internal Auditors to render the impartial and unbiased judgment essential to the proper conduct of audit. They should be responsible to an individual in the organization with sufficient authority to promote independence and to ensure broad audit coverage adequate consideration of audit reports and

appropriate action on audit recommendations. He further argues that internal auditors are not so independent; they are employed and responsible to management and politicians and may be punished through non-proportion, no career prospects and other such punishments. Due to such fear they usually get comprised. Ursula, 2002 argues that there are significant political obstacles to devolve decision making and enhancing policy responsiveness at the local level.

According to Eonu (2001), the role of audit in the management of finance is a critical one. It is for this reason that most countries including Uganda have supreme audit institutions to ensure that the finances of government institutions are audited as discussed by Washo Supreme Audit Institutions in Uganda (SAI). As derived from this statement, she continues to say that to be effective in carrying out this enormous responsibility, the audit institution should be independent of the client. Eonu (2001) quotes Mangu (1984) who states that the internal audit department has to be independent in approach, opinion and appearance. It has to be managed by staff that should strictly adhere to professional ethics laid down by recognized professional accounting bodies.

For auditing purposes, two persons were employed to check the accounts: one was the internal auditor and the other was the external auditor (Felios, 1984). The usual technique utilized by the auditors was to listen to the oral reports given by the appointed officials responsible for financial matters. That is why the term “auditor” is thought to have been derived from this “hearing of accounts”. This practice continued until it was replaced by paper as the means to evidence financial transactions. Internal auditing is an important element to management since it provides audit services for managers at all levels including the board of directors and audit committee (Rezaee & Lander, 1993). Internal auditor’s responsibilities are assuring the integrity of financial and operational information and reports, organization is complying with laws, statutes, policies, procedures and financial instruments and is operating efficiently and economically, the goals and objectives of the company have been accomplished and resources have been provided with; and also safeguarding the assets of the organization.



### **2.3 Relationship between internal auditing and performance of multinational corporations**

Mc Namee and selim (2000) stated that managers are operating in an increasingly complex of corporate governance. The emergence of risk management as a key organizational process gives the internal auditing profession a unique opportunity to shift its focus from control of functional area to risk. The new paradigm recognizes that risk is the driver of organizational activity and corporate governance is the organization's strategic responses to risk. According to Hespenheide (2003), demonstrating an understanding of the importance of strong corporate governance is a great opportunity for a company to win in the market place to owners, that the company is managing their risks and thus a sound investment.

Krugman & Wells, (2006), looks at staff development through human resources reviewing as among critical reforms of up grading Internal Audit development. He stressed reviewing of strengths and weakness of internal audit personnel along with training needs identification. He associated team spirit, understanding the aims of modern internal audit and embracing auditing ethics Internal Audit outstanding in its roles.

The Public Finance and Audit Act (1983) recognize the establishment of an Internal Audit system which must be effective, efficient, and consistent and maintained economically under the supervision of the authority head usually the management. In such work arrangement, Internal control and audit prevail consistent with the Act essentially leading to good practices of management policies, regular appraisal of audit records, programmers operations reviewing, among others. The under lying issue is ascertainment of good use of public funds held in trust by local governments. The local governments have a responsibility of being accountable to the public and this is best done through auditing.

Internal Audit charter (2006) puts much emphasis on a strong internal Audit system to serve as a channel of communication with the appointed Audit committee. The internal audit department is comprised of the District Internal Auditor, Senior Internal Auditor and the Internal Auditors as the support staff. These work under the directives of the Office of the Auditor General to ensure compliance to the set standards and regulations.

Internal Audit charter (2006) emphasizes the formation of the Audit committee to help strengthen proper use of public funds in local government through its roles such as reviewing proposed scope of internal audit; audit performance; appraising the effectiveness of the Internal Audit by discussing the approach to the examination of the areas where special attention was considered necessary; reviewing the management letter provided by the Auditor General on any weakness in Internal Auditing, organization and operating control, and consider recommendations made by the Auditor General and action taken by management in response to Auditor General's suggestions. All these help Internal Audit department ensure compliance with policies, laws, plans, procedures and regulations safeguarding the employers assets, economic and efficient use of resources, accomplishment of established programmes and drawing attention to any failure to take prompt remedial action relating to the previously identified shortcoming. (Kaazoba; 2006)

He further stresses the need for staff development through human resource reviewing as among critical reforms of upgrading internal auditing, review of strengths and weaknesses of the internal audit personnel through appraisal forms along with training and needs identification programmes Kaazoba,(2006). He associated team spirit, understanding of the aims of the modern internal audit and embracing auditing ethics to having an outstanding internal audit function and in such circumstances; internal audit is made stronger with solid ethical capabilities.

Roth 2004 observed that good internal controls provide reliable financial reporting for management decisions and the accomplishment of goals and objectives, poor or excessive internal controls reduce productivity increase the complexity of processing transaction, increase in the time required to process transactions and add no value to the activity. Humprey (2006) asserts that in the process and audit interviews, interactions with internal auditors, and review of audit reports, employees get a greater understanding of the functions they perform and why the functions are important. By understanding each task's significance, employee can have beyond perfunctory activity to performance excellence.

In line with Humprey 2006, Reanger (2006) says, in addition to identifying weak or overlooked controls, internal audit lead to process improvement discoveries or efficiency break through and that such exchanges with internal auditors can provide employees with new perspectives on their positions, triggering ideas for process improvements or new business possibilities Gramling (2004) argues that internal audit's value has been easy to demonstrate over the past few years as many departments played a significant role in helping their organizations meet increased compliance requirement. Accordingly, Maletta (2004) adds that audit committees and management teams are now looking for improvement opportunities within the audit department, and internal audit leaders are searching for new ways to manage ongoing performance. This can be achieved by designing an effective performance measurement framework, implementing quality assurance programs and embedding improvement initiative in department workflow.

The Internal Auditor should maintain independent reporting relationships with the audit committee, General Manager and management. This requires: Reporting functionally to the audit committee and administratively to the General Manager, Reporting to an audit committee with external members, Internal audit charter to be approved by the audit committee and the audit committee charter to be approved by council, Audit committee to approve of internal audit plans, and provide a forum for discussion of areas worthy of internal audit attention, Audit committee to ensure coordination and cooperation of internal and external auditors, Audit committee to make enquiries of management to determine if the scope or budgetary limitations impede the internal audit's ability to function properly, and ensure that the internal audit function is properly resourced, Reporting to the General Manager for budgeting and accounting, human resource administration, internal communications, administration of policies and procedures and Reporting to an audit committee with at least some members, who are external and independent to the council, ensures that internal audit operates independently from management and can effectively review risk, control, governance processes and management assertions.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter explains the methodologies the researcher used to come up with solutions in order to address the problem of the study. The researcher used research design, location of the place, population, sampling techniques, sample size, study procedures, instruments/tools to be used in the study, data quality, data analysis including ethical considerations.

#### **3.1 Research Design**

The researcher used both quantitative and qualitative methods using the cross sectional survey design in which the researcher uses different categories of people at the same time and correlation design was used by the researcher to an extent to which variables are related and it is used to establish the relationship between two or more quantifiable variables so as to describe, predict or control their occurrences. The degree of relationship is expressed as a correlation coefficient. The purposive research design was also used as key people were involved.

#### **3.2 Location of the Study**

The researcher concentrated the study in Lugogo MTN service centre, Kampala District for because of the proximity to the university and also because the centre is too busy.

#### **3.3 Research Population**

The researcher used a population of 45 respondents from different departments. The population included chief auditor, members from accounting department, finance department, internal Audit department, and a few members from other departments of the organization.

#### **3.4 Sampling Technique**

The respondents sampled for the study was through simple random sampling because all of them qualify to be a participant in the problem of the study and purposive sampling was also used because other people are obvious who cannot be left out of this study just because they have a lot of information concerning the study.

### 3.5 Sample Size

The researcher used Slovene's formula in determining the minimum sample size. According to this formula, the sample size is obtained using:

$$n = \frac{N}{1 + Na^2}$$

where

n = sample size.

N = size of the population.=45

a=level of significance or reliability.=  $0.05^2 = (0.05)(0.05)=0.0025$ .

Therefore 
$$n = \frac{45}{1 + (45)(0.0025)} = \frac{45}{1 + 0.1125} = 40.44 \approx 40 \text{ respondents}$$

### 3.5 Procedures of the Study

The researcher got introduction letter from the Department of Business Administration and Management to give authority for the researcher to go among the people. The letter for permission to conduct the research was obtained from relevant authorities such as the Town Clerk. Questionnaires were designed and tested among the colleagues and few respondents to know whether it is valid or reliable. Participants were assured of confidentiality. The marks or data collected were coded and analyzed.

### 3.6 Instruments or Tools for the Study

Various instruments or tools were used for the study in order to collect sufficient data needed.

#### 3.6.1 Questionnaire

The questionnaire was used by the researcher in order to cover a wider area more especially those who are literate. This method involved use of written down items to which the respondent individually responds in writing.

#### 3.6.2 Observation

Observation relied on the researcher's senses of hearing, feeling, smelling, seeing and tasting but not getting information from someone else. This method confirmed what was written on the questionnaire.

### **3.6.7 Interview**

The researcher interviewed some specific people in order to get detailed information so as to address the problem of the study. This method was also used for those who are illiterate such that they can also express their views and confirm what was written on the questionnaire.

### **3.7 Data Quality Control**

This was concerned with the validity and reliability of instruments or tools. Before the researcher declared a tool or instrument appropriate, he first determined if it is valid or reliable.

### **3.8 Validity and reliability**

Cook and Campbell; (1979) defined validity as the "best available approximation to the truth or falsity of a given inference, proposition or conclusion". After constructing the questionnaire, the researcher contacted two research experts in order to determine whether his questionnaire tool was valid as a way of collecting information that were used in understanding the research problem. The tools used for the study was tested by the researcher among colleagues or through piloting in the research area. This confirmed if the instruments would be relied on in data collection. Hence the researcher was constructing the validity of the instruments by using expert judgment method as suggested by Gay (1996).

The instrument was refined based on experts' advice. The following formula was used to test validity index:-

$$CVI = \frac{\text{No. of items regarded relevant by judges}}{\text{Total No. of items}}$$

### **3.9 Data Analysis**

The researcher collected data and retrieved after two weeks and the data was processed, coded and analyzed. The researcher used tables, and graphs with the help of frequency and percentages to come up with a better result. The researcher also used both quantitative and qualitative methods in analyzing the data collected.

### **3.10 Ethical Considerations**

Before going to the field, the researcher, began with getting authorization letter from the Dean of faculty of Business and Management then take it to the respondents and this enabled the researcher attain adequate information from the respondents. During the process of data collection, confirmation given to the respondents in that the researcher assured the respondents that the reason for the research was for only academic purpose and that no information given could be disclosed.

## CHAPTER FOUR

### PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

#### 4.0 Introduction

The chapter involves presentation, analysis and interpretation of the study results. Data presented, analyzed and interpreted according to the research objectives. It is presented in the form of tables and figures basing on the responses got from the study respondents that were selected during the process of data collection. The discussion of findings has been arranged in accordance with demographic characteristics of respondents' and objectives of the study as were formulated in chapter one of this report. These objectives included; to determine the impact of internal audit on performance of Multinational Corporations., to establish the effect of internal audit on performance of staff in Multinational Corporations and to establish staff performance in relation to internal audit in Multinational Corporations..

#### 4.1 Biographic Data of the Respondents

##### 4.1.1 Gender Composition of the Respondents

The gender of respondents was established. This aimed at knowing how males and females as community members actively participate in Multinational Corporations. The study targeted both male and female which gave a variety of findings that were not biased making it gender sensitive.

**Table 1: Gender composition of the respondents**

Gender	Frequency	Percentage
Male	23	58
Female	17	42
<b>Total</b>	<b>40</b>	<b>100</b>

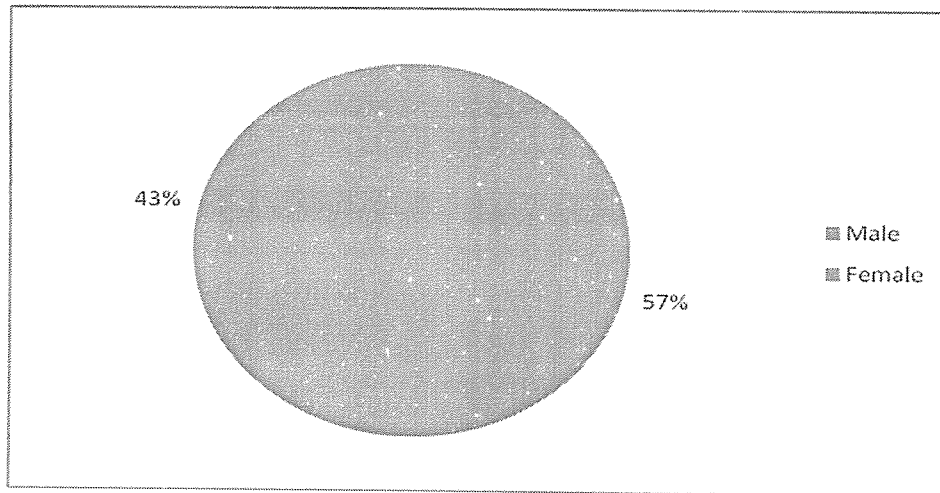
*Source: Primary Data, 2016*

According to the study findings as in table 1, most of the respondents were males as compared to the females. The number of males who participated in the study was represented by 58% as compared to 42% of the female respondents. Further findings by the study revealed that the



difference in percentage arose as a matter of fact that most men were in different departments at Mtn, Lugogo Centre and were selected during the study. The above finding clearly indicates that male participated more in Multinational Corporations issues than female within the study area.

**Figure 2: Pie-chart showing the gender of the respondents**



*Source: Primary data, 2016*

The pie chart above reveals that out of 100% respondents who were randomly selected to answer the questionnaires, 57% of them were males and 43% of them were females. This means that on this basis, 57% of the respondents on the questionnaires were males while 43% of the respondents were females.

#### **4.1.2 Age Composition of Respondents**

The age composition of the study respondents was also an important factor in the process of understanding internal audit and performance of Multinational Corporations. This was so because different age groups were assumed to understand the study variables differently yet considered vital to the study. According to the study findings the respondents views were as in table 3 below.

**Table 2: Age composition of the respondents**

Age range	Male	Female	Frequency	Percentage
25 – 30	7	5	12	30
30 – 35	9	7	14	35
36 – 45	4	3	8	20
46 and above	3	2	6	15
<b>Total</b>	<b>23</b>	<b>17</b>	<b>40</b>	<b>100</b>

**Source: Primary Data, 2016**

Table 2 above shows that most of the respondents were between the ages of 30 – 35 accounting for 35%. This implied that they were likely to understand better internal audit and performance of Multinational Corporations which they were in position to provide to the study information as majority reported to have been working in Multinational Corporations for a long time.

The other category of the respondents were in the age range of 21 -30 as reported by 30% of the study respondents and these respondents' views were very important for the study as most of them were making accountability as part of enhancing internal audit the activities that were assigned at their disposal. More, 20% of the study respondents were in the category age of 36 – 45. These respondents' views were so great in the process of analyzing the study variable that helped to understand the problem. Finally 15% of the respondent indicated to be 46 and above years were least in number. This means that, Multinational Corporations has age limit that could have attributed to the people in such group to be less than any other age group of the respondents studied during data collection.

#### **4.1.3. Highest Level of Education of Respondents**

In order to get information from all categories of people, those that have attained Secondary, tertiary, University levels of education and others like primary, certificate, professional courses like CPA were all approached during the study process. This established the levels of education of the respondents as indicated in table 4 below.

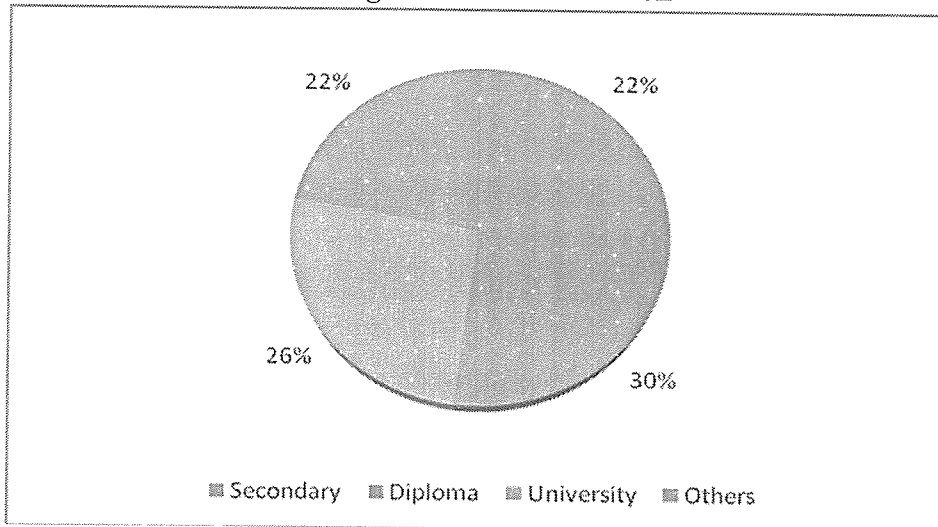
**Table 3: Highest level of education of the respondents**

Level of education	Male	Female	Frequency	Percentage
Secondary	5	4	8.7	21.7
Diplomas	7	6	12.2	30.5
University	6	2	10.4	26
Others like; Certificate, CPA etc	5	5	8.7	21.8
<b>Total</b>	<b>23</b>	<b>17</b>	<b>40</b>	<b>100</b>

*Source: Primary Data, 2016*

Table 3 above shows that most of the respondents had attained up to diploma level of education with 30.5%, followed by 26% of the study respondents who had university level then other levels of education like certificate, and professional courses like CPA, as was reported by 21.8% of the respondents, and finally 21.7% of the respondents who cited that had attained secondary education.

**Figure 3: Pie-chart showing the level of education**



*Source: Primary data, 2016*

The above pie chart shows the qualification of the respondents from whom the researcher gathered the information needed. Of these respondents, 22% possess secondary level, 30%

possess diploma, 26% possess a university degree, 22% possess professional course of CPA and certificate.

The study on further understanding revealed that respondents with professional courses comprised of those in finance department and internal audit at the Multinational Corporations of Mtn, Lugogo Centre, as some of the people in such category reported that were still students to attaining such professional qualifications like CPA, in addition to post graduate diplomas in relevant specific fields. The above findings show that tertiary level of education take a lead in participation of Multinational Corporations issues of Mtn, Lugogo Centre as compared to other levels of education. This is showed that the information was from literate people and those who could understand better the internal audit and performance of Multinational Corporations.

#### 4.1.4 Designation of the respondents

**Table 4: Designation of the respondents**

Designation of respondents	Frequency	Percentages
Civil servants	23	57.5
Politicians	10	25
Business persons	07	17.5
<b>Total</b>	<b>40</b>	<b>100</b>

*Source: Primary Data, 2016*

About the occupations of respondents, majority were civil servants consisting of 57%, politicians making 25%, and only 17.5% business persons.

#### 4.2 Effectiveness of Internal Audit on Performance of Multinational Corporations.

Respondents were also required to give their opinion on the impact of internal audit on performance of Multinational Corporations. To establish this, the respondents during the study were provided with options of Yes and No as in table 6.

**Table 5: Showing respondents opinions on the effectiveness of Internal Audit on Performance of Multinational Corporations.**

Responses	Male	Female	Frequency	Percentage
Yes	22	16	38	97
No	1	1	2	03
<b>Total</b>	<b>23</b>	<b>17</b>	<b>40</b>	<b>100</b>

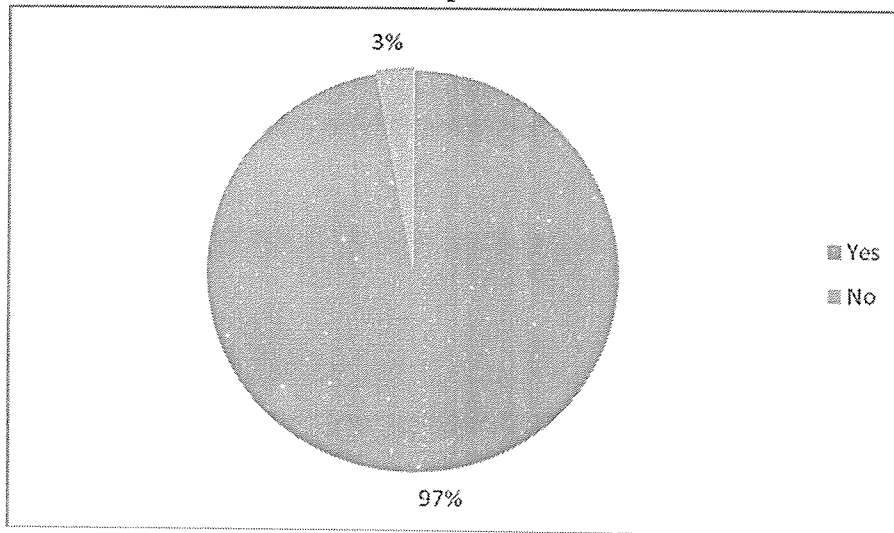
*Source: Primary Data, 2016*

According to the study findings as indicated in table 5 above, at least 38 of the study respondents said that there is an impact of the Internal audit and performance of Multinational Corporations as compared to only 2 respondents who reported that there is no impact of Internal audit and performance of Multinational Corporations as such respondents did not explain why their argument was as such.

However, most 97% of the respondents who revealed that the impact of Internal audit and performance of Multinational Corporations were able to cite different reasons which included that auditing establishes whether Multinational Corporations' activities are done in accordance with the required standards and that internal audit looks at compliance with the regulations. Respondents further revealed that internal auditing when well-done helps auditors to arrive at the best opinion regarding the Multinational Corporations' transactions as such aid in the proper making of decisions for improved performance.

Respondents reported that proper internal audit helps external auditors in writing audit reports when performing Multinational Corporations' audit. These same respondents indicated that if internal audit is properly done by the required parties, external auditors find no problem in the process of conducting an audit that later helps to reach the best conclusion. As Mannaseh (2007) puts it internal audit forms basis for external auditing.

**Figure 4: Pie-chart showing respondents' opinions on the effectiveness of Internal Audit on Performance of Multinational Corporations.**



*Source: Primary data, 2016*

According to the study findings as indicated in figure 4 above, at least 97% of the study respondents said that there is an impact of the Internal audit and performance of Multinational Corporations as compared to only 3% of the respondents who reported that there is no impact of Internal audit and performance of Multinational Corporations as such respondents did not explain why their argument was as such.

#### **4.2.1 Findings on whether the internal Audit department is independent**

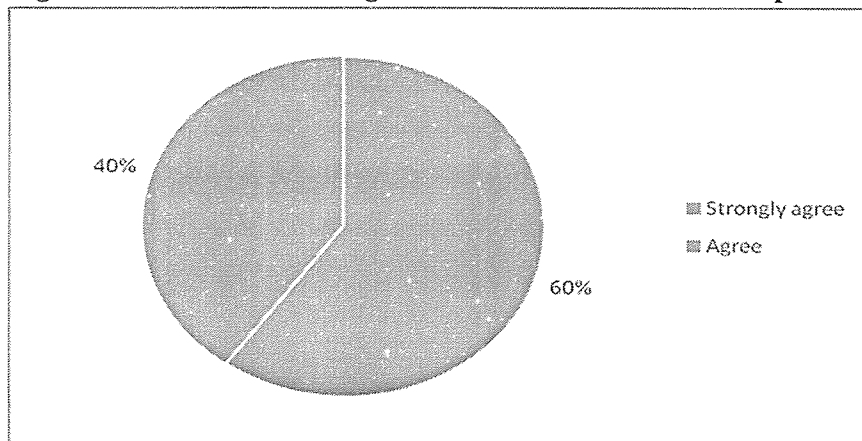
**Table 6: Independence of the internal audit department from others**

Response		Frequency	Percent	Valid Percent
Valid	Strongly agree	24	60	60.0
	Agree	16	40	40.0
	Total	40	100	100.0

*Source: Primary data, 2016*

From the findings, the biggest number of respondents (24) of the respondents strongly agreed that the internal audit department is independent with 16 respondents being in support of the statement.

**Figure 5: Pie-chart showing whether the internal audit department is independent**



*Source: Primary data, 2016*

From the findings, the biggest percentage (60%) of the respondents strongly agrees that the internal audit department is independent with 40% being in support of the statement. This therefore implies that the internal audit performs its work with no interruption of other departments hence the effectiveness of the audit function.

#### **4.2.2 Findings on whether the internal Audit's reporting relationship is appropriate**

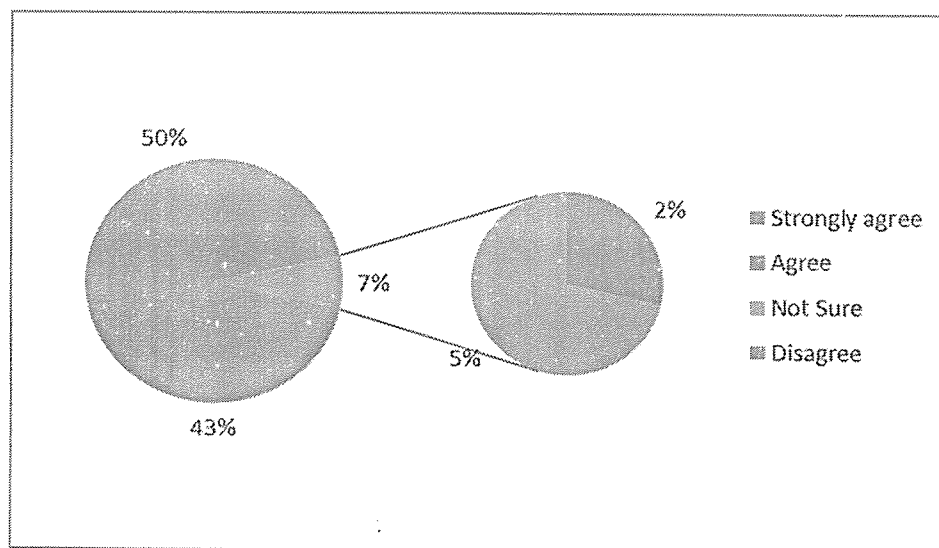
**Table 7: Showing reporting relationship of internal Audit**

Response		Frequency	Percent	Valid Percent
Valid	Strongly agree	17	42.5	42.50
	Agree	20	50	50.0
	Not Sure	2	5	5.0
	Disagree	1	2.5	2.50
	Total	40	100	100.0

*Source: Primary data, 2016*

From table above, 20 respondents agreed that the reporting relationship of the internal audit is appropriate, 17 respondents strongly agreed, 2 were not sure and 1 respondent disagreed with the statement. This implies that the reporting relationship of the internal audit in Mtn, Lugogo Centre is appropriate hence enables the internal auditors to effectively perform their work.

**Figure 6: Pie-chart showing reporting relationship of internal Audit**



*Source: Primary data, 2016*

From figure above, 50% of the respondents agreed that the reporting relationship of the internal audit is appropriate, 42.5% strongly agreed, 5% were not sure and 2.5% disagreed with the statement.

#### **4.2.3 Findings on whether internal auditors routinely capture information on performance effectiveness and operational efficiency.**

**Table 8: Capturing of information on performance effectiveness and efficiency.**

Response		Frequency	Percent	Valid Percent
Valid	Strongly agree	31	77.5	77.5
	Agree	1	2.5	2.5
	Not Sure	8	20	20.0
	Total	40	100	100.0

*Source: Primary data, 2016*

From the above information 77.5% of the respondents strongly agreed that the internal auditors routinely capture information on performance effectiveness and operational efficiency, only 2.5% agreed and 20.0% disagreed with the question. This information implies that the internal



audit captures information on performance effectiveness and operational efficiency but not routinely. This may be due to the months that are left out minus carrying out performance appraisals. According to the interview the researcher had with the internal Auditor of Multinational Corporations, performance appraisals are carried out annually.

#### **4.3 Effects of internal function on the Performance of Multinational Corporations**

According to the work plan of the year beginning July 2008 and the performance reports of the year ending June 2009, the Multinational Corporations reported a satisfactory performance of 75% in the provision of works and water, un satisfactory reports of 15% and 10% in the construction of schools, classrooms, toilets and teacher's houses and in the provision of health services respectively as most of the planned activities had not been implemented by the end of the financial year June 2008 as they are explained in the findings below.

##### **4.3.1 Findings on whether the district Multinational Corporations provides works and water facilities to the community in terms of roads rehabilitation and maintenance**

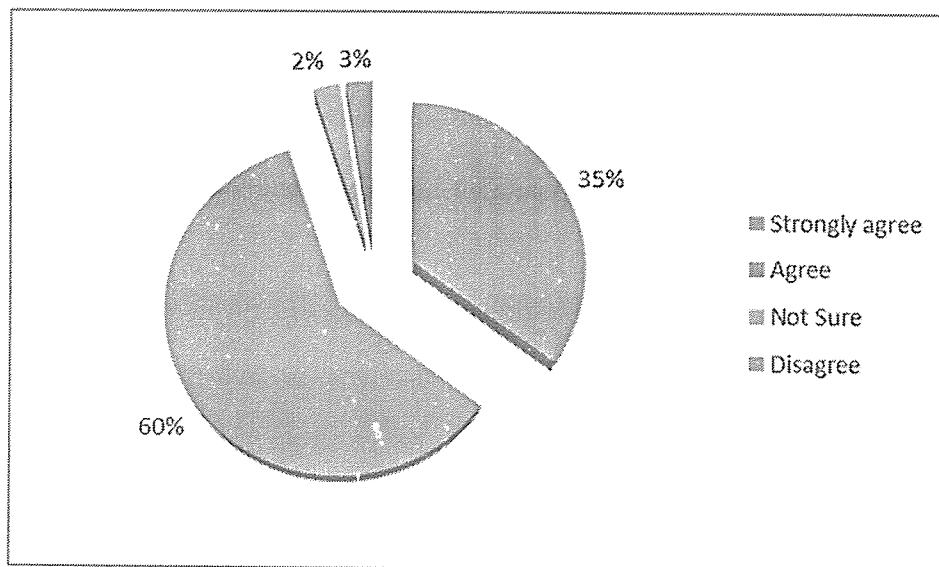
Table 9: Provision of works and water facilities to the community by the district

Response		Frequency	Percent	Valid Percent
Valid	Strongly agree	14	35	35.0
	Agree	24	60	60.0
	Not Sure	1	2.5	2.5
	Disagree	1	2.5	2.5
	Total	40	100	100

*Source: Primary data, 2016*

According to table above, 35% of the respondents strongly agreed with the question, 60% were in support of them and 2.5% were not sure and only 2.5% disagreed. This implies that the district Multinational Corporations provide quite satisfactory services as regards to the provision of works and water facilities to the community and hence a better performance of the Multinational Corporations.

**Figure 6: Pie-chart showing findings on whether the Multinational Corporations provide corporate social responsibility roads rehabilitation and maintenance**



*Source: Primary data, 2016*

According to table above, 35% of the respondents strongly agreed with the question, 60% were in support of them and 2.5% were not sure and only 2.5% disagreed.

#### **4.4 Characteristics of a Good Internal Audit System**

In a bid to generate a clear background for this research from within the minds of respondents, the researcher found it vital to find out responses of various targeted respondents on the characteristics of internal audit systems. The findings are revealed in table 11 below in response to the question that was asked that is, what are the characteristics of a good internal audit system.

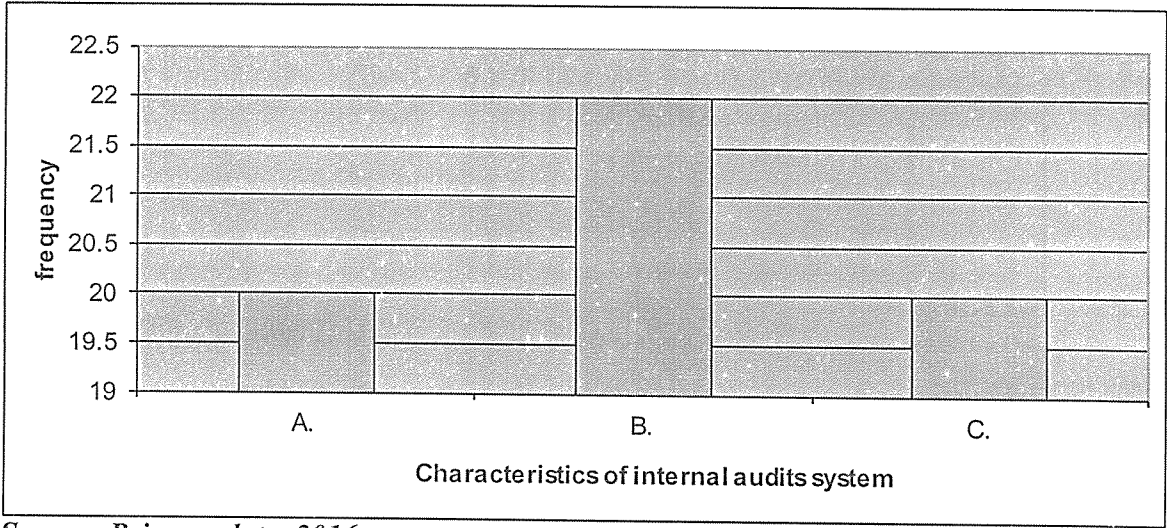
**Table 11: The views of the characteristics of internal audit system**

Characteristics	Freq	Rank	Total	Sample response
A. Should be free from political interference	20	1	20	Should be able to act on their own
B. Should have well trained and competent auditors	22	3	66	Should have qualified auditors Should have experienced auditors
C. Should have enough	20	2	44	Should be technological innovative

resources that is computerized systems				Enough transport and communication equipment.
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Source: Primary Data, 2016

Figure 7: Bar graph showing characteristics of a good internal audit system



Source: Primary data, 2016

From figure above, the study established that: internal auditing system should have well trained and competent auditors as was supported by 22(34.4%) respondents.

#### 4.5 Relationship between internal audit function and the performance of Multinational Corporations of Uganda

The third research question sought to analyze the relationship between internal audit function and the performance of Multinational Corporations of Uganda. Correlation tests were run to establish this relationship. The parameters grouped in determinants of internal audit functionality were, internal controls and independence. It is believed that when internal controls are in place and working, and the auditors are not interfered with during their conducts of activities then internal audit will be functional and will be in position to submit quality information about activities of the organization to stake holders for the betterment of their organization's performance. As a result of both the independent variable being interval scaled in nature, the Pearson's correlation test was run to establish the relationship between the independent variable and the dependent variable. The independent variable was internal audit function which in it

included the control systems and independence whereas the dependent variable was performance of Multinational Corporations of Uganda. The results are presented in the table below.

		Internal Audit	Performance
Internal Audit	Pearson Correlation	1	.963**
	Sig. (2-tailed)	.	.000
	N	40	40
Performance of Multinational Corporations	Pearson Correlation	.963**	1
	Sig. (2-tailed)	.000	.
	N	40	40

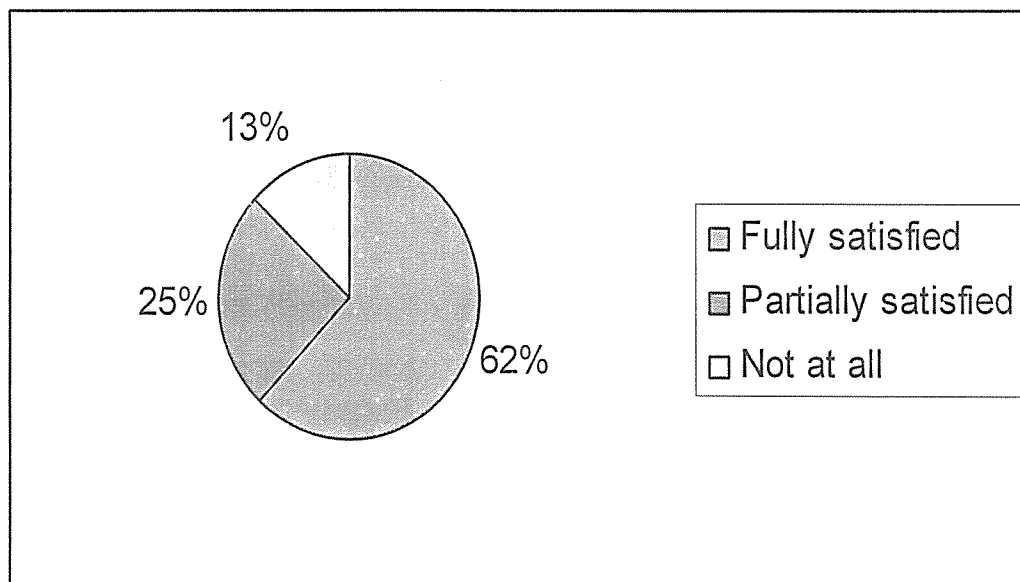
**\*\*.** *Correlation is significant at the 0.01 level (2-tailed)*

In general, the findings in the table above reveals that internal audit is significant and positively related to performance ( $r = 0.963^{**}$ ,  $PV = 0.01$ ). The positive correlation coefficient of 0.963 indicates a positive relation between internal audit function and performance of the Multinational Corporations. Hence having in place a well-established audit function will lead to improved performance whereas a poorly established internal audit function will lead to the poor performance of the Multinational Corporations.

#### **4.6 Satisfaction of Respondents on the Way Auditing Is Done. Multinational Corporations**

In a bid to generate meaningful data in this research study, the researcher probed into the minds of respondents on how satisfied they were with the way auditing is being done by Multinational Corporations. The findings revealed the following as shown in figure 8 below.

**Figure 8: Pie-chart showing rating of respondents on the way internal auditing is done by Multinational Corporations**



*Source: Primary data, 2016*

As presented on the pie-chart above, the findings of the study came up with 25 (62.5% of 40-80 respondents partially satisfied, other 10 (25%) fully satisfied and fell in satisfaction scale of 80-100 respondents, others 5 (12.5%) were not satisfied and these fell under the satisfaction scale of (00-40) respondents. To the researcher, basing on the above views of respondents those who were partially satisfied with the way auditing is done were the majority however; this did not mean that the views of the minority were not taken seriously.

The main objective of internal auditors at Multinational Corporations level is; to promote accuracy and reliability in accounting and operating data, to safeguard government resources against waste, fraud, and inefficiency, to measure the extent of the operating departments' compliance with government policy, to evaluate the overall efficiency of the operating functions (Adams, 2004). Shehu (2004) is of the view that internal auditors at Multinational Corporations should ensure that all officers whose duties involve the handling of Multinational Corporations funds are adequately bonded, ensure that the computation and casting have been verified and are arithmetically accurate, ensure that all payments have been entered in the Departmental Vote Book.

The implementation guideline on the application of civil service reforms in the Multinational Corporations service (1998) as cited in Shehu (2004) and Sani (2009) provided that; there shall be established in each Multinational Corporations, an internal audit unit, headed by a qualified accountant to provide a complete and continuous audit of the accounts, and records of revenue and expenditure. The internal auditor of each Multinational Corporations shall directly be responsible to the accounting officer and the Auditor General of the Multinational Corporations council, and therefore he shall report monthly to the accounting officer, as well as to the Auditor General of the Multinational Corporations council, on the true progress of the audit. He shall also issue special reports, if necessary, where, in his opinion, the attention of the Chief Internal Auditor of the Multinational Corporations council should be drawn.

Normanton, as cited in Daniel (1999), emphasizes the importance of internal audit by saying that “without audit, no accountability; without accountability, no control; without audit, no efficiency; without efficiency, no development. The growth of any economy depends to a large extent on the system of control adopted by the government and the success and sustenance of the internal control lies on internal auditing. The above observation underscores the importance of internal audit in every government organization.

## **CHAPTER FIVE**

### **DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introduction**

This study was designed to establish the performance of internal audit in Multinational Corporations and performance of Multinational Corporations as a whole. It also stabled the relationship between internal audit and performance of Multinational Corporations. It investigated the impact of internal Audit on the performance of Multinational Corporations. Internal Audit was assumed to depend on internal control systems and independence while performance of Multinational Corporations was provided by aspects of performance indicators.

#### **5.1 Summary of findings**

##### **5.2.1 Effectiveness of internal audit function on the Performance of multinational corporations**

The findings revealed that on average the performance of internal Audit in Multinational Corporations is significantly affected by internal controls especially risk assessment, information and communications, and finally by auditor's independence this makes their performance fairly satisfactory. The internal Auditors are not so independent when carrying out their work as they are influenced by both the politicians and management. Internal control systems were found to be inappropriate and hence impacting negatively on the performance of internal Audit.

##### **5.1.2 Effects of internal audit function on the Performance of Multinational Corporations**

The findings show the Multinational Corporations performance has generally been fairly satisfactory as can be evidenced by the services rendered in health, water and works, and in schools. Better performance was hampered due to some loopholes in the system being attributable to the weak internal Audit function resulting from lack of complete independence on internal Auditors, and inappropriate internal controls. According to the work plan of the year beginning July 2007 and the performance reports of the year ending June 2008, the Multinational Corporations was performing fairly by providing quite satisfactory services to the public of 75% in the provision of works and water, and quite un satisfactory services of 15% and 10% in construction of schools and in the provision of health services respectively as most of the planned activities had not been implemented by the end of the financial year June 2008.

### **5.1.3 Relationship between Internal Audit and Performance of Multinational Corporations**

Findings reveal that internal controls and Independence have direct influence on the performance of the Multinational Corporations. The positive correlation coefficient of 0.963,  $PV= 0.01$  indicates a positive relation between internal audit function and performance of the Multinational Corporations. A perfect internal audit function leads to better services delivery.

#### **(a) Internal control systems**

The findings revealed that there is inappropriate internal control system in Mtn, Lugogo Centre, which leads to moderate Multinational Corporations performance. These internal control systems are weak and are subject to manipulations and this affect the performance of internal Audit and the performance of Multinational Corporations as a whole. Weak internal control system negatively impact on the performance of internal Auditors since internal control contracts such as management policies and management procedures are part of internal Auditor's reference when executing their work.

#### **(b) Independence**

The research findings show that independence narrowly positively and significantly relate to Multinational Corporations performance. This would mean that internal Auditor's independence results into an improvement in performance, as the loopholes are independently reported on the solutions to these improvements suggested. It also revealed that Mtn, Lugogo Centre internal Auditors are in some cases interfered with, when executing their duties, by the political leaders.

### **5.2 Conclusions**

The study concludes that; there exist significant relationships between the variables of study as conceptualized. Internal Audit being significantly and highly positive related to performance of Multinational Corporations; internal control system are significantly and moderately related to performance where as Independence of Auditors was found out to be significantly and slightly related to performance of government. Absence of political interference on internal Auditor's work leads to a good internal Audit capable of combating financial mismanagement and hence better performance of Multinational Corporations. Likewise appropriate internal control systems render the internal Audit strong and hence improve Multinational Corporation's performance.



### **5.3 Recommendations**

The findings revealed that internal Auditors were performing their duties as required of them due to lack of complete independence of internal Auditors arising out of some elements of political leaders intervention in Audit work and also due to inappropriate internal control system mainly being attributed to the weak elements of risk assessment, and information and communication. In a bid to improve performance, it is recommendable for multinational corporations management to ensure that audit reports are always reviewed; that communication between the internal auditor and the senior management is effective, that internal audit moves away from being reactive to being proactive, that also internal auditor identifies areas of risk within the organisation and that activities also be implemented as planned in the work plan. Further the political leaders should know their limit in the audit work. According to the internal auditor of the district, quick action should be taken to the recommendations made by him to the district management.

### **5.4 Areas of further research**

The findings of the research appear to indicate that political leaders don't know their role in Multinational Corporations management. This necessitates a need to study the roles of politicians and the performance of Multinational Corporations.

From this study it can also be observed that there are moderate internal controls in Multinational Corporations and that work plans are not strictly followed when implementing activities. This therefore calls for a research to study whether there could exist a relationship between internal controls and work plan performance in Multinational Corporations.

## APPENDICES

### APPENDIX I:

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## APPENDICES

### APPENDIX II: RESEARCH QUESTIONNAIRE

Dear Respondent,

I'm a student of Kampala International University pursuing bachelor's degree in International Business Administration and currently conducting research as a requirement for the award of bachelor's degree in International Business Administration.

This questionnaire is designed to study the internal auditing function and performance of Multinational corporations in Uganda. The information you provide will help us understand better the relationship between internal auditing function and performance of multinational corporations. Because you are the one who can give the correct picture, I am requesting you to respond to the questionnaire frankly and honestly. Only the members of the research team will access the information you give. The summary of the results will be mailed to you after the data has been analyzed in case you are interested. I thank you very much for your time and cooperation.

SEBASTIAN C. MNGANYA

BIB/41100/133/DF

College of Economics and Management

#### SECTION A: GENERAL INFORMATION

Name of the respondent (optional).....

I kindly request you tick in the box provided.

1. Gender of the respondent

a) Male ☐

b). Female ☐

2. Age of the respondent

a) 25-30 ☐

b). 31-35 ☐

c). 36-45 ☐ d). 46 and above ☐

f) Below 25 ☐

3. The highest level of education of the respondent

a) Primary ☐ b). Secondary ☐

c). Tertiary ☐ d).University ☐

e). Others specify.....

4. Designation/Job Title .....

5. Religion

a) Catholic ☐ b) Protestant ☐

c). Islam ☐ d) None of these ☐

#### SECTION B: Effectiveness of internal audit

6. Do you think there is any impact of internal audit on performance of multinational corporations?

a). Yes ☐ b). No ☐

b). Give reason (s) for your answer?

.....  
.....  
.....

Independence is mandatory in Auditing and is particularly important that the internal Auditors be independent of the activities they Audit in order to have an effective internal Audit function. Please tick appropriately: (S/A= strongly Agree, A= Agree, N/S= Not sure, D/A= Disagree, S/D= Strongly Disagree)

Statement	SA	A	N/S	D/A	S/D
Internal Audit department is independent from other departments					
The reporting relationship of internal Audit is appropriate					
Internal Auditors strictly follow internal controls when verifying transactions					
Political leaders usually influence auditors work					

**SECTION C:** Internal audit controls put in place by the internal Audit to safeguard assets, comply with laws and regulations, ensure the completeness and correctness of accounting data, promote efficiency and encourage adherence to management.

Statement	S/A	A	N/S	DA	S/D
Internal audit is consistent with the organization's size, complexity of operations and level of growth					
The auditor possesses the skill and knowledge					
The internal audit operates with a formal charter approved by the board					
There are clear management statements on risk management and internal controls in the organization					
Internal audit identifies areas of risk within the organization and structures the overall audit approach to cover these areas of risk					
Internal audit facilitates risk and self- control assessment					
Internal audit identifies and profiles its members needs and expectations					

8. The following are the characteristics of a good internal audit system. Please rank the following role of internal audit that is 1 to least or 3 to most)

Statement	1	2	3
Should be free from political interference			
Should have well trained and competent auditors			
Should have enough resources that is computerized system for proper records keeping			

9 According to you, has internal audit contributed anything good towards performance of staff and proper accountability of multinational corporations' funds?

(a) Yes ☐ (b) No ☐

(i) If yes, what could be the roles of internal audit in accountability of public funds? Please rank 1 to least or 5 to most)

(a) Ensures management systems of internal control	1	2	3	4	5
(b) Ensures effective and efficient use of public resources					
(c) Ensures compliance with relevant laws and regulations					
(d) Ensures reliability and integrity of information for economics					
(e) Extends councils understanding of risk management beyond traditional areas of public liabilities					
(f) Ensures compliance with financial reporting requirement and accounting standards					



If any other, specify

(a).....

(b).....

(c).....

**SECTION D: Relationship between Internal Audit and performance of multinational corporations**

Statement	S/A	A	N/S	D	S/D
The strength of internal Audit influences the level of performance					
Good policies and practices of the internal audit have a positive bearing on performance					
Internal controls provide reliable financial reporting for management decisions and improve performance					
Internal Audit leads to provision of quality services to the public					

If any other, specify

(a).....

(b).....

(c).....

11. As an individual are you satisfied with the way auditing is done in MTN (U) Lugogo service centre?

(a) Fully satisfied (40-80%) ☐

(b) Partially satisfied (80-100%) ☐

**Thank you very much for your cooperation**

**APPENDIX III:  
INTERVIEW GUIDE**

**Dear Respondent,**

I am **Sebastian C. Mnganya**, a student of Kampala International University, offering Bachelor's Degree in Business Administration as part of the requirements for the completion of the Degree Program. I am carrying out a study on the topic "**Internal auditing function and performance of multinational corporations in Uganda**". Your contribution and input will be highly appreciated and the answers provided will only be used for academic purposes and will be treated with utmost confidentiality. Hence you are requested to answer the questions as freely as possible.

1. Gender of the respondents
2. Marital status
3. Highest level of education attained
4. Occupation of respondents
5. How have the internal auditing improved the performance of multinational corporations?
6. Apart from internal auditing, what do you think can be other factors influencing the performance of multinational corporations?
7. What are the impacts of internal auditing on the performance of multinational corporations?
8. What do you think are the effects of internal audit on the performance of multinational corporations?
9. What do you think can be the measures put in place to improve on the performance of multinational corporations?
10. Any other comment on internal auditing and the performance of multinational corporations?

**Thank you very much for your time and cooperation**

**APPENDIX IV:**  
**TIME FRAMEWORK / WORK PLAN**

<b>Item</b>	<b>Period</b>
Proposal writing	March, 2016
Approval of research proposal	March, 2016
Piloting the research instruments	March – April 2016
Data collection	April- May 2016
Retrieval of questionnaires	May 2016
Writing the research report	May 2016
Submission of research report	May – June 2016
Corrections on research report	June 2016
Final submission	June 2016

**APPENDIX V:**  
**BUDGET**

<b>ITEM</b>	<b>AMOUNT (TSHS.)</b>
Stationery ( Pens, books, paper, others)	60,000
Transport expenses	150,000
Communication (Airtime, etc)	60,000
Binding & photocopying services	100,000
Meals	80,000
Accommodation	90,000
<b>TOTAL</b>	<b>540,000</b>

## APPENDIX VI:

### CURRICULUM VITAE

#### PERSONAL DETAILS

NAME : SEBASTIAN C. MNGANYA

ADDRESS : ROMBO DISTRICT

DATE OF BIRTH : 14<sup>TH</sup>/FEB/1989

SEX : MALE

NATIONALITY : TANZANIAN

TELEPHONE : MOBILE: +256777370263

E-Mail : mnganyacs@gmail.com

#### EDUCATION AND PROFESSIONAL QUALIFICATION

Year	Institute	Award
2013 - 2016	Kampala International University	Bachelor of International Business- ongoing
2011 – 2012	East High School, Ntinda	Uganda Advanced Certificate of Education (UACE)
2006-2009	Gospel Campaign Sec. School, Tanzania	Tanzania Certificate of Education (TCE)

### KEY COMPETENCIES

- Good written and verbal interpersonal skills.
- A team player, able to interact with others and develop through them.
- Book keeping skills and record management skills in filling and organizing documents for easy retrieval.
- Flexible and willing to work in a multicultural environment.
- Ability to maintain high level of confidentiality and integrity

### LANGUAGE PROFICIENCY

Languages	Read	Write	Speak	Understand
English	Easily	Easily	Easily	Easily
Kiswahili	Easily	Easily	Easily	Easily

### INTEREST

- I have interest in intellectual and socio-economic discussions.
- Adventure, reading various materials, visiting friends, playing football

## REFERENCES

	Name	Organisation	Title	Phone & Email
1	Mr. Mugume Tom	Kampala International University, P.O Box, 20000 Kampala.	Head Of Department, Human Resources	+256777295599. mugumetm@gmail.com
2	Mr. Muhare Zephania	Kampala International University, P.O Box, 20000 Kampala.	colleague	+256773565337 Mzephania22@gmail.com
3	Dr. Kinyatta Stanley	Kampala International University, P.O Box, 20000 Kampala	Senior Lecturer, College of Higher Degrees and Research, KIU	+256754540134 kstanley@gmail.com

I **SEBASTIAN C. MNGANYA** certify that the information contained above is true. I understand that false information may be grounds for not hiring me or for immediate termination of employment at any point in that future if I am hired. I authorize the verification of any or all information listed above.