INTERNAL AUDIT PRACTICES ON FINANCIAL ACCOUNTABILITY IN UGANDA'S LOCAL GOVERNMENTS: A CASE OF MUKONO DISTRICT LOCAL GOVERNMENT

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UGANDA CHRISTIAN UNIVERSITY
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DECLARATION

I, **SIMON SSEBAKIJJE,** hereby declare that this dissertation titled **"*INTERNAL AUDIT PRACTICES ON FINANCIAL ACCOUNTABILITY IN UGANDA'S LOCAL GOVERNMENTS. A CASE OF MUKONO DISTRICT LOCAL GOVERNMENT*"** is my own original work and has never been presented in fulfilment of the requirements for any academic award at any other academic Institution. All sources of information used in this report have been well cited and corresponding authors acknowledged. I therefore submit it to Uganda Christian University in partial fulfillment for the award of a master's degree in business administration.

Signature……………………….

Date: 17/05/2026

APPROVAL

I certify that this dissertation by **Simon Ssebakijje**, titled: **"*"INTERNAL AUDIT PRACTICES ON FINANCIAL ACCOUNTABILITY IN UGANDA'S LOCAL GOVERNMENTS. A CASE OF MUKONO DISTRICT LOCAL GOVERNMENT"*,** has been written under my supervision and is ready for examination.

Signature: ....

Date:...17/5/2020.........

MR KISENYI VINCENT

SUPERVISOR

DEDICATION

I dedicate this dissertation to my dad Mr. Mulindwa Henry, my sisters Claire Kayaga and Ann Ritah and Francis Ddamulira my little brother.

ACKNOWLEDGEMENT

The greatest gratitude I owe to Lord God is that he has helped me reach this height in academics.

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LIST OF ABBREAVIATIONS AND ACRONYMS

AG	Auditor General
CG	Central Government
IA	Internal Audit
IIA	Institute of Internal Auditors
INTOSAI	International Organization of Supreme Audit Institutions
IPPF	International Professional Practices Framework
ISSAI	International Standards of Supreme Audit Institutions
LG	Local Government
LGA	Local Governments Act
MDLG	Mukono District Local Government
OAG	Office of the Auditor General
PFMA	Public Finance Management Act
SPSS	Statistical Package for Social Sciences
UGX	Uganda Shillings
USA	United States of America

ABSTRACT

The study examined the effect of internal audit practices on financial accountability in Mukono District Local Government. The study was guided by three objectives: to examine the effect of audit quality on financial accountability, to determine the effect of compliance with audit standards on financial accountability, and to assess the effect of follow-up mechanisms on financial accountability in Mukono District Local Government. The study was guided by Agency Theory developed by Jensen and Meckling (1976), which explains the role of monitoring and control mechanisms in enhancing accountability and reducing misuse of organizational resources. A cross-sectional research design employing both quantitative and qualitative approaches was adopted. Data was collected from 70 respondents using questionnaires and interview guides. Quantitative data was analyzed using descriptive statistics, Pearson correlation analysis, and multiple regression analysis with the aid of SPSS, while qualitative data was analyzed using thematic analysis. The findings revealed that audit quality positively influenced financial accountability, although its effect was not statistically significant at the 0.05 level ($\beta = 0.137$, $p = 0.052$). The study further established that compliance with audit standards had a positive and statistically significant effect on financial accountability ($\beta = 0.255$, $p = 0.001 < 0.05$). In addition, follow-up mechanisms had the strongest positive and statistically significant effect on financial accountability ($\beta = 0.597$, $p = 0.000 < 0.05$). Correlation analysis also revealed strong positive relationships between all dimensions of internal audit practices and financial accountability. The regression model indicated that internal audit practices jointly explained 96.3% of the variation in financial accountability (Adjusted $R^2 = 0.962$). The study concluded that effective internal audit practices significantly enhance financial accountability in local governments, with follow-up mechanisms emerging as the most influential factor. The study recommends strengthening internal audit independence, enforcing compliance with audit standards, enhancing management support towards implementation of audit recommendations, and improving monitoring systems to promote accountability and transparency in the management of public resources within local governments.

CHAPTER ONE

INTRODUCTION

1.0. Introduction

This chapter, presents a detailed overview of the introduction, the background of the study, problem statement, purpose, objectives, research questions, scope, importance, conceptual framework, the explanation of the conceptual framework and the relationship of variables in the conceptual framework and variables in the conceptual framework are all covered.

1.1 Background of the study

Financial accountability remains a fundamental pillar in public sector governance because it promotes transparency, efficient utilization of public resources, and public trust in government institutions. Globally, governments have increasingly focused on strengthening financial accountability systems to ensure that public funds are managed in accordance with established laws, policies, and financial regulations. Financial accountability refers to the obligation of public officials and institutions to properly account for the receipt, allocation, utilization, and reporting of public resources in a transparent and responsible manner (Organisation for Economic Co-operation and Development [OECD], 2021). In both developed and developing economies, weak financial accountability has been associated with corruption, misuse of public funds, poor service delivery, and reduced citizen confidence in government institutions (World Bank, 2022). As a result, many countries have strengthened internal control and internal audit systems to improve accountability in the management of public finances.

Globally, internal audit practices have become an essential mechanism for improving financial accountability in public institutions. Internal audit practices involve systematic processes of evaluating financial operations, assessing compliance with regulations, reviewing risk management systems, and monitoring adherence to established audit standards and procedures (Institute of Internal Auditors [IIA], 2021). Effective internal audit practices are commonly reflected through high audit quality, compliance with audit standards, and effective follow-up mechanisms on audit recommendations. Studies from Europe and North America indicate that strong internal audit systems contribute significantly to improved financial reporting, transparency, and prudent financial management within public institutions (Eulerich et al., 2022). Similarly, the International Federation of Accountants (IFAC, 2021) emphasizes that internal auditing enhances accountability by strengthening governance structures and ensuring timely detection and correction of financial irregularities.

In Africa, financial accountability continues to be a major challenge within public sector institutions, particularly in decentralized local government systems. Several African countries have implemented public financial management reforms aimed at improving accountability and transparency through internal audit mechanisms. However, many local governments still experience cases of unaccounted funds, unsupported expenditures, delayed financial reporting, and weak compliance with financial regulations (African Development Bank, 2021). In countries such as Kenya, Nigeria, and Ghana, studies have shown that weak audit quality, inadequate adherence to audit standards, and poor implementation of audit recommendations continue to undermine financial accountability in local governments (Aikins & Ofori, 2022). Furthermore, inadequate independence of internal auditors, limited technical capacity, and weak follow-up systems have negatively affected the effectiveness of internal audit units across many African public institutions (Transparency International, 2023).

In Uganda, financial accountability is a key requirement under the decentralization framework established through the Local Governments Act Cap 243 and the Public Finance Management Act, 2015. Through decentralization, the central government delegates administrative, financial, and planning responsibilities to local governments to improve service delivery and enhance accountability to citizens. Local governments are entrusted with substantial public resources to support sectors such as education, health, agriculture, and infrastructure development. Despite these efforts, financial accountability challenges remain widespread in Ugandan local governments. Reports from the Office of the Auditor General (OAG) and the Inspectorate of Government (IGG) consistently reveal cases of financial mismanagement, unsupported expenditures, delayed accountability, diversion of funds, and non-compliance with financial management guidelines in several districts (Office of the Auditor General [OAG], 2023; Inspectorate of Government [IGG], 2022).

To strengthen accountability, the Government of Uganda established internal audit units in all local governments to assess the effectiveness of internal controls, monitor compliance with financial regulations, evaluate risk management practices, and provide recommendations for improving governance and financial management. These internal audit units are expected to promote financial accountability through ensuring quality audit planning and execution, compliance with audit standards, and proper follow-up of audit recommendations. However, despite the existence of these audit structures, financial accountability challenges continue to persist in many local governments. Research by Nalukenge and Bananuka (2021) revealed that poor implementation of audit recommendations and weak follow-up mechanisms significantly undermine accountability in Ugandan public institutions. Similarly, studies have indicated that ineffective audit quality and non-compliance with professional audit standards reduce the ability of internal audit units to detect and prevent financial irregularities (Kakumba & Fourie, 2022).

Evidence from the Auditor General's reports further demonstrates persistent accountability gaps within local governments and public institutions in Uganda. For example, the Auditor General's report for the financial year 2022/2023 highlighted several cases of unsupported expenditures, unaccounted funds, and delayed financial reporting in district local governments across the country (OAG, 2023). Such irregularities raise concerns regarding the effectiveness of internal audit practices in ensuring financial accountability. It is therefore important to examine how audit quality, compliance with audit standards, and follow-up mechanisms of audit recommendations influence financial accountability in local governments. This study therefore seeks to examine the effect of internal audit practices on financial accountability in Mukono District Local Government.

1.2. Statement of the Problem

Despite the establishment of internal audit mechanisms in Uganda's public sector, financial accountability remains a significant problem, particularly in local governments. The Office of the Auditor General reports continuously point to structural deficiencies, such as missing accountability of funds, lack of support of spending, and slow response to audit requests. As an example, the report of the Auditor General shows that billions of Uganda shillings have not been accounted every year, and some districts cannot provide adequate documents to substantiate spending (OAG, 2022). Likewise, reports by the Inspectorate of Government show rising cases of financial mismanagement and failure to adhere to the set financial regulations in the local governments (IGG, 2021).

The effectiveness of internal auditing processes in promoting accountability and transparency is called into question by these persistent malpractices. Although internal audit departments are required to assess financial controls, compliance, and suggest corrective response, a high percentage of local governments still have a poor implementation of audit recommendations and follow-up procedures. The research including World Bank (2020) further claims that inadequate institutional capacity and internal auditor independence undermine the efficacy of internal auditors in poorer nations, including Uganda.

Thus, the fact that instances of financial accountability gaps occur even when internal audit structures exist is a critical issue. The purpose of this study is to determine the extent to which internal audit procedures affect financial accountability in Ugandan local governments, as well as how these gaps might be found and remedies suggested.

1.4. Purpose of the study

To examine the effect of internal audit practices on financial accountability in the Mukono district local government.

1.5 Specific Objectives

1) To examine the effect of audit quality on financial accountability in the Mukono district local government.
2) To examine the effect of compliance with audit standards on financial

accountability in the Mukono district local government.

3) To examine the effect of follow-up mechanisms of audit recommendations on financial accountability in the Mukono district local government.

1.6. Research Questions

1) What is the effect of audit quality on financial accountability in the Mukono district local government?

2) To what extent does compliance with audit standards affect financial accountability in the local government?

3) How do follow-up mechanisms affect financial accountability in the Mukono district local government?

1.7 Hypothesis

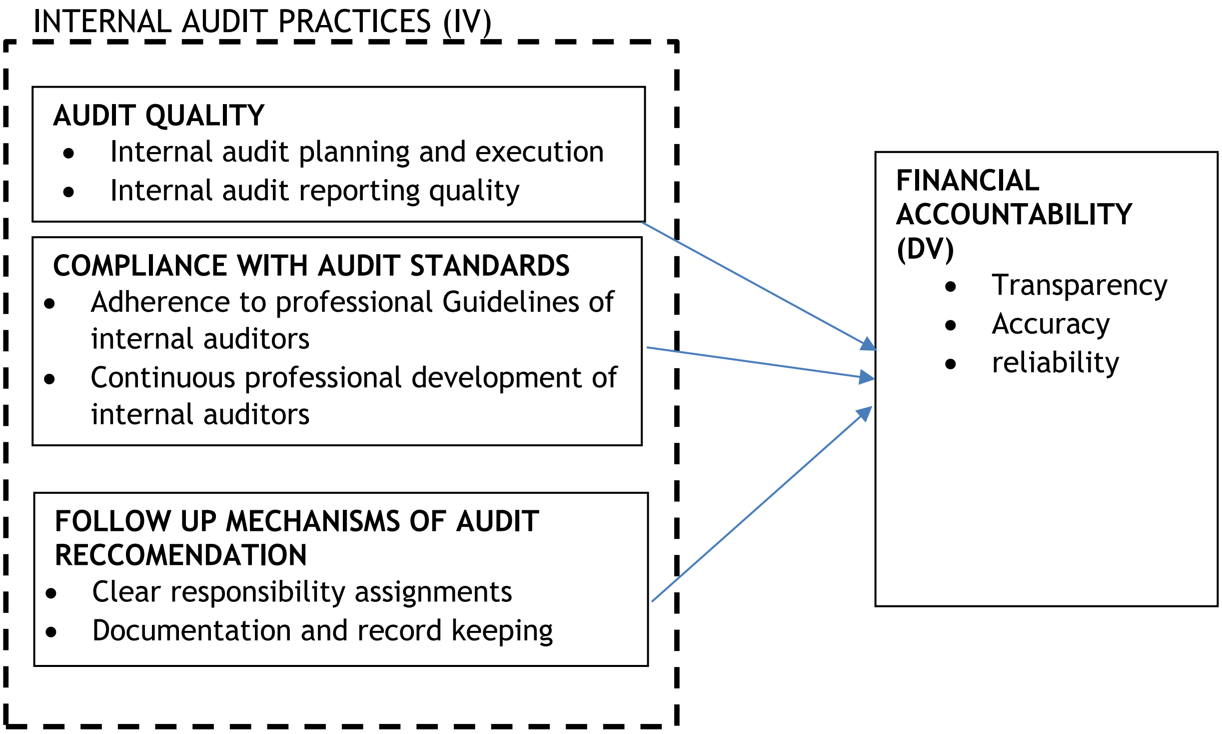
H_{01}: Audit quality has a significant positive effect on financial accountability in Mukono District Local government.

H_{02}: Compliance with audit standards has a significant positive effect on financial accountability in Mukono District Local government.

H_{03}: Follow-up mechanisms have a significant positive effect financial accountability on Mukono District Local government.

1.8. Conceptual Framework

INDEPENDENT VARIABLE:



Source: Institute of internal auditors. (2017). International Guidelines for Internal

Figure 1.1: Conceptual framework

Auditing Professionals. IIA Worldwide. The study adopted a conceptual framework that defines financial accountability as the internal variable and the dependent variable audit practices as the independent variable. The framework is founded on the premise that effective internal auditing practices enhance the accuracy, reliability, and transparency of financial management of the local governments. Internal audit practices are the independent variable which is operationalized using three constructs: Audit Quality whose dimension is concerned with how well the internal audits are planned, conducted in a systematic manner, and presented in a clear manner. High audit quality implies that the audit is planned and carried out in a comprehensive manner and that the reporting is of high quality, which allows making sound decisions and makes sure that all the financial processes are within the expected standards (Knechel, Krishnan, Pevzner, Shefchik, & & Velury, 2019). Adherence to Audit Standards which refers to the internal audit unit's adherence to recognized professional standards, such as the International Standards of Supreme Audit Institutions (ISSAIs) and the International Standards of professional practice of internal auditing. (IIA Standards). Audit conclusions receive greater legitimacy and reliability when the auditors continue to be competent and up to date with evolving standards by indulging in continuous professional development. Follow-up Mechanisms of audit recommendations is made to see that the audit recommendations are realized and the corrective measures are taken as soon as possible. This includes open distribution of duties and extensive recording, which assist in monitoring changes and eliminating regressions (INTOSAI., 2020). The dependent variable is financial accountability, which is expressed in three constructs namely:

a) Transparency which is defined as openness during financial reporting as well as decision-making;
b) Accuracy is the correctness of the financial information;
c) Reliability is the trustworthiness of the reported data in making decisions and trust by the populace (Ocansey., 2017).

The framework presupposes that the effective internal audit practices that are typified by good audit quality, audit standards and good follow-up that followed are going to positively impact financial Public sector accountability. This interaction is based on an agency theory that emphasizes the role of monitoring mechanisms in balancing interests of the administrators (agents) and the public (principals).

1.9. Scope of the Study

1.9.1 Context Scope

The study focused on examining the extent to which audit quality and compliance with audit standards affects financial accountability. It further examined how follow-up mechanisms on audit recommendations affect the financial accountability of Mukono district local government. Lastly, the study discussed methods that can be adopted to enhance financial accountability in the local governments.

1.9.2 Geographical Scope

The study's geographic scope was confined within Mukono district local government, as one of the key sectors where financial accountability issues have been frequently highlighted in OAG reports. The study also primarily focused on internal auditors, finance officers, town treasurers, subcounty accounts officers and senior administrators in Mukono district local government in order to comprehend thoroughly the challenges and efficiency of the operations of internal auditing and financial management.

1.9.3. Time Scope

The study covered a period between 2020-2025 and the aspects covered the audit reports, the financial accountability trend and the dynamic nature of regulatory framework in the public sector of Uganda. In this period, it was possible to look into the long-term trends in audit effectiveness on accountability and gain insights on whether the internal audit recommendations had resulted in quantifiable improvements in financial management practices.

1.10. Significance of the Study

This study is relevant to researchers in the academic field, since it provides a literature gap in terms of explaining the value of the internal audit practices in advancing financial responsibility in the Uganda local governments. As much as there is literature on external audits and financial mismanagement, little literature has been done on Internal audits' function to curb financial irregularities within the public sector. This research was also aimed at advancing the areas of study in public financial management and governance by providing some empirical data concerning the efficiency of internal audit work.

This study was intended to provide practical information to the public sector auditors and financial managers on the issues associated with internal auditing, particularly in the enforcement of financial accountability. The problem of implementing audit recommendations in Uganda is experienced in many government institutions and this research was to bring out factors that impact efficiency of audits. The results were to give practical suggestions on how internal audit works could be enhanced so that the auditors could be more active in curbing financial mismanagement.

To the Ugandan government agencies and policymakers, this study was intended to demonstrate whether the practices of internal auditors affect their ability to hold organizations accountable. Poor internal auditing systems often result in poor financial oversight that foster corruption and improper handling of finances. The conclusions of the study can be used to inform policy amendments aimed at enhancing the financial governance and clarity in the Uganda’s local governments through increasing the impartiality of auditors and adopting audit recommendations.

To the agencies of anti-corruption and donor organizations, the critical aspect of this study was whether internal audit reform can help in enhancing the wider scope of activities of financial accountability of the public sector. Most partners in development like the World Bank and IMF insist on sound financial management in the public institutions to make sure that development aid is well spent. This research was to facilitate governance reforms that meet the international financial accountability standards by giving recommendations on how the internal audit can be enhanced by enhancing internal audit's efficacy.

Lastly, the research is applicable to the citizens and civil society groups because financial accountability has a direct impact on service provision in Uganda. The lack of strong internal audits allows financial mismanagement to flourish resulting in poor performance of the government in the provision of infrastructural, health, and educational public services. This study was to raise the degree of public confidence in local governments by figuring out how to make internal auditing more successful and how to use government funds more effectively.

CHAPTER TWO

LITERATURE REVIEW

2.0. Introduction

This chapter provides an in-depth review of current research on internal audit practices and their effect on financial accountability. It explores the theoretical foundation, reviews the related empirical result on the issue at the global and domestic levels and analyzes the connection between the quality of the audit, the compliance with audit standards, the follow-up mechanisms, and the internal audit planning and financial responsibility. Recent data and cross-global comparisons have also been included in the discussion, which gives the study a rich background.

2.1. Theoretical review

This study was guided by the Agency Theory developed by Michael C. Jensen and William H. Meckling in 1976. Agency Theory explains the contractual relationship that exists between principals and agents within an organization. Principals are individuals or groups that delegate authority and responsibilities to agents who are entrusted with managing resources and making decisions on their behalf. The theory argues that conflicts often arise because agents may pursue personal interests that differ from those of the principals, especially where there is information asymmetry and weak monitoring systems (Jensen & Meckling, 1976). In public sector institutions, the citizens and government act as principals, while public officials and administrators serve as agents responsible for managing public resources and ensuring accountability.

Agency Theory further postulates that organizations establish monitoring and control mechanisms to reduce opportunistic behavior among agents and promote accountability in resource utilization. Such mechanisms include internal controls, financial regulations, and internal audit systems that are intended to ensure transparency and proper stewardship of organizational resources (Eisenhardt, 1989). Internal audit practices therefore play a critical role in reducing agency problems by assessing compliance with financial procedures, evaluating risk management systems, detecting irregularities, and recommending corrective actions. Effective internal audit practices help strengthen accountability by ensuring that agents act in the best interests of the principals and comply with established financial standards and regulations (Alzeban & Gwilliam, 2014).

The theory is relevant to this study because it provides a foundation for understanding how internal audit practices influence financial accountability in local governments. In decentralized governance systems such as Uganda’s local governments, public officials are entrusted with managing substantial public funds intended for service delivery in sectors such as health, education, and infrastructure. However, where monitoring mechanisms are weak, there is a likelihood of misuse of funds, financial mismanagement, and non-compliance with financial procedures. Internal audit practices such as audit quality, compliance with audit standards, and follow-up mechanisms on audit recommendations are therefore necessary in ensuring prudent financial management and accountability in local governments (Nalukenge & Bananuka, 2021). Through quality audit planning and execution, internal auditors are able to identify weaknesses in financial management systems and provide recommendations for corrective action.

Agency Theory also emphasizes the importance of compliance with professional audit standards in strengthening the credibility and effectiveness of internal audit functions. Compliance with audit standards ensures that audit processes are conducted objectively, ethically, and professionally, thereby improving the reliability of audit findings and recommendations (Institute of Internal Auditors [IIA], 2021). Similarly, effective follow-up mechanisms on audit recommendations are important in ensuring that identified financial irregularities are addressed promptly and corrective actions implemented. Failure to implement audit recommendations may perpetuate financial mismanagement and weaken accountability systems within local governments (World Bank, 2022). Therefore, strengthening internal audit practices can significantly minimize agency conflicts and improve financial accountability in public institutions.

Despite its relevance, Agency Theory has some limitations. The theory assumes that individuals are primarily motivated by self-interest and financial gains, yet in practice some public officials may be guided by ethical values, professionalism, and commitment to public service delivery (Donaldson & Davis, 1991). In addition, the theory places greater emphasis on monitoring and control mechanisms while giving limited attention to institutional, political, and socio-cultural factors that may influence accountability in public institutions. Nevertheless, Agency Theory remains appropriate for this study because it adequately explains the relationship between internal audit practices and financial accountability within local governments. The theory provides a basis for examining how strengthening audit quality, compliance with audit standards, and follow-up mechanisms can enhance accountability in the management of public resources.

2.2. Conceptual review

2.2.1. Internal Audit Practices

The internal audit practices also serve a very important purpose of enhancing financial accountability especially in the government. Effective internal audit systems such as independence of auditors, competence and effective reporting systems prevent any financial abnormalities and lead to transparency (Ewa & Udoayang, 2022). The ineffectiveness of Internal audit practices in Uganda's local governments have come under fire for things like inadequate funding, political meddling, and subpar execution of audit recommendations (Nakabiito, Tumusiime, & Mugisha, 2021). To reinforce internal audit practices, it is essential to deal with these issues with the help of institutional reforms, capacity building, and improved frameworks of oversight (Arena & Azzone, 2020).

2.2.1.1 Independence

Independence of the auditors is an essential element of good internal audit practice because it brings about objectivity, credibility, and reliability in the financial reporting. (Sarens & De Beelde, 2025) state that independent auditors have fewer chances of being affected by the management or the political players and this results in lack of bias in their financial analysis and accountability. Nevertheless, political interference and the conflicts of interest, as well as the insufficient legal safeguards of the auditors are the ongoing problems in the realm of auditor independence in the Ugandan public sector (Nakabiito, Tumusiime, & Mugisha, 2021). Research shows that internal auditors are likely to be pressured by high-level management or political leadership to manipulate audit results or disregard financial malpractices (Tumusiime & Mugisha, 2021). To resolve these problems, there is a need to implement more robust regulatory structures and enforcement systems that will guarantee independence of auditors and financial audit integrity (Beattie, Fearnley, & Brandt, 2020).

2.2.1.2. Competence

The proficiency of the internal auditors is another crucial factor in determining the audit's efficacy. Professional qualifications, experience, and compliance with international audit standards are part of auditor competence that improves the quality and reliability of audit reports ((Alzeban & Gwilliam, 2024). According to a number of studies conducted in Uganda, there are deficiencies in the skills of internal auditors, especially risk-based auditing, forensic accounting, and application of modern audit technologies (Arena & Azzone, 2020). Low levels of continuous professional development also undermine the efficiency of audits in terms of detecting and preventing financial mismanagement. To develop a strong internal audit role in the Ugandan public sector, it is necessary to invest in professional certification and knowledge-sharing programs, as well as training-based initiatives (Kipkemoi & Rotich, 2022).

2.2.1.3 Reporting

Financial accountability requires timely and transparent audit reporting, which will assure that the audit results are well-reported to the appropriate authorities and stakeholders (Beattie et al., 2020). Good reporting systems also allow decision-makers to respond to audit recommendations and thus curb malpractices in finances and ensure financial discipline ((Ewa & Udoayang, 2022). Nonetheless, audit reporting weaknesses in the Uganda public sector are still a major issue of concern. Research by Tumusiime and Mugisha (2022) shows that internal audit effectiveness is sabotaged by delays in reporting audit results, lack of clarity in audit results, and poor follow-ups. Also, not all audit reports are publically availed, which restricts openness and interactions with stakeholders (Musa & Obonyo, 2020). The use of digital reporting, real-time audit monitoring, and strengthening audit reporting and improving the efficacy and accessibility of audit results can be achieved through improved communication techniques.

2.2.2. Financial Accountability

Good governance and economic stability are the pillars of financial accountability in the public sector. It also makes sure that the financial management of the public resources is efficient, transparent, and within the scope of financial regulations (Schillemans & Smulders, Accountability in public sector organizations, 2025). Financial accountability seeks to include transparency, precision and integrity in financial reporting and use of resources. When appropriately implemented, it increases the level of trust that people have on the government institutions and reduces the chances of mismanagement and corruption in the financial sector (Hood, 2020).

However, in Uganda's; pca; governments, weaknesses in audit reporting remain a significant concern. Studies by Tumusiime and Mugisha (2022) indicate that delays in audit reporting, lack of clarity in audit findings, and poor follow-up mechanisms undermine the impact of internal audits. Additionally, some audit reports are not made accessible to the public, limiting transparency and stakeholder engagement (Musa & Obonyo, 2020). Strengthening audit reporting requires the adoption of digital reporting systems, real-time audit monitoring, and improved communication strategies to enhance the accessibility and effectiveness of audit outcomes.

2.2.2.1 Financial responsibility

In the public sector, financial responsibility is a key component of sound governance and stable economies. It guarantees that public resources are handled effectively, openly, and in compliance with established financial regulations. (Schillemans & Smulders, 20-25). Financial accountability encompasses transparency, accuracy, and integrity in financial reporting and resource utilization. When properly enforced, it enhances public trust in government institutions and minimizes the risks of financial mismanagement and corruption (Hood, 2010). Nevertheless, the situation in the Ugandan public sector remains flawed in the realization of complete financial accountability because of the systemic inefficiency, the presence of insufficient financial policy enforcement and the lack of effective control mechanisms (Mugerwa & Ssemogerere, 2023). Enhancing financial accountability has to be a multi-faceted strategy that involves use of digital financial systems, tougher compliance policies and good internal audit culture.

2.2.2.2 Transparency

Financial accountability involves transparency; this implies that the financial information is available, precise, and in a timely manner to make decisions and to be under scrutiny by the masses. Open financial reporting will enhance stakeholder trust and reduce the chances of corruption since the financial differences and inefficiencies will be revealed (Hood, 2020). The public sector in Uganda has achieved remarkable success in terms of increasing transparency with the use of digitized financial reporting systems, including the Integrated Financial Management System (IFMS) and Electronic Government Procurement (eGP) system (Tumushabe & Mushemeza, 2021). These systems have enhanced better management of financial information, less paper work and enhanced efficiency in the financial transactions of the government. Nevertheless, issues of data manipulation, unauthorized changes in financial records, and audits by other entities remain (Mugerwa & Ssemogerere, 2023). Research indicates that to enhance transparency in the management of government finances in Uganda, more efforts should be made to enforce regulations, improve access of financial reports to the citizens, and increase their interaction with the oversight institutions (Ninsiima & Kaggwa, 2021).

2.2.2.3. Accuracy

Financial reporting is accurate to make sure that the financial statements of the government are used to make reliable decisions, budgetary allocations and resource allocation decisions. Failure to give the correct financial records can result in misappropriation of resources, fraud and administrative failures (Pallot, 1992). These issues in Uganda are attributed to low internal audit controls, insufficient technical knowledge of financial officers, and delayed financial reporting (Ninsiima & Kaggwa, 2021). Studies have shown that a large number of institutions in the public sector have difficulties in reconciling accounts, keep current financial records and by international standards of accounting within the public sector (Okello & Namisi, 2023). Some of the ways through which financial accuracy can be enhanced are capacity-building programs on financial staff, integration of real-time accounting systems and tightening internal controls to identify and avoid mistakes in financial reports. Moreover, the financial information in the Ugandan government can be more accurate and reliable through the introduction of independent financial review and periodic external audit.

2.2.2.4. Integrity

Financial accountability is integrity that involves the ethical management of the public finances, adherence to the financial regulations and avoiding frauds (Sikka, 2009). Ethical financial conducts ensure the building of trust in the government institutions, curb corruption and improves service delivery in the government (Van Peursem, 2005). Anti-corruption programs, reforms of auditor oversight, and whistleblower protection legislation are all measures that have been implemented in Uganda to enhance the integrity of public financial management (Okello & Namisi, 2023). Nevertheless, the systemic corruption, political interference, and the ineffective implementation of financial rules persist in sabotaging the attempts to facilitate financial integrity (Mugerwa & Ssemogerere, 2023). According to the comparative studies in other nations, it is presumed that the creation of independent agencies against corruption, imposing severe punishment on monetary frauds, and the encouragement of transparency during financial transactions would greatly enhance financial integrity (Gendron, Cooper, & Townley, 2020). The Ugandan public sector needs to adopt a zero-tolerance policy toward corruption, improve financial ethics education, and use internal audit departments to identify and stop unethical financial practices in order to lower the prevalence of corruption in the sector.

2.3. Empirical review

2.3.1. Audit Quality and financial Accountability.

The quality of audits is typically regarded as a fundamental component of responsible and appropriate financial management in businesses. DeAngelo (1981) describes audit quality as the possibility that a substantial misrepresentation in financial reports was found and reported by an auditor. Quality audits give the stakeholders confidence that financial information is fair, credible, and free of any bias and consequently enhances transparency and confidence (Francis, 2021).

Auditor competence is one of the main factors of an audit quality and it involves technical, experience, and professional judgment to identify abnormalities (Knechel, Krishnan, Pevzner, Shefchik, & & Velury, 2019). Competence is used to make sure auditors follow relevant professional standards and employ appropriate auditing procedures. The use of contemporary audit tools, ongoing training, and adherence to ethical rules all enhance this competency (IAASB, 2020).

Another imperative quality characteristic of audit is independence. The independent auditors would tend to give unbiased evaluation as they are not influenced by the management (Bazerman, Morgan, & Loewenstein, 1997). The results of the experiment show that improving the credibility of financial reports that impact financial accountability in organizations, both in the public and commercial sectors, requires auditor independence (Said et al., 2018).

Additionally, using International Standards on Auditing (ISAs) is essential to ensuring that audit procedures are uniform, which improves the comparability and dependability of audited financial statements (IFAC, 2018). Another factor that supports the quality of audit is the effective audit planning, risk assessment, and quality control measures that help make the study of the audit comprehensive and systematic (Christensen, Glover, M, & Wolfe, 2024).

Financial accountability is well related to high audit quality. Research conducted in the public sector setting (including in a developing environment) shows that organizations that undergo strict and quality auditing procedures show a higher degree of adhering to financial standards, enhanced internal controls, and fewer cases of fraud or mismanagement (Muda, Mugerwa, & Ssemogerere, 2020).

To put it briefly, financial accountability is impacted by competent-driven audit quality independence, standard-compliant audit procedures, and efficient audit promptness since they guarantee that financial statements fairly depict the entity's financial situation. In order to raise the public sector's degree of financial responsibility, this relationship emphasizes the necessity of improving internal and external audit functions.

2.3.2. Compliance to Standards and Financial Accountability.

Compliance with international auditing norms, such as the International Professional Practices Framework (IPPF), and International Standards of Supreme Audit Institutions (ISSAIs) increases the quality of the audit procedures. The Internal Auditors Institute (2021) states that standardized auditing practices decrease bias and enhance trust in the population. According to (Ijeoma & Oghoghomeh, 2024), the regular use of IPSAS and ISSAIs in the Nigerian public institutions had a positive relationship with transparency and accountability.

In Uganda, ISSAIs are mentioned in national audit guidelines, but its implementation is uneven throughout the local governments (OAG Uganda, 2022). The findings of comparative studies in Malaysia and South Korea indicated that good enforcement of audit standards can lead to the reduction of financial misreporting and the improvement in public confidence (Haron, Ismail, & Zainuddin, 2020). These countries can give some lessons to Uganda by institutionalizing obligatory compliance audits and performance benchmarking.

2.3.3 Follow-Up Mechanisms and Financial Accountability

Internal audits are successful not only because they identify irregularities but also because they are successfully implemented. The follow-up mechanisms involve the use of audit tracking systems, performance evaluation and supervisory review. In the South African municipalities, (Kuta & Mbohwa, 2023) observed that the presence of effective follow-up mechanisms was linked to few cases of irregular expenditure. On the other hand, the recurrence of some problems in the reports of Auditor General of Uganda creates an impression of institutional inertia in the response of audit findings.

The Commission on Audit (COA) in the Philippines requires audit recommendations to have time scope plans, which are to be implemented with regular follow-ups. This has been attributed to enhance fiscal discipline (Commission on Audit., 2021). Other mechanisms that can be introduced in Uganda to improve accountability are periodic progress audits and publicly available audit follow-up dashboards.

2.4. Summary of literature

Although the literature supports Internal auditing practices and financial accountability are closely related, there have been other gaps especially in developing economies such as Uganda. Not many studies have been able to investigate in one study the four dimensions, which were employed in this study, and they included audit quality, compliance with audit standards, follow-up mechanisms and strategic orientation. Moreover, situational issues including capacity constraints, political factors and technology acceptance need to be investigated more thoroughly. By evaluating the overall effects of internal audit procedures on financial accountability within the context of Uganda's local government structure, this article aims to close these gaps.

It is evident in the literature that the quality of audits, compliance with audit standards, proactive follow-up mechanisms, and strategic execution of professional internal audit practices are valuable in improving the financial accountability of the public funds. The international comparisons have suggested that systemic, strategic and professional approaches have better results. But still in most developing countries such as Uganda implementation is still inconsistent. These understandings provide a solid justification of the current research that seeks to come up with evidence-based solutions on how to enhance inner audit operations within the Ugandan public sector.

CHAPTER THREE

METHODOLOGY

3.0. Introduction

This chapter hereby presents the research methodology that was used to investigate the effect of internal audit practices on financial accountability in Uganda. It explains the study's population, sampling techniques, data collection strategies, and data processing strategies. It also outlines the procedures used to ensure the quality and dependability of the data as well as the ethical guidelines adhered to throughout the study.

3.1. Research Design

The research design that was applied in this study involved incorporation of the mixed-method research design that combines qualitative and quantitative study methods to investigate how improving internal auditing procedures affects Mukono district local government's financial accountability. The descriptive research approach was used because it is in line with the study's conceptual framework and enables a thorough understanding of the connection between internal audit procedures and financial accountability. The goal of the study was to collect quantitative data through surveys and supplement it with qualitative data through interviews. This provided breadth (quantitative) and depth (qualitative) in the gained knowledge on the issues and efficacy of internal audit practice in improving financial accountability. Some important variables discussed in the study include audit quality, compliance to audit standards and follow up mechanisms on the implementation of audit recommendations.

3.2. Study Population and Sample Size Determination

The case study was specifically aimed at employees engaged in the activities of financial management and control in the Mukono District Local Government. These were internal auditors, finance officers, accounting staff, town treasurers, sub county accounts officers, town clerks, sub county chiefs, town council chairpersons and officials by the regulatory bodies that control financial accountability in the Mukono district local government. The available populations were the government institutions governed under the Mukono District Local Government structure, which comprised of the Mukono district headquarters, municipal councils, town councils, and sub counties. By the records of the Mukono District Local Government, the district administrative structure is made up of 11 sub-counties, 2 municipal divisions, 5 town councils, district departments and statutory bodies charged with the responsibility of governing and service delivery. To conduct this study, 85 officers were used as a study population, in this case as officers that are involved in financial management and accountability in the district.

In calculating the sample size to be used in the study, Krejcie and Morgan (1970) formula of sample size determination was applied.

The formula is expressed as:

$$S = \frac{X^2\,NP(1-P)}{d^2(N-1) + X^2P(1-P)}$$

$$S = \frac{3.841 \times 85 \times 0.5 \times 0.5}{0.05^2 \times (85 - 1 + 38.41 \times 0.5 \times 0.5)}$$

$$3.841 \times 85 \times 0.25 = 81.62$$

$$(0.0025 \times 84) + (3.81 \times 0.25)$$

$$0.21 + 0.96025 = 1.17025$$

$$S = \frac{81.62}{1.17025}$$

$$S = 69.7$$

Therefore, the sample size was approximated to 70 officers.

The selected sample size was seen to be adequate to give consistent and representative information on internal audit procedures regarding financial accountability in the local government of Mukono District and maintain the trust that is within 95 per cent with the margin of error at 5 per cent as proposed by Robert V. Krejcie and Daryle W. Morgan.

3.3. Sampling Method

The study used a stratified random sampling method to sample out participants. The strategy works well for ensuring that the sample accurately reflects the diversity of the people represented in the local government of Mukono District (Creswell & Creswell, 2021). Stratified random selection increases the sample's representativeness since it is preferable to segregate the population into distinct, pertinent groups (called strata) and then choose participants at random from each group. The be stratified study population will be based on the following important characteristics.

3.3.1. Audit Function Maturity

The institutions were to be classified into well-established auditing institutions and developing or newly established audit institutions. The difference is critical to the interpretation of the role played by the maturity of internal audit functions in financial accountability (OECD, 2021).

3.3.2. Funding Sources

The research was to distinguish between the institutions (mainly funded by national budget and those funded significantly by donor funds). This element played an important role in assessing the impact of the sources of funds on compliance with audit policies (World Bank., 2023).

3.3.3 Compliance Levels

Departments/sections were divided into high, medium and low compliance departments/sections according to their past records of complying with audit policies and financial accountability policies. The survey made use of publicly available AOG audit reports to determine compliance levels(Government of Uganda., 2022). Once these strata had been defined, a random selection process was used within each subgroup such that it would be proportionately represented. This avoided bias and made the sample representative of the heterogeneous environment of the Uganda audit landscape of the public sector (Bryman, 2020). The study was free to employ such a sampling technique to represent a wide array of experiences, difficulties and best practices pertaining to enhancing internal audit functions towards greater financial accountability.

3.4. Sources and Collection tools of Data.

3.4.1. Primary Data Sources Structured Questionnaires.

This was utilized to gather the quantitative data of internal auditors, finance officers, and accounting employees. The survey questionnaires consisted of Likert scale items, multiple choice items, and open-ended questions to get an insight on audit performance, audit challenges, and financial accountability practices.

Interviews

Semi-structured interviews were carried out on internal auditors, finance managers, and related staff in order to obtain qualitative data on the institutional forces that affect the effectiveness of internal audits.

3.4.2. Sources of Secondary Data Existing Literature.

Academic journals on internal auditing, financial accountability and governance in the public sector offered theoretical background of these concepts and actual evidence. The sources were useful in learning the best practices in the world and comparing the same to the local settings.

Think tank research reports, reports by international organizations (e.g. World Bank, IMF), and audit associations also provide information on trends, challenges and innovations in internal auditing and financial accountability.

To gain the basic knowledge and get a thorough description of the important concepts and methodologies, textbooks and reference books on auditing, public finance, and governance were used.

3.4.2.1. Government Reports

Ministry of Finance, Planning and Economic Development (MoFPED, 2023) reports on budget performance, management and audit recommendation report include a macro level analysis of financial accountability in Ugandan public sector.

The OAG has annual annul audit reports and special investigations that identify compliance concerns, financial anomalies and suggestions on how accountability in the public sector can be enhanced.

URA reports on tax compliance, revenue collection and audit reports provide information on the efficiency of financial supervisory tools used in revenue generating organizations.

3.4.2.2. Audit Reports

The audit results, the degree of compliance, and the effectiveness of internal controls are all included in the financial audit reports of the selected public entities (such as ministries, agencies, and local governments). They are essential in determining if an audit proposal is feasible.

Performance audit reports assess the efficacy and efficiency of public initiatives and programs, providing more insight into how well public resources are managed.

3.4.2.3. Regulatory Guidelines

The Public Finance Management Act, the Audit Act, and the Local Governments Act are significant pieces of legislation that provide the legal foundation for financial responsibility and internal audits in Uganda's public sector. Guidelines and Standards The norms and practices that internal auditors should adhere to are defined by national and international auditing standards (such as the international norms of the Professional Practice of Internal Auditing, or ISPPIA) and regulations.

3.5. Measurements and Operationalization of Variables.

3.5.1. Measurement of Audit Practices within the local governments.

Audit quality was evaluated by looking at how well internal audits were planned, coordinated, managed and implemented by reviewing the annual audit plans and executions plans by the internal auditors at the Mukono district local government.

The success of the risk assessment processes was measured through review of risk registers, risk mitigation plans and the incorporation of risk management into the audit planning.

Internal control policies were to be evaluated based on the presence and effectiveness of the internal control systems which include segregation of duties, authorization procedures and reconciliation processes.

3.5.2. Regulatory Compliance Measuring.

Policies Compliance with the national audit regulations was also tested through audit reports, compliance checklists and regulatory reporting to evaluate how well institutions adhere to professional standards.

The efficiency of the enforcement mechanisms were assessed by looking at non-compliance cases, regulatory actions and the consequences therein (i. e. penalties, sanctions, corrective measures).

The intensity and frequency of regulator reviews and interventions was assessed through reviewing reports by regulators, including OAG and MoFPED and how they contributed to compliance enhancement.

3.5.3. Measurement of financial Accountability.

Transparency in Financial Reporting was measured by determining the completeness, accuracy and timeliness of financial reports which were submitted by the Mukono district local government. Access of such reports to the stakeholders (e.g. publicly accessible) was also going to be taken into consideration.

Accuracy in reporting was measured by verifying the submissions and disclosures made by the finance officers at the different local government structures with by matching data with the existing documents.

Reliability in terms of stakeholder confidence was evaluated using surveys and interviews with the key stakeholders (e.g., governmental officials, donors, the civil society) in order to assess their confidence in the financial control and accountability frameworks of the state institutions.

3.6. Data Quality Control

3.6.1. Pre-testing Instruments

Questionnaires and interview guides were tested to a small sample of respondents to determine whether there are any ambiguities, biases or gaps in the questions. The pre-test feedback was used in the refinement of the instruments. A pilot study was done to check the general research design such as method of data collection to made sure that the study objectives were achieved.

3.6.2. Training Data Collectors

The research objectives, ethical factors, and details of the research administration process of data collection, including the process of administering questionnaires and interviews, were trained to data collectors. Training was stressed on the need to be consistent in data collection to reduce variability and make sure that all respondents are consistent in data collection.

3.6.3. Supervision and Monitoring

I routinely checked on the data collection process to make sure protocols are being adhered to and also to make sure that data is being recorded properly. A feedback mechanism was set, which would solve any challenge or problem that occurred in the process of data collection.

3.6.4. Data Triangulation

Data collection was performed based on a variety of sources (e.g., surveys, interviews, document reviews) to be able to cross-validate the findings and guarantee the reliability of the results. The data obtained from one source was compared with that of another one to help detect any discrepancies and make conclusions that are sound.

3.7. Data Cleaning Data processing and analysis Data presentation.

Missing data or data that was not completed due to unavailability of respondent and imputation techniques were used where applicable.

Inconsistent data (e.g., outliers, opposing responses) was checked and revised to be sure that the information used was accurate.

3.7.1. Data Coding

Quality answers to qualitative questions (e.g., Likert scale questions) were given some numerical value, so that they were analyzed quantitatively.

Open-ended questions were coded and categorized in order to establish common themes and trends.

3.7.2. Quantitative Analysis

To summarize the data and provide an overview of the important variables, descriptive statistics, such as standard deviation, mean, and median were applied.

Hypotheses were tested and relationships between variables were analyzed with statistical software applications such as SPSS by inferential statistics (e.g., regression analysis, correlation).

3.7.3. Qualitative Analysis

Thematic Analysis was used to analyze the responses of the interview in order to determine recurrent themes, patterns, and insights of internal audit practices, regulatory compliance, and financial accountability.

The qualitative results were conveyed in the narrative form illustrating the main points by direct quotes made by the respondents.

3.7.4. Presentation

The research was determined the categories and parameters that appeared in the responses to the variables, coded the data, and assessed the information's suitability for addressing the study objectives. (internal audit practices on financial accountability). The visual aids were accompanied with a narrative description explaining the meaning of the findings and implications towards the objectives of the study.

3.8 Ethical considerations

The researcher obtained an official introductory letter from Uganda Christian University to seek permission for conducting the study in Mukono District Local Government. Before engaging respondents in the study, oral consent was obtained to ensure voluntary participation. The respondents were informed about the purpose and objectives of the study before the interviews and questionnaire administration were conducted. In addition, the respondents were informed about the possible risks and benefits associated with participating in the study to enable them make informed decisions regarding their participation. The study ensured strict confidentiality of the information collected from respondents. Confidentiality was maintained throughout the research process by securely storing digital data with restricted access, while physical notes and documents were kept under lock and key. The identities of respondents were not disclosed in the research report, and information obtained was used strictly for academic purposes only. Furthermore, all sources of information used in the study were acknowledged and referenced using the APA 7th edition referencing style to avoid plagiarism and academic fraud.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

This chapter presents the results of a study that used Mukono District Local Government as a case study to examine how internal audit procedures affect financial accountability in Uganda's local government. Data was collected using structured questionnaires and key informants' interviews from internal auditors, finance officers, accountants, and audit committee members/key administrators. The analysis focused on the three specific objectives, this includes, the effect of audit quality on financial responsibility, determining the relationship between financial accountability and adherence to internal audit standards, and evaluating the impact of follow-up mechanisms of audit recommendations on financial accountability. Descriptive statistics (frequencies, percentages, means), and narrative interpretation are used to present findings.

4.1 Response rate

The respondents who constituted the study sample are summarised in Table 4.1 below.

Table 4.1: Response rate

Item	Frequency	Percentage
Distributed questionnaires	85	100%
Returned	74	87%
Rejected (incomplete)	4	5%
Valid for analysis	70	82%

Source: Primary data

From table 4.1, Among the 85 questionnaires issued, 74 were returned which is 87% high return rate. But 4 of the sent back questionnaires were not completed and thus rejected and 70 questionnaires were used to carry out the analysis. This achieved a good response rate of 82%. This was a very good response rate in this research and shows that the participants were highly engaged and ready to share their information. With an 82% valid return rate, the non-response bias was reduced and this also increased the reliability, representativeness and credibility of the results, thus the data was appropriate to have meaningful and robust statistical analysis. An 82% valid response rate is adequate for reliable statistical analysis.

4.2 Demographic Characteristics of Respondents

The respondents' demographic characteristics were considered for this study since they would affect respondents opinions on internal audit practices and financial accountability. The aspects that were considered include respondents role, experience, and the level of education.

Table 4.2: Findings on respondent's demographic characteristics

Variable	Category	Frequency	Percentage
Role	Internal Auditor	9	10.6%
	Finance Officer	19	22.7%
	Accountants	33	39.4%
	Audit Committee Member	24	27.3%
Experience	Less than 1 year	6	7.1%
	1–3 years	16	18.4%
	4–7 years	34	39.8%
	Above 7 years	29	34.7%
Education Level	Diploma	12	14.3%
	Bachelor's Degree	41	48.0%
	Master's Degree	22	25.5%
	Professional Certifications (CPA/CIA)	10	12.2%

Source: Primary data

The majority of the respondents had a significant working experience, as 39.8% of 4-7 years and 34.7% had over seven years of work experience demonstrating a high level of institutional knowledge and practical exposure. Education wise, most of them had at least a bachelor's degree and a large percentage of them had a master's degree or professional certification like CPA and CIA. This was a combination of the relevant roles, vast experience, with sufficient academic and professional qualification, which makes the study findings credible, reliable, and valid.

4.3 Descriptive statistics

This section presents findings from descriptive statistics. The findings are presented in line with the study objectives.

4.3.1 Descriptive statistics for Audit Quality

The first objective was to examine the effect of audit quality on financial accountability in the Mukono district local government. This construct was assessed using six (6) items, and respondents rated their agreement on a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The findings are presented in Table 4.3, followed by analysis and interpretation.

Table 4.3: Findings on descriptive statistics for Audit Quality

Statement	Min	Max	Mean	S.D
Internal audits are well planned and executed	1	5	4.12	1.409
Audits follow professional standards	1	5	3.97	0.445
Audit reports are objective and unbiased	1	5	4.08	0.481
Audits are conducted on time	1	5	3.84	0.428
Auditors demonstrate independence	1	5	3.76	0.537
Audit findings are evidence-based	1	5	4.21	1.399
Overall mean/S.D			3.99	0.783

Source: Primary data

The results in Table 4.3 indicate that respondents generally agreed that audit quality practices were implemented in Mukono District Local Government, as reflected by the overall mean of 3.99 and standard deviation of 0.783. This implies that respondents perceived audit quality to be relatively satisfactory in promoting financial accountability within the district local government. The relatively low standard deviation further suggests moderate consistency in the respondents' views regarding the audit quality practices.

The findings further revealed that the statement "Audit findings are evidence-based" had the highest mean score (Mean = 4.21, S.D = 1.399), implying that respondents strongly agreed that internal auditors rely on verifiable evidence while conducting audits and preparing audit reports. This suggests that audit conclusions in the district are largely supported by factual documentation and financial records, which enhances the credibility and reliability of audit reports. Similarly, the statement "Internal audits are well planned and executed" obtained a high mean score (Mean = 4.12, S.D = 1.409), indicating that respondents believed that audit activities are adequately planned and implemented within the district local government.

The study also found that respondents agreed that audit reports are objective and unbiased (Mean = 4.08, S.D = 0.481) and that audits follow professional standards (Mean = 3.97, S.D = 0.445). This implies that internal auditors generally perform their duties in accordance with professional auditing procedures and ethical requirements. Adherence to professional standards is important in ensuring the quality, transparency, and reliability of audit processes and findings.

However, comparatively lower mean scores were observed on the statements "Audits are conducted on time" (Mean = 3.84, S.D = 0.428) and "Auditors demonstrate independence" (Mean = 3.76, S.D = 0.537). Although respondents generally agreed with these statements, the relatively lower mean values suggest that some challenges still exist regarding timely audit execution and the operational independence of internal auditors. This may imply possible delays in audit processes and potential interference that could affect the effectiveness of internal audit functions within the district local government.

The quantitative findings were further supported by qualitative data obtained from key informant interviews. Respondents indicated that internal audits have improved accountability through regular financial reviews, verification of expenditures, and monitoring compliance with financial procedures. One respondent stated:

> *"The internal audit department has helped departments become more careful in handling public funds because audits are now conducted regularly and evidence is always required before accountability is approved." (KI 1)*

This quotation suggests that evidence-based auditing has strengthened financial discipline and improved accountability practices among staff within the district local government.

Another respondent noted:

> *"Most audit reports are professionally prepared and objective, but sometimes auditors face challenges when some departments delay providing the required documents on time." (KI 2)*

The statement confirms the quantitative findings that audits generally follow professional standards and maintain objectivity, although operational delays continue to affect timely completion of audit activities.

Similarly, another key informant explained:

> *"Internal auditors try to do their work independently, but in some situations there is pressure from senior officials which can affect the speed of implementing audit recommendations." (KI 3)*

This finding reinforces the quantitative results regarding auditor independence, where respondents moderately agreed that auditors demonstrate independence.

The quotation implies that although internal auditors attempt to operate professionally, institutional influence and administrative interference may still affect the effectiveness of audit processes and implementation of recommendations.

Therefore, qualitative findings complement the quantitative results by demonstrating that audit quality contributes positively towards financial accountability in Mukono District Local Government through evidence-based audits, objective reporting, and adherence to professional standards. However, challenges related to timeliness and auditor independence still require improvement to strengthen the effectiveness of internal audit practices.

4.3.2 Descriptive statistics for Compliance with Audit Standards

The second objective of the study was to examine the effect of compliance with audit standards on financial accountability in Mukono District Local Government. This construct was assessed using four (4) items, and respondents rated their agreement on a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The findings are presented in Table 4.4, followed by analysis and interpretation.

Table 4.4: Findings on descriptive statistics for Compliance with Audit Standards

Statement	Min	Max	Mean	S.D
Internal audits in my organization comply with recognized auditing standards (e.g., INTOSAI).	1	5	4.12	1.411
Compliance with auditing standards improves the credibility of financial reports.	1	5	3.97	0.445
Clear policies and procedures to ensure auditing standards are followed	1	5	4.08	0.492
Non-compliance with standards is effectively addressed within my organization.	1	5	3.84	0.419
Overall mean/S.D			4.00	0.442

Source: Primary data

The findings in Table 4.4 indicate that respondents generally agreed that there was compliance with audit standards in Mukono District Local Government, as reflected by the overall mean of 4.00 and standard deviation of 0.442. This implies that compliance with established auditing standards was perceived to be relatively high within the district local government. The low standard deviation further suggests that respondents had relatively similar views regarding compliance with audit standards.

The results further revealed that the statement "Internal audits in my organization comply with recognized auditing standards (e.g., INTOSAI)" obtained the highest mean score (Mean = 4.12, S.D = 1.411). This indicates that respondents strongly agreed that internal audit activities within the district are conducted in accordance with internationally recognized auditing standards. Compliance with such standards is important in enhancing the quality, consistency, and reliability of audit processes and financial reporting.

Similarly, respondents agreed that there are clear policies and procedures to ensure auditing standards are followed (Mean = 4.08, S.D = 0.492). This finding suggests that the district local government has put in place operational guidelines and procedures that support adherence to professional auditing practices. The availability of such policies is essential in strengthening accountability and promoting transparency in public financial management.

The study also established that respondents agreed that compliance with auditing standards improves the credibility of financial reports (Mean = 3.97, S.D = 0.445). This implies that adherence to audit standards enhances trustworthiness, accuracy, and reliability of financial information generated within the district local government. Credible financial reports are important in supporting informed decision-making and promoting accountability in the utilization of public resources. However, the statement "Non-compliance with standards is effectively addressed within my organization" registered the lowest mean score (Mean = 3.84, S.D = 0.419), although respondents still generally agreed with the statement. This suggests that while mechanisms for addressing non-compliance exist, they may not be fully effective or consistently enforced within the district local government. The finding points to possible weaknesses in enforcing corrective measures against violations of audit standards.

The quantitative findings were further supported by qualitative data obtained from key informant interviews. One respondent noted:

> *"The district has guidelines that internal auditors are expected to follow, and this has improved consistency in the audit process and reporting." (KI 4)*

This quotation supports the quantitative findings that clear policies and recognized audit standards guide audit activities within the district local government.

Another respondent stated:

> *"Compliance with professional audit standards has helped improve the credibility of financial reports because reports are now more evidence-based and transparent." (KI 5)*

The statement confirms the quantitative findings that compliance with audit standards enhances the reliability and credibility of financial reporting within the district.

However, another key informant observed:

> *"Although there are procedures for dealing with non-compliance, sometimes action against officers who violate financial procedures delays due to administrative processes." (KI 6)*

This finding reinforces the quantitative result regarding the relatively lower mean score on addressing non-compliance with standards. It suggests that delays in enforcing corrective actions may weaken the effectiveness of compliance mechanisms within the district local government.

The findings indicate that compliance with audit standards positively contributes to financial accountability in Mukono District Local Government through promoting consistency, transparency, and credibility in financial reporting. However, there is need to strengthen enforcement mechanisms to ensure timely action against cases of non-compliance with audit standards.

4.3.3 Descriptive statistics for Follow-Up Mechanisms

The third objective of the study was to examine the effect of follow-up mechanisms of audit recommendations on financial accountability in Mukono District Local Government. This construct was assessed using four (4) items, and respondents rated their agreement on a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The findings are presented in Table 4.5, followed by analysis and interpretation.

Table 4.5: Findings on descriptive statistics for Follow-Up Mechanisms

Statement	Min	Max	Mean	S.D
Audit findings and recommendations are followed up promptly in my section.	1	5	4.12	1.401
Follow-up mechanisms ensure corrective actions are implemented to address financial irregularities.	1	5	3.87	0.435
There is adequate management support for the follow-up of audit recommendations.	1	5	4.18	0.582
Lack of effective follow-up negatively impacts financial accountability in my section/department.	1	5	3.81	0.629
Overall mean/S.D			3.995	0.762

Source: Primary data

The findings in Table 4.5 indicate that respondents generally agreed that follow-up mechanisms on audit recommendations existed and contributed to financial accountability in Mukono District Local Government, as reflected by the overall mean of 3.995 and standard deviation of 0.762. This implies that respondents perceived follow-up practices to be relatively effective in ensuring implementation of audit recommendations and strengthening accountability within the district local government.

The results further revealed that the statement "There is adequate management support for the follow-up of audit recommendations" obtained the highest mean score (Mean = 4.18, S.D = 0.582). This indicates that respondents strongly agreed that management provides support towards implementation and monitoring of audit recommendations. Management support is important in ensuring that corrective actions are implemented effectively to address identified financial weaknesses and irregularities.

Similarly, respondents agreed that "Audit findings and recommendations are followed up promptly in my section" (Mean = 4.12, S.D = 1.401). This finding suggests that the district local government makes efforts to ensure timely monitoring and implementation of audit recommendations. Prompt follow-up of audit findings helps reduce repeated financial irregularities and enhances accountability in the management of public resources.

The study also established that respondents agreed that follow-up mechanisms ensure corrective actions are implemented to address financial irregularities (Mean = 3.87, S.D = 0.435). This implies that follow-up procedures contribute positively towards improving compliance with financial regulations and strengthening financial management practices within the district local government.

However, the statement "Lack of effective follow-up negatively impacts financial accountability in my section/department" recorded the lowest mean score (Mean = 3.81, S.D = 0.629), although respondents generally agreed with the statement. This suggests that respondents recognized that weak or delayed follow-up mechanisms can undermine financial accountability by allowing financial irregularities and audit recommendations to remain unresolved.

The quantitative findings were further supported by qualitative data obtained from key informant interviews. One respondent stated:

> *"Whenever audit queries are raised, departments are expected to respond and provide accountability within a specified period, which has improved financial discipline." (KI 7)*

This quotation supports the quantitative findings that follow-up mechanisms help strengthen accountability through timely responses to audit findings and recommendations.

Another respondent noted:

> *"Management has increasingly supported the implementation of audit*

> *recommendations, especially in areas related to financial reporting and accountability." (KI 7)*

This finding confirms the quantitative results which showed high agreement regarding management support for follow-up of audit recommendations.

However, another key informant observed:

> *"Some audit recommendations take long to be implemented because of delays in administrative approvals and limited monitoring after audits are completed." (KI 8)*

This quotation reinforces the quantitative finding that ineffective or delayed follow-up can negatively affect financial accountability within the district local government.

The findings indicate that follow-up mechanisms on audit recommendations positively contribute to financial accountability in Mukono District Local Government by promoting corrective actions, improving compliance, and strengthening financial discipline.

4.4 Inferential statistics

This sections presents the findings from correlation and regression tests.

4.4.1 Correlation results

To determine the strength and direction of the relationship between internal audit practices and financial accountability in Mukono District Local Government, Pearson's correlation coefficient (r) was computed. This test was considered appropriate for establishing the linear association between the study variables. Specifically, the analysis examined the relationships among audit quality, compliance with audit standards, follow-up mechanisms, and financial accountability. Statistically significant correlations were tested at the 0.01 level (2-tailed). The results are presented in Table 4.6 below. The study sought to examine the relationships between the dimensions of internal audit practices and financial accountability in Mukono District Local Government. To achieve this, Pearson's correlation coefficient (r) was calculated to determine the strength and direction of the linear relationships among audit quality, compliance with audit standards, follow-up mechanisms, and financial accountability.

Table 4.6: Correlation results

		Audit quality	Compliance with audit standards	Follow up mechanism	Financial accountability
Audit quality	Pearson Correlation	1	.970**	.969**	.963**
	Sig. (2-tailed)		.000	.000	.000
	N	70	70	70	70
Compliance with audit standards	Pearson Correlation	.970**	1	.972**	.968**
	Sig. (2-tailed)	.000		.000	.000
	N	70	70	70	70

Follow up mechanism	Pearson Correlation	.969**	.972**	1	.978**
	Sig. (2-tailed)	.000	.000		.000
	N	70	70	70	70
Financial accountability	Pearson Correlation	.963**	.968**	.978**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	70	70	70	70
**. Correlation is significant at the 0.01 level (2-tailed).					

The findings in Table 4.6 revealed that all dimensions of internal audit practices were positively and significantly correlated with financial accountability at the 0.01 significance level (2-tailed). Specifically, audit quality demonstrated a very strong positive correlation with financial accountability ($r = 0.963^{**}$, $p = 0.000 < 0.01$). This implies that improvements in audit quality such as proper audit planning, objective reporting, auditor independence, and evidence-based audit findings were associated with increased financial accountability in Mukono District Local Government.

Similarly, compliance with audit standards exhibited a very strong positive and significant relationship with financial accountability ($r = 0.968^{**}$, $p = 0.000 < 0.01$). This finding suggests that adherence to recognized auditing standards, policies, and procedures contributes significantly towards enhancing transparency, credibility of financial reports, and accountability in the management of public resources within the district local government.

The results further showed that follow-up mechanisms had the strongest positive correlation with financial accountability ($r = 0.978^{**}$, $p = 0.000 < 0.01$). This indicates that effective follow-up of audit findings and recommendations, implementation of corrective actions, and management support towards audit recommendations were highly associated with improved financial accountability in Mukono District Local

Government. The finding further implies that timely monitoring and implementation of audit recommendations are critical in strengthening accountability and reducing financial irregularities.

In addition, the findings revealed strong positive correlations among the independent variables themselves. Audit quality was strongly correlated with compliance with audit standards ($r = 0.970^{**}$, $p = 0.000 < 0.01$) and follow-up mechanisms ($r = 0.969^{**}$, $p = 0.000 < 0.01$). Similarly, compliance with audit standards was strongly correlated with follow-up mechanisms ($r = 0.972^{**}$, $p = 0.000 < 0.01$). These findings suggest that the dimensions of internal audit practices are highly interrelated and jointly contribute towards strengthening financial accountability in the district local government.

The correlation results imply that internal audit practices including audit quality, compliance with audit standards, and follow-up mechanisms have significant positive relationships with financial accountability in Mukono District Local Government. The very high correlation coefficients indicate that strengthening internal audit systems is likely to enhance transparency, proper utilization of public resources, compliance with financial regulations, and overall accountability within local governments.

4.4.2 Multiple regression results

The researcher employed multiple linear regression analysis at a 95% confidence interval to test the hypotheses of the study. The multiple regression analysis conducted in this study aimed to assess the extent to which the components of internal audit practices, namely audit quality, compliance with audit standards, and follow-up mechanisms, influence financial accountability in Mukono District Local Government. The regression analysis was conducted to determine the extent to which the independent variables, audit quality, compliance with audit standards, and follow-up mechanisms, influenced financial accountability in Mukono District Local Government. The results are presented in Table 4.7 below.

Table 4.7: Findings from Multiple regression tests

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.981a	0.963	0.962	3.2687
a. Predictors: (Constant), Follow up mechanisms, Audit quality, Compliance with audit standards				

ANOVAa						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	44974.138	3	14991.4	1403.113	.000b
	Residual	1752.237	164	10.684		
	Total	46726.375	167			
a. Dependent Variable: Financial accountability						
b. Predictors: (Constant), Follow up mechanisms, Audit quality, Compliance with audit standards						

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.076	0.652		0.117	0.907
	Audit quality	0.168	0.086	0.137	1.961	0.052
	Compliance with audit standards	0.324	0.093	0.255	3.474	0.001
	Follow up mechanisms	0.737	0.089	0.597	8.251	0
a. Dependent Variable: Financial accountability						

The model summary indicated that the three predictors jointly explained 96.3% of the variance in financial accountability ($R^2 = 0.963$, Adjusted $R^2 = 0.962$), suggesting a very strong relationship between internal audit practices and financial accountability. This implies that changes in audit quality, compliance with audit standards, and follow-up mechanisms accounted for a substantial proportion of the improvements in financial accountability within the district local government. The standard error of the estimate was 3.2687, reflecting the average deviation of the observed financial accountability values from the predicted values.

The ANOVA results showed that the overall regression model was statistically significant ($F = 1403.113$, $p = 0.000 < 0.05$), indicating that the combination of audit quality, compliance with audit standards, and follow-up mechanisms reliably predicted financial accountability in Mukono District Local Government. This finding implies that internal audit practices collectively have a significant effect on promoting accountability in the management and utilization of public resources.

The regression coefficients revealed the individual contribution of each predictor variable towards financial accountability. Follow-up mechanisms had the strongest positive and statistically significant effect on financial accountability ($\beta = 0.597$, $B = 0.737$, $t = 8.251$, $p = 0.000 < 0.05$). This suggests that effective implementation and monitoring of audit recommendations, management support, and timely corrective actions greatly improve financial accountability within the district local government.

Similarly, compliance with audit standards had a positive and statistically significant effect on financial accountability ($\beta = 0.255$, $B = 0.324$, $t = 3.474$, $p = 0.001 < 0.05$). This finding implies that adherence to recognized auditing standards, policies, and professional procedures contributes significantly towards improving transparency, credibility, and accountability in financial management.

Audit quality also had a positive effect on financial accountability ($\beta = 0.137$, $B = 0.168$, $t = 1.961$, $p = 0.052$). However, the effect was not statistically significant at the 0.05 level since the p-value was slightly above the threshold of significance. This suggests that although improvements in audit quality such as objective reporting, proper planning, and evidence-based auditing may contribute towards financial accountability, their independent effect was weaker compared to compliance with audit standards and follow-up mechanisms within Mukono District Local Government.

The regression analysis indicated that internal audit practices had a significant positive effect on financial accountability in Mukono District Local Government, both collectively and individually. Among the predictor variables, follow-up mechanisms emerged as the most influential factor affecting financial accountability, followed by compliance with audit standards.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter summarizes the study's findings, discusses the empirical results in relation to the research objectives and hypotheses, and compares these findings with similar research conducted elsewhere. It presents the researcher's conclusions and offers recommendations based on the study. Additionally, the chapter identifies areas for future research.

5.1 Summary of the Key Findings

5.1.1 Audit Quality and Financial Accountability

The study established that audit quality positively influenced financial accountability in Mukono District Local Government. The descriptive findings indicated that respondents generally agreed that internal audits were well planned and executed, audit reports were objective and unbiased, audits followed professional standards, and audit findings were evidence-based. The correlation analysis further revealed a very strong positive relationship between audit quality and financial accountability ($r = 0.963^{**}$, $p = 0.000 < 0.01$). However, regression results showed that although audit quality had a positive effect on financial accountability, the effect was not statistically significant at the 0.05 level ($\beta = 0.137$, $p = 0.052$). This implied that audit quality contributed to accountability, although its independent influence was relatively weaker compared to the other dimensions of internal audit practices.

5.1.2 Compliance with Audit Standards and Financial Accountability

The study found that compliance with audit standards significantly influenced financial accountability in Mukono District Local Government. The descriptive results indicated that internal audits complied with recognized auditing standards and that clear policies and procedures existed to ensure compliance with audit standards. The correlation findings showed a very strong positive relationship between compliance with audit standards and financial accountability ($r = 0.968^{**}$, $p = 0.000 < 0.01$). In addition, regression analysis revealed that compliance with audit standards had a positive and statistically significant effect on financial accountability ($\beta = 0.255$, $p = 0.001 < 0.05$). This suggested that adherence to professional auditing standards enhanced transparency, credibility, and accountability in financial management within the district local government.

5.1.3 Follow-Up Mechanisms and Financial Accountability

The study established that follow-up mechanisms on audit recommendations had the strongest influence on financial accountability in Mukono District Local Government. The descriptive findings showed that audit recommendations were followed up promptly and that management provided adequate support for implementation of audit recommendations. The correlation results further revealed a very strong positive relationship between follow-up mechanisms and financial accountability ($r = 0.978^{**}$, $p = 0.000 < 0.01$). Similarly, regression analysis indicated that follow-up mechanisms had the strongest positive and statistically significant effect on financial accountability ($\beta = 0.597$, $p = 0.000 < 0.05$). This implied that effective implementation, monitoring, and management support for audit recommendations play a critical role in strengthening accountability and reducing financial irregularities within local governments.

5.2 Discussion of the Findings

This section presents the discussion of the findings of the study

5.2.1 Audit Quality and Financial Accountability

The study findings revealed that audit quality had a positive relationship with financial accountability in Mukono District Local Government. The descriptive findings indicated that respondents generally agreed that internal audits were well planned and executed, audit reports were objective and unbiased, audits followed professional standards, and audit findings were evidence-based. Correlation analysis further revealed a very strong positive relationship between audit quality and financial accountability ($r = 0.963^{**}$, $p = 0.000 < 0.01$). However, regression analysis indicated that although audit quality positively influenced financial accountability, its effect was not statistically significant at the 0.05 level ($\beta = 0.137$, $p = 0.052$). This implies that audit quality contributes towards financial accountability, although its independent effect was relatively weaker compared to compliance with audit standards and follow-up mechanisms.

The findings are consistent with Agency Theory by Jensen and Meckling (1976), which emphasizes the importance of monitoring and control mechanisms in reducing opportunistic behavior among agents entrusted with managing public resources. The theory suggests that effective internal audit systems help reduce information asymmetry and strengthen accountability by ensuring that public officials comply with financial regulations and procedures. In this study, quality audits were found to enhance objectivity, evidence-based reporting, and prudent financial management, thereby supporting financial accountability within the local government.

The findings are also in agreement with DeAngelo (1981), who argued that audit quality increases the likelihood of detecting and reporting material misstatements in financial reports. Similarly, Francis (2021) noted that quality audits improve the credibility and reliability of financial information, which enhances transparency and accountability within organizations. The findings further support the views of Knechel et al. (2019), who observed that auditor competence, professional judgment, and adherence to auditing procedures improve the effectiveness of audits in detecting irregularities and strengthening accountability systems.

Furthermore, the study findings concur with Bazerman et al. (1997) and Said et al. (2018), who established that auditor independence is critical in ensuring unbiased financial reporting and enhancing financial accountability. The qualitative findings from this study also revealed that evidence-based auditing and objective reporting improved financial discipline and accountability among departments within Mukono District Local Government. This implies that quality audit practices help reduce financial irregularities and improve transparency in the management of public funds.

However, the finding that audit quality had a weaker independent effect compared to other variables may suggest the existence of institutional and operational challenges affecting audit effectiveness. This finding supports Nakabiito et al. (2021), who observed that internal audit functions in Ugandan local governments are often affected by inadequate funding, political interference, and limited implementation of audit recommendations. Similarly, Tumusiime and Mugisha (2021) found that pressure from management and political actors may compromise auditor independence and weaken the effectiveness of audit processes in public institutions.

Overall, the findings imply that improving audit quality through enhanced auditor competence, independence, objectivity, and evidence-based audit processes is important in strengthening financial accountability within local governments. However, there is need to address institutional challenges that limit the effectiveness of quality audit practices in the public sector.

5.2.2 Compliance with Audit Standards and Financial Accountability

The study findings established that compliance with audit standards had a positive and statistically significant effect on financial accountability in Mukono District Local Government. The descriptive findings showed that respondents agreed that internal audits complied with recognized auditing standards and that clear policies and procedures existed to ensure adherence to audit standards. Correlation analysis revealed a very strong positive relationship between compliance with audit standards and financial accountability ($r = 0.968^{**}$, $p = 0.000 < 0.01$). Regression analysis further confirmed that compliance with audit standards significantly influenced financial accountability ($\beta = 0.255$, $p = 0.001 < 0.05$).

The findings are supported by Agency Theory, which emphasizes the need for effective monitoring systems and professional controls to ensure that agents manage resources in the best interests of principals (Jensen & Meckling, 1976). Compliance with audit standards strengthens internal control systems, improves transparency, and ensures that financial audits are conducted objectively and professionally. This reduces opportunities for financial mismanagement and enhances accountability in the utilization of public resources.

The findings are consistent with the views of the Institute of Internal Auditors (2021), which argues that compliance with internationally recognized auditing standards improves the quality, consistency, and credibility of audit processes. Similarly, Ijeoma and Oghoghomeh (2024) established that compliance with international public sector auditing standards positively influences transparency and accountability in public institutions. The findings of this study therefore suggest that adherence to professional audit standards improves the reliability of financial reporting and promotes confidence in public financial management systems.

The findings further agree with Haron et al. (2020), who observed that strict enforcement of audit standards reduces financial misreporting and strengthens public trust in government institutions. In this study, respondents acknowledged that compliance with audit standards improved the credibility of financial reports and promoted consistency in audit procedures within the district local government. Qualitative findings also revealed that recognized audit guidelines enhanced professionalism and transparency in audit reporting and financial management practices.

However, the study also found that mechanisms for addressing non-compliance with audit standards were relatively weaker. This finding supports the Office of the Auditor General Uganda (2022), which observed that implementation and enforcement of audit standards remain inconsistent across local governments in Uganda. Weak enforcement mechanisms may therefore limit the effectiveness of audit standards in strengthening accountability.

Overall, the findings imply that compliance with audit standards is critical in improving financial accountability through enhancing professionalism, consistency, transparency, and credibility in financial reporting. Strengthening enforcement mechanisms and ensuring continuous adherence to professional audit standards can therefore improve accountability systems within local governments.

5.2.3 Follow-Up Mechanisms and Financial Accountability

The study findings revealed that follow-up mechanisms on audit recommendations had the strongest positive and statistically significant effect on financial accountability in Mukono District Local Government. The descriptive findings indicated that respondents agreed that audit recommendations were followed up promptly and that management provided support towards implementation of audit recommendations. Correlation analysis further established a very strong positive relationship between follow-up mechanisms and financial accountability ($r = 0.978^{**}$, $p = 0.000 < 0.01$). Regression analysis also revealed that follow-up mechanisms had the strongest influence on financial accountability ($\beta = 0.597$, $p = 0.000 < 0.05$).

The findings are in line with Agency Theory, which emphasizes that effective monitoring and enforcement mechanisms are necessary in ensuring that agents comply with organizational goals and financial regulations (Eisenhardt, 1989). Follow-up mechanisms ensure that audit findings are acted upon, corrective measures are implemented, and financial irregularities are addressed promptly. This strengthens accountability and improves stewardship of public resources within local governments.

The findings are consistent with the views of the World Bank (2022), which argued that failure to implement audit recommendations weakens accountability systems and perpetuates financial mismanagement within public institutions. Similarly, Kuta and Mbohwa (2023) found that effective follow-up mechanisms significantly reduce cases of irregular expenditure and strengthen accountability within public sector organizations. The findings of this study therefore imply that follow-up practices are essential in ensuring that audit recommendations translate into actual improvements in financial management and accountability.

The findings also support the observations of the Commission on Audit (2021) in the Philippines, which established that regular monitoring and implementation of audit recommendations improve fiscal discipline and accountability within public institutions. Qualitative findings from this study similarly revealed that departments were required to respond to audit queries within specified periods and that management increasingly supported implementation of audit recommendations. This improved financial discipline and strengthened accountability practices within Mukono District Local Government.

However, some respondents indicated that delays in administrative approvals and inadequate monitoring sometimes slowed implementation of audit recommendations. This finding agrees with Tumusiime and Mugisha (2022), who observed that weak follow-up systems and delayed implementation of audit findings undermine the effectiveness of internal audits within Uganda's public sector. Delayed corrective actions may therefore allow financial irregularities to persist and weaken accountability systems.

Overall, the findings suggest that effective follow-up mechanisms are the most critical component of internal audit practices in strengthening financial accountability within local governments. Ensuring timely implementation of audit recommendations, strengthening monitoring systems, and enhancing management commitment towards corrective actions are therefore essential in promoting transparency, reducing financial irregularities, and improving accountability in the management of public resources.

5.3 Conclusions

The study concluded that audit quality positively contributes to financial accountability in Mukono District Local Government. The findings demonstrated that effective audit planning and execution, objective and unbiased reporting, auditor independence, and evidence-based audit findings enhance transparency and prudent financial management within the local government. Although audit quality showed a positive relationship with financial accountability, its independent influence was relatively weaker compared to the other dimensions of internal audit practices. The study therefore concludes that strengthening audit quality remains important in promoting accountability, reducing financial irregularities, and improving confidence in financial reporting systems within local governments.

The study further concluded that compliance with audit standards significantly enhances financial accountability in Mukono District Local Government. Adherence to recognized auditing standards and established audit procedures improves the credibility, consistency, transparency, and reliability of financial reports. The findings suggest that compliance with professional audit standards strengthens internal control systems and promotes responsible utilization of public resources. The study therefore concludes that continuous enforcement of audit standards and strengthening compliance mechanisms are critical in improving accountability and minimizing financial mismanagement within local governments.

Finally, the study concluded that follow-up mechanisms on audit recommendations are the most influential factor in enhancing financial accountability in Mukono District Local Government. Effective follow-up of audit findings, implementation of corrective actions, and management support towards audit recommendations significantly improve financial discipline and accountability in the management of public resources. The findings further revealed that weak or delayed implementation of audit recommendations undermines accountability systems and allows financial irregularities to persist. The study therefore concludes that strengthening monitoring systems, ensuring timely implementation of audit recommendations, and increasing management commitment towards follow-up actions are essential in promoting transparency and accountability within local governments.

5.4 Recommendations

Mukono District Local Government management should strengthen audit quality by facilitating continuous professional training, capacity building, and provision of adequate resources to internal auditors in order to improve the effectiveness of audit planning, execution, and reporting. The district should also ensure that internal auditors operate independently without interference from management or political actors. This will enhance objectivity, professionalism, and credibility in audit processes, thereby improving financial accountability and reducing financial irregularities within the local government.

The Internal Audit Unit, in collaboration with the Ministry of Local Government and the Office of the Auditor General, should strengthen enforcement of compliance with recognized auditing standards and financial regulations across all departments within the district. This can be achieved through regular compliance reviews, refresher training on professional audit standards, and development of clear operational guidelines for audit procedures. Strengthening compliance with audit standards will improve consistency, transparency, and reliability in financial reporting, thereby enhancing accountability in the utilization of public resources.

Mukono District Local Government management and heads of departments should establish stronger follow-up mechanisms to ensure timely implementation of audit recommendations and corrective actions. This can be achieved through periodic monitoring meetings, establishment of audit recommendation tracking systems, and assigning responsible officers to oversee implementation of audit findings. Strengthening follow-up mechanisms will reduce repeated financial irregularities, improve financial discipline, and enhance accountability in public financial management.

The Ministry of Finance, Planning and Economic Development should increase support towards internal audit functions in local governments through adequate funding, staffing, and deployment of modern audit technologies and digital monitoring systems. This will improve the operational capacity of internal audit units, facilitate timely audits and reporting, and strengthen oversight functions in local governments, ultimately promoting efficient and accountable management of public resources.

The Government of Uganda and oversight institutions such as the Inspectorate of Government and the Office of the Auditor General should strengthen enforcement measures against non-compliance with audit recommendations and financial regulations in local governments. This can be achieved through imposing sanctions against officers responsible for financial irregularities and ensuring timely action on audit findings. Stronger enforcement mechanisms will enhance adherence to accountability standards, minimize misuse of public funds, and improve public confidence in local government financial management systems.

5.5 Limitations of the study

The study encountered a few limitations during the data collection process. Some respondents were hesitant to provide detailed information regarding internal audit practices and financial accountability due to the sensitive nature of financial management issues within the local government. This created a possibility of response bias, where some respondents may have withheld important information or provided socially acceptable responses. In addition, the study was limited by time and financial constraints, which affected the scope of data collection and interaction with respondents. However, the researcher minimized these limitations by assuring respondents of confidentiality and using both questionnaires and interviews to obtain reliable and comprehensive information for the study.

5.6 Areas for Further Research

Further studies can be conducted to identify other factors that can determine financial accountability of local government institutions. In illustration, research could look at how effective leadership, governance, and political accountability could be improved through the research. More studies could also involve comparison of the practices of the internal audit in various districts in Uganda so as to determine the best practices and formulate larger policy implications that will help in enhancing financial accountability in the government.

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APPENDICES

Appendix i: Questionnaire

Dear Respondent,
This questionnaire is designed purely for academic purposes to assess how internal audit practices enhance financial accountability in Uganda's public sector. Your responses shall be kept strictly confidential. Kindly answer honestly and tick (✓) the appropriate response or fill in where applicable.

SECTION A: DEMOGRAPHIC INFORMATION

(For classification only)

1. Your current role:
   ☐ Internal Auditor ☐ Finance Manager

   ☐ Audit Committee Member Other (please specify) ________________

2. Years of experience in the public sector:
   Less than 1 year ☐

   1–3 years o4–7years ☐

   More than 7 years ☐

3. Level of education:
   ☐

   Diploma oBachelor's degree

   Master's degree or higher ☐

   Professional certification (e.g., CPA, C☐

SECTION B: AUDIT QUALITY

4. Internal auditors in my organization have the required professional competence to perform their duties effectively.

Strongly disagree ☐ Disagree ☐ Neutral ☐

Agree ☐ Strongly agree ☐

5. Internal audits in my organization are conducted in accordance with established professional auditing standards.

Strongly disagree ☐ Disagree ☐ Neutral ☐ Agree ☐

Strongly agree ☐

6. Internal audit reports in my organization are accurate, objective, and free from bias.

   Strongly disagree ☐ Disagree ☐ Neutral ☐ Agree ☐ strongly agree ☐

7. Internal audits are conducted in a timely manner without unnecessary delays.

   Strongly disagree ☐ Disagree ☐ Neutral ☐ Agree ☐ strongly agree ☐

8. Internal auditors in my organization demonstrate independence from management influence.

   Strongly disagree ☐ Disagree ☐ Neutral ☐ Agree ☐ strongly agree ☐

9. Internal audit findings are supported by adequate and verifiable evidence.

   Strongly disagree ☐ Disagree ☐ Neutral ☐ Agree ☐ strongly agree ☐

SECTION C: COMPLIANCE WITH STANDARDS

11. Internal audits in my organization comply with recognized auditing standards (e.g., INTOSAI).

    Strongly disagree ☐ Disagree ☐ Neutral ☐ Agree ☐ strongly agree ☐

12. Compliance with auditing standards improves the credibility of financial reports.

    Strongly disagree ☐ Disagree ☐ Neutral ☐ Agree ☐ strongly agree ☐

13. Clear policies and procedures to ensure auditing standards are followed.

    Strongly disagree ☐ Disagree ☐ Neutral ☐ Agree ☐ strongly agree ☐

14. Non-compliance with standards is effectively addressed within my organization.

    Strongly disagree ☐ Disagree ☐ Neutral ☐ Agree ☐ strongly agree ☐

SECTION D: FOLLOW-UP MECHANISMS

16. Audit findings and recommendations are followed up promptly in my section.

    Strongly disagree ☐ Disagree ☐ Neutral ☐ Agree ☐ strongly agree ☐

17. Follow-up mechanisms ensure corrective actions are implemented to address financial irregularities.

    Strongly disagree ☐ Disagree ☐ Neutral ☐ Agree ☐ strongly agree ☐

18. There is adequate management support for the follow-up of audit recommendations.

    Strongly disagree ☐ Disagree ☐ Neutral ☐ Agree ☐ strongly agree ☐

19. Lack of effective follow-up negatively impacts financial accountability in my section/department.

Strongly disagree ☐ Disagree ☐ Neutral ☐ Agree ☐ strongly agree ☐

SECTION E: FINANCIAL ACCOUNTABILITY

21. Financial records are prepared accurately and in compliance with accounting standards.

Strongly disagree ☐ Disagree ☐ Neutral ☐ Agree ☐ strongly agree ☐

22. Financial transactions are properly authorized before execution.

Strongly disagree ☐ Disagree ☐ Neutral ☐ Agree ☐ strongly agree ☐

23. There is timely preparation and presentation of financial statements.

Strongly disagree ☐ Disagree ☐ Neutral ☐ Agree ☐ strongly agree ☐

24. Financial reports are transparent and accessible to all relevant stakeholders.

Strongly disagree ☐ Disagree ☐ Neutral ☐ Agree ☐ strongly agree ☐

25. Audit findings are acted upon promptly to improve financial accountability.

Strongly disagree ☐ Disagree ☐ Neutral ☐ Agree ☐ strongly agree ☐

26. Stakeholders have confidence in the accuracy and reliability of financial information.

Strongly disagree ☐ Disagree ☐ Neutral ☐ Agree ☐ strongly agree ☐

27. There are clear follow-up procedures for resolving financial discrepancies.

Strongly disagree ☐ Disagree ☐ Neutral ☐ Agree ☐ strongly agree ☐

THANK YOU

Appendix ii: Interview guide

The purpose of this interview is to obtain information regarding the effect of internal audit practices on financial accountability in Mukono District Local Government. The information provided will be treated with strict confidentiality and will only be used for academic purposes.

1) In your opinion, how does audit quality (such as audit planning, objectivity, independence, and evidence-based reporting) influence financial accountability in Mukono District Local Government?
2) How does compliance with recognized audit standards and procedures affect transparency and accountability in financial management within the district local government?
3) To what extent do follow-up mechanisms on audit recommendations contribute to improving accountability and reducing financial irregularities in the district?
4) What challenges affect effective internal audit practices and financial accountability in Mukono District Local Government, and what measures can be taken to address them?

Appendix iii: REC letter

UGANDA CHRISTIAN UNIVERSITY
A Centre of Excellence in the Heart of Africa

Office of the Vice Chancellor
Research Ethics Committee UG-026

2nd February, 2026

UGANDA CHRISTIAN UNIVERSITY APPROVED UNTIL 02 FEB 2027 RESEARCH ETHICS COMMITTEE

SSEBAKIJJE SIMON
Uganda Christian University
0773 624043

UG-REC-026 APPROVAL NOTICE

To: Ssebakijje Simon ; Principal Investigator

Re: UCU-REC Application titled: *The Effect of Internal Audit Practices on Financial Accountability In Uganda's Local Government. A Case Of Mukono District Local Government.*

Application Number: **UCUREC-2025-1893**

Version: 4.1

Type: [*] INITIAL REVIEW
[ ]Exemption Request
[ ] Protocol Amendment
[ ] Letter of Amendment (LOA)
[ ] Continuing Review
[ ] Material Transfer Agreement
[ ] Other, Specify:

I am pleased to inform you that the **UG-REC-026;** UCUREC under expedited review approved the above referenced application.
Approval of the research is for a period from 2nd February, 2026 to2nd February, 2027.

This research is considered minimal risk category.

As Principal Investigator of the research, you are responsible for fulfilling the following requirements of approval:

1. All co-investigators must be kept informed of the status of the research.
2. Changes, amendments, and additions to the protocol or the consent form must be submitted to the REC for re-review and approval prior to the activation of the changes. The REC application number assigned to the research should be cited in any correspondence.

Research and Ethics

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UCUREC is accredited by Uganda National Council for Science & Technology, FDA, and National Institutes for Health of the United States of America