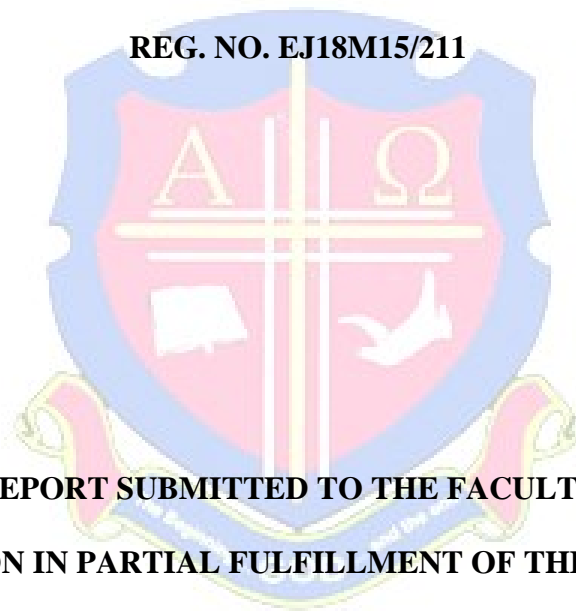


**POST AUDIT PRACTICES AND INTERNAL CONTROL IMPLEMENTATION IN
LOCAL GOVERNMENT IN UGANDA
(A CASE OF WAKISO DISTRICT)**

BY

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REG. NO. EJ18M15/211



**A DISSERTATIONREPORT SUBMITTED TO THE FACULTY OF BUSINESS AND
ADMINISTRATION IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE AWARD OF A DEGREE OFMASTER OF BUSINESS
ADMINISTRATION OFUGANDA CHRISTIAN UNIVERSITY**

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ABSTRACT

This study was about Post Audit Practices and Internal Control Implementation in Local Government in Uganda using a case of Wakiso District. The study sought to investigate the relationship between post-audit practices and internal controls implementation in Wakiso district. Using a cross-sectional design approach, the study considered a sample of 357 out of a population of 5102 staff of Wakiso district drawn from selected constituencies of Wakiso which were; Makindye, Nansana and Wakiso municipal council. In carrying out this study, data was collected through close ended questionnaires. Out of the 367 questionnaires distributed, 268 were returned indicating a 75% response rate. The data was analysed using SPSS and summarized in form of mean and average mean.

Findings on the factors affecting post auditing showed that auditors were not well funded to carry out the post audit function, hence neglecting internal control implementation, it also showed that auditors received some level of training and that there was good cooperation between the post audit team and auditees'. Findings on the components and priorities of internal control showed that that systems of internal control were functioning as per the intended plan thus enhancing efficiency and accuracy of data capture. The findings on the relationship between post-audit and internal control implementation showed that there is a positive significant relationship between post audit and internal controls implementation, implying that the post audit activity has a direct implication on internal controls implementation.

The study recommended that government should improve remuneration and conditions of service for the Post audit team. It also recommended that the Post auditing activity should be carried out immediately after internal audit to ensure compliance and follow-up. It further recommended hiring skilled and experienced staff to ensure that public funds and state property are properly accounted for.

However, the study only employed a cross sectional research design which makes the results less comprehensive as compared to a longitudinal design. The study also adopted only a quantitative approach that employed close-ended questionnaires which limited respondents to preset choices of answers. Future researchers can conduct a similar study by employing a mixed approach, both quantitative and qualitative which will likely provide more comprehensive results

DECLARATION

I, **Nandugga Christine** hereby declare that this is my original work, is not plagiarized and has not been submitted to any other institution for any award.

NANDUGGA CHRISTINE

Signature:

Date:

APPROVAL

This study titled “Post Audit Practices and Internal Control Implementation in Local Government in Uganda” has been carried out by Nandugga Christine under my supervision. All the necessary steps were followed and ethical guidance were duly observed. It is ready for submission to the Department of Business Administration for the Partial fulfillment of the award of a Degree of Master of Business Administration of Uganda Christian University.

Signature:

Date:

Mr. Kisenyi Vincent

DEDICATION

I dedicate this work to my family members: Mum, Sisters and Brothers. You made it possible for me to accomplish this study.

I also dedicate this piece of work to my Husband Mr. KizitoMugerwa Robert, my children Billington, Eunice, Juliana and Divine for supporting me throughout my study of this Master's degree.

ACKNOWLEDGEMENT

I am totally convinced that the success in getting this study done did not come by single efforts of my hands but the efforts of different players whose contribution were very instrumental to see me through.

First and foremost, I want to thank the Almighty God for the insight, guidance, energy and wisdom to complete this dissertation.

My highest gratitude goes to my University Supervisor, Mr. Kisenyi Vincent for guiding, correcting and directing me throughout the entire study.

I particularly express my sincere appreciations to the District Internal Auditor Mr. Busuulwa Simon for the time spent with me during the research, moving with me and helping me in identifying the key informant who helped me in data collection.

Special thanks goes to my husband for the financial support he rendered to me during my course of study. Thank you so much my sweetie heart. I Love you so much.

Special thanks also go to all participants that spared time for me during the data collection. I cannot mention each of you by name but I hold you so dearly. Thank you for the information.

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LIST OF ACRONYMS AND ABBREVIATIONS

OAG	Auditor General of Uganda
SAI	Supreme Audit Institution
CMI	Central Market Intelligence
IA	Internal Audit
LGFAR	Local Government Finance and Accounting Regulations 2007

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter provides an introduction to the study. In particular, the chapter consists of the background to the study, the research problem and the study objectives. Also, in this chapter is the research questions, the significance of the study and the scope of the study.

1.2 Background to the Study

1.2.1 Historical Background

It is believed that, the term audit is derived from the Latin term “audire” which means to hear. In early days, an auditor used to listen to the accounts read over by an accountant in order to check them. Auditing is as old as accounting. It was in use in all ancient countries such as Mesopotamia, Greece, Egypt, Rome, U.K. and India. Internal control can be documented and traced back to civilized communities that existed around 5000 B.C. The governments of these empires imposed a number of taxes on individuals and business. For the proper accounting and collection of these taxes, an elaborate system of checks and counterchecks was established. Such early internal control systems were designed primarily to minimise errors and safeguard state property from dishonest tax collectors. (Gupta, 2013)

The original objective of auditing was to detect and mitigate errors and fraud. Auditing evolved and grew rapidly after the industrial revolution in the 18th century with the growth of the joint stock companies, the ownership and management became separate. The shareholders who were

the owners needed a report from an independent expert on the accounts of the company managed by the owners needed a report from an independent expert on the accounts of the company managed by the board of directors who were the employees. The objective of auditing shifted and auditing was expected to ascertain whether the accounts were true and fair rather than detection of errors and frauds (Gupta & Pagare, 2005)

Internal control served as a simple administrative procedure comprised mainly of checking accuracy of transactions, pre-payment verification and control, counting assets and reporting on past events to various types of management. But in recent times, a combination of forces has led to a quiet revolution in the profession (Barra, 2010). Governments are now moving toward higher levels of transparency and hence local governments must demonstrate accountability in the use of public money and efficiency in the delivery of services (Lacotelli, 2003). Internal control provides a number of important interventions which include detecting and mitigating fraud and monitoring compliance with company policy and government regulation (Aikins, 2011).

Cieslewicz, (2012), suggest that notwithstanding the progression toward computerized accounting, many auditors continued to audit around the computer and the minority who elected to audit through the computer relied on an array of proprietary programs that were expensive, cumbersome, inefficient, and in need of constant reprogramming. Auditing supports the future audit, it is estimated that total global fraud losses were more than \$3.5 trillion in 2015 (Association of Certified Fraud Examiners, 2016). More important, this figure continues to rise. Although some aspects of the traditional audit will continue to hold value, the audit of the future provides opportunities to increase the use of automated tools and remains a key for offering

improved assurances relative to the responsible management and utilization of stakeholder assets.

1.2.2 Theoretical Background

The Agency Theory

According to the agency theory, a firm consists of a nexus of contracts between the owners of economic resources (the principals) and managers (the agents) who are charged with using and controlling those resources (Jensen and Meckling, 1976). The theory posits that agents have more information than principals and that this information asymmetry adversely affects the principals' ability to monitor whether or not their interests are being properly served by agents. As such, the theory describes firms as necessary structures to maintain contracts, and through firms, it is possible to exercise control which minimizes opportunistic behavior of agents (Jensen and Meckling, 1976). According to the theory, in order to harmonize the interests of the agent and the principal, a comprehensive contract is written to address the interest of both the agent and the principal. The agent-principal relationship is strengthened more by the principal employing an expert and systems (auditors and control systems) to monitor the agent (Jussi and Petri, 2004).

Attribution Theory

Attribution theory is a social psychology theory that explores how people interpret events and behaviors and how they ascribe causes to the events and behaviors. According to Schroth and Shah (2000), studies using attribution theory examine the use of information in the social environment to explain events and behaviors. Reffett (2007) asserts that when evaluators believe comparable persons would have acted differently in a given circumstance, they (evaluators) tend to attribute responsibility for an outcome to the person. On the other hand, when evaluators

believe comparable persons would have acted similarly, the evaluators tend to attribute responsibility for the outcome to the situation. According to Wilks and Zimbelman (2004), the first case refers to internal or dispositional attributions while the second one refers to external or situational attributions

Reliability Theory

Reliability theory simply describes the probability of a system completing its expected function during an interval of time (Gavrilov and Gavrilova, 2001). It was originally a tool used to help nineteenth century maritime insurance and life insurance companies in computing profitable rates to charge their customers. According to the reliability theory, an internal control system comprises of components that are interrelated and each for component, there needs to be a defined measure of success. As such, the state of a component is determined by whether the component is “successful or, not successful”.

1.2.3 Conceptual Background

The components of internal controls are control environment, risk assessment, control activities, information and communication and monitoring (Abdul, 2014; Agung, 2015; Al-Rawashdeh, 2017). Specifically, control environment provides an atmosphere affecting the control consciousness of the employees (Feng, 2009; Gamage, Lock and Fernando, 2014). Risk assessment is the entity identification and evaluation of all inherent risks to accomplishing of the objectives (Boynton, 2001; Graham, 2015). Control activities refer to the policies, rules and regulations that assist to ensure the top administrative directives are implemented. Information and communication are the identification, capture and exchange of information in a form and time frame that enable people to carry out their responsibilities (Boynton et al, 2001). Monitoring is a process that evaluates the quality of the performance of internal control for a given period of

time (Hemed, 2009; Directors Toolkit, 2013). These components are essential for effective implementation of internal control procedures (Brian, 2013; Bubilek, 2017; Cheng, 2014; COSO, 2013).

Although internal control can be implemented in the organization, there are limitations for the reach of internal control in the organization. One of the fundamental limitations is mistakes in judgement. There are times when management and other employees make poor judgment in business decision making due to lack of information, time limits, or other related procedures (Boynton et al, 2001; Hongming and Yanan, 2012; Makgatho, 2013). Another limitation is breakdowns in implemented control system as a result of employees misunderstanding or misinterpreting instructions or even due to careless (Boynton et al, 2001, Munene, 2009). Collusion is another limitation for internal control whereby employees, managers and other third party might work together to hide illicit financial activities to conduct fraudulent activities. On the other hand, management can override stipulated policies, rules and regulations for illegal purposes like financial gain (Boynton et al, 2001; Myula, 2011; Paraskevi, 2016). The last limit is the cost versus benefit whereby cost of the internal control should not exceed the benefits that are expected to ensure (Boynton et al, 2001; Njeri, 2014; Ntongo; 2012).

In the implementation of internal control systems, there are challenges or problems which lead to the weak internal control measures. There are so many challenges which contribute to ineffective internal control procedures. According to Agung (2014) the three challenges of ineffective internal control systems are opportunity, pressure from colleagues or managers, and rationalization among parties involved in illicit behavior. Another study by Amrizil (2004) provides a different perspective of challenges of internal control implementation. Amrizal (2004)

emphasizes that nonexistent or weak internal control, lack of employees honesty and integrity, unachievable employee financial goals, employees personal financial problems and industry in which they operate.

1.2.4 Contextual Background

In the context of public sector accounting, auditing is a traditional instrument that maintains a grip on government activities and provides information to administrations, elected officials, and (sometimes) constituents (Wainaina, 2011). Stratton, (2007) defines an audit as “An independent examination of financial information of any entity whether profit oriented or not and irrespective of its size, legal form with such an examination conducted with a view of expressing an opinion”. 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.

Local governments owe both physical and book accountability to the public which is best done through auditing. Local government is required to be audited as they earn revenue or get funds from taxes in form of rates, charges for sales of goods and services and grants from central government, civil society and NGO's (Bigirwa, 2016). Nambaziira (2007) reported that residents blasted District Local Government Administrators in Makindye division over corruption and mismanagement of funds totaling to 300 million shillings from road tolls. There was also failure to improve services in the area like the repair of roads. As a result of corruption cases in Wakiso District, the report of the Legal and Parliamentary Affairs Committee of 2004 recommended that a special court charged with the handling of corruption cases be established in Wakiso District. The government of Uganda under the National Public Procurement Integrity Baseline Survey

Report (2006) conducted a survey on corruption in Wakiso District and found incidences of corruption among district administrators. The report indicated that of the 51 district administrators that were investigated, 47 of them had been involved in many forms of corruption including bribery and embezzlement. These cases have mostly been attributed to poor internal control systems.

1.3 Statement of the Problem.

Post auditing has come under intensified scrutiny as its role in follow-up implementation of audit recommendation has been increasingly recognized (Ewa & Udoayang, 2012). More to this, Post audit recommendations help in enhancing internal controls thereby improving performance, enhancing transparency, ensuring accountability, fighting corruption, promoting public trust, fostering the efficient and effective receipt and use of public resources for their citizens (Kenyon, & Tilton, 2006).

Wakiso district was visited by the Land probe commission in June, 2017 and in December 2018, it was visited by the State House Anti-Corruption Unit. These visits were as a result of numerous public complaints of corruption, extortion and bribery by Wakiso land Officials (The monitor, 2018). The several issues are said to be arising from the inadequate audit staff, inadequate remuneration, inadequate facilities to monitor all the roles stated by the Local Government Act, inadequate records and equipment and interference by the politicians who engage in acts not stipulated in the Local Government Act amended 2000 and in the Local Government Finance and Accounting Regulation Act 1998 (LGFAR) (WDLG, 2017). This has therefore resulted in failure to identify accounts infringements, omissions, and so on. Michino, (2011), also asserted that neglect of post audit function culminates into incidents of corruption, financial waste and rampant mismanagement. Unless clear steps are taken to address these vices, through a well-

staffed and facilitated audit staff, there is a “danger of increasing disillusionment which might pose a threat to stability” as observed by the Minister of Finance (The Observer, 2019).

It is against this background that, this study sought to investigate the relationship between post-audit practices and internal controls implementation in Wakiso district.

1.4 Purpose of the Study

The purpose of the study was to find out the impact of post-auditing practices on internal controls implementation in Wakiso district.

1.5 Objectives of the Study

- i. To examine factors affecting post auditing in Wakiso District
- ii. To identify components and priorities of internal control at Wakiso district
- iii. To examine the relationship between post-audit practices and internal controls implementation at Wakiso district

1.6 Research Questions

- i. What are the factors affecting post auditing in Wakiso District?
- ii. What are components and priorities of internal control at Wakiso district?
- iii. What is the relationship between post-audit practices and internal controls implementation at Wakiso district?

1.7 Significance of the Study

- i. Findings of the study shall assist Government in enhancing the role of the internal audit function of Government institutions

- ii. This study shall be beneficial to policy makers specifically the local government of Wakiso District Administration by helping them improve on their internal control systems for better audit opinions
- iii. This study shall be significant to the government auditors, since it may help to illustrate their roles in ensuring the transparency and accountability
- iv. The study shall help to bring out the weaknesses in internal control at Wakiso district in relation to audit and also recommend strategies to solve established weaknesses
- v. Furthermore, this research shall also act as a reference to other scholars or researchers who in future want to investigate the same topic
- vi. This research shall help the researcher fulfil the requirements for the award of Master of Business Administration of Uganda Christian University.
- vii. Finally, the results of this study shall add up to the scholarly literature that has examined the factors affecting post-auditing and internal controls implementation.

1.8 Scope of the study

1.8.1 Geographical Scope

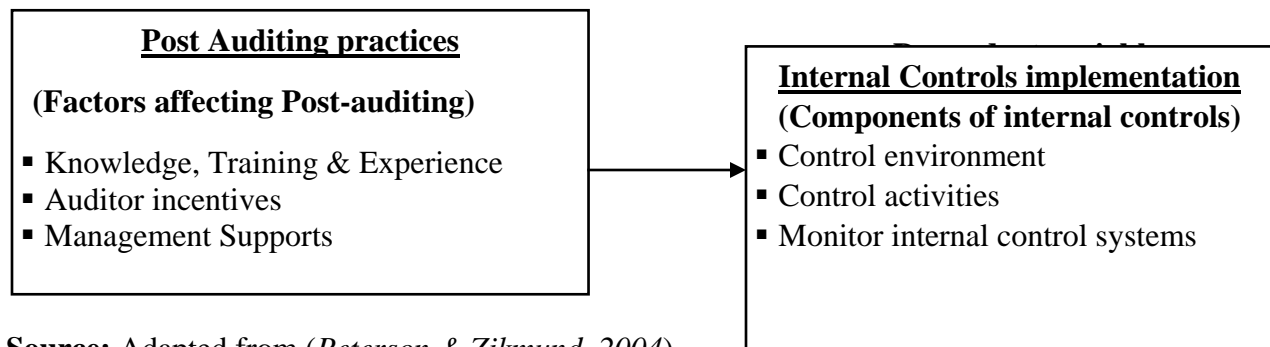
The study focused on Wakiso district. Wakiso is the largest district in Uganda and has a well-established administrative system. It is one of the districts that has had a large number of complaints about unethical performances (Nambaziira, 2007). Formerly part of Mpigi District, it came into existence in 2000, when the 2 counties were carved out of Mpigi District-Busiro and Kyadondo. Entebbe became a Municipality. The people are Baganda and the main language is Luganda. It surrounds Kampala and borders Mukono in the East, Mubende and Mpigi in the West, Luwero in the North and Kalangala in the South.

The district has over 562,609 people, 282,887 of which are female and 277,722 are male. Therefore, Wakiso has a total population of 2,007,700 people. Two Ccounties which are Busiro and Kyaddondo constituencies. The district has a total of 567 primary schools with 246 government, 257private and 64 community schools. For secondary schools, the district has over 139 schools, 18 are government, 73 private and 48 community. It also has 1 Teacher training college, 2 Technical Institutes, Nkumba University, Meteorological School and Fisheries Training Institute (Vocational Institutes).

The district has 19 Government dispensaries (II), 12 health centres (III), 5 health centres (IV) and 2 hospitals. Private/NGO-20 dispensaries, 58 clinics and 15 health centers and 2 hospitals. Kisubi Hospital, Entebbe General de Hospital with 100 beds, and there a private hospital- Midmay Hospital.

1.9 Conceptual Frame work

Figure (1.9): Showing the Conceptual framework



Source: Adapted from (*Peterson & Zikmund, 2004*)

This study was conceived to be delimited by three sets of variables: an independent variable, moderating variable and the dependent variable. Post auditing was considered the independent

variable; Internal Control was viewed as the dependent variable and the relationship between the two was taken as the moderating variable.

Independent variable: Despite, the many factors that affect internal controls, an emerging “grey” area called the post-audit function also affects internal controls implementation especially in Local government. The Post-audit function also called (follow-up audit) has for a long time been taken for granted, however, it has significant impact on the implementation of internal controls. This study considered elements that facilitate the Post Audit function to operate effectively like; Knowledge, Training and Experience, Auditor incentive and Management Support. For auditors who perform Post-auditing to do their job well, they need to have the right knowledge, skills and experience. If the knowledge and skills are lacking, then this will impede on their ability to perform the Post-auditing function. More to this, auditors also need to be well facilitated to enable them move to the different areas in Local government to carry out Post-auditing

Dependent variable: Internal controls was considered as a dependent variable according to this study. This is because, for internal control gaps or issues to be fully rectified or implemented, the post audit team needs to do a thorough follow up on all audit areas of concern in the audit findings. Therefore, the internal controls implementations are reliant on the of Post Audit function. In essence, Post-auditing promotes efficiency, reduces risk of asset loss and helps to ensure reliable financial statements and compliance with laws and regulations. This is done through ensuring internal controls implementation. In a nutshell, the audit team needs to be fully supported to carry out Post-auditing and guarantee proper internal controls implementation. For this study, three components of internal controls were considered which are; Control environment, Control activities and monitoring.

Mediating Variable: The mediating variable is the relationship between Post-auditing and internal controls. An audit team supported with the right training and funding is able to carry out effective Post-auditing which in turn leads to proper implementation of internal controls at Local government. On the other hand, if the audit team is not supported, then the Post-audit function will not be performed. This will therefore lead to failure to implement internal controls. This variable therefore illustrates the direct relationship that exists between Post auditing and internal controls implementation.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents the literature review which is in accordance to the research objectives. It critically analyses other scholarly works concerning factors affecting post-auditing, components of internal controls, the relationship between post auditing and internal controls and strategies to improve post auditing.

2.1 Auditing

Auditing is an independent examination of, and the expression of an opinion on the financial statements of an enterprise by an appointed auditor, in accordance with his terms of engagement and the observance of statutory regulations and professional requirements (Messier & Austen, 2010). Jensen, (2013) classify audit into four: private, statutory, management and internal audit, even though all the types of audit focus on regulations, which lead to control of expenditure or revenue. Millichamp, (2010) defined internal auditing as “an independent appraisal function within an organisation for the review of system of control and the quality of performance as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control system to the proper economic, efficient and effective use of resources”.

The Local Government Act amended (2002) section 91 provides that every district, Municipal council or town shall provide for an internal department in order to foster financial management. Its head is charged with preparing quarterly reports and submit them to the council giving a copy to the Local Government Accounts Committee. As a means to enhance good performance the

auditors should do their work professional skepticism and due care. However, in Local Governments the audit department is faced with problems of inadequate staff that are allocated by the chief finance officer, inadequate facilities to monitor all the roles stated by the Local Government Act, poor segregation of duties and lack of independence of the internal auditors. Inadequate records and equipment, threats of being merged with accounts department, poor perception of people of the roles of Auditors, and interference by the politicians who engage in acts not stipulated in the Local Government Act amended 2000 and in the Local Government Finance and Accounting Regulation Act 1998 (LGFAR), hindering independence of the Audit department for example councilors awarding themselves tenders (LG Act, 2007).

Auditing is divided into pre-audit and post-audit *a posteriori*). “Pre-audit has the advantage of being able to prevent damage before it occurs, but has the disadvantage of creating an excessive amount of work and of blurring responsibilities under public law”. Pre-audit focused on compliance with detailed rules and regulations to ensure that money had been properly spent (Karagiorgos, et.al., 2009).

2.2 The concept of Post Audit

Post-audit activity transpires because transactional errors occur in trade accounting either before, during or after the transaction, and remain undetected until a subsequent post-audit review is conducted. Post-audit reviews detected and recovered significant amounts of revenue (Peterson& Zikmund, 2014).

Many studies argue that internal controls inefficiencies are to blame while others concur that post-auditing functions are lacking. Post-audit review functions as a “mopping” process, undertaken to clean up revenue leakages rather than prevent the transactional errors from

occurring (Rezaee, 2002). A criticism often heard about post-audits was that the cycle time between the transaction and the claim presentation was too long, leading to increased costs, effort, and frustration. The prevailing audit cycle time in most organizations was 2-3 years, though it begun to shorten that to 2-18 months, and their expressed goal was to conduct audits within 6 months of the end of the transaction period (Schroth & Shah, 2010). Post auditing controls activity functions by examining and evaluating the adequacy of effectiveness of internal controls in the unit reviewed and for conducting value for money audits throughout the unit in order to ensure that proper systems of internal controls and accounting systems exist throughout the unit (Kantzos & Chondraki, 2006).

2.2.1 Factors affecting Post Auditing

The Regulatory and Legal Environments

The regulatory and legal environments in which auditors operate appear to be the primary institutional forces that can impact their ability to detect fraud. Regulators can impact fraud detection with their standard setting activities. For instance, auditors' responsibility for fraud detection may be stated in an affirmative (e.g., SAS 99, AICPA 2002) or a negative frame (e.g., SAS 53, AICPA 1988), i.e., as one of the objectives of the audit or as an obligation to respond only if fraud is suspected, respectively. Similarly, regulators may be unwilling to mandate specific forensic procedures to search for fraud, perhaps out of concerns that such specificity may trigger litigation (e.g., it took the court's intervention for the confirmation of receivables to be made mandatory in most engagements). In addition, because audits were focused on detecting unintentional misstatements (rather than fraud) for several decades prior to SAS No. 82, audit procedures designed to detect fraud may not be sufficiently integrated in auditing.

Knowledge, Training, and Experience

The lack of training in fraud detection methods or fraud investigation techniques leaves staff vulnerable to fraud. Auditors may lack adequate training in fraud detection methods or fraud investigation techniques (Hammersley et al. 2011). In this regard, Hammersley et al. (2011) conclude that audit seniors exposed to a fraud case assess higher fraud risk but generally fail to design effective tests to detect the fraud. However, those who are able to identify the fraud scheme are more proficient in identifying audit tests to detect whether fraud is present. This finding suggests knowledge of likely fraud schemes would aid auditors in designing effective tests. Furthermore, other research has suggested the importance of training auditors to reason strategically to enhance fraud detection capabilities (Wolfe & Hermanson, 2004).

Conflicts of Interest

According to Rittenberg & Schwieger, (2005) conflicts of interest can be contrasted with other incentive-related concerns. The time and fee budgets cause auditors to reduce costs by doing less quality or quantity of audit testing than necessary to detect fraud or to use staff with less expertise than is optimal for detecting fraud. These pressures are also believed to lead auditors to do the minimum to meet the letter of the law as specified in auditing standards as opposed to meeting the spirit of the standard such as searching for evidence to detect fraud.

Competence

According to Millchamp (2011) internal auditing should be performed by person having adequate technical training and proficiency as an internal auditor. An audit must cover every element of the audit subject. For example, the IS auditor should ensure that all applications currently in use by end users are examined during the audit. All elements of the audit must be precise and error-free. Hammersley et al. (2011) stress that the auditor must verify that all

procedures and computerized processes produce correct results and that the measures used to evaluate these processes are error-free. When developing computer-assisted audit routines, for example, the auditor must test and validate all program code and algorithms before the routine is used.

2.3 Internal Controls

Internal control may be defined as the whole system of controls, financial and otherwise, established by the management in order to carry on the business of the company in an orderly manner, safeguard its assets and secure as far as possible the accuracy and reliability of its records. It will be observed that the concept of internal control goes beyond financial and accountancy matters and the custody of company assets to include controls designed to improve operational efficiency and ensure adherence to company policies. The board of directors should have the responsibility for approving strategies and policies and ensuring that senior management is monitoring the effectiveness of the internal control system (Basley, 2016).

Amudo & Inanga, (2009) defines internal control system as comprising of the control environment and control procedures adopted by directors and management of an organization in achieving its objectives by ensuring practical, orderly and efficient conduct of an organization. This may include adherence to policies, safe guarding assets, prevention and detection of fraud accuracy and competences of accounting records and timely preparation of financial reports. According to Cieslewicz, (2006) Internal Control is defined as all the policies and procedures adopted by the directors and management of an entity to assist in achieving their objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to internal policies, the safeguarding of assets, the prevention and detection of frauds

and errors, the accuracy and completeness of accounting records, and the timely preparation of reliable financial information.

According to Hayes, et al. (2015), an internal control system consists of policies and procedures established to provide reasonable assurance that the organization's related objectives are achieved. According to Swamy (2014), internal controls in accounting system serves the function of ensuring that all transactions carried out are sanctioned and authorized by management. This is important because all activities of the organization are performed in line with the laid down policies. All transactions should be accounted for in the relevant books of accounts regularly, achieved. The concept of reasonable assurance recognizes that no structure is perfect and that the cost of the entity's internal control should not exceed the benefits to be derived.

2.3 Components of Internal Control

2.3.1 Control Environment

In internal control, the control environment sets the tone of the organization by influencing the control consciousness of its people (Whittington & Pany, 2001). Control environment is the foundation for all the other components of internal control. It comprises of factors like; integrity and ethical values of personnel tasked with creating, administering, and monitoring the controls, commitment and competence of persons performing assigned duties, board of directors or audit committees, management philosophy and operating style, and organizational structure. Many factors go into control environment but this component is highly influenced by the effectiveness of the board of directors, the management, and the audit division of the organization. Internal auditors are essential to effective control environment since the effectiveness of these factors largely depends on their interaction with the internal and external auditor. Control environment

sets the tone of an organization, influencing the control consciousness of its people (Aldridge and Colbert, 1994). It reflects the attitude and policies of management in regard to the importance of internal controls in revenue generation. In addition, control environment is influenced by the history and the culture of organization and has an insidious influence on the way organization activities are structured. It thus sets a positive and supportive attitude toward internal control and conscientious management.

2.3.2 Risk Assessment

Risk assessment refers to the careful assessment of factors that affect the possibility of objectives of the organization not being achieved. It refers to the identification and analysis of relevant risks associated with achieving the objectives of the organization (Karagiorgos et al., 2009). They add that risk assessment is the process of identifying and analyzing management relevant risks to the preparation of financial statements that would be presented fairly in conformity with general accepted accounting principle. In organizations, management must determine the level of risk carefully to be accepted, and try to maintain such risk within determined levels. It is therefore the management's responsibility to design internal controls to ensure efficiency and effectiveness, reliability of financial reporting as well as compliance with laws and regulations. This is ensured by periodic performance review and evaluation of the adequacy and effectiveness of the controls designed by the internal auditor department.

2.3.3 Information and Communication System

According to Aldridge and Colbert (1994), internal control requires that all pertinent information be identified, captured, and communicated in a form and time frame that enable people to carry out their financial reporting responsibilities. Firms should adopt internal control and information

systems that produce operational, financial and compliance-related information reports to make it possible to run and controls the business. Effective communications should occur in a broad sense with information flowing down, across, and up within all the sections of the organization (Theofanis et al., 2011). Recent literature on internal control system frameworks has raised some concerns on information and communication as one of the internal control system components because of their importance in influencing the working relationship within the organization at all levels (Amudo and Inanga, 2009). Hence, such information must be communicated throughout the entire organization in order to permit personnel to carry out their responsibilities with regard to objective achievement.

2.3.4 Control Activities

Control activities refer to policies, procedures, and mechanisms put in place to ensure directives of the management are properly carried out (Aikins, 2011; Rezaee et al., 2001). Appropriate and accurate documentation of policies and procedural guidelines helps to determine how the control activities are to be executed. It also provides adequate information for auditors' examination of the overall adequacy of control design over financial management practices (Aikins, 2011). These control activities ensure that all necessary actions should be taken with the aim to address risks so that organizational objectives are achieved. According to Rezaee et al. (2001), internal control activities occur throughout the organization. They include a range of activities like; approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of asset and segregation of duties. Most of them are made possible through the help of the internal audit function.

2.3.5 Monitoring

Monitoring refers to the process of assessing the quality of the internal control structure over time. Since internal controls are processes, it is usually accepted that they need to be adequately monitored in order to assess the quality and the effectiveness of the system's performance over time. By monitoring, the organization gets provided with assurance that the findings of audits and other reviews are promptly determined (Theofanis et al, 2011; Rezaee et al., 2001). Amudo and Inanga (2009) add that monitoring of operations ensures effective functioning of internal controls system. It's through monitoring that an organization determines whether or not its policies and procedures designed and implemented by management are being carried out effectively by employees. According to Bowrin (2004), monitoring can achieve by regularly supervising and managing activities like monitoring of customer complaints and feedback and audits conducted periodically by internal auditors. Internal auditors can investigate and appraise internal control structure and the efficiency with which the various functions are performing their assigned duties. This way, they can bring a systematic and disciplined approach for the evaluation and improvement of risk management activities and good governance process by examining of the internal controls and evaluating how adequate and effective the controls are. Monitoring ensures that the findings of audits and other reviews are promptly resolved (Rezaee et al., 2001).

2.4 Relationship between Post-Audit and Internal Control

Abbott (2000), while focusing on control environment, investigated whether audit committee activity is inversely related to fraudulent financial statements, using 156 firms subject to SEC Accounting and Auditing Enforcements Releases (AAERs) between 1980 and 1986. In the study,

Abbott (2000) substituted the variable audit committee presence used in earlier studies with audit committee activity, since the earlier studies reported mixed results about the association of audit committee and likelihood of fraud. The results of the study indicated that firms with independent directors and with the minimum activity level are less likely to be associated with fraudulent financial statements. Case studies on internal controls in Belgium illustrate the importance of the control environment when studying internal auditing practices. Sarens & De Beelde (2006) found that certain control environment characteristics like tone-at-the-top, level of risk and control awareness, extent to which responsibilities related to risk management and internal controls are clearly defined and communicated are significantly related to the role of the internal audit function and fraud detection within an organization.

According to a report of the Association of Certified Fraud Examiners (ACFE) in 2004, U.S. firms lose on average an estimated 6% of their annual revenues to fraud when there is material weaknesses or significant deficiencies in internal control over financial reporting. Most factors that contribute to fraud can be neutralized with a strong internal control environment that contains clear guidelines where authorizations are tracked and enforced, a management culture that shows ethical tone at the top (leading by example) and segregation of conflicting duties (ACFE, 2004).

Barra (2010) investigated the effect of penalties and other internal controls on employees' propensity to be fraudulent. Data was collected from both managerial and non-managerial employees. The results showed that the presence of the control activities, separation of duties, increases the cost of committing fraud. Thus, the benefit from committing fraud has to outweigh the cost in an environment of segregated duties for an employee to commit fraud. Further, it was established that segregation of duties is a "least-cost" fraud deterrent for non-managerial employees, but for managerial employees, maximum penalties are the "least-cost" fraud

disincentives. The results suggest the effectiveness of preventive controls (control activities) such as segregation of duties is dependent on detective controls (monitoring). Internal control systems are a topical issue following global fraudulent financial reporting and accounting scandals worldwide. As such, a more proactive preventive approach to the problem requires a critical evaluation of existing internal control structures in organizations to determine their capacity to ensure that the organization's activities are carried out in accordance with established goals, policies and procedures. Amudo and Inanga (2009) carried out an evaluation of Internal Control Systems on the Regional Member Countries (RMCs) of the African Development Bank Group (AfDB) focusing on Uganda in East Africa. The study established that some control components of effective internal control systems are lacking in these projects which renders the current control structures ineffective. The study recommended an improvement of the existing internal control systems in the projects.

Ewa & Udoayang (2012) carried out a study to establish the impact of internal control design on banks' ability to investigate staff fraud and staff life style and fraud detection in Nigeria. Data were collected from 13 Nigerian banks using a Four Point Likert Scale questionnaire and analysed using percentages and ratios. The study found that Internal control design influences staff attitude towards fraud such that a strong internal control mechanism is deterrence to staff fraud while a weak one exposes the system to fraud and creates opportunity for staff to commit fraud. In addition, most Nigerian banks do not pay serious attention to the life style of their staff members and that most staff members are of the view that effective and efficient internal control design could detect employee fraud schemes in the banking sector. The study concluded that effective and efficient internal control system is necessary to stem the malaise in the banking sector. The study therefore recommended that banks in Nigeria should upgrade their internal

control designs and pay serious attention to the life style of their staff members as this could be a red flag to identifying frauds. Fraud is one of the most significant risks affecting management of financial services in Eastern Africa region. In Kenya it is one of the economic crimes government of Kenya statistic report on alarming annual 45% average increase in the number of economic crimes (GoK, 2011).

Beasley et al. (2000) concluded that no internal control structure, however detailed and comprehensive, can by itself guarantee efficient administration and complete and accurate records or be foolproof against fraud, especially when those involved hold positions of authority or trust. Beasley et al (2000) findings showed that Internal controls dependent on the segregation of duties can also be rendered ineffective where collusion by several individuals is involved. Also, authorization controls can be abused by the person in whom the authority is vested, and management is frequently in a position to override the controls it has established. To maintain an internal control structure that would eliminate the risk of loss is not realistic and would probably cost more than is warranted by the benefit derived.

Crutchley et al. (2007) recommends that management can also use its internal audit unit to help monitor the effectiveness of internal controls. The closeness of internal auditors to the day-to-day operations usually places them in a position to continually assess the adequacy and effectiveness of internal controls and the extent of compliance. The internal auditors have a responsibility to management for reporting any inadequacies in the internal controls and any failure of employees to adhere to them and recommending areas needing improvement. In addition, they should establish procedures for following up on previously reported internal and external audit findings to ensure that managers have adequately addressed and resolved the matters brought to their attention. (Crutchley et al. 2007).

2.5 Strategies to solve Post-Auditing Challenges

Hiring and Staffing Decisions

According to Hammersley et al. (2011) hiring and staffing decisions should include assurance that individuals have the proper education and experience to carry out their assigned jobs. Once on the job, the individual should be given the necessary formal and on-the-job training. Hammersley et al. (2011) emphasize that managers and employees who possess a good understanding of internal controls and are willing to take responsibility for them are vital to an effective control structure. Adequate staffing is essential for a system to its full capability. Weakness in staffing can lead to mismanagement, error and abuse, which can negate the effect of other controls (MoFED, 2004).

Professional Training

Cieslewicz, (2012) states that all organisations depend on the knowledge, skills, expertise and motivation of their human resources to perform effectively. Training and staff development are critical for creating the work environment and culture that is conducive to achieving high levels of professionalism and quality. SAIs can face several challenges when organising training for staff including what training to provide for the development of the required competences, who will deliver the training, how and when. The organisation also needs to ensure that the training it provides is relevant, cost-effective and useful in reaching the organisation's objectives.

Remuneration's Improvement

Ewa & Udoayang, (2012) emphasize that Government should improve remuneration and conditions of service for officers in the accounting section. According to Crutchley et al. (2007)

there is need for government to attract and retain skilled and experienced staff to ensure that public funds and state property are properly accounted for.

Organizational Independence

According to MoFED, (2004). Independence is fundamental to the reliability of auditor's reports. Those reports would not be credible and investors and creditors would have little confidence in them, if auditors were not independent both in fact and appearance. The assurance services provided by auditors derive their value and credibility from the fundamental assumptions of independence of mind and independence in appearance (Wines, 2012; Stewart and Subramanian, 2010). In order to maintain their independence internal auditor's organizational status and position is also critical which is related to management perception. This is because it enables them to exercise their tasks independently and act objectively.

Management's Perception of IA's Value

Perception is the process of attaining awareness or understanding of sensory information or it is the mental image or intuitive recognition of experience when aware of the elements of the environment (Woodard III, 2002). To function effectively, internal auditors and the customers of audit services should possess a similar understanding of what makes internal auditing a value added activity. The failure to reach this understanding could result in the perception that internal audit is simply an obstacle to achieving production objectives. This can result in underutilized audit services and ignored audit recommendations (Flesher and Zanzig, 2000) which adversely influence the effectiveness of IA (Arena & Azzone, 2009).

Management Support

According to Ewa & Udoayang, (2012) internal auditors have a close relationship with organization's management in their day to day activities. They need good support and perception from their management to be more effective and to achieve the audit objectives. Management support is expressed in terms of supporting the auditing process by fulfilling the necessary resources, finance, transport if required, providing training, introducing auditors with new technology and procedures, budgeting funds for certification and other facilities that facilitate the internal auditing works.

2.6 Conclusion

In conclusion, it can be observed that the post-auditing and internal controls depend on the level of investment the organisation makes to the auditing team. This implies a well-funded and staffed audit team leads to effective internal controls being implemented.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter shows the methodology that was employed when conducting this study. It elaborates the research design, the sampling procedure, sample size, the measurement instrument and the data collection method that were adopted. The chapter also shows how the data was analysed and the measures that were taken to ensure that research ethics are adhered to.

3.2 Research Design

A cross sectional research design was adopted for this study. This is where data is gathered just once from a cross section of sources for purposes of answering research questions (Sekaran, 2003). Furthermore, this being a snap shot study, the other research designs of longitudinal and experimental were considered unsuitable. Data was gathered from Local Government Administrators of Wakiso District. Cross sectional research design was deemed to be the most appropriate for this study. Data was collected from different sectors of Local Government Administrators at one point in time.

3.3 Study Population

The target population of the Local Government Administrators of Wakiso District was 37, 371 (Thirty-Seven thousand, three hundred seventy-one) in total (Wakiso District Administrative Records, 2019). The Local Government Administrators were categorised by sectors: Finance, Engineering and Construction, Administration, Health centres and Education. The sectors of

Local Government Administrators participate in providing accountability, distribute resources, provide services; give information; handle resourcing in the district; receive and control public funds.

Table 3. 1: Study Population in Wakiso district

Wakiso district municipalities / trading centre	Study Population
Makindye Municipal Council	382
Nansana Municipal Council	810
Entebbe Municipal Council	350
Wakiso Town Council	3561
Total	5,102

Source: *Wakiso District, (2019)*

3.4 Sample Size, Sampling Technique and Procedure

The sample size was 346 determined using Krejcie and Morgan Table of 1970. After determining the number of respondents from each stratum, the individual respondent were selected using both purposive and simple random sampling techniques. Purposive sampling was applied to select the type of respondents according to the sectors where they belong. These included: Head of Finance, Head of Engineering and Construction, The Chief Administrative Officer, Director of Health services, Education Officer, Town Clerks and Sub County Administrative Secretaries.

Table 3. 2: Sample Population In Wakiso district

Wakiso district municipalities / trading centre	Population	Sampling method
Makindye Municipal Council	71	Purposive&Simple random
Nansana Municipal Council	92	Purposive&Simple random
Entebbe Municipal Council	74	Purposive&Simple random
Wakiso Town Council	120	Purposive&Simple random
Total	357	

3.5 Measurement of Variables

The questionnaire contained statements that aimed at examining the items under investigation. The respondents were requested to answer the question by choosing the best choice, anchoring their answers on a five-point Likert scale, such as 1= Strongly Disagree, and 5= Strongly Agree. A five-point Likert scale was used because it provides more accurate answers since it doesn't require participants to take a stand on a specific subject matter but rather allows them respond in an extent of agreement thus making answering questions easier for respondents.

3.6 Data Sources

Primary data were collected from respondents through self-administered questionnaires. Questionnaires are efficient and convenient in collection of qualitative data (Sekaran, 2003). Secondary data were collected using the recorded information mainly available from Wakiso district.

3.4 Data Collection Method

Data was collected using the questionnaire method and content analysis of documentation method.

3.4.2 Documentary Review

A review of primary documents was done. This particular method required reviewing information which had been collected by the District and therefore it provides raw information in the sense that there is no interpretation which has been given to the information and data that have been collected by different departments of the District. Document review method was also used for this study; for example: list of circulars, work plans, reports, budgets; payrolls; training materials; programmes, press releases among others.

3.6 Validity and Reliability of Instruments

3.6.1 Validity

In order to ensure the validity of the data collection instrument, the researcher after designing the instruments carried out a peer review and possible amendments were made.

3.6.2 Reliability

This was achieved through pre-testing 15% of the instruments, and after the exercise, questionnaires were pre-drafted.

3.7 Data Analysis

After collecting data, it was sorted and coded in SPSS for analysis. The analysis was done using percentages and Mean so as to indicate the aggregate opinions of respondents

3.10 Ethical Considerations

The researcher was expected to observe ethical principles when conducting the study (Shamoo & Resnik, 2009). Such principles included, being observant to the intellectual property and authorship, ensuring anonymity of the respondents, and recruitment of respondents on a voluntary basis. Other principles included confidentiality, and privacy. An introduction letter from the university was also acquired indicating the nature of the study.

Conclusion

The data collection was carried out successfully. Upon collection of data, it was analysed and measures were taken to ensure that research ethics are adhered to. For instance, data data was gathered from Local Government Administrators of Wakiso District using a cross-sectional research design which was deemed to be the most appropriate for this study. Local Government Administrators of Wakiso District were 37, 371. From the population, a sample size of 346 determined using Krejcie and Morgan Table of 1970. Thereafter, primary data was collected from respondents through self-administered questionnaires. The researcher observed all the ethical principles when conducting the study.

CHAPTER FOUR

PRESENTATION AND INTERPRETATION OF RESEARCH FINDINGS

This chapter presents results of the analysis including the background information and the results per the objectives of the study.

4.1 Response Rate

Findings presented in table 4.1 below indicates that from the 357 questionnaires distributed to the intended respondents in Wakiso district, only 268 were returned which is represented by a 75% response rate. The remaining 89 questionnaires represent a non-response rate of 25%. This therefore, implies that the study got an above average response rate.

Table 4.1: response Study rate

Response		
N = 357	Returned	268
	Missing	89
	Response rate	75%
	Non response	25%

Source: Primary Data

4.2 Background Information

This section provides the results relating to the background of the respondents in such terms as gender, age, education background, department and years of service in Wakiso district.

4.2.1 Gender of the Respondents

This section presents the results regarding the gender of the respondents. The summary of the same is as indicated in the table 4.2 below.

Table 4.2; Respondents Gender

Gender		Frequency	Percent
Valid	Male	147	54.9
	Female	121	45.1
	Total	268	100.0

Source: Primary Data

The results indicate that the respondents of either gender were fairly represented. Male respondents though had a higher percentage represented by 54.9% while their female counterparts were 45.1%. This indicates that the concept of gender parity in Ugandan workforce is being realised.

4.2.2 Age of the Respondents

This section presents the results regarding the age brackets of the respondents. The summary of the same is as indicated in the table 4.3 below.

Table 4.3; Age of the Respondents

Age range		Frequency	Percent
Valid	18-29 Years	96	35.8
	30-39 Years	81	30.2
	40-49 Years	40	14.9
	50-59 Years	51	19.0
	Total	268	100.0

Source: Primary Data

The results showed that majority of the respondents indicated that they were aged between 18-29 years representing 35.8%. The respondents who were aged between 30-39 Years were 30.2% while those that were aged between 50-59 Years formed 19.0% of the respondents. It was only 14.9% that indicated that they were 40-49 Years. This indicates that majority of auditors in Wakiso district are young people aged between 18-29 Years.

4.2.3 Education background

This section presents the results regarding the highest level of education of the respondents. The summary of the same is as indicated in the table 4.4 below.

Table 4.4 Education Background

Qualification		Frequency	Percent
Valid	Certificate	14	5.2
	Diploma	62	23.1
	Degree	150	56.0
	PGD	27	10.1
	Masters	15	5.6
	Total	268	100.0

Source: Primary Data

The result shows that, majority of respondents had a bachelor's degree as their highest level of education represented by 56.0% of the respondents. 23.1% had a diploma, 10.1% had a Postgraduate diploma, and 5.6% had a Masters level degree, while the remaining 5.2% had a Certificate. This implies that the majority of the respondents were educated and knowledgeable auditors capable of understanding and interpreting the questions on the questionnaire.

4.2.4 Category of the Respondents

This section presents the results regarding the category of respondents. The summary of the same is as indicated in the table 4.5 below.

Table 4.5; Category of the Respondents

Category/ Department		Frequency	Percent
Valid	Administration	26	9.7
	Finance	73	27.2
	Works	27	10.1
	Health	34	12.7
	Education	8	3.0
	CBS	32	11.9
	Production	28	10.4
	Natural Research	40	14.9
	Total	268	100.0

Source: Primary Data

The results show that, in this study, Finance department contributed the greatest portion of respondents and constituted 27.2%. Members of natural research were 14.9% while Health staff were 12.7%. CBS department staff were 11.9%, Production department staff were 10.4%, and Works staff were 10.1%, Administration were 9.7% and lastly Education staff 3.0%. This means that majority of the respondents from the finance department were available for this study were more willing to participate in the study since most of them had personal attachments to the issues being addressed by the study concerning internal controls.

4.2.5 Years of Service

This section presents the results regarding the years of service each respondent had served Wakiso district. The summary of the same is as indicated in the table 4.6 below

Table 4.6; Years of Service

Year range		Frequency	Percent
Valid	Less than 1 year	45	16.8
	1-2 Years	56	20.9
	3-4 Years	36	13.4
	4-6 Years	9	3.4
	7-10 Years	66	24.6
	Above 10 Years	56	20.9
	Total	268	100.0

Source: Primary Data

The results reveal that, in this study, a majority of the staff had served for a period of 7-10 Years, Staff who had served for 1-2 Years & Above 10 Years were both represented by 20.9%, 16.8% had served for less than 1 year, 13.4% had served for 3-4 Years and the remaining 3.4% had served for a period of 4-6 Years. This means that majority of respondents had served the institution long enough to be aware of dynamics related with the research process.

4.3 Descriptive Statistics

This section provides the descriptive statistics which gives the results per research objectives. They show the response in terms of means and standard deviations.

4.3.1 The Factors Affecting Post Auditing in Wakiso District

In this objective, the aim was to examine factors affecting post auditing in Wakiso District. This was expected to provide information on the impeding factors that prevent auditors from

effectively and efficiently perform the post audit function. For this and the subsequent objectives, the responses were assessed against the mean scores as per the five-point likert scale that was set such that, 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5=Strongly Agree. The results are as shown in table 4.7 below.

Table 4.7; Factors Affecting Post Auditing (Knowledge, Training and Experiences)

Knowledge, training and Experiences			
	N	Mean	Std. Deviation
Auditing team have appropriate level of education in auditing financial and operational system in organisation	268	3.81	1.102
Auditing team have appropriate computerized knowledge in auditing computerized financial system in organisation	268	3.78	.956
The team has sufficient time to review each activity on time, and cover the planned scope of auditing activities	268	3.56	1.112
The audit procedures and evidence collections are completed on time, since enough and skilled internal auditors are available or employed	268	3.44	1.227
Auditing team can effectively identify and follow up on findings of the audit report	268	4.19	.849
The number of issues identified by post auditors are implemented	268	3.45	1.116
Audit staff have the experience and expertise to identify and address corporate risk management problems within the organization	268	3.63	1.128
The existing role of post audit is working sufficiently enough to address the very purpose for which it is established	268	3.73	1.049
There is good cooperation between the post audit team and auditees	268	3.98	.719
Post audit staff undertake continuous professional development trainings or attend educational seminars	268	3.85	.993
Grand Mean		3.74	1.025

Source: Primary Data

The results indicate that, under factors categorised as “Knowledge, training and Experiences”, the auditors of Wakiso district receive some level of training. This is so since an agreement response was realized (mean=3.74, SD=.1.025). This means that the auditors of Wakiso district receive some aspects of “Knowledge, training and experiences”. For instance the highest mean response in regard to “Knowledge, training and experiences” was (mean = 4.19, SD=0.849) for “Auditing team can effectively identify and follow up on findings of the audit report”.

The above results have been consistently reflected in response to individual statements that sought to examine the factors affecting post auditing in Wakiso district. It can be seen that, for example, the respondents indicated that “there is good cooperation between the post audit team and audittees”. This implies that with good cooperation, the post audit team are able carry out the duties with relative ease.

With the said results, it can be interpreted that there is training and knowledge availed to the auditors, though it may not be adequate for them to efficiently carry out their duties. Therefore, this implies that for the post audit function to run smoothly in Wakiso district, there is need for adequate and regular training and knowledge provided to the audit team.

Table 4.8; Auditor incentives

Auditor incentives			
Statements	N	Mean	Std. Deviation
Audit staff get the necessary resources (facilities) that help them to perform post auditing activities as needed	268	2.58	1.047
Management supports auditors by providing training in order to improve their skills and updated with the field	268	3.37	.921
The Chief Administrative Officer or Town Clerks support Audit staff by budgeting funds for certification to have relevant education in auditing that allows them to audit the district	268	3.63	1.160

Grand Mean	3.193	1.043
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Source: Primary Data

Findings on Auditor incentives showed that respondents largely disagreeing with the statements. This is so since no clear agreement was realized (mean=3.19, SD=1.043). For the statement “Audit staff get the necessary resources (facilities) that help them to perform post auditing activities as needed” (mean=2.58, SD=1.047) This means that the auditors of Wakiso district do not receive enough resources necessary to efficiently do their work which in turn affects the post auditing function.

The results show neutral responses to whether auditors receive funds for relevant education and skills improvement. This therefore, implies that the lack of auditor incentives in Wakiso district is having a negative impact on the post-audit function because the post audit team are not well funded to cover their areas of jurisdiction within the district.

Table 4.9;Top Management Support

Top management support			
Statements	N	Mean	Std. Deviation
Top Management assigns sufficient resources to the audit team	268	2.67	1.293
Top Management support and encourage audit staff to attend different training in order to develop auditing skills	268	3.53	.672
Top Management supports audit team to implement their findings	268	3.77	.964
Top Management ignores audit team requisitions to use their budget adequately	268	2.68	1.419
Grand Mean		3.163	1.087

Source: Primary Data

The findings of the study on factors affecting post auditing also show that there is limited support given to the audit team to implement audit findings in the post audit function. This is reflected by; (mean=2.67, SD=1.293) for the statement “Top Management assigns sufficient resources to

the audit team” and (mean=2.68, SD=1.419) for “Top Management ignores audit team requisitions to use their budget adequately”. The average mean of (mean=3.163, SD=1.087) confirms that audit staff do not have sufficient support from top management to perform post audit functions

4.3.2 Components and Priorities of Internal Control at Wakiso district

This objective sought to identify the components and priorities of internal control at Wakiso. The components of internal control were further sub-divided into Control environment, Control Activities, and Monitoring. The results are as shown in table 4.10 below

Table 4.10; Showing Control Environment

Control environment			
Statements	N	Mean	Std. Deviation
There are formalized policies and procedures for all major operations of Wakiso district	268	4.17	.989
Policies and procedures for authorizations established at an adequately high level	268	4.48	1.092
Specific lines of authority and responsibility have been established to ensure compliance with the policies and procedures	268	4.72	1.045
Audit Committee adequately maintain a direct line of communication with Wakiso district's external and internal auditors	268	4.03	.988
Wakiso district's structure does adequately reflect chain of command	268	3.87	.792
Responsibilities are delegated and follow up action is made to get feedback on results of performance of all tasks delegated	268	4.31	.873
There is honest and fair dealings with all stakeholders for the benefit of Wakiso district	268	3.43	1.295
Management is committed to the operation of the system	268	3.66	1.056
Management provides feedback to the officers about the operation of the system	268	3.50	1.264
Grand Mean		4.29	1.044

Source: Primary Data

According to the findings, in table 4.10 above, the respondents agreed that audit committee adequately maintain a direct line of communication with Wakiso district's external and internal

auditors, organizational structures adequately reflect a chain of command in the company, there are formalized policies and procedures for all major operations of the entity and policies and procedures for authorizations are established at an adequately high level as shown by a mean of 4.17, 4.48, 4.0 and 4.31 respectively.

In addition, the respondents agreed that management is committed to the operation of the system and it provides feedback to the officers about the operation of the system as shown by a mean of 3.87 and 3.66 respectively. Moreover, the respondents agreed that specific lines of authority and responsibility have been established to ensure compliance with the policies and procedures, there is honest and fair dealings with all stakeholders for the benefit of the organization and responsibilities are delegated and follow up action is made to get feedback on results of performance of all tasks delegated as shown by a mean of 3.43, 3.50 and 3.58 respectively.

Table 4.11; Showing Control Activities

Control Activities			
Statements	N	Mean	Std. Deviation
There is segregation of responsibilities on collections, general accounting and general ledger posting of revenue	268	3.630	1.173
Individual independence of receivables record and promptly investigates disputes with billing amounts that are reported by customers	268	3.79	.903
Accounting records are limited to employees with designated responsibility for such records	268	3.84	1.145
Changes to the prescribed billing amount require the approval of an authorized individual	268	4.00	.778
Procedures exist to prevent the interception or alteration by un-authorized persons of billings or statements before posting	268	3.74	.751
Reconciliation is done monthly to reconcile separate records and properly resolve any differences	268	3.80	1.246
Grand Mean		3.942	0.999

Source: Primary Data

The study sought to find out the respondents' agreement level with control activities. According to the findings, the respondents agreed that changes to the prescribed billing amount require the approval of an authorized individual and reconciliation is done monthly to reconcile separate records and properly resolve any difference as shown by a mean of 3.94. In addition, the respondents agreed that procedures exist to prevent the interception or alteration by unauthorized persons of billings or statements before posting, there is segregation of responsibilities on Collections, general accounting and general ledger posting of revenue and accounting records are Limited to employees with designated responsibility for such records as shown by a mean of 3.84, 3.74 and 3.84 respectively. Moreover, the respondents agreed that individual independent of receivables record keeping promptly investigate disputes with billing amounts reported by Customers as shown by a mean of 3.80.

Table 4.12; Showing Monitoring

Monitoring			
Statements	N	Mean	Std. Deviation
There are independent process checks and evaluations of controls activities on ongoing basis.	268	3.8201	.99815
Internal reviews of implementation of internal controls in units are conducted periodically	268	3.9358	1.18476
Monitoring has helped in assessing the quality of performance of Wakiso district over time	268	4.2463	.87783
Management has assigned responsibilities for the timely review of audit reports and resolution of any non-compliance items noted in those audit reports	268	4.1604	.97170
Grand Mean		4.091	1.008

Source: Primary Data

Table 4.12 illustrates respondents' agreement level with monitoring. From the findings, the respondents agreed that management has assigned responsibilities for the timely review of audit reports and resolution of any non-compliance items noted in the audit reports and monitoring has helped in assessing the quality of performance of the organization over time as shown by a mean of 3.93 and 4.21 respectively. In addition, the respondents agreed that there are independent process checks and evaluations of controls activities on ongoing basis and internal reviews of implementation of internal controls in units are conducted periodically as shown by a mean of 3.82 and 3.93 respectively.

Management has identified individuals who are responsible for coordinating the various activities within the entity. The reporting system on the organizational structures spells out all the responsibilities of each section/unit in the organization. Information must be communicated throughout the entire organization in order to permit personnel to carry out their responsibilities with regard to objective achievement (Amudo & Inanga, 2009). All employees understand the concept and importance of internal controls, including the division of responsibility.

Monitoring has helped in assessing the quality of performance of the organization over time. Doyle et al. (2007) and Millichamp (2002) add that internal control is a whole system of controls established by the management for the business entity to check the conduct of the business in terms of internal check, internal audit and other forms of control.

4.3.4 Relationship between Post-Audit and Internal Control Implementation at Wakiso District

Table 4.13; Correlation of Post-Audit and Internal Control

Correlations		
	Post audit	Internal controls

Post audit	Pearson Correlation	1	1**
	Sig. (2-tailed)		.682
	N	268	268
Internal Controls	Pearson Correlation	1**	1
	Sig. (2-tailed)	.682	
	N	268	268

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

The results showed that there is a positive significant relationship between post audit and internal controls implementation ($r = 0.682$, $p \leq 0.01$). Implying that the post audit activity has a direct implication on internal controls implementation. Therefore, when the post audit activity is not well funded, the internal control recommendations end up not being implemented.

Conclusion

From the 357 questionnaires distributed to the intended respondents in Wakiso district, only 268 were returned which is represented by a 75% response rate. The remaining 89 questionnaires represent a non-response rate of 25%. The results indicated that the respondents of either gender were fairly represented. Male respondents though had a higher percentage represented by 54.9% while their female counterparts were 45.1%. Furthermore, the results revealed that, a majority of the staff had served for a period of 7-10 Years. Therefore, this implies that for the post audit function to run smoothly in Wakiso district, there is need for adequate and regular training and knowledge to be provided to the audit team. The results showed that there is a positive significant relationship between post audit and internal controls implementation ($r = 0.682$, $p \leq 0.01$).

CHAPTER FIVE

DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS

5.0 Introduction

This chapter provides a discussion on the findings comparing it with other previous scholarly works. It also has recommendations, conclusions, limitations, and the future research opportunities.

5.1 Discussion

5.1.1 The Factors Affecting Post Auditing in Wakiso District

The results indicate that the auditors of Wakiso district receive some level of training and that there is good cooperation between the post audit team and auditees'. This implies that with good cooperation, the post audit team are able carry out the duties with relative ease. However, findings also showed that there is lack of auditor incentives implying the audit team are not well funded to cover their areas of jurisdiction within the district. This also implies that due to limited funding, internal controls are not fully implemented because the Post-auditing function is not being performed.

5.1.2 Components and Priorities of Internal Control at Wakiso district

The results show that systems of internal control were functioning as per the intended plan thus enhancing efficiency and accurate data capturing. Internal controls are essential to corporate success and survival because they provide reasonable assurance on the achievement of objective

in a number of categories including: effectiveness and efficiency of operations; reliability in financial reporting; and compliance with applicable laws and regulations (Chambers, 2009). Numerous audits are conducted in line with technological changes to ensure the systems' sustainability. This enhances easy detection of few errors that have occurred. Frequent audits have helped in evaluating and improving the effectiveness of the systems. Checks and balances of the organizational form a basis for the authority functions to minimize the potential losses due to fraud, abuse and mismanagement (Sarens & De Beelde, 2006).

Wakiso district has formalized policies and procedures for all activities which allows for good and efficient communication, control and monitoring of activities. According to Aldridge and Colbert (1994), internal control requires that all pertinent information be identified, captured, and communicated in a form and time frame that enable people to carry out their financial reporting responsibilities. Audit committee adequately maintains a direct line of communication with the entity's external and internal auditors. In organizations, management must determine the level of risk carefully to be accepted, and try to maintain such risk within determined levels (Karagiorgos et al., 2009).

Management identifies risks that affect achievement of the objectives of the organization and has put in place mechanisms for mitigation of crucial risks that may result from fraud. By monitoring, the organization gets provided with assurance that the findings of audits and other reviews are promptly determined (Theofanis et al, 2011; Rezaee et al., 2001). Amudo & Inanga (2009) add that monitoring of operations ensures effective functioning of internal controls system. It's through monitoring that an organization determines whether or not its policies and procedures designed and implemented by management are being carried out effectively by employees.

5.1.3 Relationship between Post-Audit and Internal Control at Wakiso district

The results showed that there is a positive significant relationship between post audit and internal controls implementation, implying that the post audit activity has a direct implication on internal controls implementation. Therefore, when the post audit activity is not well funded, the internal control recommendations end up not being implemented.

5.2 Conclusion

This study was conducted to find out the relationship between post-audit practices and internal controls implementation in Wakiso district. This was approached by examining factors affecting post auditing, identifying components and priorities of internal control, examining the relationship between post-audit function and internal controls implementation.

The results suggested that the systems of internal control were functioning as per the intended plan thus enhancing efficiency and accurate data capturing. Numerous audits are conducted in line with technological changes to ensure the systems' sustainability. The system helps in ensuring that correct and accurate information is maintained thus minimizing opportunities for fraud.

The study revealed that audit committee adequately maintains a direct line of communication with the entity's external and internal auditors. There were formalized policies and procedures for all major operations of the entity and policies. The Management is committed to the operation of the system and provides feedback to the officers about the operation of the system

The study concluded that there were honest and fair dealings with all stakeholders for the benefit of the organization. Management has defined appropriate objectives for the entire organization and has criteria for ascertainment of which fraud - related risks to the organization are most

critical. Management has identified individuals who are responsible for coordinating the various activities within the entity. The reporting system on the organizational structures spells out all the responsibilities of each section/unit in the organization.

The study revealed that changes to the prescribed billing amount require the approval of an authorized individual. Reconciliation is done monthly to reconcile separate records and properly resolve any difference. Procedures exist to prevent the interception or alteration by unauthorized persons of billings or statements before posting. There are independent process checks and evaluations of controls activities on ongoing basis. Internal reviews of implementation of internal controls in units are conducted periodically.

However, the findings also found out that the auditors were not well funded to carry out the post audit function which resulted into failure to implement internal controls. It is clear that the post-auditing and internal controls implementation depend on the level of investment the organisation makes to the auditing team. This implies a well-funded and staffed audit team leads to effective internal controls being implemented.

5.3 Recommendations

- Government should improve remuneration and conditions of service for the Post audit team and officers in the accounting section.
- Hiring skilled and experienced staff to ensure that public funds and state property are properly accounted for.
- The Post auditing activity should be carried out immediately after internal audit to ensure compliance and follow-up
- Adequate staffing is essential for a system to its full capability. Weakness in staffing can lead to mismanagement, error and abuse, which can negate internal control

implementation (MoFED, 2004). As Stewart & Subramaniam (2010) review under organizational status the IAF should be given the appropriate status in the organization to enable the function to exercise organizational independence and individual internal auditors to act objectively since internal auditors found in a unique position as employees of an organization with responsibility to assess and monitor decisions made by management and also to the management.

- Management should determine the level of risk carefully to be accepted, and try to maintain such risk within determined levels. Management should design internal controls to ensure efficiency and effectiveness, reliability of financial reporting as well as compliance with laws and regulations. This can be achieved by periodic performance review and evaluation of the adequacy and effectiveness of the controls designed by the internal auditor department.
- Management needs to ensure that the training it provides is relevant, cost-effective and useful in reaching the organisation's objectives
- The study recommends Wakiso district to cultivate integrity and ethical values among its employees and management. Effective board of directors, management, and audit division should be established in organizations. Qualified and effective internal auditor should be hired in organizations. Internal and external auditor should be encouraged to interact well. A culture should be developed in organizations for good attitude and policies of
- Policies, procedures, and mechanisms should be put in place to ensure directives of the management are properly carried out. Internal controls need to be adequately monitored in order to assess the quality and the effectiveness of the systems performance over time.

Activities like monitoring of customer complaints and feedback and audits conducted periodically by internal auditors should be regularly supervised and managed. Internal auditors should investigate and appraise internal control structure and the efficiency with which the various functions perform their assigned duties.

5.4 Limitations

- The study only employed a cross sectional research design. As such the results are less comprehensive as compared to a longitudinal design which would have incorporated results that are obtained from a different data collected many times.
- The study also adopted only a quantitative approach that employed close-ended questionnaires. This means that data collection was less detailed and had preset choices of answers for the respondents. This also means that the results are less comprehensive since it failed to give the respondents an opportunity to provide other views that they may have had as would have been the case had a mixed approach been adopted.
- The research was conducted using a single institution of Wakiso district. This provided a limited assessment of internal control in organizations. The results of the study cannot be generalized to effect of post audit on internal controls in Local Governments of Uganda.

5.5 Future RresearchOpportunities

- There is an opportunity of conducting a similar study by employing a mixed approach, both quantitative and qualitative. This is likely to provide more comprehensive results since it would incorporate the respondents' experience stories that would be captured through qualitative means.

- There is also a need to conduct a similar study in other institutions in Uganda. This can be important for comparison purposes.

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APPENDICES

Appendix I: Questionnaire

QUESTIONNAIRE

Dear Respondent,

I am a student of Uganda Christian University, pursuing a Master of Business Administration and currently carrying out research on the topic “**POST AUDIT PRACTICES AND INTERNAL CONTROL IMPLEMENTATION IN LOCAL GOVERNMENT IN UGANDA**” You have been identified as a key and valuable respondent in carrying out this research. It is purely an academic research being undertaken. Your responses will be treated with utmost confidentiality and will purely be used for the purpose of this study. It is a humble request that you spare approximately 30 minutes of your valuable time and answer the following questions.

I appreciate your cooperation

SECTION 1: BACKGROUND INFORMATION

Tick where applicable

Sex: Male ☐ Female ☐

Age

18-29	30-39	40-49	50-59	60 and above
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Education Background

Certificate	Ordinary diploma	Bachelor’s degree	Postgraduate dip.	Master’s degree	PhD
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Respondent Category

Administration	Finance	Engineering and Construction	Health	Education

Years of service

Less than 1 year	1-2 years	3-4 years	4-6 years	7-10 years	Above 10 years

SECTION 2: Factors affecting Post Auditing

Please indicate the extent of your agreement or disagreement with each statement about the factors affecting post auditing by circling a number from 1 to 5.

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

Factors affecting Post auditing										
	Measures/Attributes	Questions	Response							
1	Knowledge, training and Experience	Auditing team have appropriate level of education in auditing financial and operational system in organisation	1	2	3	4	5			
		Auditing team have appropriate computerized knowledge in auditing computerized financial system in organisation.	1	2	3	4	5			
		The team has sufficient time to review each activity on time, and cover the planned scope of auditing activities	1	2	3	4	5			
		The audit procedures and evidence collections are completed on time, since enough and skilled internal auditors are available or employed	1	2	3	4	5			
		Auditing team can effectively identify and follow up on findings of the audit report	1	2	3	4	5			
		The number of issues identified by post auditors are implemented	1	2	3	4	5			
		Audit staff have the experience and expertise to identify and address corporate risk management problems within the organization	1	2	3	4	5			
		The existing role of post audit is working sufficiently enough to address the very purpose for which it is established	1	2	3	4	5			
		There is good cooperation between the post audit team and auditees	1	2	3	4	5			
		Post audit staff undertake continuous professional development trainings or attend educational seminars	1	2	3	4	5			
2	Auditor incentives	Audit staff get the necessary resources (facilities) that help them to perform post auditing activities as needed.	1	2	3	4	5			
		Management supports auditors by providing training in order to improve their skills and updated with the field	1	2	3	4	5			
		The Chief Administrative Officer or Town Clerks support Audit staff by budgeting funds for certification to have relevant education in auditing that allows them to audit the district	1	2	3	4	5			
3	Top management support	Top Management assigns sufficient resources to the audit team	1	2	3	4	5			
		Top Management support and encourage audit staff to attend different training in order to develop auditing skills	1	2	3	4	5			
		Top Management supports audit team to implement their findings	1	2	3	4	5			
		Top Management ignores audit team requisitions to use their budget adequately	1	2	3	4	5			

SECTION 3: Components and Priorities of Internal Controls

Please indicate the extent of your agreement or disagreement with each statement about the Components and priorities of Internal controls by circling a number from 1 to 5.

1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
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Internal Controls									
	Measures/Attributes	Questions	Response						
1	Control environment	There are formalized policies and procedures for all major operations of Wakiso district	1	2	3	4	5		
		Policies and procedures for authorizations established at an adequately high level	1	2	3	4	5		
		Specific lines of authority and responsibility have been established to ensure compliance with the policies and procedures	1	2	3	4	5		
		Audit Committee adequately maintain a direct line of communication with Wakiso district's external and internal auditors	1	2	3	4	5		
		Wakiso district's structure does adequately reflect chain of command	1	2	3	4	5		
		Responsibilities are delegated and follow up action is made to get feedback on results of performance of all tasks delegated	1	2	3	4	5		
		There is honest and fair dealings with all stakeholders for the benefit of Wakiso district	1	2	3	4	5		
		Management is committed to the operation of the system	1	2	3	4	5		
		Management provides feedback to the officers about the operation of the system.	1	2	3	4	5		
2	Control Activities	There is segregation of responsibilities on collections, general accounting and general ledger posting of revenue.	1	2	3	4	5		
		Individual independence of receivables record and promptly investigates disputes with billing amounts that are reported by customers.	1	2	3	4	5		
		Accounting records are limited to employees with designated responsibility for such records	1	2	3	4	5		
		Changes to the prescribed billing amount require the approval of an authorized individual	1	2	3	4	5		
		Procedures exist to prevent the interception or alteration by un-authorized persons of billings or statements before posting	1	2	3	4	5		
		Reconciliation is done monthly to reconcile separate records and properly resolve any differences	1	2	3	4	5		

3	Monitoring	There are independent process checks and evaluations of controls activities on ongoing basis.	1	2	3	4	5
		Internal reviews of implementation of internal controls in units are conducted periodically.	1	2	3	4	5
		Monitoring has helped in assessing the quality of performance of Wakiso district over time	1	2	3	4	5
		Management has assigned responsibilities for the timely review of audit reports and resolution of any non-compliance items noted in those audit reports	1	2	3	4	5

SECTION 4: Strategies to Improve Post auditing

Please indicate the extent of your agreement or disagreement with each statement about the Strategies to improve Post auditing by circling a number from 1 to 5.

1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
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Strategies to improve Post auditing		Response				
1	Hiring skilled and experienced staff to ensure that public funds and state property are properly accounted for	1	2	3	4	5
2	Need to ensure staff have the proper education and experience to carry out their assigned jobs	1	2	3	4	5
3	There is a need for auditors to have their own system of staffing and remuneration to ensure adequate facilitation	1	2	3	4	5
4	Reviewing the legislation that governs the management and control of public funds	1	2	3	4	5
5	Management needs to ensure that the training it provides is relevant, cost-effective and useful in reaching the organisation's objectives	1	2	3	4	5
6	The Post auditing activity should be carried out immediately after internal audit to ensure compliance and follow-up	1	2	3	4	5
7	Doing a critical evaluation of existing internal control structures to determine their capacity to ensure that the organization's activities are carried out in accordance with established goals	1	2	3	4	5

THANK YOU FOR YOUR TIME

Appendix II: Project Time Frame

NO	ACTIVITY	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	June 2019	July 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019
1	Selection of topic												
2	Research proposal development												
3	Preparation of tools												
4	Data collection												
5	Analysis of data.												
6	Draft preparation												
7	Report submission and defense												
8	Final preparation												

Appendix III: Budget (Uganda Shillings)

ITEM	QUANTITY	UNIT COST	TOTAL COST
Laptop hire	1	300,000	300,000
Facilitation for respondents	5	60,000	300,000
Research Assistants	20	40,000	800,000
Stationery	1500	200	300,000
Communication	-	50,000	50,000
	TOTAL		1,350,000
Miscellaneous	-	200,000	200,000
	GRAND TOTAL		3,300,000

Appendix IV: University Letter (See Attached)